RED HERRING PROSPECTUS
Dated January 1, 2008
Please read Section 60 and 60B of the Companies Act, 1956
100% Book Building Issue

FCH Future Capital Holdings Ltd.
Ideas. Investments. Enterprise.

FUTURE CAPITAL HOLDINGS LIMITED

(Future Capital Holdings Limited was incorporated on October 18, 2005 as KB Infin Private Limited, a private limited company under the Companies Act, 1956. For details of changes in the name and registered office of our Company, see the section titled "History and Certain Corporate Matters" beginning on page 73 of this Red Herring Prospectus.)

Registered Office and Corporate Office: FCH House, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013
Tel: +91 22 4043 6000; Fax: +91 22 4043 6068

Contact Person: R. J. Doshi; Tel: +91 22 4043 6000; Fax: +91 22 4043 6065 Email: fch.legal@fch.in; Website: www.fch.in

PUBLIC ISSUE OF 6,422,800 EQUITY SHARES OF Rs. 10 EACH OF FUTURE CAPITAL HOLDINGS LIMITED ("FCH" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE OF Rs. 10 EACH AGGREGATING Rs. [●] LACS (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 10.16% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. 700 TO Rs. 765 PER EQUITY SHARE OF FACE VALUE OF Rs. 10 EACH

THE ISSUE PRICE IS 70.00 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 76.50 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional working days after such revision, subject to the Bidding/ Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs") and at the terminals of the other members of the Syndicate.

In terms of Rule 19(2)(b) of the Securities Contracts Regulations Rules, 1957 ("SCRR") as amended from time to time, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of equity shares of the Company, there has been no formal market for the Equity Shares of the Company. **The face value of the shares is Rs. 10 each and the Floor Price is 70.00 times of the face value and the Cap Price is 76.50 times the face value.** The Issue Price (as determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/ or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

IPO GRADING

This Issue has been graded by ICRA Limited as 3, indicating "average fundamentals" through its letter dated December 26, 2007. For details see section titled "General Information" beginning on page 15 and refer to "Annexures" beginning on page 356 of this Red Herring Prospectus.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page ix of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered pursuant to this Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received an 'in-principle' approval from the BSE and the NSE, for the listing of the Equity Shares pursuant to letters dated October 25, 2007 and October 30, 2007, respectively. For the purposes of the Issue, the Designated Stock Exchange shall be the BSE.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE ISSUE
kotak® Investment Banking	ENAM	JM FINANCIAL	UBS	INTIME SPECTRUM REGISTRY LIMITED Crisp. Clear. Connected
KOTAK MAHINDRA CAPITAL COMPANY LIMITED 3rd Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021 Tel: +91 22 6634 1100 Fax: +91 22 2284 0492 Email:fch.ipo@kotak.com Investor Grievance Email: kmccredressal@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakant Bhole SEBI Registration Number: INM 000008704	**ENAM SECURITIES PRIVATE LIMITED** 801/ 802, Dalamal Towers Nariman Point Mumbai – 400 021, India Tel: +91 22 6638 1800 Fax: +91 22 2284 6824 Email: fch.ipo@enam.com Investor Grievance Email:complaints@enam.com Website: www.enam.com Contact Person: Lakha Nair SEBI Registration No. : INM000006856	**JM FINANCIAL CONSULTANTS PRIVATE LIMITED** 141, Maker Chambers III Nariman Point, Mumbai 400 021 Tel: +91 22 6630 3030 Fax: +91 22 2202 8224 Email: fch.ipo@jmfinancial.in Investor Grievance Email: fch.ipo@jmfinancial.in Website: www.jmfinancial.in Contact Person: Poonam Karande SEBI Registration No. : INM000010361	**UBS SECURITIES INDIA PRIVATE LIMITED** 2/F, Hoechst House, Nariman Point, Mumbai 400 021, India Tel: +91 22 2286 2000 Fax: +91 22 2281 4676 Email: fch@ubs.com Investoer Grievance Email:customercare@ubs.com Website:www.ibb.ubs.com/ Corporates/indianipo/ Contact Person: Mr. Avi Mehta SEBI Registration Number: INM000010809	**INTIME SPECTRUM REGISTRY LIMITED** C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 India Tel: +91 22 2596 3838 Fax: +91 22 2596 6969 Email: fch.ipo@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr. Sachin Achar SEBI Registration Number: INR000003761

BID / ISSUE PROGRAMME

BID/ISSUE OPENS ON : FRIDAY, JANUARY 11, 2008	BID/ISSUE CLOSES ON : WEDNESDAY, JANUARY 16, 2008

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DEFINITIONS AND ABBREVIATIONS

Company Related Terms

Unless the context otherwise requires, the following terms have the following meanings in this Red Herring Prospectus.

Term	Description
"FCH" or "our Company" or the "Company" or "Issuer"	Unless the context otherwise requires, refers to Future Capital Holdings Limited, a company incorporated under the Companies Act, 1956 and having its registered office at FCH House, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013
"we" or "our" or "us"	Unless the context otherwise requires, refers to the Company and its Subsidiaries, on a consolidated basis, as described in this Red Herring Prospectus
Articles/ Articles of Association	The Articles of Association of the Company
Auditors	The statutory auditors of our Company, being S.R. Batliboi and Co., Chartered Accountants
Board of Directors/ Board	The board of directors of the Company or a committee constituted thereof
Chairman	The chairman of the Board of Directors of the Company
Directors	Directors of the Company, unless otherwise specified
Future Group	Future Group shall mean Pantaloon Retail (India) Limited and the Promoter Group
Future Money	Our retail financial services are offered under the name Future Money
Horizon Fund	Horizon Realty Fund, LLC, the US$350 million (approximately Rs. 1,376 crore) real estate fund
Indivision Fund	Indivision India Partners, the US$425 million (approximately Rs. 1,671 crore) private equity fund
Indus Fund	Indus Hotel Ventures LLC, the US$200 million (approximately Rs. 786 crore) hotel fund
Joint Venture	1. Kshitij CapitaLand Mall Management Private Limited; and 2. Realterm FCH Logistics Advisors Private Limited
Kshitij Fund	The Rs. 350 crore (approximately US$89 million) Kshitij Venture Capital Fund, a domestic real estate fund
Memorandum/ Memorandum of Association	The Memorandum of Association of the Company
Promoter Group	The individual, companies and other entities enumerated in the section titled "Our Promoter Group" beginning on page 112 of this Red Herring Prospectus
Promoters	The promoters of the Company, namely: 1. Pantaloon Retail (India) Limited; 2. Kishore Biyani; and 3. Sameer Sain.
Registered Office	The registered office of the Company, being FCH House, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013
Subsidiaries	The subsidiaries of the Company, namely: 1. Ambit Investment Advisory Company Limited; 2. Future Finmart Limited; 3. Future Hospitality Management Limited; 4. Indivision Investment Advisors Limited; 5. Kshitij Investment Advisory Company Limited; 6. Myra Mall Management Company Limited; and 7. Future Finance Limited

Issue Related Terms

Term	Description
Allotment/ Allot/ Allotted	Unless the context otherwise requires, the allotment of Equity Shares pursuant to this Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares are being/ have been Allotted
Banker(s) to the Issue	Standard Chartered Bank, Yes Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited and HDFC Bank Limited
Bid	An indication to make an offer during the Bidding/ Issue Period by a prospective investor to subscribe to the Company's Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bid/ Issue Closing Date	The date after which the Syndicate will not accept any Bids for this Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation
Bid/ Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be notified in a English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation
Bid Price	In respect of each successful Bidder, the Issue Price multiplied by the number of Equity Shares allocated to a successful Bidder
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus
Bidding/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	The book building process as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made
Book Running Lead Managers/ BRLMs	The Book Running Lead Manager to the Issue, being Kotak Mahindra Capital Company Limited, Enam Securities Private Limited, JM Financial Consultants Private Limited and UBS Securities India Private Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be initialized and above which no Bids will be accepted
Cut-off Price	Any price within the Price Band finalized by the Company in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band. Retail Bidders are entitled to bid at cut-off price for an amount not exceeding Rs. 100,000. QIB and Non-Institutional bidders cannot bid at cut-off.
Designated Date	The date after the Prospectus is filed with the RoC on which the Escrow Collection Bank transfer funds from the Escrow Account(s) to the Issue Account, following which the Board of Directors shall Allot Equity Shares to successful Bidders.
Designated Stock Exchange	BSE

Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated September 28, 2007 filed with SEBI
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the issue and in relation to whom the Red Herring Prospectus constitutes an offer to sell or an invitation to subscribe to Equity Shares allocated herein.
Enam	Enam Securities Private Limited, a company incorporated under the Companies Act and having its registered office at 113, Stock Exchange Towers, Dalal Street, Fort, Mumbai 400 001
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each, unless otherwise specified in the context thereof.
Escrow Account(s)	Account(s) opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the BRLMs, and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker(s) to the Issue, at which the Escrow Accounts will be opened, in this case comprising Standard Chartered Bank, Yes Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited and HDFC Bank Limited
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue	Public Issue of 6,422,800 Equity Shares of Rs. 10 each of the Issuer for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●]
Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date
Issue Price	The final price at which Equity Shares will be Allotted in the Issue, as determined by the Company in consultation with the BRLMs on the Pricing Date
JM	JM Financial Consultants Private Limited, a company incorporated under the provisions of the Companies Act and having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai 400 021
KMCC	Kotak Mahindra Capital Company Limited, a company incorporated under the provisions of the Companies Act and having its registered office at 3rd Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021
Margin Amount	The amount paid by the Bidder at the time of submission of their Bid, which may range from 10% to 100% of the Bid Amount
Mutual Funds	A mutual fund registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Funds Portion	5% of the QIB Portion or 192,684 Equity Shares available for allocation to Mutual Funds only
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non-Institutional Portion	The portion of this Issue being not less than 642,280 Equity Shares available for allotment to Non-Institutional Bidders
Pay- in Date	The Bid/ Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid Closing Date

	With respect to QIB Bidders whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay – in Date as specified in the CAN
Price Band	The price band with a minimum price (Floor Price) of Rs. 700 and the maximum price (Cap Price) of Rs. 765, including any revisions thereof
Pricing Date	The date on which the Company in consultation with the BRLMs finalize the Issue Price
Prospectus	The Prospectus, to be filed with the RoC containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Issue being at least 3,853,680 Equity Shares at the Issue Price, to be allocated to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 2,500 lacs, pension funds with a minimum corpus of Rs. 2,500 lacs, and multilateral and bilateral development financial institutions
Refund Account(s)	Account(s) opened with an Escrow Collection Bank from which refunds if any, of the whole or part of the Bid Amount shall be made
Registrar/ Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000
Retail Portion	The portion of the Issue to the public being not less than 1,926,840 Equity Shares available for Allotment to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The red herring prospectus dated January 1, 2007, issued in accordance with Section 60B of the Companies Act, which will have complete particulars on the price band at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus which will be filed with the RoC at least three days before the Bid/ Issue Opening Date and will become a Prospectus after filing with the RoC after the Pricing Date
Stock Exchanges	The BSE and the NSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among the Company and the Syndicate in relation to the collection of Bids in this Issue
Syndicate Members	Kotak Securities Limited, JM Financial Services Private Limited, Enam Securities Private Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid
UBS	UBS Securities India Private Limited, a company incorporated under the provisions of the Companies Act and having its registered office at 2/ F, Hoechst House, Nariman Point, Mumbai 400 021
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and the Company to be entered into on or after the Pricing Date

Conventional and General Terms

Term	Description
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act, 1996
Financial Year/ fiscal year/ FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GIR Number	General Index Registry Number
Government/ GOI	The Government of India
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
Non Residents/ NR	Non-Resident is a Person resident outside India, as defined under FEMA and includes a Non-Resident Indian.
NRE Account	Non-Resident External Account
NRI/ Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non-Resident Ordinary Account
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue
Reserve Bank of India Act/ RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC/ Registrar of Companies	The Registrar of Companies, Maharashtra at Mumbai located at Everest House, Marine Lines, Mumbai 400 020
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI in relation thereto from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
UIN	Unique Identification Number
US GAAP	Generally Accepted Accounting Principles in the United States of America

Abbreviation Term	Description
AGM	Annual General Meeting
AIACL	Ambit Investment Advisory Company Limited
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DIN	Director Identification Number
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting

Abbreviation Term	Description
EPS	Earning Per Share
ESOS	The employee stock option scheme of our Company as approved by our shareholders in our Annual General Meeting held on September 25, 2007
ESPS	The employee stock purchase scheme of our Company as approved by our shareholders in a general meeting held on March 19, 2007
FICL	Future Ideas Company Limited
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder
FFL	Future Finmart Limited
Future Finance	Future Finance Limited which was earlier Sivagami Finance and Investments Limited
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board, Government of India
FHML	Future Hospitality Management Limited
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IIAL	Indivision Investment Advisors Limited
KIACL	Kshitij Investment Advisory Company Limited
Keystone	Keystone Company Limited
MICR	Magnetic Ink Character Recognition
MMMCL	Myra Mall Management Company Limited
NAV	Net Asset Value
NBFC	Non Banking Financial Company
NEFT	National Electronic Funds Transfer
NOC	No Objection Certificate
NSDL	National Securities Depository Limited
NSE	National Stock Exchange Limited
p.a./ P.A.	Per Annum
PAN	Permanent Account Number
PAT	Profit after tax
PBT	Profit before tax
P/E Ratio	Price/ Earnings Ratio
PRIL	Pantaloon Retail (India) Limited
RBI	The Reserve Bank of India
RTGS	Real Time Gross Settlement Process
Rs.	Indian Rupees
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contract (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL AND MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated consolidated financial statements. These financial statements have been prepared in accordance with Indian GAAP and the SEBI Guidelines which are included in this Red Herring Prospectus.

Our fiscal year commences on April 1 of each year and ends on March 31 of each year. All references to a particular fiscal year are to the twelve month period ended March 31 of that year.

There are significant differences between Indian GAAP, IFRS and US GAAP. We do not provide a reconciliation of our financial statements to IFRS or U.S. GAAP financial statements; however, we have provided in this Red Herring Prospectus a narrative summary of the principal differences between India GAAP, IFRS and US GAAP relevant to our business. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and SEBI Guidelines. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. Except for the information presented in the titled "Summary of Significant Differences between Indian GAAP, IFRS and U.S. GAAP", we have not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Currency and units of Presentation

All references to "U.S. Dollars", and "US$" are to the US Dollar, the legal currency of the United States of America. All references to "India" contained in this Red Herring Prospectus are to the Republic of India, all references to the "US", "USA", or the "United States" are to the United States of America. In this Red Herring Prospectus, all references to "Rupees" and "Rs." are to the official currency of India. In this Red Herring Prospectus we have presented certain numerical information in "lacs" and "crores" units. One lac represents 100,000 and one crore represents 10 million or 100 lacs.

Industry and Market data

Unless stated otherwise, industry and market data used in this Red Herring Prospectus has been obtained from industry sources such as the RBI, McKinsey Global Institute, the IMF, the BSE and the NSE. These publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness cannot be guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal company reports while believed by us to be reliable have not been verified by any independent source. The extent to which the industry, market and macroeconomic data used in this Red Herring Prospectus is meaningful, depends on the reader's familiarity with and understanding of methodologies used in compiling such data.

Exchange Rates

This Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirement of Clause 6.9.7.1 of the SEBI Guidelines. These convenience translations should not be construed as a representation that those U.S. Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, the rate stated below or at all.

Unless otherwise stated, we have in this Red Herring Prospectus used a conversion rate of Rs. 39.32 for one U.S Dollar, being the exchange rate as of October 31, 2007 (Source: The RBI). Such translations should not be considered as a representation that such U.S Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain forward-looking statements with respect to our financial condition, results of operations and business. These forward-looking statements can be identified by the fact that they do not relate to any historical or current facts. These forward-looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Our actual performance and results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to the performance of and regulatory changes pertaining to the industries and sectors in India in which we conduct our business and our ability to respond to them, our ability to successfully implement our strategy, growth and expansion of our business, exposure to market and operational risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated changes in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulation and taxes and changes in competitive factors in the industry.

For further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, beginning on pages ix, 73 and 234 of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, nor the BRLMs, the Syndicate Members nor their respective affiliates have any obligation to, or intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges in respect of the Equity Shares Allotted pursuant to this Issue.

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. You should pay particular attention to the fact that we are governed by Indian legal and regulatory requirements, which may differ from those prevailing in other countries. If any of the following risks actually occur, our business, results of operations and financial condition could suffer and the price of, and the value of your investment in, the Equity Shares could decline. These risks and uncertainties are not the only issues that we face; additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, results of operations and financial condition. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The financial data in this section is derived from our restated consolidated financial statements prepared in accordance with Indian GAAP and the SEBI Guidelines. In this section, any reference to "we", "us" or "our" refers to Future Capital Holdings Limited and its subsidiaries, on a consolidated basis.

Internal Risk Factors

Risks Relating to Our Business

1. ***Our success is dependent upon the implementation of our strategic plans and if we are prevented from implementing these plans, our business, results of operations and financial condition could be materially adversely affected.***

   Our strategic plan is to focus on growing our investment advisory business and research capabilities while expanding the scale and scope of our retail financial services business. The expansion of our business to advise on a broader range of investments and to offer a wider range of products and services to a broader customer base exposes us to a number of risks and challenges, including, among others, the following:

   - imperfect information about investments or potential customers in new sectors;
   - less growth or profit potential in new retail financial products and services than we anticipate;
   - greater marketing and compliance costs;
   - inability to identify attractive investments and offer new services in a timely fashion, putting us at a competitive disadvantage;
   - the greater experience and resources of competitors in our existing and proposed business activities;
   - the necessity of hiring or retraining capable personnel to supervise and conduct the relevant new business activities, particularly in the area of retail financial services and risk management; and
   - the need to enhance the capability of information technology systems to support a broader range of activities and an increased retail financial services customer base.

   Any failure to manage such business risks may cause us to incur increased liabilities. Moreover, our inability to successfully integrate and extract value from newer products could adversely affect our business, results of operations and financial condition.

2. ***We have a limited operating history and certain of our businesses have not been fully launched; hence our operating results are limited and our future results may be difficult to predict.***

   Future Capital Holdings Limited was incorporated in October 2005 and we therefore have only a limited operating history. We are subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our objectives and that the value of your investment in the Equity Shares could decline substantially. In addition, we have limited operating results that can demonstrate our ability to build and manage our business. In this Red Herring Prospectus, we have included financial statements only for the 2006 and 2007 financial years and for the six months ended September 30, 2007, which is insufficient to demonstrate an earnings track record. Further, since we received several of our investment advisory engagements only recently, these financial statements do not reflect the level of fees we expect to recognise in future periods. Similarly, we have not yet accomplished the full launch of our retail financial services business and the financial statements included in this Red Herring Prospectus will not be indicative of the level of revenues we expect from, and the expenditure we expect to incur in, this business. As a result of the foregoing factors, the financial statements we have presented in this Red Herring Prospectus may not be an accurate estimate of our future performance as a public company or indicative in any way of our future results.

3. ***The retention of our key management personnel and our finance, operating and investment professionals and our ability to continue to recruit such professionals is critical to our success and growth.***

The success of our business depends on the efforts and judgment of our key management personnel. Their reputations, relationships with members of the business community and deep understanding of the retail and consumption-led sectors in India are critical to the success of our business. There can be no guarantee that these persons will not resign, join our competitors or form competing companies. The loss of the services of any of our key investment advisory personnel would compromise our ability to advise the onshore fund and the offshore investment managers of the offshore funds and secure fee-generating investment advisory contracts. In addition, the loss of any of our key research personnel could constrain our ability to generate fee income, since research is the basis for our fees under several of our investment advisory contracts. The loss of key retail financial services personnel could similarly constrain growth in our retail financial services business or lead to a decline in the quality of our risk management systems.

Our success also depends on our ability to retain our finance, operating and investment personnel. We have attracted over 250 professionals with finance, operating and investment skills, spread across several cities. There can be no guarantee that we will be able to retain these individuals. Further, we anticipate that it will be necessary for us to add finance, operating and investment professionals as we pursue our growth strategy. In particular, the expansion of our retail business will require us to substantially increase our headcount. However, we may not be able to recruit a sufficient number of additional personnel. This risk is particularly acute given the high level of competition for skilled professionals in India. If we are unable to retain our key management personnel or our finance, operating and investment personnel or attract a sufficient number of these professionals, growth in our investment advisory base, as well as the execution of our retail financial services strategy, could be constrained or we could incur significant additional personnel expense. Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

4. ***The onshore SEBI-registered venture capital fund we advise and the offshore funds whose offshore investment managers we advise face significant competition and we expect to face strong competition in the area of retail financial services. If we are unable to compete effectively, our business, results of operations and financial condition will be materially and adversely affected.***

Several different types of entities will compete with the onshore SEBI-registered venture capital fund we advise and the offshore funds whose offshore investment managers we advise. In addition to existing industry and sector participants, these funds will compete for investment opportunities with private equity firms as well as non-banking finance companies, investment funds, investment banks and traditional financial services companies such as commercial banks and investment companies. As we expand, we will encounter increasing competition and it may become more difficult for us to evaluate investments and expand our investment advisory business. In addition, some competitors may have a lower cost of funds and access to funding sources that are not available to the onshore fund we advise and the offshore funds whose offshore investment managers we advise. Also, some competitors may have greater financial, technical, marketing and other resources, and greater experience in operating an investment business, thus enabling them to be preferred over us. As a result, there can be no assurance that we will be able to identify suitable investment opportunities in a timely manner or on satisfactory terms, including as to price, or that the onshore fund we advise and the offshore funds whose offshore investment managers we advise will be able fully to invest their available capital. Delays that we may encounter in advising on the selection, acquisition, development and sale of investments as a result of competitive factors could adversely affect gains on investment, which would in turn result in a decrease in the level of fees paid to us.

We expect to face competition as the consumer financing and credit card businesses grow and banks and other financial institutions offer these products on a large scale. Competition in the area of retail financial services could compress consumer lending margins and require us to decrease the fees we charge customers for certain of our products, both of which would have an adverse effect on our earnings.

5. ***We are dependent on the Future Group and if its position in the Indian retail sector were to decline or our exclusivity agreement with PRIL were terminated or held unenforceable, we could be materially adversely affected.***

Our relationship with the Future Group, is a key differentiator for us. We rely on the Future Group for business insights, relationships and its distribution network. Leveraging the Future Group's extensive knowledge of consumer behaviour and spending patterns is a key element of our strategy. We plan to use this knowledge to identify attractive investments in the retail and consumer sector and to develop and distribute our retail financial services products. Because our relationship with the Future Group is core to our strategy, any variations to this relationship could adversely affect us.

Further, we will depend upon the Future Group for the expansion of our retail financial services distribution network. We have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India that are owned, controlled or managed by PRIL and its subsidiaries. This arrangement provides us with access to PRIL's large customer base, which during fiscal 2007 engaged in over 450 lac transactions in PRIL's stores. For details of the agreement including the annual consideration, please see section titled "Material Agreements" under "History and Certain Corporate Matters" on page 73 of the Red Herring Prospectus. While the agreement with PRIL provides for an exclusivity period of twenty years subject to a review at the end of ten years, if for any reason the agreement were to be terminated or held unenforceable, the growth of our retail financial services business and therefore our business, results of operations and financial condition could be materially adversely affected.

6. ***Conflicts of interest may arise and our failure to deal with them appropriately could damage our reputation and adversely affect our investment advisory business.***

As we expand our investment advisory business, certain of the onshore funds we advise or offshore funds whose offshore investment managers we advise may have overlapping investment objectives and conflicts of interest may arise with respect to our decisions on how to allocate investment opportunities among those funds. While we will seek to manage potential conflicts in a fair and equitable manner, if we are unable to resolve such conflicts of interest, the performance of certain funds could be inhibited and could potentially compromise our ability to raise further funds, which would have a material adverse effect on our business, results of operations and financial condition.

7. ***Our rapid expansion may place strains on our information systems, in particular our risk management systems.***

FCH was incorporated relatively recently and we plan to expand the assets we advise on and broaden the scope of our retail financial services offering over the next few years. This rapid expansion may place strains on our information systems, in particular our risk management systems. In order to facilitate the expansion of our retail financial services business, we plan to build on our information and risk management systems. In particular, we plan to develop credit approval processes and carry out sample fraud checks through an internal fraud control unit. We also plan to upgrade our loss forecasting models to improve our collection activities, and grow our risk management headcount. However, there can be no assurance that we will be successful in expanding our risk management systems at a pace commensurate with the expansion of our retail financial services offering. If we are unsuccessful in expanding our information systems, the growth of our business, in particular our retail financial services business, could be constrained or our risk management procedures could be compromised, which could lead to losses in consumer lending, which would have a material adverse effect on our business, results of operations and financial condition.

8. ***Our businesses expose us to risks associated with changes in interest rates and an increase in interest rates could make an investment in our Equity Shares less attractive.***

Both our investment advisory business and our retail financial services business expose us to risks associated with changes in interest rates. General interest rate fluctuations may have a negative impact on the investments of the onshore fund we advise and the offshore funds whose offshore investment managers we advise, and their rate of return on invested capital. In addition, although these funds currently plan to focus on private equity investments and investments in real estate and hotels, they may in the future invest in fixed income instruments and an increase in interest rates could decrease the value of any such investments, including mezzanine securities and high-yield bonds.

With regard to our retail financial services business, we intend to focus initially on consumption and personal loans. Accordingly, the income stream of this business will be weighted towards interest income. Thus, we will be highly sensitive to changes in interest rates. In particular, any increase in interest rates could make consumer loans of the type we offer less attractive to customers and demand for these loans could decrease. In addition, in an environment of falling interest rates, we will be subject to refinancing risk.

Further, we currently have debt on our balance sheet and may in the future incur further debt to finance our operations. Therefore, any increase in interest rates applicable to interest-bearing liabilities on our balance sheet without a corresponding increase in the interest rates applicable to our consumption and personal loan portfolio and other interest-bearing assets would result in a decline in our net interest income. Any fluctuations in interest rates could therefore have a material adverse effect on our business, results of operations and financial condition.

In addition to the effect of interest rate fluctuations on our businesses, an increase in interest rates available to investors could make an investment in our Equity Shares less attractive.

9. ***We rely on third parties for the conduct of certain of our businesses and any interruption in our ability to rely on the services of these third parties or any deterioration in their performance could impair the quality of our services and/ or constrain our growth.***

In carrying out our obligations under the investment advisory agreements to which we are party, we will procure the services of various third party advisors, including third party valuation experts, property agents, surveyors, environmental consultants, lawyers and accountants. In addition, we may rely on the services of third parties in our retail financial services business, in order to perform credit checks on potential customers and to collect overdue debts. We must monitor the performance of these third parties in order to ensure that the quality of the investment process and/ or consumer loan origination is maintained and if we are unable to monitor them effectively or if there is an interruption or deterioration in the level of service provided, the pace of investment or loan origination could slow or we could encounter difficulty expanding, which could have a material adverse effect on our business, results of operations and financial condition.

10. ***Our business entails operational risks, which may have a material adverse effect on our business, results of operations and financial condition.***

We will rely heavily on our financial, accounting and other data processing systems. Accordingly, we are exposed to operational risk, which is the risk of loss resulting from inadequacy or failure of internal processes or systems or from external events. We are susceptible to, among other things, fraud by employees or outsiders, unauthorised transactions by employees and operational errors, including clerical or record keeping errors, and errors resulting from faulty computer or telecommunications systems. Given the high volume of transactions we propose to conduct, particularly with regard to our retail financial services business, errors may be repeated or compounded before they are discovered and rectified. However, there can be no assurance that we will not suffer losses from the failure of these controls to detect or contain operational risk in the future. In addition, our insurance may not cover losses from unauthorised transactions and errors resulting from a failure of controls. Any of the foregoing could have a material adverse effect on our business, results of operations or financial condition.

11. ***Our business activities are subject to regulations of SEBI***

If any of the activities undertaken by FCH or its subsidiaries require registration under SEBI Act, 1992 or rules and regulations mentioned there under, then, FCH or its subsidiaries are required to comply with the relevant regulations of SEBI. If FCH or its subsidiaries have in the past undertaken such activities without registration and/or continue to undertake such activities without registration, it may attract appropriate actions by SEBI, which could adversely affect the business of the Company.

Risks Relating to Our Investment Advisory Business

12. ***If we are not able to acquire Keystone, we will not acquire the right to receive any of the management or performance fees earned by the investment managers we advise.***

On November 6, 2006 and September 11, 2007, our subsidiary, Future Finance applied to the RBI, to the department of non-banking supervision in Chennai, for approval to acquire 100% of the equity share capital of Keystone Company Limited ("Keystone"). Keystone is the holding company of the offshore investment managers we advise, namely Indivision Capital Management for the Indivision Fund, Horizon Development Management for the Horizon Fund and FHL Developments Company LLC for the Indus Fund. RBI has asked for additional information regarding this application, which is in the process of being provided. For further details, please see section "Government Approvals" on page 257 of the Red Herring Prospectus.

If we receive approval from the Reserve Bank of India and acquire Keystone, we will own the offshore investment managers we advise and will therefore have a right to receive the management and performance fees they earn. However, there can be no guarantee that we will receive approval from the Reserve Bank of India to acquire Keystone or that we will be able to reach an agreement with its owners for its sale. If we do not acquire Keystone, we will not acquire the right to the management and performance fees earned by the offshore investment managers.

13. ***Poor fund performance could cause a decline in the fees we receive and could harm our reputation.***

The revenues of our investment advisory business primarily comprise fee income. In the event of poor fund performance, as a result of market conditions or otherwise, the fees we receive will decline and our reputation could be harmed. Since investment advisory services constitute our core business at present and are expected to be the primary source of our revenues in the short term, any reduction in fees following poor fund performance could result in a corresponding reduction in the amount of funds to be reinvested in other businesses, including our retail financial services business, thus compounding the effect of poor performance. Any of the foregoing would have a material adverse effect on our business, results of operations and financial condition.

14. ***If we are unable to evaluate and mentor investments effectively, we may be unable to achieve our strategic objectives.***

We are responsible for evaluating investments for the onshore fund we advise and for the offshore funds whose offshore investment managers we advise. Accordingly, our success will depend on our management team's ability to analyse, evaluate and recommend investment in suitable companies that meet the funds' investment criteria. Competition from private equity firms, non-banking finance companies and other types of investment companies for investments in the retail and consumer space could slow the rate at which we evaluate investments. We also seek to mentor the investee companies of the funds we advise, by providing strategic assistance by facilitating access to Future Group resources. If we are unable to evaluate investments or mentor the funds' investee companies effectively, this could have a material adverse effect on our business, results of operations and financial condition.

15. ***The due diligence process that we oversee in connection with investments may not reveal all relevant facts, resulting in unanticipated liabilities.***

Before advising on investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may also be involved in the due diligence process to varying degrees depending on the type of investment. Despite our best efforts and those of our outside advisors, the due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts. As a result, unanticipated liabilities may arise and we may encounter litigation in respect of facts that were not uncovered by us during our due diligence investigation. This could cause the fees we receive to decrease, which would have a material adverse effect on our business, results of operations and financial condition.

16. ***Our revenue and operating results may fluctuate, particularly as we cannot predict the timing of realisation events, which may make it difficult for us to achieve steady earnings growth and may cause volatility in the price of our Equity Shares.***

To the extent our revenues depend on performance fees, we may experience significant variations in revenues and profitability during the year and among years depending on the timing of realisation events. Exits from investments are dependent on finding suitable buyers at profitable valuations or the condition of the public equity markets, and thus are opportunistic and highly variable, which will contribute to the volatility of our revenues. As a result, financial performance in a specific period should not be relied upon as being indicative of financial performance in future periods.

17. ***We advise on investments in the Indian real estate sector, and these investments are subject to the risks inherent in the real estate industry.***

Certain of the funds and investment managers we advise, including the Kshitij Fund and the Horizon Fund, invest in real estate assets in India and the Indus Fund will invest in hotel real estate in the country. The returns these funds earn on real estate and hotel assets will depend on the amount of rental or hospitality income or the sale prices generated from the projects in which they invest. Rental and hospitality income, and sale prices, may be adversely affected by a number of factors, including the following:

- international, Indian, regional and local economic conditions;
- general industry trends, including, with regard to hotels, changes in travel patterns;
- the cyclical nature of the real estate market;
- changes in interest rates and inflation;
- the unavailability of acceptable financing resources;

- higher than anticipated development and other costs, including the costs of financing development;
- the supply of, and the price for, construction materials in India;
- the bankruptcy or insolvency of tenants, contractors or other counterparties;
- the periodic need to renovate, repair and re-lease space;
- construction delays and work stoppages;
- the need to provide adequate maintenance and insurance;
- changes in market rental rates and vacancy rates for office, residential and retail properties, including in particular malls and "market cities", and nightly rates for hotel rooms;
- changes in the balance of supply and demand for office, residential, retail and hotel properties;
- defective title to property and the absence of a centralised title registry; and
- time consuming court processes for final disposal of property suits.

As real estate and hotel projects are typically completed over prolonged periods of time, the business of real estate and hotel funds is especially susceptible to these risks. To the extent that our performance depends on the performance of these funds, adverse developments in the real estate industry would adversely affect our financial results.

18. ***We are subject to third-party litigation risk which could result in significant liabilities and reputational harm.***

In general, we will be exposed to the risk of litigation by investors in the funds we advise if the advice we provide is alleged to constitute gross negligence or wilful misconduct. Investors could sue us to recover amounts lost by the onshore fund we advise and offshore funds whose investment mangers we advise due to our alleged misconduct, up to the entire amount of loss. Further, we may be subject to litigation arising from investor dissatisfaction with the performance of the onshore and offshore funds we advise or from allegations that we improperly exercised control or influence over companies in which these funds have large investments. In addition, we are exposed to the risk of litigation or investigation relating to transactions which presented conflicts of interest that were not properly addressed. In such actions we would be obligated to bear legal, settlement and other costs. If we are required to incur all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from these funds, our business, results of operations and financial condition could be materially adversely affected.

Risks relating to Our Retail Financial Services Business

19. ***Our retail financial services business is relatively new and we may not be able to grow the business in line with our future strategy or compete effectively with more established retail lenders.***

Our retail financial services business is relatively new, having commenced in June 2007, and we may be unable to compete effectively with more established Indian banks and non-banking finance companies engaged in retail lending. The Indian banking industry is highly competitive and we may compete directly with large public and private sector banks, which have larger retail customer bases, larger branch networks and greater access to capital than we do. Large Indian banks such as ICICI Bank and HDFC Bank have made significant investments in retail credit in recent periods and currently have a large market share in the retail credit segment as compared to non-banking finance companies. If we are unable to compete with other retail lenders in the Indian banking sector, by reason of our inexperience in retail lending or otherwise, our business, results of operations and financial condition could be materially adversely affected.

20. ***We may encounter difficulty migrating customers from the ICICI Bank Big Bazaar Card to the Future Card, which would lead to lower than expected credit card commissions.***

We have entered into a Credit Card Alliance Agreement with ICICI Bank Limited for the purposes of developing, marketing and issuing an FCH ICICI Bank Co-Branded credit card, the Future Card. Under this agreement, the current holders of the ICICI Bank Big Bazaar Card will be migrated to the Future Card. There are currently over 500,000 holders of the ICICI Bank Big Bazaar Card, and their migration to the Future Card is a part of our strategy. However, holders of the ICICI Bank Big Bazaar Card will not be required to surrender their cards and we may be unsuccessful in migrating them to the Future Card. Pursuant to our agreement with ICICI Bank, we will receive a commission upon signing up a customer for the Future Card and in respect of amounts spent by customers using the card. The approval from the RBI for launching the Future Card is valid only for a period of two years ending in 2009. If the level of conversion of ICICI Bank Big Bazaar Cards within the anticipated time period is not in line with our expectations, our commission income will therefore be lower than we have projected, which could have a material adverse effect on our business, results of operations and financial condition. For further details please see section titled "Material Agreements" under "History and Certain Corporate Matters" at page 73 of the Red Herring Prospectus.

21. ***We are subject to reputational risk in respect of the financial products we distribute on behalf of third parties.***

We have entered into an agreement with ICICI Bank for the distribution of credit cards. We may also be engaged for the distribution of insurance products for the Future Group Generali joint ventures. Although the risk of default for the credit cards and of insufficient reserves for insurance products remains with ICICI Bank and Generali, respectively, we may be subject to reputational risk in the event that the credit cards we distribute do not meet the standards or expectations of consumers. We may in the future distribute other types of financial products on behalf of third parties. If we were to experience reputational risk in respect of such products we distribute on behalf of third parties, our business, results of operations and financial condition could be materially adversely affected.

22. ***Lending to retail customers could result in higher non-performing loans.***

Within the initial stages of the development of our retail financial services business, we plan to focus on consumption loans and personal loans as well as credit cards. Retail customers typically are less financially resilient than larger borrowers and negative developments in India's economy could therefore adversely affect these customers to a greater degree than larger borrowers. Further, although we have compiled extensive research and knowledge on retail customers and their spending behaviour, there is generally less financial information available about them and we may have difficulty assessing their creditworthiness. In addition, we expect that a certain portion of our loan portfolio will be unsecured, which will subject us to the risk of non-recovery of unpaid amounts from defaulting or insolvent customers, and further increase the volume of non-performing loans. If we are unable to limit increases in non-performing loans, our business, results of operations and financial condition could be materially adversely affected. In addition, since a large portion of our loan portfolio will have been originated relatively recently and these loans will not yet have matured, we may have greater difficulty forecasting our results of operations and assessing our future credit risk.

23. ***We may encounter difficulty retaining our retail clients as customers, which could cause our customer base to shrink and may make it difficult to sustain further growth in our consumption and personal loan portfolio.***

In the initial stages of development of our retail financial services business, we intend to focus on targeting the existing customer base of PRIL and bundling "point-of-consumption" financing with the products sold in malls, stores and retail outlets in India, which are owned, controlled or managed by PRIL and its subsidiaries. However, if we are unsuccessful at bundling retail financial services products or cross-selling these products to PRIL customers, we will face difficulty in building our customer base. In addition, as a general matter, retail customers may be more difficult to retain than other types of customers as such customers are more likely to be one-time borrowers than corporate customers, who generally require capital more frequently and at more regular intervals. We also intend to market and distribute the

Future Card, a credit card product with loyalty points, to enhance customer loyalty and lay the groundwork for ongoing relationships with these customers. However, there can be no guarantee that this plan will be successful. If we are unable to retain our retail customers or attract sufficient new retail customers, our customer base may shrink and we may be unable to sustain future growth in our loan portfolio, which would have a material adverse effect on our business, results of operations and financial condition.

24. ***We are dependent on our risk management systems and we may be unable to develop these systems as our retail loan portfolio expands.***

Our management of risks inherent in retail lending requires substantial resources. Although we have invested considerable time and effort in developing robust risk management systems prior to launching our retail financial services business, as our business continues to grow and develop, our risk profiles are likely to change. If our risk management systems are not developed and enhanced in line with the growth of our business and increases in credit risk, including situations where we are confronted with risks that we have not identified or anticipated, this could have a material adverse effect on our business, results of operations and financial condition.

25. ***Launching our retail financial services business has required and will continue to require significant capital and any unavailability of capital could adversely affect us.***

If the size of our retail loan portfolio increases rapidly, substantial additional capital may be required to strengthen further our capital base. We may require further equity injections from our investors and there can be no guarantee that these will be forthcoming. In addition, although we are classified as a systemically important non-banking finance company, we may in the future be subjected by the Reserve Bank of India to stringent capital adequacy requirements. Any failure to maintain adequate levels of capital in the future could substantially limit our ability to continue to increase the size of our loan portfolio, which could in turn materially adversely affect our business, results of operations and financial condition.

Risks relating to our Research Business

26. ***If we are unable to keep pace with developments in the Indian economy and consumer behaviour, the quality of our research product could decline, which could adversely affect other areas of our business.***

Our research offering is crucial to the success of certain of our other business areas. We use the research and proprietary economic indices we generate to identify trends in consumer behaviour and in the Indian economy generally, which helps us in evaluating and advising on investments and in developing our retail financial services products. We also receive revenues in respect of our research. If the quality of our research were to decline, our business could be adversely affected. We may be unable to keep abreast of trends in the retail and consumption-led sectors in India. In addition, India's system for gathering and publishing statistical information relating to its economy generally or specific economic sectors within it may not be as up to date as that found in countries with more established market economies. Accordingly, some of the assumptions upon which our research is based may be flawed, which could make it more difficult for us to identify trends in the Indian economy. Therefore, if we do not maintain our superior research product or if our research is based upon flawed data, our business, results of operations and financial condition could be adversely affected.

Other Internal Risk Factors

27. ***If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected.***

We may from time to time, require certain approvals, licenses, registrations and permissions for operating our business for which we may be required to make applications in the future. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected. Presently, except for the approval for the acquisition of Keystone and the approvals for registration of our trademarks, we are not awaiting any specific regulatory approval for the conduct of our business. For further details please see section titled "Government Approvals" on page 257 of the Red Herring Prospectus.

28. ***We have applied for but are yet to receive a trademark for our trade names and logos.***

We have filed applications for registration of the trademarks and logos of our Company with the Trade Marks Registry, Mumbai, details of which are provided in the section titled "Government Approvals" on page 257 of the Red Herring Prospectus. The registration of any trademark is a time-consuming process and there can be no assurance that such registration will be granted. Our application may not be allowed or our competitors may challenge the validity or scope of our intellectual property. Unless our trademark is registered we cannot prohibit other persons from using the logo, which may materially and adversely affect our goodwill and business. We can provide no assurance that third parties will not infringe upon our trademark, trade names or logos, causing damage to our business prospects, reputation or goodwill. We also can provide no assurance that the unauthorised use by any third party of the tradenames or logos will not similarly cause damage to our business prospects, reputation and goodwill.

If we fail to successfully obtain or enforce our trade mark rights with respect to our logos, we may need to change our logo. Any such change could require us to incur additional costs.

29. ***If the level of non-performing assets in our portfolio were to increase, our business will suffer.***

As of September 30, 2007, our non-performing assets were nil and accordingly we did not make any provisions for non-performing assets to cover known losses in our asset portfolio. As we commenced credit operations only in June 2007, our asset portfolio is relatively unseasoned. Therefore, it may not be indicative of the expected quality of our asset portfolio if risks affecting a significant portion of our exposure were to materialize or general economic conditions deteriorate. We expect the size of our loan portfolio to continue to increase in the future, and we may have non-performing loans because of these new loans and exposures. If we are not able to prevent increases in our level of non-performing loans, our business and future financial performance could be adversely affected.

30. ***Our contingent liabilities could adversely affect our financial condition.***

As of September 30, 2007, we had contingent liabilities of Rs. 4,425 lacs, consisting of Rs. 378 lacs in relation to unexecuted contracts relating to improvements of office premises in FCH House, our corporate headquarters, and Rs. 4,047 lacs representing consideration required to be paid if we exercise an option relating to the acquisition of an investment.

The Company has entered into a warrant purchase agreement dated October 12, 2007, with Opportune Trading Private Limited, for the sale of this investment. Hence the liability towards the uncalled amounts on the investment stands extinguished.

For further details of our contingent liabilities, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to our financial statements beginning page 234 and 209 respectively.

31. ***The use of proceeds of the Issue gives rise to certain risks.***

Our retail financial services business has been recently launched in June 2007 and a large part of the Issue proceeds will be uitilized for expansion of our Future Money offering, in particular for disbursement of loans in particular to make personal loans and loans to retail customers for the purchase of consumer goods. These loans will be subject to credit and collection risk and the other risks discussed above. Furthermore, these loans could comprise a substantial part of our asset base in the future and may not be secured by tangible assets.

We intend to use a large part of the Issue proceeds for the expansion of our recently launched Future Money offering, particularly, disbursement of loans. For further details please see section titled "Objects of the Issue" on page 34 of the Red Herring Prospectus.

32. ***We have not entered into any definitive agreements to use the net proceeds of the Issue.***

The use of proceeds as described in the section titled "Objects of the Issue" is at the discretion of our Board of Directors. The objects of the Issue have not been appraised by any bank or other financial institution and are based on management estimates. As described in "Objects of the Issue", we plan to use the net proceeds of the Issue to augment our capital base to meet future capital requirements, for the expansion of our retail financial services business, and for other general corporate purposes. For further details, see the section titled "Objects of the Issue" on page 34 of this Red Herring Prospectus. We are not bound by any definitive agreements to dedicate the remaining net proceeds of the Issue to grow our retail financial services offering or for any other purpose.

33. ***We are subject to supervision and regulation by the RBI as a systemically important NBFC, material changes in the regulations that govern us could cause our business to suffer and the price of our Equity Shares to decline.***

We are subject to supervision and regulation by the RBI for certain of our activities. We are also subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy and exposure norms. Since we have just commenced our lending business, these regulations have not affected us materially. However, as our business expands, we will become increasingly subject to these norms. The NBFC regulations could change in the future and may require us to restructure our activities, incur additional costs or otherwise could adversely affect our business, our future financial performance and the price of our Equity Shares.

In addition, we are subject generally to changes in regulations and government policies and accounting principles. Further, foreign investment in our company is subject to certain conditions, including the type of activities that we can undertake. As per the present regulations governing foreign investment in NBFCs, we are allowed to undertake only 19 specified activities. If we wish to undertake any activities outside this specified list of activities we are required to obtain prior approval of the FIPB for any foreign investment in our company. Further, in terms of the approval of the FIPB obtained by us at the time of investment by AMIF I Limited, any further foreign investment in our Company requires prior approval of the FIPB. For further information, see the section titled "Regulations and Policies" on page 66 of this Red Herring Prospectus.

34. ***There is outstanding litigation against our Company, one of our subsidiaries, our Directors, our Promoters and our Promoter Group Companies.***

A show cause notice SGB/ShowCause/RKM/2007-6738 dated November 3, 2007 was issued to Sameer Sain, in his capacity as Managing Director of the Company, by the Inspector, Security Guards Board for Brihan Mumbai and Thane District.

Further, there are certain claims pending in various courts and authorities at different levels of adjudication against our subsidiary, Myra Mall Management Limited, our Directors, our

Promoters and our Promoter Group Companies. The following are the details of the pending litigation:

- One writ petition has been filed against our subsidiary, MMMCL;
- 7 cases are pending and 1 show cause notice has been issued, against our Directors;
- 16 cases are pending against PRIL; and
- 3 cases are pending against our Promoter Group Companies.

For further details of outstanding litigation against our subsidiary, our Directors, our Promoter and our Promoter Group companies, please see section titled "Outstanding Litigation and other Material Developments" on page 251 of this Red Herring Prospectus.

35. *We have incurred a loss for the six months ended September 30, 2007.*

For the six months ended September 30, 2007, we have incurred a loss of Rs. 1,243 lacs based on our restated consolidated financial statements. The loss primarily reflects the start-up costs associated with our Future Money business. For further details, please refer to the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 234 of this Red Herring Prospectus.

36. *Certain of our Subsidiaries have incurred losses in recent years.*

We have several Subsidiaries, some of which have incurred losses during the financial periods set forth in the tables below (as per their unconsolidated financial statements):

(in Rs. Lacs)

S. No.	Company	For six months ended September 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006
Our Subsidiaries				
1.	AIACL	-	-	(47.59)
2.	IIAL	-	-	(264.25)
3.	KIACL	-	(34.61)	(99.11)
4.	MMMCL	(36.49)	(128.68)	(0.23)
5.	FFL	(5.46)	-	-
6.	FHML	(0.75)	-	-
7.	Future Finance	(2.78)	-	-

Two of our Subsidiaries have had a negative net worth in the past three years. IIAL had a negative net worth of 214.25 lacs as of March 31, 2006. MMMCL has had a negative net worth of 65.41 lacs as of September 30, 2007 and 28.92 lacs as of March 31, 2007.

For a detailed description on our Subsidiaries, please see section titled "Our Subsidiaries and Joint Ventures" on page 86 of this Red Herring Prospectus.

37. *Certain of our Promoter Group Companies have incurred losses in recent years.*

We have several Promoter Group companies, some of which have incurred losses during the last three years (as per their unconsolidated financial statements), as set forth in the tables below:

(in Rs. Lacs)

S. No.	Company	Year ended March 31, 2007/ June 30, 2007	Year ended March 31, 2006/ June 30, 2006	Year ended March 31, 2005/June 30, 2005
Our Promoter Group Companies				
1.	Akar Estate & Finance Private Limited	12.95	(14.61)	0.45

S. No.	Company	Year ended March 31, 2007/ June 30, 2007	Year ended March 31, 2006/ June 30, 2006	Year ended March 31, 2005/June 30, 2005
2.	Avanee and Ashni Securities Private Limited	(1.65)	(1.66)	-
3.	Bartraya Mall Development Company Private Limited	-	(0.01)	(0.01)
4.	Chaste Investrade Private Limited	(0.05)	(0.17)	-
5.	CIG Infrastructure Private Limited	(0.14)	(0.27)	-
6.	Convergem Communication (India) Limited*	(9.92)	(67.53)	-
7.	Dhruv Synthetics Private Limited	(7.17)	11.54	2.70
8.	Erudite Trading Private Limited	(0.06)	(0.17)	-
9.	Foot-Mart Retail India Limited	-	(62.73)	-
10.	Future Brands Limited*	(83.63)	-	-
11.	Future Capital Investment Private Limited	(0.55)	-	-
12.	Future Generali India Insurance Company Limited	(223.60)	-	-
13.	Future Generali India Life Insurance Company Limited	(356.80)	-	-
14.	Future Ideas Company Limited*	(100.45)	-	-
15.	Future Knowledge Services Limited*	(93.41)	-	-
16.	Future Logistic Solutions Limited*	(195.16)	(0.65)	-
17.	Future Media (India) Limited*	(411.00)	(2.12)	-
18.	Futurebazaar India Limited	-	(94.02)	-
19.	Home Lighting India Limited*	(19.69)	-	-
20.	Home Solutions Retail (India) Limited*	(4,089.17)	(579.27)	(2.68)
21.	Home Solutions Services (India) Limited*	(1.29)	-	-
22.	Indus-League Clothing Limited	413.10	(4,472.20)	(4,741.80)
23.	PAN India Food Solutions Private Limited	(10.04)		
24.	Pantaloon Industries Limited**	(206.34)	(41.14)	(250.14)
25.	PFH Entertainment Limited	(292.94)	210.20	19.27
26.	Planet Retail Holdings Private Limited	(556.10)	(192.00)	23.60
27.	Sain Advisory Services Private Limited	(1.54)	(0.19)	-
28.	Shendra Advisory Services Private Limited	(0.18)	(0.23)	-
29.	Simpleton Investrade Private Limited	(2.05)	0.32	-
30.	Softbpo Global Solutions Services Limited	0.94	0.50	(2.15)
31.	Stripes Apparels Limited	-	0.82	0.92
32.	Talwalkars Pantaloon Fitness Private Limited	(0.49)	-	-
33.	Valuable Advisors Limited	(0.27)	(0.22)	(3.81)
34.	Weavette Texstyles Limited	(33.92)	(31.31)	0.28

** Year ending June 30*
*** Year ending December 31*

Further, one of our Promoter Group companies, Softbpo Global Services Limited, a listed company, is infrequently traded.

For a detailed description of our Promoter Group companies, please see section titled "Our Promoter Group" on page 112 of this Red Herring Prospectus.

38. ***The Company has changed its registered office three times in the last three years***

The Company has, for business reasons, changed its registered office to locations within Mumbai three times since incorporation in 2005. For further details see section titled "History and Certain Corporate Matters" on page 73 of this Red Herring Prospectus.

39. ***We have in the past entered into related party transactions and may continue to do so in the future.***

We have entered into transactions with our promoters, certain subsidiaries and affiliates. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For fiscal 2007 and for the six months ended September 30, 2007, based on our restated consolidated financial statements, our aggregate related party transactions were Rs. 152 crore and Rs. 55.9 crore, respectively. For further details, see the section titled "Related Party Transactions" on page 151 of the Red Herring Prospectus.

40. ***Our shareholders, including our Promoters and a promoter group company have been issued Equity Shares by us during the last year, which may be at a price less than the Issue Price.***

Our promoter, Kishore Biyani has been allotted 2,115,000 shares at Rs. 10 per Equity Share and 1,658,795 shares at Rs. 117.50 per Equity Share on September 27, 2007, and Sameer Sain has been allotted 1,478,390 shares at Rs. 117.50 per Equity Share on September 27, 2007. The allotment has been undertaken pursuant to conversion of warrants held by them. Further, one of our promoter group companies, Pingaksh Realty Private Limited, has been allotted 618,000 Equity Shares at Rs. 178 per Equity Share on September 27, 2007.

41. ***In the past our Promoter, PRIL, which is a listed company, made promises but was unable to perform as per the promises.***

PRIL had undertaken an initial public offering in 1992 where they had made certain promises in relation to the objects and financial performance.

	Promise	**Performance**
Opening up of retail stores	To open 7 retail stores	• 2 retail stores were opened within the time frame promised in the prospectus • Five additional retail stores were opened with a delay of 9 months
Estimated turnover of 1992-1993	Rs. 1,160 lacs	Rs. 480.8 lacs
Future prospects	Expected to generate adequate profits and declare dividends from 1992-1993 onwards	No dividend declared in 1992-1993

42. ***We are unable to provide the details of promise versus performance for two of our listed Promoter Group Companies, being Galaxy Entertainment Corporation Limited and Softbpo Global Services Limited***

In the past, two of our Promoter Group Companies namely, Galaxy Entertainment Corporation Limited and Softbpo Global Services Limited made an initial public offer of their equity shares.

Both Galaxy Entertainment Corporation Limited and Softbpo Global Services Limited were acquired by our Promoter Group at a later date from the erstwhile promoters of the respective companies post their initial public offering of equity shares. We do not have access to the offer documents and other records of the above mentioned companies. Thus we are unable provide details on the promises made in their respective offer documents. Further, we are unable to provide details on the promises made and the performance achieved by these companies.

External Risk Factors

Risks relating to the Issue and the Equity Shares

43. ***PRIL, Kishore Biyani, Sameer Sain and Pingaksh Realty Private Limited, as our promoters and promoter group, have the ability to exert significant influence over us, and their interests may conflict with those of other holders of the Equity Shares.***

PRIL, Kishore Biyani, Sameer Sain and Pingaksh Realty Private Limited collectively own 82.88% of our share capital and will own 74.46% following the issuance and sale of the Equity Shares. This controlling stake will allow them to exert significant influence over certain actions requiring shareholder approval, including, but not limited to, matters relating to any sale of all or substantially all of our assets, the increase or decrease of our authorised share capital, the election of directors, the declaration of dividends, the appointment of management and other policy decisions. This control could delay, defer or prevent a change of control in FCH, impede a merger, consolidation, takeover or other business combination, or discourage a potential acquirer from obtaining control even it if it is in our best interest. The interests of the promoters could also conflict with the interests of our other shareholders, including the holders of the Equity Shares, and the Future Group could make decisions that materially adversely affect your investment in the Equity Shares.

44. ***After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.***

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including, among other things, volatility in the Indian and global securities markets, the results of our operations and performance, the performance of our competitors, developments in the Indian retail and consumption-led sectors, changing perceptions in the market about investments in these sectors, adverse media reports on us or the Indian consumption-led sectors, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies and significant developments in India's fiscal regulations.

There has been no public market for the Equity Shares and an active trading market for the Equity Shares may not develop or be sustained after this Issue. Further, the price at which the Equity Shares are initially traded may not correspond to the Issue Price. The risk of loss may be greater for investors expecting to sell Equity Shares purchased in this Issue soon after the Issue.

45. ***You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue.***

The Equity Shares will be listed on the BSE and the NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days from the date of Allotment in this Issue. Thereafter, upon receipt of final approval from the BSE and the NSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

Risks relating to the Indian Economy

46. ***A slowdown in economic growth in India could cause our business to suffer.***

FCH is incorporated in India, and substantially all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow assets of the funds we advise, the quality of these assets, and our ability to implement our strategy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- variations in exchange rates;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- natural disasters in India or in countries in the region or globally, including in India's neighbouring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its retail and other consumption-led sectors or industries.

Any slowdown in the Indian economy or in the growth of the sectors we invest in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

47. ***Our operations and investments are concentrated in the Indian retail and consumption-led sectors, which exposes us to the risk of a downturn in this sector.***

Our strategic focus is on the Indian retail and consumption-led sectors. Within investment advisory services, we plan to focus on investments primarily in businesses within these sectors and within retail financial services, we plan to offer point of sale consumer financing on the premises of PRIL-owned retail formats. As a result of this focus, during periods of difficult market conditions or slowdowns in these sectors, the decreased revenues, difficulty in obtaining access to financing and increased funding costs experienced by the onshore fund we advise or offshore funds whose offshore investment managers we advise and our retail financial services business may adversely affect us. Although the Indian retail and consumption-led sectors have been growing rapidly in recent periods, this growth may not be sustainable in the long term and there may be periods of difficult market conditions. In addition, the entry of international players and the emergence of domestic companies in this sector may increase competition and change consumption patterns of Indian consumers. Foreign investment and interest rate fluctuations could also adversely impact the growth of the retail and consumption-led sectors. In addition, the Government of India has granted a number of incentives to companies in these sectors which may be withdrawn at any time. If growth in the Indian retail and consumption-led sectors were to slow or if market conditions were to worsen, the onshore fund we advise or offshore funds whose offshore investment managers we advise could sustain losses in their investments or may be unable to attain target returns, which would adversely impact our performance fees. In addition, demand for our retail financial services products could decline as Indian consumers reduce their spending. Any of the foregoing would have a material adverse effect on our business, results of operations and financial condition.

48. ***Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on the value of our Equity Shares. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

49. ***Natural disasters could have a negative impact on the Indian economy and cause our business to suffer.***

India has experienced significant natural disasters such as earthquakes, a tsunami, floods and drought in the past few years, for example the heavy floods in Mumbai in mid-2005. The extent and severity of these natural disasters determines their impact on the Indian economy and infrastructure. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

50. ***Any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.***

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the US and Europe. Indian stock exchanges have in the past experienced temporary exchange closures, broker defaults and settlement delays which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, the BSE or the NSE could adversely affect the trading price of the Equity Shares.

Notes to Risk Factors:

- Our name was changed from KB Infin Limited to Future Capital Holdings Limited on December 21, 2006.
- Public issue of 6,422,800 Equity Shares for cash at a price of Rs. [●] per Equity Share aggregating [●] lacs by the Company. The Issue would constitute 10.16 % of the post Issue paid-up capital of the Company.
- The net worth of our Company, on a restated consolidated basis, before the Issue (as of March 31, 2007) was Rs. 106.50 crore and as of September 30, 2007 was Rs. 242.13 crore.
- Shares issued less than the Issue Price are as below:

S.No.	Date of Allotment/ transfer	Name	Price	Number of Equity Shares	% of post issue capital
Promoters					
1.	April 5, 2006	PRIL (pursuant to transfer)	10.00	2,150,000	3.40%
2.	May 5, 2006	PRIL	10.00	5,900,000	9.33%
3.	May 12, 2006	PRIL	10.00	6,850,000	10.83%
4.	May 12, 2006	Sameer Sain	10.00	7,050,000	11.15%

S.No.	Date of Allotment/ transfer	Name	Price	Number of Equity Shares	% of post issue capital
5.	May 22, 2006	PRIL	10.00	17,577,965	27.80%
6.	June 14, 2006	PRIL	117.50	2,302,034	3.64%
7.	September 27, 2007	Kishore Biyani	10.00	2,115,000	3.35%
8.	September 27, 2007	Kishore Biyani	117.50	1,658,795	2.62%
9.	September 27, 2007	Sameer Sain	117.50	1,478,390	2.34%
Promoter Group					
10.	September 27, 2007	Pingaksh Realty Private Limited	178.00	618,000	0.98%
Others					
11.	June 14, 2006	Others	117.50	2,115,000	3.35%
12.	March 30, 2007	Employees pursuant to ESPS	25.00	500,000	0.79%
13.	June 27, 2007	Alok Oberoi	117.50	940,000	1.49%
14.	June 27, 2007	AMIF I Limited	178.00	5,500,000	8.70%
15.	September 27, 2007	Shishir Baijal	178.00	50,000	0.08%

- The average cost of acquisition of Equity Shares for our Promoters and our Promoter Group Company is as follows:
  - PRIL – Rs. 17.12 per Equity Share;
  - Kishore Biyani – Rs. 57.25 per Equity Share;
  - Sameer Sain – Rs. 28.64 per Equity Share; and
  - Pingaksh Realty Private Limited – Rs. 178.00 per Equity Share.
- The book value per Equity Share, on a restated consolidated basis, as of March 31, 2007 was Rs. 23.96 per Equity Share and as of September 30, 2007 was Rs. 42.62 per Equity Share.
- Our Company is a systemically important NBFC not accepting public deposits.
- In terms of Rule 19(2)(b) of the Securities Contracts Regulations Rules, 1957 ("SCRR") as amended from time to time, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
- Investors may contact the BRLMs for any complaints, information or clarifications pertaining to the Issue.
- Investors are advised to refer to the section titled "Basis for Issue Price" on page 36 of this Red Herring Prospectus.
- Investors should note that in case of oversubscription in the Issue, Allotment would be made on a proportionate basis to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Individual Bidders. See the paragraph titled "Basis of Allotment" on page 297 of this Red Herring Prospectus.

SUMMARY OF OUR BUSINESS

Unless the context otherwise requires, "we" or "our" or "us" refers to the Company and its subsidiaries, on a consolidated basis. The retail financial services and research businesses are conducted through FCH. Investment advisory services are currently provided as follows:

- *by our subsidiary, Kshitij Investment Advisory Company Limited to Kshitij Venture Capital Fund, an onshore fund;*
- *by our subsidiary, Kshitij Investment Advisory Company Limited to Horizon Development Management, the offshore investment manager of Horizon Realty Fund, LLC;*
- *by our subsidiary, Indivision Investment Advisors Limited to Indivision Capital Management , the offshore investment manager of Indivision India Partners;*
- *by FCH to FHL Developments Company LLC, the offshore investment manager of Indus Hotel Ventures LLC.*

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. One of the investors in our Company is Och-Ziff, a prominent international fund.

Our three primary lines of business are investment advisory services, retail financial services and research. These are described in greater detail below:

- **Investment Advisory Services**: We provide private equity and real estate investment advisory services to onshore and offshore clients. These investment advisory services include investment analysis, research and recommendations. We act as the investment advisor to the Rs. 350 crore (approximately US$89 million) Kshitij Venture Capital Fund (the "Kshitij Fund"), an onshore SEBI-registered venture capital fund, whose main focus is developing retail malls in India. The Board of Trustees of the Kshitij Fund evaluates the investment advice we provide to them and then makes the final investment decision.

  We also act as the investment advisor to three offshore investment managers namely:

  - Indivision Capital Management, the offshore investment manager of the US$425 million (approximately Rs. 1,671 crore) offshore private equity fund, Indivision India Partners (the "Indivision Fund");
  - Horizon Development Management, the offshore investment manager of the US$ 350 million (approximately Rs. 1,376 crore) offshore real estate fund, Horizon Realty Fund, LLC (the "Horizon Fund"); and
  - FHL Developments Company LLC, the offshore investment manager of the US$200 million (approximately Rs. 786 crore) offshore hotel fund, Indus Hotel Ventures LLC (the "Indus Fund").

  The offshore investment managers evaluate the investment advice we provide to them and may then make an investment recommendation to the Board of Directors of the respective funds they manage. The Board of Directors of the respective fund then makes the final investment decision.

  Within private equity investment advisory services, we focus primarily on evaluating investments in high growth companies backed by entrepreneurial talent in consumption-led sectors, which are sectors whose growth and development will in our view be determined by the growing purchasing power of Indian consumers and their changing tastes, lifestyle and spending habits. Consumption-led sectors include fast-moving consumer goods, media, entertainment, food and beverages, fashion, healthcare and consumer-led infrastructure. Within real estate investment advisory services, we advise our clients on developing real estate assets, including malls and "market cities", which are integrated developments that include convention centres, three- or four- star hotels, service apartments, commercial offices, residential apartments, community centres and various forms of retail space.

As an integral part of the private equity investment advisory services we provide, we pursue a "mentoring" approach with regard to the investments we advise on. This involves actively assisting businesses with their strategies and with the implementation of their growth plans. With respect to the real estate investments we advise on, we seek to differentiate ourselves through our understanding of real estate investment and development. We have experience across the entire spectrum of real estate investment advisory and development services, including in the areas of project evaluation, conceptualisation and design, leasing, property management and exit options.

We believe that we are able to pursue this approach as a result of the investment expertise of our founders, investors and investment professionals; the Future Group's deep understanding of the retail sector and the Indian consumer; and the national presence and geographic reach of the Future Group's retail business.

We are not an 'asset management company' as defined under the SEBI (Mutual Funds) Regulations, 1996 and do not provide services as a 'portfolio manager' as defined under the SEBI (Portfolio Managers) Regulations, 1993. Further, we do not advise on investments in the public securities markets.

- **Retail Financial Services**: In June 2007, we launched our retail financial services offering – Future Money – with the objective of becoming one of the leading retailers of financial products and services in India. Pursuant to an agreement with PRIL, we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries. This arrangement provides us with access to PRIL's large customer base, which during fiscal 2007 (for PRIL, being year ending June 30, 2007) engaged in over 450 lac transactions in PRIL stores, as well as to a pan-India geographic reach. We currently have 95 Future Money outlets located in 26 cities across India, most of which are located within the retail stores of PRIL and its subsidiaries. Currently, our two main retail financial services products are consumption loans, which are loans to finance the purchase of durables, furniture and other consumer goods, and personal loans, which are unsecured credit lines to individual customers. As of November 30, 2007, the consumption loans disbursed were Rs. 321 lacs, that is 31% of the total loans disbursed and the personal loans disbursed were Rs. 720 lacs, that is 69% of total loans disbursed. We will also commence in the near future the distribution of financial products, including credit cards. We have entered into an agreement with ICICI Bank for marketing and distribution of the "Future Card", which will be a credit card offering loyalty points to customers. We are also in the process of finalising detailed terms for acting as a corporate agent, for Future Generali India Insurance Company Limited for general insurance products and, for Future Generali India Life Insurance Company Limited for life insurance products.

- **Research**: Future Capital Research, our research business, conducts and publishes economic research on India with the objective of enhancing value creation across our other businesses. In particular, Future Capital Research conducts research on macro-economic trends in India to identify short- and medium-term trends as well as long-term structural shifts in India's economy. It also develops proprietary indices to highlight trends in consumer behavior. We utilize the research generated by Future Capital Research in our advisory activities and we expect that such research will continue to assist us in advising on potential investments.

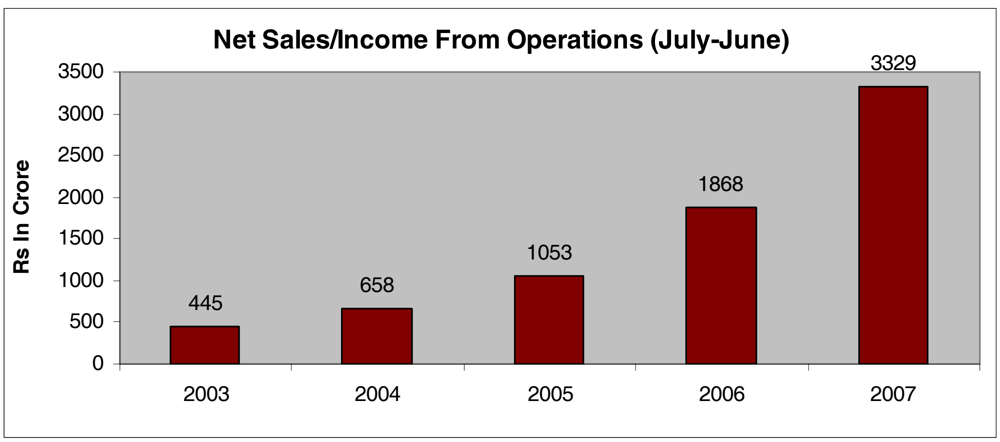
We have attracted and employ over 250 professionals with finance, operating and investment skills to support the growth of the businesses described above. Based on our restated consolidated financial statements, our total income from operations and net profit were Rs. 3,899 lacs and Rs. 349 lacs, respectively, for fiscal 2007, and as of March 31, 2007, we had total assets of Rs. 17,904 lacs. For the six months ended September 30, 2007, we had income from operations and net loss of Rs. 3,127 lacs and Rs. 1,243 lacs, respectively, and as of September 30, 2007, we had total assets of Rs. 36,201 lacs. We are a "systemically important non-banking finance company" as classified and regulated by the Reserve Bank of India.

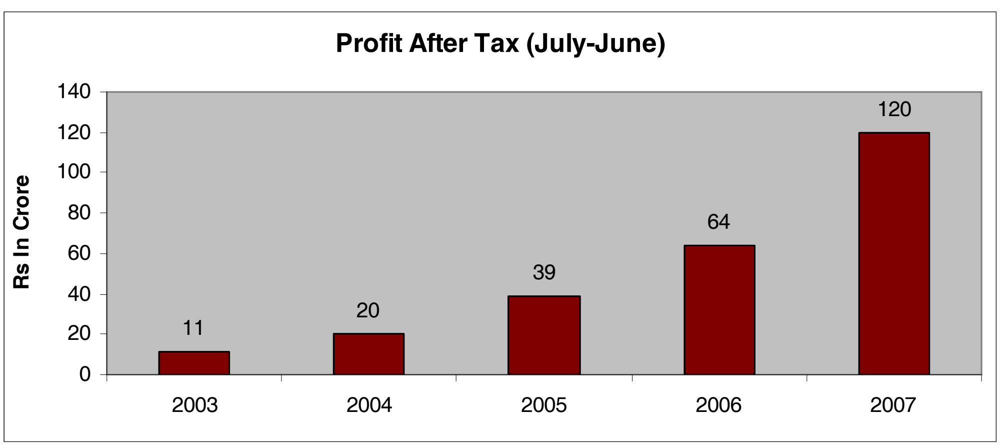
Future Group

The Future Group is a leading Indian business group promoted by Kishore Biyani which focuses on consumption-led businesses. Through PRIL, the Future Group has established one of India's leading organized multi-format retail networks. For its financial year ended June 30, 2007, PRIL generated consolidated total income and profit after tax of Rs. 3,329 crore and Rs. 120 crore, respectively. The Future Group's activities span six key areas:

Pantaloon Retail (India) Limited: The Future Group is a pioneer in establishing a nation-wide chain of large format stores. PRIL began its operations with one store in Kolkata in 1997 and has since expanded to reach approximately 400 stores in over 40 cities in India as of June 30, 2007, covering nearly 55 lac square feet of retail space. PRIL has promoted several retail businesses, including Pantaloons, Central, Big Bazaar and Food Bazaar. Pantaloons is an organised department store format which provides fashion and other products and accessories. Central, which was launched in 2004, is a chain of malls offering multiple brands, restaurants and other amenities. Big Bazaar and Food Bazaar are hypermarket and supermarket formats respectively, which offer wide product ranges such as apparel, toys, accessories, consumer durables, food and grocery and personal care products, household products and furniture. PRIL, through its subsidiary Home Solutions Retail (India) Limited, recently launched Home Town, a large scale retail format providing solutions for home building, improvement and furnishings. PRIL has other retail formats covering a broad range of products, including discounted branded fashion, electronics and home appliances, furniture, books, music, stationery, mobile phones and other communication products. These formats include E-Zone, Electronics Bazaar, Collection I, Furniture Bazaar, Brand Factory, MBazaar, MPort, Gen M and Depot.

PRIL has experienced growth in recent years, fuelled by the expansion of consumer demand in India. The increase in PRIL's net sales and profit after tax is illustrated below:





PRIL's equity shares have been listed on the Bombay Stock Exchange since July 30, 1992 and on the National Stock Exchange since February 20, 2001. As of December 31, 2007, the market capitalisation of PRIL was approximately 12,566 crore based on its closing price on the BSE.

Future Capital*:* Future Capital is the financial services arm of the Future Group. As described in greater detail in this Red Herring Prospectus, Future Capital's primary businesses comprise investment advisory services, retail financial services and research.

Future Media: Future Media focuses on advertising at the point of consumption through access to retail space. It currently has exclusive access to all advertising spaces owned by PRIL, which it manages, markets and sells. It has also launched a magazine, "My World", which covers the consumption-led sector. Following PRIL's transfer of advertising rights to Future Media, the Indivision Fund, a fund whose investment manager we advise, invested in a minority stake in Future Media. PRIL retained a majority stake in Future Media.

Future Brands: Future Brands acquires and creates India-centric private consumer labels and endeavors to convert them into well-known brands by building, nurturing and marketing them by leveraging the distribution reach of PRIL.

Future Logistics: Future Logistics focuses on providing cost-effective, integrated, end-to-end logistics solutions to businesses in the consumption-led sector.

Future Bazaar: Futurebazaar.com has been designed to address the growing online shopping market by combining the Future Group's retail capabilities with a technology platform.

The Future Group's other businesses include Future Knowledge Services, which focuses on retail outsourcing, and Pantaloon Food Products, which will provide back-end support to the retail foods business.

Strengths

Experienced management team and talent pool of finance, operating and investment professionals

We believe that the experience and expertise of our management team and our finance, operating and investment professionals provide us with a competitive advantage. Sameer Sain, our CEO and co-founder, was formerly a Managing Director at Goldman Sachs International, Investment Management Division. As head of Institutional Wealth Management and the Special Investments Group (International), he accumulated a broad range of experience in managing financial services businesses as well as evaluating investments. We believe that Sameer Sain's active participation in the investment process contributes greatly to our investment advisory performance. In the area of real estate investments, Sameer Sain works closely with Shishir Baijal, who brings over 29 years of industry experience to support the investment advisory experience within FCH. The private equity investment advisory business is led by Sanjiv Gupta, who is the former CEO of Coca-Cola India and Southwest Asia. Within retail financial services, the members of our senior management team, which is led by Rakesh Makkar, are highly experienced in risk management and operations. Mr. Makkar has over 17 years of experience and has previously served as Risk Director and Chief Financial Officer of Citifinancial India and also as Head of the Retail Mass Market business for First India Credit, Temasek's financial services business in India. We believe that the experience of Mr. Makkar and his team contributes not only to the expansion of the Future Money business but also to the development of robust risk management systems and processes. Finally, our research and insights business is led by Roopa Purushothaman, a former Vice President at Goldman Sachs International and a co-author of the influential paper "Dreaming with BRICs: The Path to 2050". The research produced by Ms. Purushothaman and her team enables us to leverage intellectual capital across FCH by contributing to evaluation of new opportunities in the investment advisory and retail financial services businesses.

Our business is supported by a talented and experienced pool of finance, operating and investment professionals with a variety of backgrounds in investment banking, private equity, real estate, management consulting, finance and treasury, legal and corporate finance, including in reputed organisations such as AIG, Coca-Cola, Colliers Jardine, Goldman Sachs, ICICI Venture, Jones Lang

LaSalle and KPMG. We have attracted over 250 professionals since our founding in 2005. We believe that our ability to attract and retain such individuals, which is underpinned by the dynamism of our company and the uniqueness of the career opportunities we offer, is one of the key elements of our success.

Deep understanding of the retail sector and the evolving needs of the Indian consumer

As one of India's leading retail groups with over ten years of experience in meeting the needs of Indian consumers, the Future Group has developed a deep understanding of the retail and consumption-led sectors in India. We believe that the Future Group's insights into consumer behavior have contributed to our advice on investments in these sectors. The Future Group's understanding of the retail and consumption-led sectors is augmented by the research produced by our research team. For instance, a recent research report we produced on the impact of working women in India helped us formulate advice on an investment in a chain of health, beauty and fitness centres whose clients are primarily working women. Our access to the Future Group's knowledge of the retail and consumption-led sectors also enables us to 'mentor' the funds' investee companies not only assisting them with their strategies but also by assisting in the implementation of their growth plans.

The Future Group's knowledge of consumer behavior contributes not only to the approach we adopt in our investment advisory business but also to the development of products and services in our retail financial services business. By leveraging the expertise of the Future Group, we have sought to identify certain gaps in the market for retail financial services and have developed our product and service offering to address those gaps.

Synergy with the Future Group

We benefit from substantial synergies across our businesses and the businesses of the Future Group. In the area of retail financial services, we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries. This arrangement grants us access to PRIL's large customer base, which during fiscal 2007 (for PRIL, being year ending June 30, 2007) engaged in over 450 lac transactions in PRIL stores. As a result of PRIL's national presence, we also have the potential to achieve geographic reach across India.

Our relationship with the Future Group also provides us with access to the experience and capabilities of its employees, whose deep understanding of the retail and consumption-led sectors we leverage in advising on investments in consumption-led sectors and retail and hotel related real estate investments. In particular, we believe that the experience of our founders, including Kishore Biyani, has benefited us. Mr. Biyani has over 25 years of experience in the retail and consumption-led sectors and was primarily responsible for the emergence of PRIL as one of the leading multi-format retailers in India. In addition to the intellectual capital that our relationship with the Future Group provides us, we also have access to the industry contacts and the pan-India distribution network of PRIL, which aids us in evaluating investments and also benefits the investee companies of the private equity fund whose investment manager we advise.

Unique and differentiated business model

Investment Advisory Services

Within our private equity investment advisory business, in addition to investment analysis, research and recommendations, we actively mentor companies invested in by the fund whose investment manager we advise. Mentoring involves helping these companies with their strategy and execution of growth plans. We are able to contribute to these companies' plans for revenue growth by leveraging the Future Group to provide them with insights into the retail and consumption-led sectors as well as access to PRIL's pan-India distribution network. At the same time, we advise them on various operational, infrastructure, systems and process initiatives in order to assist them in improving their profitability. An example of a recent investment we advised on and for which we are successfully implementing our mentoring approach is the Indivision Fund's investment in Lilliput Kidswear Limited ("Lilliput"), a leading manufacturer, marketer and retailer of children's wear in India. We assisted Lilliput in developing its plans for domestic and international expansion and changing its store formats and product mix to target certain types of customers more effectively. For Lilliput, we also facilitated access to shelf space within PRIL stores to market its products. With regard to operations, we have assisted Lilliput in identifying and addressing large inventory build-ups and designing an effective financial reporting structure.

Within our real estate business, we differentiate ourselves through our capabilities in the area of real estate development, in addition to our general investment advisory capabilities. Our real estate business has a team of over 80 people including professionals with significant real estate experience in leading consultants such as Jones Lang LaSalle and Gherzi Eastern. We have experience across the entire spectrum of real estate investment advisory services, including project evaluation, conceptualisation and design, leasing and property management.

Retail Financial Services

We believe that our retail financial services business model is one of the first of its kind within organized retailing in India. We believe that we distinguish ourselves from other providers of financial products through our presence at the point of consumption. This is ensured by our agreement with PRIL whereby we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries. Instead of merely facilitating consumption, we believe that we drive consumption by providing customers with the means to finance their purchases at the site where the consumption decision is made. We have built upon our potential to attract customers at the point of consumption by developing a wide range of financial products and services to cross-sell to these customers. The ultimate goal of our business model is to become a one-stop shop for financial products and services.

Strategy

Our business philosophy is to transform ideas into value through investments and enterprise. In keeping with this philosophy, we will focus on growing our investment advisory and research businesses while expanding the scale and scope of our retail financial services business by entering new business areas, including home equity loans, distribution of insurance products and money transfer services. Our key strategic initiatives are described below:

Grow our investment advisory business

In addition to continuing to advise on investments in our current areas of expertise (i.e., investments in the consumption-led sectors and retail-related real estate investments), we will also expand selectively into new sectors which are complementary to our existing capabilities, such as logistics. For instance, we have entered into a joint venture to build our investment advisory expertise in industrial warehousing and logistics. We have also recently been engaged as the Indian advisor to FHL Developments Company LLC, the offshore investment manager of a U.S.$200 million (approximately Rs. 786 crore) offshore fund which intends to invest in 3- to 4- star business hotels in India. In addition, we continue to seek new investment advisory engagements, including with entities connected to the Future Group. We will seek to achieve growth in our investment advisory business by continuing to operate according to our differentiated business model, which involves our mentoring approach; leveraging the Future Group's deep understanding of the retail and consumption-led and real estate sectors; creating separate organised teams for every new sector we expand into; and entering into strategic partnerships for access to expertise, where necessary.

Expand scale and scope of retail financial services business

We intend to expand the scale and scope of Future Money, our retail financial services business, with the objective of becoming one of the leading retailers of financial products and services in India. We ultimately aim to achieve a pan-India geographic reach and introduce a wide range of products to become a one-stop shop for retail financial services. Pursuant to an agreement with PRIL dated April 2, 2007, we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries. We plan to leverage this arrangement with PRIL to add outlets on the sites of malls, stores and other retail formats which are owned, controlled and managed by PRIL and its subsidiaries. We also plan to invest in infrastructure to add Future Money outlets independently of PRIL. However, we do not intend to utilize the Issue proceeds for this purpose. In terms of scope, we plan to layer onto our current range of retail credit products by offering a range of additional financial products and services for our customers. We have entered into an agreement with ICICI Bank for the marketing and distribution of the Future Card, a credit card offering loyalty points, and plan to fully launch this product shortly. We also expect to offer in the future, home equity loans and money transfer services, as well as distribute, life and general insurance products. We plan to commence offering home equity loans, which would be loans secured against property. While we are still developing the product, we believe that we will employ largely similar credit approval procedures we use for consumption loans and personal loans, with supplemental procedures regarding the property which is securing the loan. Also, we have not yet entered into any agreements for money transfer services. We are in the process of finalising detailed terms for acting as a corporate agent, for Future Generali India Insurance Company Limited for general insurance products and, for Future Generali India Life Insurance Company Limited for life insurance products.

We plan to execute the initiatives mentioned above, including increasing our investment advisory business and expanding our retail financial services business, by attracting and retaining high quality talent; building robust risk management and operations processes; and harnessing synergies with the Future Group. These are described in greater detail below.

Attract and retain high quality talent

The intellectual capital of our management team and finance, operating and investment professionals is key to our success and we accordingly intend to continue to focus on attracting and retaining high quality talent. In order to achieve this, we will continue to capitalize on our strengths in the area of recruiting, which have led to a proven track record of hiring highly qualified employees from reputed organisations as well as a low attrition rate. In particular, we plan to continue to build the Future Capital brand and consolidate our position as an employer of choice within the financial services industry in India. We have also developed and will continue to develop targeted compensation schemes designed to retain our key management personnel and professionals. With regard to our management personnel, we will continue to offer equity and option plans which reflect the growth of our business.

Develop robust risk management procedures and related systems

We view risk management as crucial to the expansion of our financial services businesses. We are therefore focusing on developing an integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, market risk and operational risk.

In particular, within our retail financial services business, we have already made significant investments in personnel, technology and infrastructure in order to improve process efficiencies and mitigate business risks. We have recruited individuals who have significant risk management experience and plan to retain this focus in hiring additional risk management personnel. We believe these professionals will aid us in differentiating ourselves in the area of credit risk management by continuing to define tailored credit policies for each new credit product we introduce and in improving our standardized credit processes and know-your-client norms. Going forward, we plan to continue to adapt our risk management procedures to take accounts of trends we have identified, including our loan loss experience. We believe that prudent risk management policies and development of tailored credit procedures will allow us to expand our retail financial services business without experiencing significant increases in non-performing assets. Finally, we also plan to continue to upgrade our web-based applications and other information technology systems to keep pace with technological developments.

Harness synergies with the Future Group

We plan to continue to harness synergies with the Future Group in order to strengthen our business model and grow our businesses. With regard to our investment advisory business, we plan to continue to offer investee companies of the onshore fund we advise and the offshore funds whose offshore investment managers we advise, access to the Future Group's knowledge of the retail and consumption-led sectors as well as the pan-India distribution network of PRIL. For example, we have just been engaged as the Indian advisor to the offshore investment manager of an offshore hotel fund and we believe we can assist this fund by leveraging real estate developments that we have advised on, in particular by offering hotel customers access to food and beverage and entertainment options at adjacent retail malls or within market cities. We believe this will reduce the overall cost of the hotel assets invested in by the fund.

In the area of retail financial services, we believe that we are able to benefit from synergies we enjoy with the Future Group. For instance, through our cooperation with the Future Group we are able to reduce significantly our customer acquisition costs, since we have access to the customer base of PRIL as a result of our presence at the point of consumption. We plan to continue to design financial services products which allow us to reduce costs through our relationship with the Future Group.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated consolidated financial statements as of and for the fiscal year ended March 31, 2007 and the six months ended September 30, 2007. Our restated consolidated financial statements have been prepared in accordance with Indian GAAP and the SEBI Guidelines and are presented in the section titled "Financial Statements: Restated Consolidated Financial Statements" beginning on page 172 of this Red Herring Prospectus. The summary financial information presented below should be read in conjunction with restated consolidated financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 234 of this Red Herring Prospectus. Indian GAAP differs in certain significant respects from IFRS and US GAAP. For a narrative summary of these differences, see the section titled "Summary of Significant Differences between US GAAP, IFRS and Indian GAAP" on page 159 of the Red Herring Prospectus.

Summary Statement of Consolidated Assets and Liabilities, as restated

(in Rupees)

	Particulars		As at September 30, 2007	As at March 31, 2007
A.	**Fixed assets**			
	Goodwill on consolidation		76,106,744	76,080,113
	Gross block		861,693,313	807,640,846
	Less: Accumulated depreciation		21,405,301	8,673,555
	Net block		916,394,756	875,047,404
	Capital work-in-progress including capital advances		22,278,225	7,755,640
	Total net block	(A)	938,672,981	882,803,044
B.	**Investments**	(B)	1,308,267,151	535,480,483
C.	**Deferred tax assets (net)**	(C)	12,821,437	7,708,913
D.	**Current assets, loans and advances**			
	Sundry debtors		84,611,829	147,614,092
	Cash and bank balances		521,399,400	38,924,359
	Investments held for sale (Refer note 5 of Annexure IV)		167,522,936	-
	Stock on hire		11,425,548	-
	Loans and advances		575,453,926	177,896,449
	Total	(D)	1,360,413,640	364,434,900
E.	**Total** (A) + (B) + (C) + (D)	(E)	**3,620,175,210**	**1,790,427,340**
F.	**Liabilities and provisions**			
	Secured loans		554,360,980	554,655,537
	Minority interest		1,845,302	17,678,710
	Current liabilities		636,963,083	149,415,756
	Provisions		5,710,347	3,711,147
	Total	(F)	**1,198,879,712**	**725,461,150**

	Particulars		As at September 30, 2007	As at March 31, 2007
G.	**Net worth** (E) - (F)	(G)	**2,421,295,498**	**1,064,966,190**
	Net worth represented by			
H.	Share capital	(H)	568,051,840	444,449,990
I.	Share application money pending allotment	(I)	-	110,450,000
J.	Reserves and surplus (Refer note 6 of Annexure IV)	(J)	1,853,243,658	510,066,200
K.	**Net worth** (H) + (I) + (J)	(K)	**2,421,295,498**	**1,064,966,190**

Summary Statement of Consolidated Profits and Losses, as restated

(in Rupees)

	Particulars		Six months ended September 30, 2007	Year ended March 31, 2007
L.	**Income**			
	Income from operations		311,951,208	389,633,671
	Other income		716,674	286,693
	Total	(L)	312,667,882	389,920,364
M.	**Expenditure**			
	Personnel expenses		206,365,500	183,160,672
	Administration and other expenses		169,806,770	123,640,513
	Depreciation / amortisation		12,650,562	8,323,129
	Financial expenses		36,385,281	24,949,980
	Preliminary expenses written off		39,560	476,880
	Total	(M)	425,247,673	340,551,174
N.	**Profit before tax** (L) - (M)	(N)	(112,579,791)	49,369,190
O.	**Provision for tax:**			
	- Current tax		12,610,383	8,683,000
	- Deferred tax		(4,921,763)	(7,708,913)
	- Fringe benefit tax		1,831,729	1,567,245
	Total	(O)	9,520,349	2,541,332
P.	**Profit after tax before adjustments** (N) - (O)	(P)	(122,100,140)	46,827,858
Q.	**Adjustments** (Refer Note 1 of Annexure IV)		-	1,284,617
	Current tax impact of adjustments		-	-
	Deferred tax impact of adjustments		-	(469,207)
	Total of adjustments after tax Impact	(Q)	-	815,410
R.	**Net profit before minority interest, as restated** (P) + (Q)	(R)	(122,100,140)	47,643,268
S.	Minority interest in profit/loss of consolidated subsidiaries	(S)	(515,050)	12,758,507
T.	Minority interest in respect of acquisition of further shares in subsidiary adjusted from goodwill	(T)	(1,654,234)	-
U.	**Net profit after minority interest, as restated** (R) - (S) -(T)	(U)	(124,269,424)	34,884,761
V.	**Profit at the beginning of the period, as restated**	(V)	34,579,352	6,183
W.	**Balance available for appropriations, as restated** (U) + (v)	(W)	(89,690,072)	34,890,944
X.	**Appropriations**			
	Transfer to reserve under section 45 (1C) of the RBI Act	(X)	-	311,592
Y.	**Balance carried forward, as restated** (W) - (X)	(Y)	(89,690,072)	34,579,352

Statement of Consolidated Cash Flow, as restated

(in Rupees)

	Particulars		Period ended September 30, 2007	Year ended March 31, 2007
A.	**Cash flow from operating activities**			
	Restated net profit before tax after minority interest		(114,749,075)	38,451,275
	Prior period expense		(463,214)	-
	Depreciation / amortization		12,650,562	8,323,129
	Financial expenses		36,385,281	24,949,980
	Provision for doubtful debt		3,785,863	-
	Sundry balance written off (net)		-	2,390,893
	Bad-debts		-	3,255,702
	Preliminary expenses Written off		39,560	-
	Exchange fluctuation difference, net		8,198,976	2,366,939
	Provision for unrealised mutual fund loss		130,854	-
	Sundry balances write back		(313,748)	-
	Loss / (profit) on sale of fixed assets		(201,329)	7,765
	Operating profit before working capital changes		(54,536,270)	79,745,683
	Adjusted For:			
	(Increase) / decrease in sundry debtors		54,803,285	(153,236,733)
	(Increase)/ decrease in stock on hire		(11,425,558)	-
	(Increase) / decrease in loans and advances		(370,199,868)	(150,520,147)
	Increase / (decrease) in current liabilities and provisions		480,617,725	148,885,299
	Preliminary expenses paid		(39,560)	-
	Change in minority interest		(1,830,606)	17,678,710
	Advance tax paid		(45,576,038)	(40,011,256)
	Net cash generated from operating activities	**(A)**	**51,813,111**	**(97,458,444)**
B.	**Cash flow from investing activities**			
	Purchase of fixed assets		(57,069,948)	(807,695,957)
	Proceeds from sale of fixed assets		3,218,810	381,545
	Payment for capital advance		(14,522,585)	(7,755,640)
	Purchase of investments		(174,114)	(174,196,837)
	Payment of goodwill on acquisition of subsidiaries		(14,029,433)	(75,013,363)
	Net cash generated from investing activities	**(B)**	**(82,577,270)**	**(1,064,280,252)**
C.	**Cash flow from financing activities**			
	Proceeds from allotment of equity shares		114,201,850	444,449,990
	Share application money received		-	110,450,000
	Proceeds from share premium		1,380,971,389	474,831,154
	Proceeds from share warrants		-	2,115,000
	Proceeds from loans borrowed		-	529,705,558
	Repayment of loans		(294,558)	395,000
	Payment of share issue expense		(5,570,232)	-
	Financial expenses		(36,385,281)	-
	Net cash flow generated from financing activities	**(C)**	**1,452,923,169**	**1,561,946,702**
	Net increase in cash and cash equivalent during the year (A+B+C)		**1,422,159,010**	**400,208,006**

Cash and cash equivalents, beginning of year / period	**400,208,006**	**-**
Cash and cash equivalents, end of year / period	**1,822,367,016**	**400,208,006**
Components of cash and cash equivalents		
Cash in hand (including foreign currency)	230,313	21,837,944
Balances with banks in current accounts	519,992,617	111,148
Short term investments in liquid schemes of mutual funds	1,300,967,616	361,283,646
Share in cash and bank balances of joint venture	1,176,470	16,975,268
Total	**1,822,367,016**	**400,208,006**

THE ISSUE

Equity Shares issued by the Company	**6,422,800 Equity Shares**
of which	
QIB Portion	At least 3,853,680 Equity Shares (allocation on a proportionate basis)
of which:	
Mutual Funds	192,684 Equity Shares (allocation on a proportionate basis)
Balance for all QIBs including Mutual Funds	3,660,996 Equity Shares (allocation on a proportionate basis)
Non-Institutional Portion	Not less than 642,280 Equity Shares available for allocation on a proportionate basis
Retail Portion	Not less than 1,926,840 Equity Shares available for allocation on a proportionate basis
Equity Shares outstanding prior to the Issue	56,805,184 Equity Shares
Equity Shares outstanding after the Issue	63,227,984 Equity Shares
Use of proceeds	See the section titled "Objects of the Issue" on page 34 of this Red Herring Prospectus.

Note: Undersubscription, if any, in any portion, except in the QIB portion, would be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLMs. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith**.**

GENERAL INFORMATION

Registered and Corporate Office of the Company

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Website: www.fch.in
Email: fch.legal@fch.in

Corporate Identity Number: U29120MH2005PTC156795
RBI Registration Number: N-13.01827

We are registered at the Registrar of Companies, Maharashtra situated at 1 Everest, 100 Marine Drive, Mumbai 400 002.

Our Board comprises:

S. No.	Name and Designation	Age	Residential Address
(a)	Kishore Biyani, Chairman	47	406, Jeevan Vihar, Manav Mandir Road, Mumbai 400 006
(b)	Sameer Sain, Managing Director and Chief Executive Officer	37	1302, Narain Terraces, Union Park Road, Bandra (West), Mumbai 400 050
(c)	Shailesh Haribhakti, Independent Director	51	228, Kalpataru Habitat, B Wing, 22nd and 23rd Floor, Dr. S.S. Rao Road, Parel, Mumbai 400 012
(d)	G.N. Bajpai Independent Director	65	131, Shaan Apartment, K D Marg, Prabhadevi, Mumbai 400 028
(e)	Alok Oberoi Independent Director	44	21, Blomfield Road, London, United Kingdom

For further details in relation to our Board and our Directors, see section titled "Our Management" on page 92 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

R. J. Doshi
Vice President (Legal) and Company Secretary
Future Capital Holdings Limited
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Tel: +91 22 4043 6000
Fax: +91 22 4043 6065
Email: fch.legal@fch.in

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allocation, credit of allotted Equity Shares in the respective beneficiary account, refunds orders, etc.

Book Running Lead Managers

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021
Tel: +91 22 6634 1100
Fax: +91 22 2284 0492
Email: fch.ipo@kotak.com
Website: www.kotak.com
Contact Person: Chandrakant Bhole
SEBI Registration Number : INM000008704

Enam Securities Private Limited
801/ 802, Dalamal Towers
Nariman Point
Mumbai - 400 021
Tel: +91 22 6638 1800
Fax: +91 22 2284 6824
Email: fch.ipo@enam.com
Website: www.enam.com
Contact Person: Lakha Nair
Registration Number : INM000006856

JM Financial Consultants Private Limited
141, Maker Chambers III
Nariman Point
Mumbai 400 021
Tel: +91 22 6630 3030
Fax: +91 22 2202 8224
Email: fch.ipo@jmfinancial.in
Website: www.jmfinancial.in
Contact Person: Poonam Karande
SEBI Registration Number : INM000010361

UBS Securities India Private Limited
2/ F, Hoechst House
Nariman Point
Mumbai 400 021
Tel: +91 22 2286 2000
Fax: +91 22 2281 4676
Email: fch@ubs.com
Website: www.ibb.ubs.com/Corporates/indianipo/
Contact Person: Avi Mehta
SEBI Registration Number : INM000010809

Syndicate Members

Kotak Securities Limited
Bakhtawar, 1st Floor
229, Nariman Point
Mumbai 400 021
Tel: +91 22 6634 1100
Fax: +91 22 6634 3927
Email: umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Umesh Gupta
SEBI Registration Number : BSE : INB010808153
NSE : INB230808130

Enam Securities Private Limited
801/ 802, Dalamal Towers
Nariman Point
Mumbai - 400 021
Tel: +91 22 6638 1800
Fax: +91 22 2284 6824
Email: fch.ipo@enam.com
Website: www.enam.com
Contact Person: M. Natarajan
SEBI Registration Number : INM000006856

JM Financial Services Private Limited
Apeejay House, 3, Dinshaw Waccha Road
Churchgate, Mumbai 400 021
Tel: +91 22 6704 3184/ 3185
Fax: +91 22 6654 1511
Email: fch.ipo@jmfinancial.in
Website: www.jmfinancial.in
Contact Person: Deepak Vaidya
SEBI Registration Number : INB011054831

Advisor to the Issuer

Collins Stewart Inga Private Limited
A-404, Neelam Centre
Hind Cycle Road, Worli
Mumbai - 400 030
Tel: +91 22 2498 2919/37/54
Fax: +91 22 2498 2956
Email: karthikeyan@csin.co.in
Website: www.csin.co.in
Contact Person: S. Karthikeyan
SEBI Registration: INM000010924

Indian Legal Counsel to the Issue

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

International Legal Counsel to the Underwriters

Linklaters LLP
One Silk Street
London
EC2Y 8HQ
United Kingdom
Tel: +44 0 20 7456 2000
Fax: +44 0 20 7456 2222

Registrar to the Issue

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

Tel: +91 22 2596 0320
Fax: +91 22 2596 0328
Email: fch.ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Sachin Achar
SEBI Registration Number : INR000003761

Statutory Auditors

S.R. Batliboi & Co.
Chartered Accountants
6th Floor, Express Towers, Nariman Point
Mumbai – 400 021
Tel: +91 22 6657 9200
Fax: +91 22 2287 6401

IPO Grading Agency

ICRA Limited
Building No.8, 2nd Floor,
Tower A, DLF Cyber City,
Phase II, Gurgaon – 122 002
Tel: +91 124 454 5300
Fax: +91 124 454 5350
Email: info@icraindia.com
Website: www.icraindia.in
SEBI Registration Number: IN/CRA/0031999

Bankers to the Issue and Escrow Collection Banks

Standard Chartered Bank
270, D.N.Road
Fort
Mumbai 400 001
Tel: +91 22 2209 2213 / 2268 3975 / 2268 3955
Fax: +91 2209 6067 / 2209 2216
Contact Person: Joseph George
Email: Joseph.george@in.standardchartered.com
SEBI Registration Number: INB100000885

Yes Bank Limited
9th Floor, Nehru Centre
Discovery of India, Dr. A.B.Road,
Worli, Mumbai – 400 018
Tel: +91 22 6669 9000
Fax: +91 22 6669 9225
Contact Person: Rajesh Lahori
Email: rajesh.lahori@yesbank.in
SEBI Registration Number: INBI00000935

ICICI Bank Limited
Capital Markets Division
30, Mumbai Samachar Marg
Mumbai 400 001
Tel: +91 22 2262 7600
Fax: +92 22 2261 1138
Contact Person: Sidhartha Sankar Routray
Email: sidhartha.routray@icicibank.com
SEBI Registration Number: INB100000004

Kotak Mahindra Bank Limited
4th floor, Dani Corporate Park
158, C.S.T. Road, Kalina
Santacruz (East), Mumbai 400 098
Tel: +91 22 6759 4800
Fax: +91 22 6648 2710
E mail: ibrahim.sharief@kotak.com/ sunil.sawant@kotak.com
SEBI Registration Number: INB100000927

HDFC Bank Limited
26A, Narayanan Properties,
Chandivali Farm Road,
Saki Naka, Andheri (E),
Mumbai 400 072
Tel: +91 22 2856 9009
Fax: +91 22 2856 9256
Contact Person: Deepak Rane
Email: deepak.rane@hdfcbank.com
SEBI Registration Number: INB100000063

Bankers to the Company

HDFC Bank Limited
Annie Beasant Road, Worli
Mumbai 400 018
Tel: +91 22 2492 4528
Fax: +91 22 2496 0773
Email: vivek.vazirani@hdfcbank.com

Yes Bank Limited
Nehru Centre, 9th floor
Discovery of India
Dr. A.B. Road, Worli
Mumbai 400 018
Tel: +91 22 6669 9000
Fax: +91 22 2490 0314
Email: Rajesh.Lahori@yesbank.in

Statement of Inter Se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities amongst the BRLMs:

S. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with relative components and formalities etc.	Kotak, Enam, JM, UBS	Kotak
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. (The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing)	Kotak, Enam, JM, UBS	Kotak

S. No.	Activities	Responsibility	Co-ordinator
3.	Drafting and approval of all publicity material, other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	Kotak, Enam, JM, UBS	JM
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Advertising Agency and Bankers to the Issue	Kotak, Enam, JM, UBS	Kotak
5.	QIB marketing strategy – Institutional marketing strategy including road show marketing presentation – finalise the list and division of international investors for one to one meetings – finalise the list and division of domestic investors for one to one meetings	Kotak, Enam, JM, UBS	– Kotak – Kotak – JM
6.	Retail/ Non-Institutional marketing strategy – Finalise centres for holding conference for brokers etc. – Finalise media, marketing & PR Strategy – Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material – Finalise bidding centres	Kotak, Enam, JM, UBS	Enam
7.	Pricing, managing the book and coordination with Stock Exchanges	Kotak, Enam, JM, UBS	Kotak
8.	The post bidding activities including management of escrow accounts, co-ordination of non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to bidders etc	Kotak, Enam, JM, UBS	Enam
9.	The Post Issue activities for the Issue will involve essential follow up steps, which include the finalisation of basis of allotment, dispatch of refunds, demat of delivery of shares, finalisation of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue. (The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company).	Kotak, Enam, JM, UBS	Enam

Credit Rating

As this is an offer of Equity Shares, a credit rating is not required.

Trustees

As this is an issue of Equity Shares, the appointment of Trustees is not required.

IPO Grading

This Issue has been graded by ICRA Limited as 3, indicating "average fundamentals" through its letter dated December 26, 2007. For details in relation to the Report of the Grading Agency, refer to "Annexures" beginning on page 356 of this Red Herring Prospectus. Attention is drawn to the disclaimer appearing on page 270 of this Red Herring Prospectus.

Monitoring Agency

There is no requirement to appoint a Monitoring Agency for the Issue in terms of Clause 8.17.1 of the SEBI DIP Guidelines as the Issue size is less than Rs. 500 crore.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime, including after the Bid/ Issue Closing Date, without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment.

Book Building Process

Book building refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/ Issue Closing Date.

The principal parties involved in the Book Building Process are:

1. The Company;
2. The BRLMs;
3. Syndicate Members who are an intermediary registered with SEBI or registered as brokers with BSE/ NSE and eligible to act as Underwriters. The Syndicate Member is appointed by the BRLMs;
4. Escrow Collection Banks; and
5. Registrar to the Issue

This being an issue for less than 25% of Post Issue equity capital of the Company, the SEBI Guidelines read with rule 19(2) (b) of the SCRR, have permitted an issue of securities to the public through the 100% Book Building Process, wherein at least 60% of the Issue shall be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs including the Mutual Funds subject to valid bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. In this regard, we have appointed the BRLMs to manage the Issue and to procure subscriptions to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. In addition, QIBs are required to pay the QIB Margin Amount, representing 10% of the Bid Amount, upon submission of their bid and allocations to QIBs shall be on a proportionate basis. Further details, see the section titled "Issue Structure" on page 277 of this Red Herring Prospectus. The Company with comply with the SEBI Guidelines issued by SEBI for this Issue. In this regard, the Company has appointed the BRLMs to manage the Issue and the process of subscription to the Issue.

The process of Book Building under SEBI Guidelines is subject to change from time to time and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building Process and Price Discovery Process (*Investors should note that this example is solely for illustrative purposes and is not specific to the Issue*)

Bidders can bid at any price within the Price Band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, offer size of 3,000 equity shares and receipt of five bids from bidders out which one bidder has bid for 500 shares at Rs. 24 per share while another has bid for 1,500 shares at Rs. 22 per share. A graphical representation of consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative table given below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50%
1,500	22	3,000	100%
2,000	21	5,000	166.67%
2,500	20	7,500	250%

The price discovery is a function of demand at various prices. The highest price at which the Company is able to offer the desired number of shares is the price at which the book cuts-off, i.e. Rs. 22 in the above example. The Company in consultation with BRLMs, will finalise the Issue Price at or below such cut-off price, i.e. at or below Rs. 22. All bids at or above the Issue Price and cut off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for bidding:

- Check eligibility for bidding (see the section titled “Issue Procedure – Who Can Bid” on page 280 of this Red Herring Prospectus);

- Ensure that the Bidder has an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

- Ensure that you have mentioned your PAN in the Bid Cum Application Form (see section titled “Issue Procedure” on page 280 of this Red Herring Prospectus; and

- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid Cum Application Form.

Underwriting Agreement

After the determination of the Issue Price and allocation of equity shares but prior to filing of the Prospectus with the RoC, our Company intends to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before the filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
Book Running Lead Managers		
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar, 229, Nariman Point Mumbai 400 021	[●]	[●]

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
Tel: +91 22 6634 1100 Fax: +91 22 2284 0492 Email: fch.ipo@kotak.com Website: www.kotak.com Contact Person: Chandrakant Bhole		
Enam Securities Private Limited 801/ 802, Dalamal Towers Nariman Point Mumbai – 400 021, India Tel: +91 22 6638 1800 Fax: +91 22 2284 6824 Email: fch.ipo@enam.com Website: www.enam.com Contact Person: Lakha Nair	[●]	[●]
JM Financial Consultants Private Limited 141, Maker Chambers III Nariman Point Mumbai 400 021 Tel: +91 22 6630 3030 Fax: +91 22 2202 8224 Email: fch.ipo@jmfinancial.in Website: www.jmfinancial.in Contact Person: Poonam Karande	[●]	[●]
UBS Securities India Private Limited 2/ F, Hoechst House Nariman Point Mumbai 400 021 Tel: +91 22 2286 2000 Fax: +91 22 2281 4676 Email: fch@ubs.com Website: www.ibb.ubs.com/ Corporates/ indianipo/ Contact Person: Avi Mehta	[●]	[●]
Syndicate Members		
Kotak Securities Limited Bakhtawar, 1st Floor 229, Nariman Point Mumbai 400 021 Tel: +91 22) 6634 1100 Fax: +91 22) 6634 3927 Email: umesh.gupta@kotak.com Website: www.kotak.com Contact Person: Umesh Gupta	[●]	[●]
Enam Securities Private Limited 801/ 802, Dalamal Towers Nariman Point Mumbai - 400 021 Tel: +91 22 6638 1800 Fax: +91 22 2284 6824 Email: fch.ipo@enam.com Website: www.enam.com	**[●]**	**[●]**

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
Contact Person: M. Natarajan		
JM Financial Services Private Limited Apeejay House, 3, Dinshaw Waccha Road Churchgate, Mumbai 400 021 Tel: +91 22 6704 3184/ 3185 Fax: +91 22 6654 1511 Email: fch.ipo@jmfinancial.in Website: www.jmfinancial.in Contact Person: Deepak Vaidya	**[●]**	**[●]**

The above mentioned amount is indicative underwriting and this would be finalised after the pricing and actual allocation.

In the opinion of our Board (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of the Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Member shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/ subscribe to Equity Shares to the extent of the defaulted amount.

CAPITAL STRUCTURE

The capital structure of our Company as at the date of filing of this Red Herring Prospectus with SEBI is set forth below:

		Aggregate Value at Face Value (Rs.)	Aggregate Value at Issue Price (Rs.)
A.	**AUTHORISED CAPITAL**[(1)]		
	75,000,000 Equity Shares of Rs. 10 each	750,000,000	
B.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**		
	56,805,184 Equity Shares of Rs. 10 each	568,051,840	
C.	**PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS**		
	6,422,800 Equity Shares of Rs. 10 each fully paid up	64,228,000	[●]
D.	**EQUITY CAPITAL AFTER THE ISSUE**[(2)]		
	63,227,984 Equity Shares of Rs. 10 each fully paid up	632,279,840	[●]
E.	**SHARE PREMIUM ACCOUNT**		
	Before the Issue		1,956,852,542.50
	After the Issue		[●]

[(1)] The authorised capital of our Company was increased from Rs. 2.15 crore divided into 21.5 lacs Equity Shares of Rs. 10 each to Rs. 50 crore divided into 500 lacs Equity Shares of Rs. 10 each pursuant to a resolution of the shareholders of the Company dated April 27, 2006.

The authorised capital of our Company was further increased from Rs. 50 crore divided into 500 lacs Equity Shares of Rs. 10 each to Rs. 60 crore divided into 600 lacs Equity Shares of Rs. 10 each pursuant to a resolution of the shareholders of the Company dated May 30, 2007.

The authorised capital of our Company was further increased for the present Issue from Rs. 60 crore divided into 600 lacs Equity Shares of Rs. 10 each to Rs. 75 crore divided into 750 lacs Equity Shares of Rs. 10 each pursuant to a resolution of the shareholders of the Company dated September 25, 2007.

[(2)] The present Issue in terms of this Red Herring Prospectus has been authorised by our Board of Directors and our shareholders, pursuant to their resolutions dated August 23, 2007 and September 25, 2007, respectively.

Notes to Capital Structure

1. Equity Share Capital History of the Company

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
October 18, 2005	10,000	10.00	10.00	Cash	Subscribers to Memorandum being Kishore Biyani and Sangeeta Biyani	100,000	-
December 22, 2005	2,140,000	10.00	10.00	Cash	Allotment to Kishore Biyani and Simpleton Investrade	21,500,000	-

Date of allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
					Private Limited		
May 5, 2006	5,900,000	10.00	10.00	Cash	Allotment to PRIL	80,500,000	-
May 12, 2006	13,900,000	10.00	10.00	Cash	Allotment to PRIL and Sameer Sain	219,500,000	-
May 22, 2006	17,577,965	10.00	10.00	Cash	Allotment to PRIL	395,279,650	-
June 14, 2006	4,417,034	10.00	117.50	Cash	Allotment to PRIL, Kedar Shivanand Mankekar, Shivanand Shankar Mankekar and Laxmi Shivanand Mankekar	439,449,990	474,831,155
March 30, 2007	500,000	10.00	25.00	Cash	Allotment pursuant to ESPS	444,449,990	482,331,155
June 27, 2007	940,000	10.00	117.50	Cash	Allotment to Alok Oberoi	453,849,990	583,381,155
June 27, 2007	5,500,000	10.00	178.00	Cash	Alloment to AMIF I Limited*	508,849,990	1,507,381,155
September 27, 2007	2,115,000	10.00	10.00	Cash	Allotment to Kishore Biyani pursuant to conversion of Series I warrants	529,999,990	1,50,73,81,155
September 27, 2007	1,658,795	10.00	117.50	Cash	Allotment to Kishore Biyani pursuant to conversion of Series II warrants	546,587,940	1,68,57,01,617.50
September 27, 2007	1,478,390	10.00	117.50	Cash	Allotment to Sameer Sain pursuant to conversion of Series II warrants	561,371,840	1,84,46,28,542.50
September 27, 2007	618,000	10.00	178.00	Cash	Allotment to Pingaksh Realty Private Limited	567,551,840	1,94,84,52,542.50
September 27, 2007	50,000	10.00	178.00	Cash	Allotment to Shishir Baijal	568,051,840	1,95,68,52,542.50

**An affiliate of OZ Capital management group.*

Note: The allotments to Kishore Biyani on September 27, 2007 were made pursuant to conversion of warrants held by him. The warrants were issued to him at different dates, with different conversion prices, details of which are as below:

Nature of Instrument	Date of Issue	Conversion Price	No. of warrants
Series I – Each warrant convertible into 1 Equity Share at Rs. 10 per Equity Share	May 26, 2006	Rs. 10.00	2,115,000
Series II – Each warrant convertible	June 27, 2007	Rs. 117.50	1,658,795

Nature of Instrument	Date of Issue	Conversion Price	No. of warrants
into 1 Equity Share at Rs. 117.50 per Equity Share			

2. Build up of Promoters and promoter group shareholding:

S.No.	Date of Allotment/ Transfer	Name	Allotment/ transfer	Number of Equity Shares
Promoters				
1.	April 5, 2006	PRIL	Transfer	2,150,000
2.	May 5, 2006	PRIL	Allotment	5,900,000
3.	May 12, 2006	PRIL	Allotment	6,850,000
4.	May 12, 2006	Sameer Sain	Allotment	7,050,000
5.	May 22, 2006	PRIL	Allotment	17,577,965
6.	June 14, 2006	PRIL	Allotment	2,302,034
7.	September 27, 2007	Kishore Biyani	Allotment pursuant to conversion of Series I warrants	2,115,000
8.	September 27, 2007	Kishore Biyani	Allotment pursuant to conversion of Series II warrants	1,658,795
9.	September 27, 2007	Sameer Sain	Allotment pursuant to conversion of Series II warrants	1,478,390
Promoter Group				
10.	September 27, 2007	Pingaksh Realty Private Limited	Allotment	618,000

3. Promoters' Contribution and Lock-in

All Equity Shares, which are being locked-in are eligible for computation of promoters' contribution under Clause 4.6 of the SEBI Guidelines. Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-Issue capital of the Company held by the Promoters shall be locked in for a period of three years from the date of Allotment of Equity Shares in the Issue.

The details of such lock-in are set forth in the table below:

Name	Date of allotment/ acquisition and when made fully paid-up	Nature of allotment	Nature of considera tion	No. of shares	Face value (Rs.)	Issue Price/ Purchase Price (Rs.)	Percentage of post-Issue paid-up capital
Pantaloon Retail (India) Limited	June 14, 2006	Allotment	Cash	2,302,034	10.00	117.50	3.64%
	May 22, 2006	Allotment	Cash	8,212,283	10.00	10.00	12.99%
Sub Total				**10,514,317**			
Sameer Sain	May 12, 2006	Allotment	Cash	2,131,280	10.00	10.00	3.37%
Total				**12,645,597**	**10.00**		**20.00%**

In terms of Clause 4.14.1 of the SEBI Guidelines, in addition to 20% of the post-Issue shareholding of the Company held by the Promoters and locked in for three years as specified above, the entire pre-Issue share capital of the Company, except shares allotted under our ESPS, will be locked in for a period of one year from the date of Allotment in this Issue. A total of 43,659,587 Equity Shares have been locked in for one year.

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of Clause 4.16.1(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and among the Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines, as amended from time to time.

In terms of Clause 4.15.1, locked-in Equity Shares of our Company held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Further, the Equity Shares constituting 20% of the fully diluted post-Issue capital of the Company held by the Promoters that are locked in for a period of three years from the date of Allotment of Equity Shares in the Issue may be pledged only if, in addition to complying with the aforesaid conditions, the loan has been granted by the banks or financial institutions for the purpose of financing one or more objects of the Issue.

4. The shareholding pattern of our Company

The table below presents the shareholding pattern of the Company before the proposed Issue and as adjusted for the Issue:

	Pre-Issue		Post-Issue*	
	Number of Equity Shares	**Percentage of Equity Share capital**	**Number of Equity Shares**	**Percentage of Equity Share capital**
Promoters				
PRIL	34,779,999	61.23%	34,779,999	55.01%
Kishore Biyani	3,773,795	6.64%	3,773,795	5.97%
Sameer Sain	8,528,390	15.01%	8,528,390	13.49%
Sub Total (A)	***47,082,184***	82.88%	***47,082,184***	74.46%
Promoter Group				
Pingaksh Realty Private Limited	618,000	1.09%	618,000	0.98%
Sub Total (B)	***618,000***	1.09%	***618,000***	0.98%
Non-Promoter Group				
AMIF I Limited	4,931,949	8.68%	4,931,949	7.80%
Quantum (M) Limited**	568,051	1.00%	568,051	0.90%
Laxmi Shivanand Mankekar	1,083,000	1.91%	1,083,000	1.71%
Shivanand Shankar Mankekar	941,000	1.66%	941,000	1.49%
Alok Oberoi	940,000	1.65%	940,000	1.49%
Employees (pursuant to ESPS)***	500,000	0.88%	500,000	0.79%
Kedar Shivanand Mankekar	91,000	0.16%	91,000	0.14%
Shishir Baijal	50,000	0.09%	50,000	0.08%
Sub Total (C)	***9,105,000***	16.03%	***9,105,000***	14.40%
Public (pursuant to the Issue (D)	-	-	6,422,800	10.16%
Total share capital (A+B+C+D)	**56,805,184**	**100.00%**	**63,227,984**	**100.00%**

** Assuming that the non-promoter group shareholders do not apply for, and are not Allotted, Equity Shares in this Issue.*
*** On November17, 2007, AMIF I Limited transferred 568,051Equity Shares to Quantum (M) Limited*
**** For further details on our ESPS, please refer to Note 7 below.*

5. Equity Shares held by top ten shareholders

(a) On the date of the date of filing this Red Herring Prospectus with RoC:

Sr. No.	Name	Number of Equity Shares	Percentage
1.	PRIL	34,779,999	61.23%
2.	Sameer Sain	8,528,390	15.01%
3.	AMIF I Limited	4,931,949	8.68%
4.	Kishore Biyani	3,773,795	6.64%
5.	Laxmi Shivanand Mankekar	1,083,000	1.91%
6.	Shivanand Shankar Mankekar	941,000	1.66%
7.	Alok Oberoi	940,000	1.65%
8.	Pingaksh Realty Private Limited	618,000	1.09%
9.	Quantum (M) Limited	568,051	1.00%
10.	Shishir Baijal	250,000	0.44%

(b) Ten days prior to the date of the date of filing this Red Herring Prospectus with RoC:

Sr. No.	Name	Number of Equity Shares	Percentage
1.	PRIL	34,779,999	61.23%
2.	Sameer Sain	8,528,390	15.01%
3.	AMIF I Limited	5,500,000	9.68%
4.	Kishore Biyani	3,773,795	6.64%
5.	Laxmi Shivanand Mankekar	1,083,000	1.91%
6.	Shivanand Shankar Mankekar	941,000	1.66%
7.	Alok Oberoi	940,000	1.65%
8.	Pingaksh Realty Private Limited	618,000	1.09%
9.	Quantum (M) Limited	568,051	1.00%
10.	Shishir Baijal	250,000	0.44%

(c) Two years prior to the date of the date of filing this Red Herring Prospectus with the RoC:

Sr. No.	Name	Number of Equity Shares	Percentage
1.	Kishore Biyani	579,000	26.93
2.	Simpleton Investrade Private Limited	570,000	26.51
3.	Chaste Investrade Private Limited	500,000	23.26
4.	Erudite Trading Private Limited	500,000	23.26
5.	Sangita Biyani	1,000	0.04

6. Details of Transactions in Equity Shares by our Promoters and our Promoter Group

No Equity Shares have been purchased or sold by our Promoters or companies/ individuals constituting our Promoter Group during the period of six months preceding the date on which the Red Herring Prospectus was filed with SEBI, except as set out in the Note 1 above.

7. Employee Stock Purchase Scheme ("ESPS")

On March 19, 2007, our shareholders approved our ESPS. Under our ESPS, 500,000 Equity Shares have been issued to the eligible employees as defined therein. This scheme was implemented/ administered through Compensation Committee and the Employee Welfare Trust which was set up, inter alia, for this purpose.

Pursuant to our ESPS, we have allotted the following Equity Shares:

Particulars (as of the date of filing of the Red Herring Prospectus with SEBI)	
a. Number of Equity Shares issued	500,000
b. Price at which Equity Shares were issued	Rs. 25.00
c. Employee-wise details of Equity Shares issued to:	
i) Directors and key managerial employees	Refer Note 1 below
ii) any other employee who is issued Equity Shares in any one year amounting to 5% or more of Equity Shares issued during that year	Nil
iii) identified employees who are issued Equity Shares, during any one year equal to or exceeding 1% of the issued capital of our Company at the time of issuance	Nil
d. Diluted EPS pursuant to issuance of Equity Shares under ESPS	Rs. 0.03^
e. Consideration received against the issuance of Equity Shares	Rs. 125 lacs

^The diluted EPS is computed using the pre-Issue issued capital, including Equity Shares issued under our ESPS.

Note 1: Details of Equity Shares allotted to the key managerial personnel of our Company and of our subsidiaries:

Name	Position	Equity Shares issued under ESPS
N. Shridhar	Chief Financial Officer	80,000
Pankaj Thapar	Head – Investments and Acquisitions	60,000
Ashutosh Lavakare	Head – Strategy & Corporate Affairs	35,000
Shishir Baijal	CEO of KIACL	200,000

The Equity Shares issued to our employees and our Directors under our ESPS are in compliance with the SEBI Employee Stock Option/ Purchase Guidelines.

The employees who have been allotted Equity Shares under ESPS do not intend to sell these Equity Shares within three months from the date of listing of our Equity Shares.

8. Employee Stock Option Scheme ("ESOS")

We have instituted an employee stock option scheme to reward and help retain our employees and to enable them to participate in our future growth and financial success. Pursuant to the resolution of our shareholders dated September 25, 2007, and the resolutions of the Compensation Committee we have granted options in respect of 1,000,000 Equity Shares, which represent 1.76% of the pre-Issue paid up equity capital of the Company, and 1.56% of the fully diluted post-Issue paid up capital of the Company. The following table sets forth the particulars of options granted under the ESOS as of the date of filing the Red Herring Prospectus with SEBI.

The following table will be updated on the grant of options by the Company.

A.	Options granted	1,000,000
B.	Exercise Price	Rs. 178 (Rs. 10 towards face value and Rs. 168 towards share premium)
C.	Options vested	Nil
D.	Options exercised	Nil
E.	Total number of Equity Shares arising as a result of exercise of options	1,000,000 (post grant and post exercise)
F.	Options forfeited/ lapsed	Nil

G.	Variation of terms of options	Nil
H.	Money realised by exercise of options	Nil
I.	Total number of options in force	1,000,000
J.	Vesting schedule	3 (three) years from the date of grant and 1 (one) year from the date of grant for Venkatesh Srinivasan
L.	Method and assumptions for estimation of the fair value of the options	Not applicable
M.	Diluted EPS	Not applicable
N.	Impact on profit & EPS for the last three fiscal years on account of difference between intrinsic value & fair value of the options	Not applicable
O.	Weighted average exercise price	Not applicable
P.	Weighted average fair value	Not applicable
S.	Intentions of the holders of the equity shares, granted on exercise of options granted under ESOS, within three months from the date of listing of Equity Shares pursuant to the Public Issue	Not applicable
T.	Person wise details of options granted to	
	i) Directors and key managerial employees	Directors 1. G. N. Bajpai 2. Shailesh Haribhakti Key Managerial Personnel 1. P. M. Devaiah 2. Venkatesh Srinivasan 3. Rakesh Makkar 4. Rama Iyer Srinivasan 5. Roopa Purushothaman 6. Ashutosh Lavakare
	ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
	iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil

Note 1: Details of the options granted under ESOS to the Directors and key managerial personnel of our Company and of our subsidiaries:

Name	Position	Number of options granted under ESOS
G.N. Bajpai	Independent Director	25,000
Shailesh Haribhakti	Independent Director	25,000
P M Devaiah	General Counsel	150,000
Rakesh Makkar	Chief Executive Officer of Future Money	100,000
Rama Iyer Srinivasan	Head, Portfolio Investments	100,000
Roopa Purushotaman	Head - Future Capital Research	75,000
Ashutosh Lavakare	Head – Strategy and Corporate Affairs	5,000
Venkatesh Srinivasan	Chief Operating Officer	150,000
IL & FS Trust Company		100,000

	Limited (on behalf of Pantaloon Employees Welfare Trust)		

The options issued to our employees and our Directors under our ESOS are in compliance with the SEBI Employee Stock Option/ Purchase Guidelines.

The employees who have been allotted Equity Shares under ESOS do not intend to sell these Equity Shares within three months from the date of listing of our Equity Shares.

9. Neither the Company, the Promoters, the Directors nor the BRLMs have not entered into any buy-back and/ or standby arrangements for the purchase of Equity Shares from any person.

10. Equity Shares held by our Directors and key managerial personnel

The table below sets forth the details of the Equity Shares held by our Directors, key managerial personnel of our Company and directors of PRIL as at the date of this Red Herring Prospectus:

S. No.	Name	Number of Equity Shares	Percentage of pre Issue capital
1.	Kishore Biyani	3,773,795	6.64%
2.	Sameer Sain	8,528,390	15.01%
3.	Alok Oberoi	940,000	1.65%
4.	N. Shridhar	80,000	0.14%
5.	Pankaj Thapar	60,000	0.11%
6.	Ashutosh Lavakare	35,000	0.06%

The table below sets forth the details of the Equity Shares held by key managerial personnel of our subsidiaries as at the date of this Red Herring Prospectus:

S. No.	Name	Number of Equity Shares	Percentage of pre Issue capital
1.	Shishir Baijal (CEO of KIACL)	250,000*	0.44%

*Note: Pursuant to the allotment of 2,00,000 equity shares under the ESPS and 50,000 equity shares by preferential allotment.

11. We have not raised any bridge loans against the proceeds of the Issue.

12. Except for stock options granted or to be granted under the ESOS, there are no outstanding warrants, options or other financial instruments or rights that may entitle any person to receive any Equity Shares in the Bank.

13. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.

14. 1,200,000 Equity Shares held by our Promoter, Sameer Sain have been pledged with JM Financial Products Private Limited. Similarly, 520,000 Equity Shares held by our Promoter, Kishore Biyani have been pledged with JM Financial Products Private Limited. These Equity Shares are pledged as collateral security for the loans granted to Sameer Sain and Kishore Biyani, and such pledge of shares is a term of sanction of the loans. These equity shares, which are pledged as aforesaid, do not constitute part of the Equity Shares to be locked in as minimum promoter's contribution under Clause 4.11.1 of the SEBI Guidelines.

15. In terms of Rule 19(2)(b) of the Securities Contracts Regulations Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

16. Under-subscription, if any, in any category, except the QIB Portion, would be met with spill-over from other categories or combination of categories at the discretion of the Company in consultation with the BRLMs.

17. Oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the basis of Allotment.

18. Our Promoters and our Promoter Group entities will not participate in this Issue.

19. An investor cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

20. There would be no further issue of capital either by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the equity shares offered hereby have been listed.

21. The Company presently does not have any intention or proposal to alter capital structure for a period of six months commencing from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise. However, during such period or at a later date, subject to relevant approvals, we may issue Equity Shares pursuant to our employee stock option plan or issue equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in our interest.

22. There will be only one denomination of the Equity Shares of the Company unless otherwise permitted by law and the Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

23. We have 33 members as of the date of this Red Herring Prospectus.

24. We have received approval of the FIPB dated October 24, 2007, permitting eligible non-resident investors, i.e. FIIs, NRIs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions and other eligible foreign investors to participate in this Issue subject to the condition that the total foreign ownership in the company post the Issue does not exceed 20.34% of the paid up capital of the Company. The present foreign ownership in our Company is 11.33 % of the pre issue paid up capital of the Company.

OBJECTS OF THE ISSUE

The objects of the Issue are to achieve the benefits of listing on the Stock Exchanges and to raise capital. We believe that listing will enhance our brand name and provide liquidity to our existing shareholders, including our employees who have been allotted Equity Shares under our ESPS and the options granted under our ESOS. The listing will also provide a public market for our Equity Shares in India.

We expect to utilize the capital raised through this Issue primarily for the expansion of our Future Money offering, in particular, the growth of our loan portfolio.

Pursuant to an agreement with PRIL, we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries. This arrangement currently provides us with access to approximately 400 stores across 40 cities and PRIL's large customer base, which during fiscal 2007 engaged in over 450 lacs transactions in PRIL stores.

Future Money, our retail financial services offering, was launched in June 2007 and we currently have 95 Future Money outlets located in 26 cities across India offering consumption and personal loans.

Since the launch of our Future Money offering on June 8, 2007 till November 30, 2007, we have disbursed consumption loans of Rs. 321 lacs and personal loans of Rs. 720 lacs. The net proceeds from this Issue will be utilized towards disbursing loans as part of our Future Money offering.

For further details, please refer to the section titled "Our Business" on page 47 of this Red Herring Prospectus.

Requirement and Sources of Funds

Requirement of Funds*	Rs. in lacs
Augment our capital base for expansion of our Future Money offering, in particular for disbursements of loans	[•]
General corporate purposes#	[•]
Estimated Issue expenses	[•]
TOTAL	**[•]**

 # General corporate purposes shall not exceed 20% of the net proceeds raised from this Issue

Sources of Funds	Rs. in lacs
Proceeds of the Issue*	[•]
TOTAL	**[•]**

** Will be incorporated after finalisation of Issue Price*

Our fund requirements and deployment thereof are based on internal management estimates and have not been appraised by any bank or financial institution.

The main objects clause and the objects incidental or ancillary to the main objects clause of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised by us in the Issue.

Estimated Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as Rs. [•] lacs.

Monitoring of utilisation of funds

Our Board shall monitor the utilisation of the net proceeds of the Issue. We will disclose the details of the utilisation of the net proceeds, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges.

No part of the proceeds of the Issue will be paid by us as consideration to our Promoters, our Directors or key management personnel except in the usual course of business.

The Company shall disclose to the Audit Committee, the uses and application of funds under the heads as specified above, on a quarterly basis as a part of the quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the Prospectus, if any, and place it before the Audit Committee. Such disclosure shall be made only till such time that the full money raised through the Issue has not been fully spent. This statement shall be certified by the statutory auditors of the Company. The Audit Committee shall make appropriate recommendations to the Board to take up steps in this matter.

Interim Use of Proceeds

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, we intend to temporarily invest the funds in quality interest bearing liquid instruments including deposits with banks. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time.

BASIS FOR ISSUE PRICE

The face value of the Equity Shares is Rs. 10 each and the Issue Price is 70.00 times the face value at the lower end of the Price Band and 76.50 times the face value at the higher end of the Price Band.

The following information is derived from our restated standalone financial statements.

1. Earnings Per Share (EPS)

Period	EPS (Rs.)	Weight
Year ended March 31, 2007	0.04	2
Year ended March 31, 2006	0.01	1
Weighted Average	**0.03**	

Earnings per share represents earnings per share calculated on the basis of restated profit after tax divided by the weighted number of equity shares (basic/ diluted) as at the end of the year/ period.

2. Price to Earnings (P/E) ratio in relation to Issue Price of Rs. [•]:

a. Based on the EPS of Rs. (2.54) for six months ended September 30, 2007, the P/E ratio is not applicabe at the lower end and at the higher end of the price band

b. Based on the EPS of Rs. 0.04 for fiscal 2007, the P/E ratio is 17,500 at the lower end of the price band and 19,125 at the higher end of the price band

c. Based on the weighted average EPS of Rs. 0.03 , the P/E ratio is 23,333 at the lower end of the price band and 25,500 at the higher end of the price band

d. Industry P/E

1. *Highest – 396.5*
2. *Lowest – 2.5*
3. *Industry Composite – 42.8*

Source: Capital Markets, Volume XXII/21, December 17, 2007 – December 30, 2007 (Industry – Finance & Invesmentst)

We believe that there are no direct comparable companies in the listed space which exclusively carry out both the activities undertaken by us of investment advisory services and retail financial services under the same entity. However, we have included some companies which we believe have similar business in parts and can be used as point of reference for comparison.

3. Return on Net Worth

Period	Return on Net Worth (%)	Weight
Year ended March 31, 2007	0.15%	2
Year ended March 31, 2006	0.03%	1
Weighted Average	**0.11%**	

Return on net worth as a percentage represents restated profit after tax divided by net worth at the end of each financial year/ period.

4. Minimum Return on Increased Net Worth required to maintain pre-Issue EPS.

The minimum return on increased net worth required to maintain pre-Issue EPS of Rs. 0.04 is 0.03% at the lower end of the price band and 0.03% at the higher end of the price band.

5. Net Asset Value per Equity Share.

As of six months ended September 30, 2007: 42.07

As of March 31, 2007: Rs. 23.20

Net asset value per share has been computed on the basis of net equity method. (i.e. net worth at the end of each financial year/ period divided by the number of equity shares at the end of each financial year/ period. Share application money pending allotment as at the end of the year March 31, 2007 has been considered a part of net worth for the purpose of calculations of the net asset value per share).

The NAV is Rs. 108.66 at the lower end of the price band and Rs. 116.87 at the higher end of the price band.

6. Comparison with Industry Peers

	EPS (Rs.)*	P/E as on December 10, 2007	NAV (Rs.)	RONW (%)	Sales (Rs. in crores)
Reliance Capital	36.2	66.2	210.1	14	895.8
IL&FS Investment Managers	8.5	41.8	15.1	53.2	50.3
India Infoline	17.1	88.5	63.6	23	287.1
India Bulls	12.3	68.4	113.6	14.3	353.7

All figures for peer group are from Source: Capital Markets, Volume XXII/21, December 17, 2007 – December 30, 2007 (Industry – Finance & Invesmentst)

** EPS is for the trading 12 months ended Septmber 30, 2007.*

We believe that there are no direct comparable companies in the listed space which exclusively carry out both the activities undertaken by us of investment advisory services and retail financial services under the same entity. However, we have included some companies which we believe have similar business in parts and can be used as point of reference for comparison.

The Issue Price of Rs. [•] is determined by the Company, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. Investors should also refer to the sections "Risk Factors" and "Financial Statements" on pages ix and 159, respectively, of this Red Herring Prospectus to get a more informed view before making an investment decision in this Issue.

STATEMENT OF GENERAL TAX BENEFITS

The below Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares. The statements made are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of Equity Shares.

September 28, 2007

Future Capital Holdings Limited
FCH House, 2nd Floor,
Peninsula Corporate Park,
Lower Parel,
Mumbai 400 013

Sub: Statement of General Direct Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed Annexure states "General Tax Benefits" available to Future Capital Holdings Limited (the 'Company') and its shareholders under the current tax laws presently in force in India as amended by the Finance Act, 2007 for inclusion in the offer document for the proposed issue of shares. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the Selling Shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future, or
- the conditions prescribed for availing the benefits have been / would be met with.

The contents of this Annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. While all reasonable care has been taken in the preparation of this opinion, PricewaterhouseCoopers Private Limited accepts no responsibility for any errors or omissions therein for any loss sustained by any person who relies on it.

For **PricewaterhouseCoopers (P) Ltd.**

Tushar Sachade
Executive Director

ANNEXURE

Statement of general direct tax benefits available to the Company and the shareholders

1. Benefits available to the Company

Under the Income-tax Act, 1961 ("I.T. Act")

1.1 **Dividends exempt under Section 10(34)**

Dividends (whether interim or final) received by the Company from other domestic companies are exempt in the hands of the Company as per the provisions of Section 10(34) of the I.T. Act.

Such dividends would however be subjected to a dividend distribution tax @ 15% (plus applicable surcharge and education cess) in the hands of such other domestic company declaring, distributing, or paying the same to the Company.

1.2 **Capital Gains**

1.2.1 Gains from the disposal of securities held by the Company as Investments may be characterized as capital gains. The tax implications of such capital gains are set out below.

1.2.2 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities, units or zero coupon bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

1.2.3 Section 48 of the I.T. Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

1.2.4 According to section 10(38) of the I.T. Act, long-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be exempt from tax.

1.2.5 As per the provisions of Section 112 of the I.T. Act, long term gains as computed above that are not exempt under section 10(38) of the I.T. Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities, units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

1.2.6 According to the provisions of section 54EC of the I.T. Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer, provided that investment in the notified bonds by the investor during any financial year does not exceed fifty lakh rupees. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

1.2.7 As per the provisions of section 111A of the I.T. Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction Tax ("STT") shall be subject to tax at a rate of 10% (plus applicable surcharge and education cess). Short-term capital gains on sale of equity shares, where the transaction of sale is not chargeable to STT shall be subject to tax at the rate of 30% (plus applicable surcharge and education cess).

1.3 **Business Profits**

Where the gains are characterized as business profits, the same would be subject to tax at the rate of 30% (plus applicable surcharge and education cess). Further, Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognised stock exchange, i.e., from taxable securities transactions, it shall get rebate equal to the securities transaction tax paid in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

2. Benefits available to resident shareholders

2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) received by the shareholders form the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the I.T. Act.

Such dividends would however be subjected to a dividend distribution tax @ 15% (plus applicable surcharge and education cess) in the hands of the Company.

2.2 Capital Gains

2.2.1 Gains from the disposal of securities held by the shareholders as Investments may be characterized as capital gains. The tax implications of such capital gains are set out below.

2.2.2 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in the Company will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these shares held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

2.2.3 Section 48 of the I.T. Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

2.2.4 According to section 10(38) of the I.T. Act, long-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from tax.

2.2.5 As per the provisions of Section 112 of the I.T. Act, long term gains as computed above that are not exempt under section 10(38) of the I.T. Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed shares, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

2.2.6 According to the provisions of section 54EC of the I.T. Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer, provided that the investment in the notified bonds by the investor during any financial year does not exceed fifty lakh rupees. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the I.T. Act.

2.2.7 According to the provisions of section 54F of the I.T. Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

2.2.8 As per the provisions of section 111A of the I.T. Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10% (plus applicable surcharge and education cess). Short-term capital gains on sale of equity shares, where the transaction of sale is not chargeable to STT shall be subject to tax at the rates applicable (plus applicable surcharge and education cess) to each resident shareholder.

2.2.9 Section 94(7) of the I.T. Act provides that losses arising from the sale/transfer of shares purchased up to three months prior to the record date and sold within three months after such date, will be disallowed to the extent dividend on such shares are claimed as tax exempt by the shareholder.

2.3 Business Profits

Where the gains are characterized as business profits, the same would be subject to tax at the rates applicable (plus applicable surcharge and education cess) to each resident shareholder. Further, Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognised stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

3. Benefits available to Non-Resident Indians ("NRI") and other Non-Resident shareholders

3.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) received by the shareholders form the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the I.T. Act.

Such dividends would however be subjected to a dividend distribution tax @ 15% (plus applicable surcharge and education cess) in the hands of the Company.

3.2 Capital Gains

3.2.1 Gains from the disposal of securities held by the shareholders as Investments may be characterized as capital gains. The tax implications of such capital gains are set out below.

3.2.2 Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in the Company will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

3.2.3 Section 48 of the I.T. Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. In view of this, the benefit of indexation is not available to non-resident investors including NRI investors.

3.2.4 According to section 10(38) of the I.T. Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.

3.2.5 As per the provisions of Section 112 of the I.T. Act, long term gains as computed above that are not exempt under section 10(38) of the I.T. Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

3.2.6 According to the provisions of section 54EC of the I.T. Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer, provided that the investment in the notified bonds by the investor during any financial year does not exceed fifty lakh rupees. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the I.T. Act.

3.2.7 According to the provisions of section 54F of the I.T. Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

3.2.8 As per the provisions of section 111A of the I.T. Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10% (plus applicable surcharge and education cess). Short-term capital gains on sale of equity shares, where the transaction of sale is not chargeable to STT shall be subject to tax at the rates applicable (plus applicable surcharge and education cess) to each non-resident shareholder.

3.2.9 Section 94(7) of the I.T. Act provides that losses arising from the sale/transfer of shares purchased up to three months prior to the record date and sold within three months after such date, will be disallowed to the extent dividend on such shares are claimed as tax exempt by the shareholder.

3.3 Special provisions available under the I.T. Act for NRI investors

3.3.1 Where shares have been subscribed to in convertible foreign exchange, NRI investors have the option of taxation as per Chapter XII-A of the I.T. Act.

3.3.2 Non-Resident Indians [as defined in Section 115C(e) of the I.T. Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the I.T. Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

3.3.3 According to the provisions of section 115D read with Section 115E of the I.T. Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, where the transaction of sale is not chargeable to STT, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

3.3.4 According to the provisions of section 115F of the I.T. Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the I.T. Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the I.T. Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

3.3.5 As per the provisions of Section 115G of the I.T. Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the I.T. Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the I.T. Act.

3.3.6 Under Section 115H of the I.T. Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the I.T. Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money. As per the provisions of Section 115I of the I.T. Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the I.T. Act, declaring therein that the provisions of Chapter XIIA shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the I.T. Act.

3.4 Business Profits

Where the gains are characterized as business profits, the same would be subject to tax at the rates applicable (plus applicable surcharge and education cess) to each non-resident shareholder.

Further, Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognised stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

4. Benefits available to Foreign Institutional Investors ('FIIs')

4.1 Dividends exempt under section 10(34)

Dividends (whether interim or final) received by the shareholders form the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the I.T. Act.

Such dividends would however be subjected to a dividend distribution tax @ 15% (plus applicable surcharge and education cess) in the hands of the Company.

4.2 Capital Gains

4.2.1 Gains from the disposal of securities held by the shareholders as Investments may be characterized as capital gains. The tax implications of such capital gains are set out below.

4.2.2 According to section 10(38) of the I.T. Act, long-term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from tax.

4.2.3 As per the provisions of section 115AD of the I.T. Act, FIIs will be taxed on the long-term capital gains that are not exempt under section 10(38) of the I.T. Act at the rate of 10% (plus applicable surcharge and education cess).

4.2.4 According to proviso to section 115AD, short-term capital gains, referred to in section 111A of the I.T. Act, i.e., on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10% (plus applicable surcharge and education cess).

4.2.5 In terms of section 115AD, short-term capital gains on sale of equity sharers other than that referred to in section 111A would be subject to tax at the rate of 30% (plus applicable surcharge and education cess).

4.2.6 The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the I.T. Act are not available to an FII as per the provisions of Section 115AD(3) of the I.T. Act.

4.2.7 Section 94(7) of the I.T. Act provides that losses arising from the sale/transfer of shares purchased up to three months prior to the record date and sold within three months after such date, will be disallowed to the extent dividend on such shares are claimed as tax exempt by the shareholder.

4.3 Business Profits

Where the gains are characterized as business profits, the same would be subject to tax at the rate of 40% (plus applicable surcharge and education cess). Further, Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognised stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

5. Tax Treaty benefits

In accordance with Section 90 (2), an investor has an option to be governed by the provisions of the I.T. Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

6. Benefits available under the Wealth-tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

7. Benefits available under the Gift-tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

The above Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares. The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of Equity Shares.

INDUSTRY

We are a financial services company, with investment advisory services, retail financial services and research as our primary businesses. Within each of these businesses, our focus is on the specific areas described in the section titled "Our Business" beginning on page 47 of this Red Herring Prospectus. As such, our business and prospects are dependent on trends and developments across industries, including those in respect of which reliable, publicly-available data is limited. For these reasons, we do not think it appropriate to include a description of specific industries in this Red Herring Prospectus; prospective investors' attention is instead directed to the discussions on market opportunities in the section titled "Our Business" beginning on page 47 of this Red Herring Prospectus.

OUR BUSINESS

Unless the context otherwise requires, "we" or "our" or "us" refers to the Company and its subsidiaries, on a consolidated basis. The retail financial services and research businesses are conducted through FCH. Investment advisory services are currently provided as follows:

- *by our subsidiary, Kshitij Investment Advisory Company Limited to Kshitij Venture Capital Fund, an onshore fund;*
- *by our subsidiary, Kshitij Investment Advisory Company Limited to Horizon Development Management, the offshore investment manager of Horizon Realty Fund, LLC;*
- *by our subsidiary, Indivision Investment Advisors Limited to Indivision Capital Management , the offshore investment manager of Indivision India Partners;*
- *by FCH to FHL Developments Company LLC, the offshore investment manager of Indus Hotel Ventures LLC.*

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. One of the investors in our Company is Och-Ziff, a prominent international fund.

Our three primary lines of business are investment advisory services, retail financial services and research. These are described in greater detail below:

- **Investment Advisory Services**: We provide private equity and real estate investment advisory services to onshore and offshore clients. These investment advisory services include investment analysis, research and recommendations. We act as the investment advisor to the Rs. 350 crore (approximately US$89 million) Kshitij Venture Capital Fund (the "Kshitij Fund"), an onshore SEBI-registered venture capital fund, whose main focus is developing retail malls in India. The Board of Trustees of the Kshitij Fund evaluates the investment advice we provide to them and then makes the final investment decision.

  We also act as the investment advisor to three offshore investment managers namely:

  - Indivision Capital Management, the offshore investment manager of the US$425 million (approximately Rs. 1,671 crore) offshore private equity fund, Indivision India Partners (the "Indivision Fund");
  - Horizon Development Management, the offshore investment manager of the US$ 350 million (approximately Rs. 1,376 crore) offshore real estate fund, Horizon Realty Fund, LLC (the "Horizon Fund"); and
  - FHL Developments Company LLC, the offshore investment manager of the US$200 million (approximately Rs. 786 crore) offshore hotel fund, Indus Hotel Ventures LLC (the "Indus Fund").

  The offshore investment managers evaluate the investment advice we provide to them and may then make an investment recommendation to the Board of Directors of the respective funds they manage. The Board of Directors of the respective fund then makes the final investment decision.

  Within private equity investment advisory services, we focus primarily on evaluating investments in high growth companies backed by entrepreneurial talent in consumption-led sectors, which are sectors whose growth and development will in our view be determined by the growing purchasing power of Indian consumers and their changing tastes, lifestyle and spending habits. Consumption-led sectors include fast-moving consumer goods, media, entertainment, food and beverages, fashion, healthcare and consumer-led infrastructure. Within real estate investment advisory services, we advise our clients on developing real estate assets, including malls and "market cities", which are integrated developments that include convention centres, three- or four- star hotels, service apartments, commercial offices, residential apartments, community centres and various forms of retail space.

As an integral part of the private equity investment advisory services we provide, we pursue a "mentoring" approach with regard to the investments we advise on. This involves actively assisting businesses with their strategies and with the implementation of their growth plans. With respect to the real estate investments we advise on, we seek to differentiate ourselves through our understanding of real estate investment and development. We have experience across the entire spectrum of real estate investment advisory and development services, including in the areas of project evaluation, conceptualisation and design, leasing, property management and exit options.

We believe that we are able to pursue this approach as a result of the investment expertise of our founders, investors and investment professionals; the Future Group's deep understanding of the retail sector and the Indian consumer; and the national presence and geographic reach of the Future Group's retail business.

We are not an 'asset management company' as defined under the SEBI (Mutual Funds) Regulations, 1996 and do not provide services as a 'portfolio manager' as defined under the SEBI (Portfolio Managers) Regulations, 1993. Further, we do not advise on investments in the public securities markets.

- **Retail Financial Services**: In June 2007, we launched our retail financial services offering – Future Money – with the objective of becoming one of the leading retailers of financial products and services in India. Pursuant to an agreement with PRIL, we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries. This arrangement provides us with access to PRIL's large customer base, which during fiscal 2007 (for PRIL, being year ending June 30, 2007) engaged in over 450 lac transactions in PRIL stores, as well as to a pan-India geographic reach. We currently have 95 Future Money outlets located in 26 cities across India, most of which are located within the retail stores of PRIL and its subsidiaries. Currently, our two main retail financial services products are consumption loans, which are loans to finance the purchase of durables, furniture and other consumer goods, and personal loans, which are unsecured credit lines to individual customers. As of November 30, 2007, the consumption loans disbursed were Rs. 321 lacs, that is 31% of the total loans disbursed and the personal loans disbursed were Rs. 720 lacs, that is 69% of total loans disbursed. We will also commence in the near future the distribution of financial products, including credit cards. We have entered into an agreement with ICICI Bank for marketing and distribution of the "Future Card", which will be a credit card offering loyalty points to customers. We are also in the process of finalising detailed terms for acting as a corporate agent, for Future Generali India Insurance Company Limited for general insurance products and, for Future Generali India Life Insurance Company Limited for life insurance products.

- **Research**: Future Capital Research, our research business, conducts and publishes economic research on India with the objective of enhancing value creation across our other businesses. In particular, Future Capital Research conducts research on macro-economic trends in India to identify short- and medium-term trends as well as long-term structural shifts in India's economy. It also develops proprietary indices to highlight trends in consumer behavior. We utilize the research generated by Future Capital Research in our advisory activities and we expect that such research will continue to assist us in advising on potential investments.

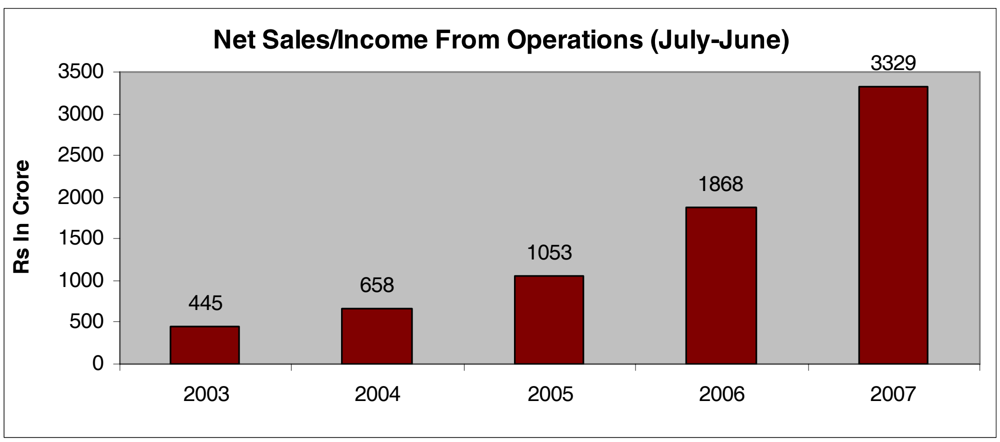
We have attracted and employ over 250 professionals with finance, operating and investment skills to support the growth of the businesses described above. Based on our restated consolidated financial statements, our total income from operations and net profit were Rs. 3,899 lacs and Rs. 349 lacs, respectively, for fiscal 2007, and as of March 31, 2007, we had total assets of Rs. 17,904 lacs. For the six months ended September 30, 2007, we had income from operations and net loss of Rs. 3,127 lacs and Rs. 1,243 lacs, respectively, and as of September 30, 2007, we had total assets of Rs. 36,201 lacs. We are a "systemically important non-banking finance company" as classified and regulated by the Reserve Bank of India.

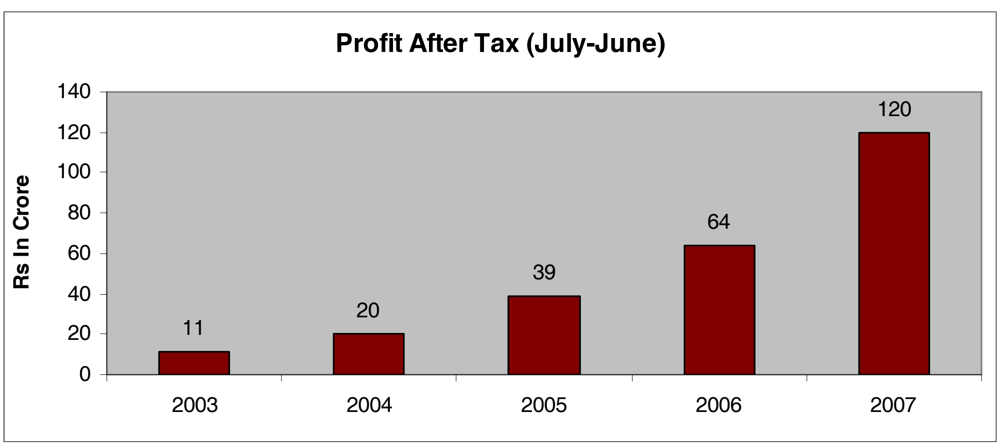
Future Group

The Future Group is a leading Indian business group promoted by Kishore Biyani which focuses on consumption-led businesses. Through PRIL, the Future Group has established one of India's leading organized multi-format retail networks. For its financial year ended June 30, 2007, PRIL generated consolidated total income and profit after tax of Rs. 3,329 crore and Rs. 120 crore, respectively. The Future Group's activities span six key areas:

Pantaloon Retail (India) Limited: The Future Group is a pioneer in establishing a nation-wide chain of large format stores. PRIL began its operations with one store in Kolkata in 1997 and has since expanded to reach approximately 400 stores in over 40 cities in India as of June 30, 2007, covering nearly 55 lac square feet of retail space. PRIL has promoted several retail businesses, including Pantaloons, Central, Big Bazaar and Food Bazaar. Pantaloons is an organised department store format which provides fashion and other products and accessories. Central, which was launched in 2004, is a chain of malls offering multiple brands, restaurants and other amenities. Big Bazaar and Food Bazaar are hypermarket and supermarket formats respectively, which offer wide product ranges such as apparel, toys, accessories, consumer durables, food and grocery and personal care products, household products and furniture. PRIL, through its subsidiary Home Solutions Retail (India) Limited, recently launched Home Town, a large scale retail format providing solutions for home building, improvement and furnishings. PRIL has other retail formats covering a broad range of products, including discounted branded fashion, electronics and home appliances, furniture, books, music, stationery, mobile phones and other communication products. These formats include E-Zone, Electronics Bazaar, Collection I, Furniture Bazaar, Brand Factory, MBazaar, MPort, Gen M and Depot.

PRIL has experienced growth in recent years, fuelled by the expansion of consumer demand in India. The increase in PRIL's net sales and profit after tax is illustrated below:





PRIL's equity shares have been listed on the Bombay Stock Exchange since July 30, 1992 and on the National Stock Exchange since February 20, 2001. As of December 31, 2007, the market capitalisation of PRIL was approximately 12,566 crore based on its closing price on the BSE.

Future Capital*:* Future Capital is the financial services arm of the Future Group. As described in greater detail in this Red Herring Prospectus, Future Capital's primary businesses comprise investment advisory services, retail financial services and research.

Future Media*:* Future Media focuses on advertising at the point of consumption through access to retail space. It currently has exclusive access to all advertising spaces owned by PRIL, which it manages, markets and sells. It has also launched a magazine, "My World", which covers the consumption-led sector. Following PRIL's transfer of advertising rights to Future Media, the Indivision Fund, a fund whose investment manager we advise, invested in a minority stake in Future Media. PRIL retained a majority stake in Future Media.

Future Brands*:* Future Brands acquires and creates India-centric private consumer labels and endeavors to convert them into well-known brands by building, nurturing and marketing them by leveraging the distribution reach of PRIL.

Future Logistics*:* Future Logistics focuses on providing cost-effective, integrated, end-to-end logistics solutions to businesses in the consumption-led sector.

Future Bazaar: Futurebazaar.com has been designed to address the growing online shopping market by combining the Future Group's retail capabilities with a technology platform.

The Future Group's other businesses include Future Knowledge Services, which focuses on retail outsourcing, and Pantaloon Food Products, which will provide back-end support to the retail foods business.

Strengths

Experienced management team and talent pool of finance, operating and investment professionals

We believe that the experience and expertise of our management team and our finance, operating and investment professionals provide us with a competitive advantage. Sameer Sain, our CEO and co-founder, was formerly a Managing Director at Goldman Sachs International, Investment Management Division. As head of Institutional Wealth Management and the Special Investments Group (International), he accumulated a broad range of experience in managing financial services businesses as well as evaluating investments. We believe that Sameer Sain's active participation in the investment process contributes greatly to our investment advisory performance. In the area of real estate investments, Sameer Sain works closely with Shishir Baijal, who brings over 29 years of industry experience to support the investment advisory experience within FCH. The private equity investment advisory business is led by Sanjiv Gupta, who is the former CEO of Coca-Cola India and Southwest Asia. Within retail financial services, the members of our senior management team, which is led by Rakesh Makkar, are highly experienced in risk management and operations. Mr. Makkar has over 17 years of experience and has previously served as Risk Director and Chief Financial Officer of Citifinancial India and also as Head of the Retail Mass Market business for First India Credit, Temasek's financial services business in India. We believe that the experience of Mr. Makkar and his team contributes not only to the expansion of the Future Money business but also to the development of robust risk management systems and processes. Finally, our research and insights business is led by Roopa Purushothaman, a former Vice President at Goldman Sachs International and a co-author of the influential paper "Dreaming with BRICs: The Path to 2050". The research produced by Ms. Purushothaman and her team enables us to leverage intellectual capital across FCH by contributing to evaluation of new opportunities in the investment advisory and retail financial services businesses.

Our business is supported by a talented and experienced pool of finance, operating and investment professionals with a variety of backgrounds in investment banking, private equity, real estate, management consulting, finance and treasury, legal and corporate finance, including in reputed organisations such as AIG, Coca-Cola, Colliers Jardine, Goldman Sachs, ICICI Venture, Jones Lang

LaSalle and KPMG. We have attracted over 250 professionals since our founding in 2005. We believe that our ability to attract and retain such individuals, which is underpinned by the dynamism of our company and the uniqueness of the career opportunities we offer, is one of the key elements of our success.

Deep understanding of the retail sector and the evolving needs of the Indian consumer

As one of India's leading retail groups with over ten years of experience in meeting the needs of Indian consumers, the Future Group has developed a deep understanding of the retail and consumption-led sectors in India. We believe that the Future Group's insights into consumer behavior have contributed to our advice on investments in these sectors. The Future Group's understanding of the retail and consumption-led sectors is augmented by the research produced by our research team. For instance, a recent research report we produced on the impact of working women in India helped us formulate advice on an investment in a chain of health, beauty and fitness centres whose clients are primarily working women. Our access to the Future Group's knowledge of the retail and consumption-led sectors also enables us to 'mentor' the funds' investee companies not only assisting them with their strategies but also by assisting in the implementation of their growth plans.

The Future Group's knowledge of consumer behavior contributes not only to the approach we adopt in our investment advisory business but also to the development of products and services in our retail financial services business. By leveraging the expertise of the Future Group, we have sought to identify certain gaps in the market for retail financial services and have developed our product and service offering to address those gaps.

Synergy with the Future Group

We benefit from substantial synergies across our businesses and the businesses of the Future Group. In the area of retail financial services, we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries. This arrangement grants us access to PRIL's large customer base, which during fiscal 2007 (for PRIL, being year ending June 30, 2007) engaged in over 450 lac transactions in PRIL stores. As a result of PRIL's national presence, we also have the potential to achieve geographic reach across India.

Our relationship with the Future Group also provides us with access to the experience and capabilities of its employees, whose deep understanding of the retail and consumption-led sectors we leverage in advising on investments in consumption-led sectors and retail and hotel related real estate investments. In particular, we believe that the experience of our founders, including Kishore Biyani, has benefited us. Mr. Biyani has over 25 years of experience in the retail and consumption-led sectors and was primarily responsible for the emergence of PRIL as one of the leading multi-format retailers in India. In addition to the intellectual capital that our relationship with the Future Group provides us, we also have access to the industry contacts and the pan-India distribution network of PRIL, which aids us in evaluating investments and also benefits the investee companies of the private equity fund whose investment manager we advise.

Unique and differentiated business model

Investment Advisory Services

Within our private equity investment advisory business, in addition to investment analysis, research and recommendations, we actively mentor companies invested in by the fund whose investment manager we advise. Mentoring involves helping these companies with their strategy and execution of growth plans. We are able to contribute to these companies' plans for revenue growth by leveraging the Future Group to provide them with insights into the retail and consumption-led sectors as well as access to PRIL's pan-India distribution network. At the same time, we advise them on various operational, infrastructure, systems and process initiatives in order to assist them in improving their profitability. An example of a recent investment we advised on and for which we are successfully implementing our mentoring approach is the Indivision Fund's investment in Lilliput Kidswear Limited ("Lilliput"), a leading manufacturer, marketer and retailer of children's wear in India. We assisted Lilliput in developing its plans for domestic and international expansion and changing its store formats and product mix to target certain types of customers more effectively. For Lilliput, we also facilitated access to shelf space within PRIL stores to market its products. With regard to operations, we have assisted Lilliput in identifying and addressing large inventory build-ups and designing an effective financial reporting structure.

Within our real estate business, we differentiate ourselves through our capabilities in the area of real estate development, in addition to our general investment advisory capabilities. Our real estate business has a team of over 80 people including professionals with significant real estate experience in leading consultants such as Jones Lang LaSalle and Gherzi Eastern. We have experience across the entire spectrum of real estate investment advisory services, including project evaluation, conceptualisation and design, leasing and property management.

Retail Financial Services

We believe that our retail financial services business model is one of the first of its kind within organized retailing in India. We believe that we distinguish ourselves from other providers of financial products through our presence at the point of consumption. This is ensured by our agreement with PRIL whereby we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries. Instead of merely facilitating consumption, we believe that we drive consumption by providing customers with the means to finance their purchases at the site where the consumption decision is made. We have built upon our potential to attract customers at the point of consumption by developing a wide range of financial products and services to cross-sell to these customers. The ultimate goal of our business model is to become a one-stop shop for financial products and services.

Strategy

Our business philosophy is to transform ideas into value through investments and enterprise. In keeping with this philosophy, we will focus on growing our investment advisory and research businesses while expanding the scale and scope of our retail financial services business by entering new business areas, including home equity loans, distribution of insurance products and money transfer services. Our key strategic initiatives are described below:

Grow our investment advisory business

In addition to continuing to advise on investments in our current areas of expertise (i.e., investments in the consumption-led sectors and retail-related real estate investments), we will also expand selectively into new sectors which are complementary to our existing capabilities, such as logistics. For instance, we have entered into a joint venture to build our investment advisory expertise in industrial warehousing and logistics. We have also recently been engaged as the Indian advisor to FHL Developments Company LLC, the offshore investment manager of a U.S.$200 million (approximately Rs. 786 crore) offshore fund which intends to invest in 3- to 4- star business hotels in India. In addition, we continue to seek new investment advisory engagements, including with entities connected to the Future Group. We will seek to achieve growth in our investment advisory business by continuing to operate according to our differentiated business model, which involves our mentoring approach; leveraging the Future Group's deep understanding of the retail and consumption-led and real estate sectors; creating separate organised teams for every new sector we expand into; and entering into strategic partnerships for access to expertise, where necessary.

Expand scale and scope of retail financial services business

We intend to expand the scale and scope of Future Money, our retail financial services business, with the objective of becoming one of the leading retailers of financial products and services in India. We ultimately aim to achieve a pan-India geographic reach and introduce a wide range of products to become a one-stop shop for retail financial services. Pursuant to an agreement with PRIL dated April 2, 2007, we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries. We plan to leverage this arrangement with PRIL to add outlets on the sites of malls, stores and other retail formats which are owned, controlled and managed by PRIL and its subsidiaries. We also plan to invest in infrastructure to add Future Money outlets independently of PRIL. However, we do not intend to utilize the Issue proceeds for this purpose. In terms of scope, we plan to layer onto our current range of retail credit products by offering a range of additional financial products and services for our customers. We have entered into an agreement with ICICI Bank for the marketing and distribution of the Future Card, a credit card offering loyalty points, and plan to fully launch this product shortly. We also expect to offer in the future, home equity loans and money transfer services, as well as distribute, life and general insurance products. We plan to commence offering home equity loans, which would be loans secured against property. While we are still developing the product, we believe that we will employ largely similar credit approval procedures we use for consumption loans and personal loans, with supplemental procedures regarding the property which is securing the loan. Also, we have not yet entered into any agreements for money transfer services. We are in the process of finalising detailed terms for acting as a corporate agent, for Future Generali India Insurance Company Limited for general insurance products and, for Future Generali India Life Insurance Company Limited for life insurance products.

We plan to execute the initiatives mentioned above, including increasing our investment advisory business and expanding our retail financial services business, by attracting and retaining high quality talent; building robust risk management and operations processes; and harnessing synergies with the Future Group. These are described in greater detail below.

Attract and retain high quality talent

The intellectual capital of our management team and finance, operating and investment professionals is key to our success and we accordingly intend to continue to focus on attracting and retaining high quality talent. In order to achieve this, we will continue to capitalize on our strengths in the area of recruiting, which have led to a proven track record of hiring highly qualified employees from reputed organisations as well as a low attrition rate. In particular, we plan to continue to build the Future Capital brand and consolidate our position as an employer of choice within the financial services industry in India. We have also developed and will continue to develop targeted compensation schemes designed to retain our key management personnel and professionals. With regard to our management personnel, we will continue to offer equity and option plans which reflect the growth of our business.

Develop robust risk management procedures and related systems

We view risk management as crucial to the expansion of our financial services businesses. We are therefore focusing on developing an integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, market risk and operational risk.

In particular, within our retail financial services business, we have already made significant investments in personnel, technology and infrastructure in order to improve process efficiencies and mitigate business risks. We have recruited individuals who have significant risk management experience and plan to retain this focus in hiring additional risk management personnel. We believe these professionals will aid us in differentiating ourselves in the area of credit risk management by continuing to define tailored credit policies for each new credit product we introduce and in improving our standardized credit processes and know-your-client norms. Going forward, we plan to continue to adapt our risk management procedures to take accounts of trends we have identified, including our loan loss experience. We believe that prudent risk management policies and development of tailored credit procedures will allow us to expand our retail financial services business without experiencing significant increases in non-performing assets. Finally, we also plan to continue to upgrade our web-based applications and other information technology systems to keep pace with technological developments.

Harness synergies with the Future Group

We plan to continue to harness synergies with the Future Group in order to strengthen our business model and grow our businesses. With regard to our investment advisory business, we plan to continue to offer investee companies of the onshore fund we advise and the offshore funds whose offshore investment managers we advise, access to the Future Group's knowledge of the retail and consumption-led sectors as well as the pan-India distribution network of PRIL. For example, we have just been engaged as the Indian advisor to the offshore investment manager of an offshore hotel fund and we believe we can assist this fund by leveraging real estate developments that we have advised on, in particular by offering hotel customers access to food and beverage and entertainment options at adjacent retail malls or within market cities. We believe this will reduce the overall cost of the hotel assets invested in by the fund.

In the area of retail financial services, we believe that we are able to benefit from synergies we enjoy with the Future Group. For instance, through our cooperation with the Future Group we are able to reduce significantly our customer acquisition costs, since we have access to the customer base of PRIL as a result of our presence at the point of consumption. We plan to continue to design financial services products which allow us to reduce costs through our relationship with the Future Group.

Businesses

Investment Advisory Services

Within our investment advisory business, we provide private equity and real estate investment advisory services to onshore and offshore clients. These investment advisory services include investment analysis, research and recommendations.

We act as the investment advisor to the Rs. 350 crore (approximately US$89 million) Kshitij Venture Capital Fund (the "Kshitij Fund"), an onshore SEBI-registered venture capital fund whose main focus is on developing retail malls in India. We also act as the investment advisor to three offshore investment managers namely:

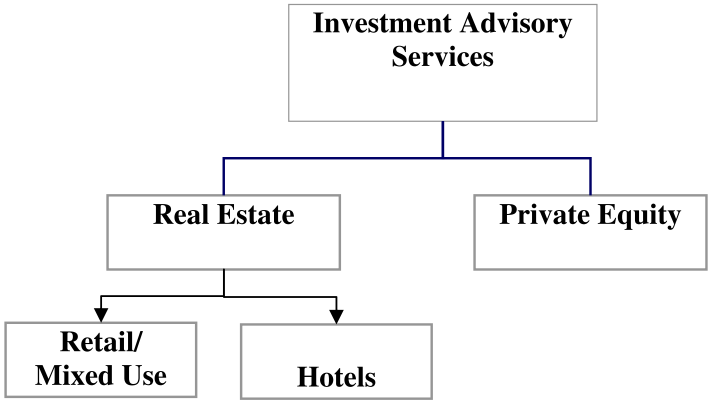
- Indivision Capital Management, the offshore investment manager of the US$425 million (approximately Rs. 1,671 crore) offshore private equity fund, Indivision India Partners (the "Indivision Fund");
- Horizon Development Management, the offshore investment manager of the US$ 350 million (approximately Rs. 1,376 crore) offshore real estate fund, Horizon Realty Fund, LLC (the "Horizon Fund"); and
- FHL Developments Company LLC, the offshore investment manager of the US$200 million (approximately Rs. 786 crore) offshore hotel fund, Indus Hotel Ventures LLC (the "Indus Fund").

The investment managers evaluate the investment advice we provide to them and may then make an investment recommendation to the Board of Directors of the respective funds they manage. The Board of Directors of the respective fund then makes the final investment decision.

We have made an application to the RBI for permission to acquire Keystone Company Limited, which owns the offshore investment managers mentioned above.

We continue to seek new advisory engagements, and are currently in discussions regarding our appointment as an advisor to an entity promoted by the Future Group. To date, we have not made any capital contributions or commitments to the fund we advise or the funds whose investment managers we advise. As of the date of this Red Herring Prospectus, our investment advisory team consisted of 139 professionals located across four cities in India. We are not an 'asset management company' as defined under the SEBI (Mutual Funds) Regulations, 1996 and do not provide services as a 'portfolio manager' as defined under the SEBI (Portfolio Managers) Regulations, 1993. Further, we do not advise on investments in the public securities markets.

We classify our investment advisory business into two separate segments, private equity and real estate (including hotels), which are described in greater detail below. The following diagram illustrates the segmentation of our investment advisory business:



Market opportunity

We have chosen to focus our investment advisory activities on the retail and consumption-led sectors not only to leverage the wide range of capabilities of the Future Group but also to capitalise on opportunities for growth in these markets.

The growth in India's economy, which has been above 8% during the last three fiscal years, has led to significant job creation, which has in turn led to rising disposable incomes. As a result, consumption has increased rapidly. Although growth in disposable incomes has been the main driver of higher consumption, population growth and a decline in the number of joint family households are also expected to contribute to growth in consumption. If these trends continue to prevail, McKinsey Global Institute projects that over the next two decades income levels will almost triple and India will become the world's fifth largest consumer market by 2025 (Source: The Bird of Gold: the Rise of India's Consumer Market, May 2007). We believe that the potential for growth in India's consumer market translates into a significant opportunity for investments in the retail and consumption-led sectors. As these sectors grow, we expect that the number of companies engaged in activities in these sectors will increase, leading to more potential investment opportunities for the funds we advise or whose investment managers we advise.

In addition, consumption patterns in India are changing as a result of recent increases in disposable incomes. As disposable incomes have increased, household spending has shifted from spending on necessities to discretionary spending. Indians are now spending an increasing proportion of their income on household products, apparel, communications and healthcare. Moreover, rising incomes have contributed to the emergence of a middle class and a decline in the proportion of Indians living in poverty. McKinsey Global Institute projects that by 2025, over 2,910 lac people will move from poverty to a more sustainable life, and India's middle class will grow by over ten times from its current size to 5,830 lac people. This will increase the size of the target customer base of retailers and consumption-led businesses and the expansion of the middle class in particular will, along with the shift towards discretionary spending, lead to a rise in demand for the branded products offered by organised retailers.

Further, while much of the new wealth and consumption is expected to be created in urban areas, mid-tier and smaller cities are likely to emerge as attractive markets with substantial numbers of middle class customers. McKinsey Global Institute forecasts that almost two-thirds of India's middle class opportunity will lie outside the top-tier urban areas (i.e., the eight main urban cities). We believe that this will create opportunities for investments in mid-tier and smaller cities and will lead to demand for organised retail formats, which will support further real estate development.

Although consumption has increased rapidly in recent periods, organised retailing is a relatively new development in India, with malls emerging only a decade ago. The number of malls has grown rapidly over the past few years. Further growth in the construction of malls and other retail formats is expected to be driven by the factors discussed above, including rising income levels and changing demographics and spending patterns. In addition, better access to consumer financing and increasing affluence in mid-tier and smaller cities have led to an increase in organised retail activity. These factors are expected to contribute to a substantial incremental market opportunity over the next few years. We believe that trends in the building of malls will provide the fund we advise and whose investment managers we advise with significant investment opportunities.

We also believe that significant opportunities exist in the hotel sector in India. There is an overall lack of supply of hotel rooms and there is no national chain of affordable three- to four-star business hotels for mid-level Indian executives. In 2003, the Indian Hotels Company Limited launched Ginger, a chain of affordable hotels with nightly rates under Rs. 1,000 catering to the basic needs of business travellers. Since the launch of Ginger, there has been considerable interest in the development of similar business hotels.

Private Equity Investment Advisory Services

We advise Indivision Capital Management, which is the offshore investment manager of the US$425 million (approximately Rs. 1,671 crore) offshore Indivision Fund, which is focused primarily on investments in high growth companies backed by entrepreneurial talent in consumption-led sectors. Consumption-led sectors are sectors whose growth and development will in our view be determined by the growing purchasing power of Indian consumers and their changing tastes, lifestyle and spending habits. Consumption-led sectors include fast-moving consumer goods, media, entertainment, food and beverages, fashion, healthcare and consumer-led infrastructure.

The focus of the fund on consumption-led sectors allows us as the investment advisor to leverage the industry expertise of the Future Group through PRIL, which is one of India's leading organized multi-format retailers. The goal of our private equity investment advisory business is to help Indivision Capital Management, the offshore investment manager, enhance returns for the fund's investors by combining growth capital with business execution capabilities supported by the Future Group platform. These services include investment analysis, research and recommendations, and we receive advisory fees for these services. The investment manager evaluates the investment advice we provide to them and then based on their evaluation makes a recommendation to the Board of Directors of the Indivision Fund. The Board of Directors of the Indivision Fund then makes the final investment decision. We are not an 'asset management company' as defined under the SEBI (Mutual Funds) Regulations, 1996 and do not provide services as a 'portfolio manager' as defined under the SEBI (Portfolio Managers) Regulations, 1993. Further, we do not advise on investments in the public securities markets.

As an integral part of the private equity investment advisory services we provide, we pursue a "mentoring" approach with regard to the investments we advise on. Our mentoring approach enables us to add value to the operations of the investee companies of the Indivision Fund by actively assisting businesses with their strategies and with the implementation of their growth plans. In particular, we believe we can leverage the expertise and abilities of the Future Group discussed above to contribute to the business models and strategic direction of the fund's investee companies.

Our investment evaluation and negotiation capabilities reside within our transactions team. The transactions team is responsible for conducting due diligence on potential investments; financial modelling and valuation; document creation and negotiations; capital structure optimisation; monitoring and providing exit options.

Our strategy and operations team is focused on gathering and transferring our industry knowledge to investee companies of the Indivision Fund and using that knowledge to refine their business models and improve their operational efficiency. Specifically, this team is responsible for mentoring the investee companies by leveraging the expertise and abilities of the Future Group and working with investee companies to advise them on growth strategy and the execution of business plans.

Investments we have advised on

The primary investment focus of the Indivision Fund is on retail and consumption-led sectors, although Indivision Fund does pursue opportunistic investments in other sectors. It has the flexibility to invest across all asset classes and in private and public companies.

We have advised Indivision Capital Management on a wide range of investments made by the Indivision Fund, leveraging our knowledge of the retail and consumption-led sectors. These investments range from US$10 million to US$40 million and include the following:

- Lilliput: Lilliput Kidswear Limited is a leading manufacturer, marketer and distributor of children's wear, including apparel and footwear. It has a pan-India retail presence with distribution through a national network of exclusive brand outlets and leading Indian multi-brand outlets. Greater detail on Indivision Fund's investment in Lilliput and our advice on this investment is provided below.
- VLCC: VLCC Healthcare Limited is one of India's leading chains of health, beauty and fitness centres. It was launched in 1989 with one beauty and weight loss centre and has gradually increased its scope of services across the health, fitness and beauty industry value chain and to personal care products and professional education and training. VLCC is an example of an investment for which our research played an important role. Our research business produced a piece on women as consumers, which contributed to our analysis of VLCC.
- BEB: B.E. Bilimoria & Company Limited is a civil engineering construction company specializing in housing complexes and townships, high rise buildings, hotels, aircraft hangars, bridges, stadiums, flyovers, reservoirs, heavy foundations and industrial structures. BEB is an example of an investment which is not in the retail or consumption-led sectors, but which we believe is complementary to our investment advisory strategy and the synergies which exist with our real estate investment activities.
- Sula Wines: Nashik Vintners Private Limited is the holding Company of Sula Vineyards, which is one of the largest wine producers in India. Leading brands of the company include Madera, Sula Chenin Blanc and Sula Sauvignon Blanc.

Lilliput Kidswear Limited is an example of an investment where we believe we have added significant value through our "mentoring" approach and by leveraging our relationship with the Future Group. Based on the advice provided by us to the investment manager, the Indivision Fund acquired a 25% stake in Lilliput in November 2006. We believe that through our mentoring approach, we have helped Lilliput scale its operations from 75 exclusive brand outlets and a presence at approximately 25 Indian multi-brand outlets at the time of acquisition in November 2006 to 120 exclusive brand outlets and product distribution through 93 multi-brand outlets.

Since Lilliput's acquisition, we have been actively involved with the company to develop and execute a growth strategy and improve operational efficiency. Based on our advice, Lilliput has entered certain key markets it was not previously focused on; changed its store formats to increase its appeal to customers; and introduced new products.

To implement the expansion strategy, we helped Lilliput devise a low-risk, low-cost entry strategy into retail markets overseas, in the Middle East, Southeast Asia, China and Egypt. Lilliput's first overseas store has opened in Bahrain. As an extension to the growth strategy, we have assisted Lilliput in achieving synergies through cooperation with the Future Group and gain access to shelf space in Future Group stores for the marketing and sale of its products. We are also in the process of facilitating access to 30-35 stores in malls being developed, occupied or managed by the Future Group.

Our brand and marketing experts have assisted Lilliput in improving its marketing function by formulating an optimal media mix for its advertising budget. We helped Lilliput conceptualize and roll out its new advertising campaign in India and also helped Lilliput negotiate favourable terms to bring down media buying costs by aggregating its advertising expenditure with that of other investee companies.

We provided advice to help Lilliput streamline its operations and improve efficiencies. In particular, we have assisted Lilliput in identifying and addressing problems which had led to a large inventory buildup in a particular product line. We also assisted it in designing a financial reporting structure which enables it to monitor key financial metrics.

In the area of human resources, we have advised Lilliput on the implementation of a comprehensive performance management system. We identified key performance areas for improvement and discussed these with Lilliput's department heads in order to design training sessions for employees. We have also provided input on recruitment and have assisted in identifying qualified employees, particularly in the areas of operations, marketing, public relations, legal affairs and human resources.

Professionals. The management team of our private equity advisory business is led by Sanjiv Gupta, the Managing Director of Indivision Investment Advisors Limited. Mr. Gupta is the former CEO of Coca-Cola India and Southwest Asia. He is supported by an experienced team of professionals including Dimple Sanghi, Executive Director (Investments), who has considerable private equity experience at AIG and investment banking experience at HSBC, Lazard and Societe Generale; and Jaspal Singh Sabharwal, Executive Director (Operations), who has experience in business operations from serving as a vice-president (franchise operations) of Coca-Cola India.

Real Estate Investment Advisory Services

We are the investment advisor to the Rs. 350 crore (US$89 million) Kshitij Fund, which is an onshore SEBI-registered venture capital fund. We also act as the investment advisor to offshore investment managers in the real estate space, namely:

- Horizon Development Management, the offshore investment manager of the US$ 350 million (approximately Rs. 1,376 crore) offshore real estate fund, Horizon Realty Fund, LLC (the "Horizon Fund"); and
- FHL Developments Company LLC, the offshore investment manager of the US$200 million (approximately Rs. 786 crore) offshore hotel fund, Indus Hotel Ventures LLC (the "Indus Fund").

We have recently entered into a joint venture to build our investment advisory expertise in industrial warehousing and logistics.

Our real estate investment advisory activities are classified into two separate areas, retail/ mixed use and hotels. Within retail/ mixed use, we focus on advising on developing malls and market cities, which are integrated developments that include convention centres, three- or four- star hotels, serviced apartments, commercial offices, residential apartments, community centres and various forms of retail space.

With regard to the real estate investments we advice on seek to distinguish ourselves from other investment advisors through our understanding of real estate investment and development. We have experience across the entire spectrum of real estate investment advisory and development services, including in the areas of project evaluation, conceptualisation and design, leasing, property management and exit options.

The investment advisory agreement for the Kshitij Fund provides for advisory fees and performance fees based on the returns achieved by the fund. Our investment advisory agreements contain a clawback feature, which provides for a certain percentage of performance fees to be placed into escrow. If a fund fails to achieve a positive return on another investment within the fund, the amounts in escrow can be claimed back by the fund. We receive advisory fees as the advisor to the offshore investment managers of the offshore Horizon Fund and Indus Fund. For further details on the fee structures, see the section titled "History and Certain Corporate Matters" on page 73 of this Red Herring Prospectus.

We classify our investment advisory approach with respect to real estate investments into five stages, including project evaluation, conceptualization and design, leasing, property management and exit options. These stages are described in greater detail below:

- **Project Evaluation**: We identify and evaluate project investments and conduct financial and legal due diligence. In particular, we leverage our knowledge of real estate investment in India to advise on which geographical areas are most attractive in terms of potential for growth in consumption, ultimately identifying locations for the building of malls, hotels and market cities.
- **Project Conceptualisation and Design**: We involve ourselves in the concept and design of projects and engage in collecting market feedback and capacity planning. In this stage of investment, we work with architects and real estate developers to arrive at an optimal layout for the projects.

- **Leasing**: We advise on the activity mix, categorisation and positioning for prospective customers and assist in the estimation of revenues and cost and risk factor analysis. We also involve ourselves in commercial negotiations and the drafting of lease documentation.
- **Property Management**: We provide property management and leasing services to malls and assist in managing client relations and promotional activities.
- **Exit Options**: We provide the fund or the investment managers we advise with options on potential exits to an investment.

Investments we have advised on

The Kshitij Fund, a SEBI-registered venture capital fund, was raised in 2005 from corporates, high net worth individuals, banks and other financial institutions. The Kshitij Fund has fully committed its capital to develop malls across India, predominantly in Tier II cities. The locations of these projects include Ahmedabad, Indore, Kochi, Kolkata, Mysore, Chennai, Jaipur, Trivandrum, Lucknow and Vadodara. The Kshitij Fund focuses on investments in retail real estate projects which provide opportunities for rental income as well as capital appreciation.

The table below provides information on the developments which the Kshitij Fund has already invested in as of the date of this Red Herring Prospectus:

Location	**Approximate size (square feet)**
Ahmedabad	209,381
Chennai - Market City(1)	1,800,000
Indore	332,454
Jaipur	314,613
Kochi	422,069
Kolkata(1)	382,140
Lucknow(1)	349,500
Mysore	290,000
Trivandrum(1)	259,200
Vadodara - Site 1	258,500
Vadodara - Site 2	140,475
Total	4,758,332

Note: (1) These sites have hotels as part of their development.

The projects described above are at various stages of development. It is expected that they will become operational between the end of 2007 and 2010.

The Horizon Fund is the offshore real estate fund whose offshore investment manager, Horizon Development Management, we advise. The Horizon Fund develops primarily market cities located within city limits. We are collaborating with leading international architecture firms, including Benoy Architects, Callison and Rockwell Group, for the design of these projects. We have identified Mumbai, Chennai, Bangalore, Pune and Hyderabad as prime locations for market city developments.

Professionals. Our real estate investment advisory business is led by Shishir Baijal. Mr. Baijal is the former CEO of Inox Leisure, one of the leading multiplex companies in India. He has over 29 years of experience in senior management positions in industries such as hospitality, education and entertainment. He is supported by an experienced team of professionals including Sanjeev Dasgupta, Head of Finance and Investments (Real Estate – Retail/ Mixed Use) who has experience in the areas of corporate finance, strategy and financial control, including investment banking experience at Merrill Lynch and Salomon Smith Barney; Joanna de Souza, Head of Business Development and Leasing who has over 10 years of experience with Jones Lang LaSalle and Colliers Jardine and Arun Patkie, Head – Projects, who has over 30 years of domestic and international experience in project consulting and execution in urban development and infrastructure development projects ranging from hotels, hospitals and commercial complexes. We have a team of over 80 investment advisory professionals spread across four cities, i.e., Mumbai, Delhi, Chennai and Bangalore.

Retail Financial Services

In June 2007, we launched our financial services retail offering - Future Money - with the objective of becoming one of the leading retailers of retail financial products services in India. Currently, our two main retail financial services products are consumption loans, which are loans to finance the purchase of durables, furniture and other consumer goods, and personal loans, which are unsecured credit lines to individual customers. Pursuant to an agreement with PRIL, we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries, for an annual fee of Rs. 300 lacs. This arrangement provides us with access to PRIL's large customer base, which during fiscal 2007 (for PRIL, being year ending June 30, 2007) engaged in over 450 lac transactions in PRIL stores. We currently have 95 Future Money outlets located in 26 cities across India, most of which are located within the retail stores of PRIL and its subsidiaries. We believe that our presence at the point of consumption will enable us to drive consumer spending by providing customers with the means to finance their purchases at the site where the consumption decision is made. To attract customers, we have sought to create a differentiated retail brand intended to make finance "simple, easy and convenient" for customers. We also intend to cross-sell other financial products and services to the customers we gain by offering "point-of-consumption" financing. In the future, we plan to layer on additional financial products and services for our consumers, with the ultimate goal of becoming a one-stop shop for all of our customers' financial needs. We have entered into an agreement with ICICI Bank for the distribution of the "Future Card", which will be a credit card offering loyalty points to customers. We also expect to distribute life and general insurance products in the future. We may explore options to reorganize our Future Money business as a separate company.

Market opportunity

Over the last few years, the perception of credit in India has changed significantly, and retail credit is now being used as a means to fulfill the aspirations of India's large and growing middle class. This is particularly true with regard to consumers under the age of 30, who represent 61% of India's total population. (*Source: United Nations Statistics from the web address http://unstats.un.org/unsd/cdb/cdb_country_prof_results.asp?crID=356&cpID=21*). Increases in disposable incomes, as well as low interest rates and competition among borrowers, have helped to fuel demand for retail credit.

Until ten years ago, non-banking finance companies ("NBFCs") and housing finance companies ("HFCs") were the dominant players in the nascent retail finance market, while commercial banks tended to focus primarily on corporate lending. During the 1990s, several NBFCs expanded rapidly to take advantage of the growing market. However, several of them failed to apprehend the risks associated with retail finance and as a result ended up having to curtail their operations or shut down altogether. Commercial banks such as ICICI Bank and HDFC Bank began to pursue opportunities in this business, entering the retail finance market during 2001 and 2002. Competition among NBFCs, HFCs and commercial banks for retail customers has led to decreasing yields on loans, which has in turn contributed to higher demand for retail finance products.

Despite the rapid growth in recent periods, penetration of credit is still relatively low in India and we believe that significant opportunities exist in retail financial services. Retail loans represented only 10% of GDP in India in 2005, compared to 27% in emerging Asia and 58% in mature markets (*Source: IMF, World Economic Outlook, 2005*). Penetration of credit cards in India is also relatively low. In addition, disposable incomes are continuing to rise and are expected to fuel further spending by consumers.

We believe that we have identified market gaps in the retail financial services market and plan to employ our understanding of these gaps to develop new retail financial services products. For instance, we believe that there is limited "point-of-consumption" financing in India. Further, we believe that this type of financing would be attractive to Indian consumers who may prefer to transact financial business in a more informal, non-intimidating setting.

A new area of growth we are targeting is distribution of insurance products of the Future Group Generali joint ventures for which we are in the process of finalising detailed terms for acting as a corporate agent, for Future Generali India Insurance Company Limited for general insurance products and, for Future Generali India Life Insurance Company Limited for life insurance products offered by the respective companies. We see the Indian market as relatively under-insured, and believe that there is significant scope for growth in life insurance and general insurance of various kinds.

Distribution channels

As discussed above, a key part of our strategy is to use our exclusive arrangement with PRIL, which permits us to offer financial products in its stores, to build a customer base. Currently, almost all of our Future Money outlets are located within the retail stores of PRIL and its subsidiaries.

Our main distribution channels include independent stores, shop-in-shops and kiosks. There are two types of independent stores, those located in mall environments and stores on the high street. In our independent stores, we plan to offer a complete product suite to customers. Shop-in-shops and kiosks are outlets which are located within the retail stores of PRIL and its subsidiaries.

Products

We currently offer our customers products we originate, which include consumption loans and personal loans. We have also entered into an agreement with ICICI Bank for the marketing and distribution of the Future Card, a credit card offering loyalty points, and plan to fully launch this product shortly. We also expect to distribute life and general insurance products.

Retail credit products. Currently, our primary products are consumption loans and personal loans. We offer these products to both salaried and self-employed customers, although we generally require customers to have a minimum income of Rs. 40,000 to disburse a loan.

We offer point of consumption loans to our customers for the financing of furniture and durable goods, among other types of products. Our consumption loans may range from Rs. 7,000 to Rs. 500,000 and the term of these loans may range from 10 to 36 months, with repayment in equated monthly instalments. The interest rates we charge depends upon the credit quality of the applicant and the amount of the loan. We may also charge customers a one-time processing fee. In addition, we may also get manufacturer and dealer subventions for the products sold. As of November 30, 2007, we had extended Rs. 321 lacs in principal amount of consumption loans to approximately 2,198 customers, within five months of launch of Future Money.

Consumption loans can be processed at the point of consumption using information provided by the customer as well as automated credit check systems. Once an application has been lodged, we request from the customer proof of identification, residence and income (which can be in the form of a salary statement or an income tax return) and a bank statement. We also access data about the customer through Credit Information Bureau (India) Limited ("CIBIL"), which is a credit information system owned and operated by banks in India. If a customer has provided all of the required documents at the point of consumption and the CIBIL check does not raise any adverse credit information, we can approve the loan immediately and disburse the funds. In the more likely event that a customer does not have all the required documents, we may still be able to disburse the loan immediately. For instance, if the customer already has a credit card and passes the CIBIL check, we can usually disburse the loan immediately provided it is below a certain size. If the customer does not have a credit card and is not carrying the required documents, we generally grant in-principle approval of the loan and reserve the merchandise the customer wishes to finance. Once we receive the documents from the customer, we can approve the loan. If we do this, we usually ship the merchandise to the customer and pay the retailer directly with the proceeds of the customer's loan, rather than disbursing the funds to the customer directly.

We also offer personal loans, which are small unsecured credit lines that can be used by customers for any purpose, including meeting medical or educational expenses or social or family obligations and business requirements. The term of our personal loan product may range from 18 to 48 months and the size of loans may range from Rs. 100,000 to Rs. 750,000, with repayment in equated monthly installments. The interest rates we charge depends upon the credit quality of the applicant and the amount of the loan. We may also charge a processing fee on the principal amount of the loan. We apply credit approval processes which are largely similar to the processes we apply for consumption loans.

We require proof of identity, residence and income and a bank statement and use a CIBIL check to approve the loans. As of November 30, 2007, we had granted Rs. 720 lacs in principal amount of personal loans to approximately 1,320 customers, within five months of the launch of Future Money.

Credit cards. On May 16, 2007, we entered into an agreement with ICICI Bank which provides the framework for the issuance by ICICI Bank of a co-branded credit card, which we refer to as the Future Card. The term of our agreement with ICICI Bank is five years and it is exclusive with respect to both parties. Pursuant to this agreement, ICICI Bank will determine the terms and conditions of the Future Card and will be responsible for collection and recovery of all charges and fees due from card customers. We are responsible for marketing and distributing the credit card and for collecting applications from customers, which we will forward to ICICI Bank. We will receive from ICICI Bank an acquisition fee of Rs. 600 for every new credit card issued, with a provision for an annual escalation, and also receive incentive commissions based on a percentage of customer spends which are 0.7% for spends within Future Group formats and 0.2% for spends in other outlets. We have received the approval of the RBI to launch this card. The approval is valid for two years ending in 2009. As a condition of this approval we are required to ensure that the risks involved in the credit card business are not transferred from ICICI Bank to us.

The Future Card will also be issued to current holders of the ICICI Bank Big Bazaar Card after obtaining written consent from existing ICICI Bank Big Bazaar card customers. In this way, we plan to migrate all holders of this card to the Future Card although we cannot guarantee that we will be successful in migrating all or a significant proportion of these customers. There were over 500,000 ICICI Bank Big Bazaar Card holders as of August 31, 2007. The benefits conferred upon customers by the credit card are designed to create a loyalty programme. Customers will receive loyalty points for spending money on their card. The agreement proposes that customers will receive four loyalty points for every Rs. 100 spent at Future Group retail stores, including Pantaloons, Central, Big Bazaar and Food Bazaar, and one loyalty point for every Rs. 200 spent outside the Future Group retail stores. We plan to enhance the service offerings and interaction with the card customers for in-store offerings as well as at other points of consumption.

Insurance products. PRIL has entered into a joint venture with Assicurazioni Generali, a leading Italian insurance company, for the distribution of life and general insurance products in India. Through Future Money we are in the process of finalising detailed terms for acting as a corporate agent for Future Generali India Insurance Company Limited for general insurance products and for Future Generali India Life Insurance Company Limited for life insurance products.

Risk Management

Given the risk associated with offering retail credit products, we believe that the development of our risk management systems is crucial to our expansion plans in this area. We therefore sought to put in place risk management systems that were operating at sufficiently high standards before launching Future Money. We have also hired a management team with significant experience in risk management and plan to expand our risk management team. Four separate Regional Credit Heads will report to the National Head of Credit. In addition, we will have a separate Fraud Control Unit which carries out sample fraud checks to identify any non-standard procedures. We also have Board committees – the Asset Liability Management Committee and the Risk Management Committee – which oversee the risk function. The roles of these committees are described further in the section titled "Our Management – Committees of the Board" on page 96 of this Red Herring Prospectus.

In the area of credit risk management, we have defined risk policies for various customer segments, including salaried and self-employed customers. We also define credit policies with clearly stated lending norms for each product we introduce. We develop standardised and documented credit processes, with credit approval authority levels defined based on the experience level of our professionals. We believe that one of the strengths of our risk management system is the inability of employees to override the requirements for each product. If a step in the credit approval process has not been completed, the system does not permit a loan to be disbursed. In general, we use financial and bank statements for verification of an applicant's identity and conduct budget analyses for each applicant. See " — Products — Retail Credit Products" above for a description of the documentary credit checks we perform. We also conduct CIBIL checks, personal interviews and telephone, home and office verifications. Finally, sample fraud checks will be carried out by our Fraud Control Unit and quality checks on loan documentation will be performed by our internal quality unit.

We are developing detailed collection procedures and policies and are currently in the process of implementing an automated collections system.

We believe that we have a robust information technology infrastructure supporting our Future Money offering and our risk management systems. Our data centre is located in Mumbai and is connected to our outlets. We employ web-based applications and our information technology systems permit real-time communications between our head office in Mumbai and our outlets. This prevents a customer from being granted a loan at one Future Money outlet after being denied by another outlet. We believe that real-time communication allows for swift distribution of retail credit products without compromising our centrally established risk management standards. We are also in the process of creating a business disaster recovery site.

Professionals

Our retail financial services management team has experience in the area of risk management and operations, rather than just marketing. The team is led by Rakesh Makkar, our Chief Executive Officer for this business. Mr. Makkar is the former head of the retail mass market business for First India Credit, Temasek's financial services business in India. He is also a former Risk Director and Chief Financial Officer of Citifinancial India. He holds a commerce degree from Delhi University and is a Chartered Accountant. He also holds an MBA from the Institute of Management Technology. Mr. Makkar is supported by an experience management team including Gurmeet Kaur, Head, Credit and Risk Management, who has over 14 years of experience, with nine years of experience in retail finance, primarily in risk management and Vimal Relli, Head of Finance, who has more than 14 years of experience in financial management and was formerly a Vice President – Finance at GE Money-Asia.

Research

Our research business, Future Capital Research, provides thought leadership to assist the process of value creation for our other businesses. In particular, the research we produce on the retail and consumption-led sectors in India helps us identify investments in our investment advisory business. In addition, as described above, we provide research to the investment managers whom we advise and we receive fees for such research.

Research. We have three basic research products, Future Insights, Future Themes and FCH Indicators, which are described below:

- Future Insights: Research on macro-economic trends in India using primary and secondary data sources to identify short- and medium-term trends that will impact future economic growth;
- Future Themes: Research using primary and secondary data and new methodologies to identify long-term structural shifts in the economy; and
- FCH Indicators: Research which creates ongoing proprietary indices that aggregate primary data, in-house data and secondary data in order to highlight key movements in trends. An example is our FCH Consumer Activity Index.

Our research is useful in generating investment ideas and helping us evaluate investments. An example of our research is our recent publication titled "XX Factor: The Impact of Working Women on India's Growth, Incomes and Consumption". The publication analyses the recent rise in women's participation in the work force and the impact of this phenomenon on growth and consumption trends. We used our understanding of working women and their lifestyles to evaluate the Indivision Fund's investment in a chain of health, beauty and fitness centres whose clients are primarily working women.

We also recently published research on urban demand titled "Is Urban Growth Good for Rural India?". The thesis of this report is that urban demand could be an important engine which would help to drive a shift from farm to non-farm employment in rural India. Using an econometric model, we analysed the effect of urban consumption on rural household incomes.

We currently prepare the FCH Indicators index, which is an Indian consumer activity index that we compile on a quarterly basis. The index is released one month after the end of each quarter. We use data from PRIL stores to build this index. We provide this index to the Economic Times newspaper (as well as other media) in India. We may in the future consider adding further indices to FCH Indicators.

Professionals. Roopa Purushothaman, the Head of Future Capital Research, is key to our strategy for this business. Ms. Purushothaman was an economist at Goldman Sachs International prior to joining us and she is the co-author of the report "Dreaming with BRICs: The Path to 2050". Ms. Purushothaman holds a B.A. from Yale University and an M.Sc (Development Economics) from the London School of Economics. Our research team also includes professionals with qualifications in Economics and experience in organizations such as the National Council of Applied Economic Research (NCAER) and the Indian Statistical Institute and the International Management Institute.

Competition

Within the area of private equity, the funds whose investment managers we advise compete with both Indian and international private equity firms. Major international private equity firms active in the Indian market include Blackstone Group, Carlyle Group, General Atlantic Partners, Warburg Pincus and Actis Partners. Indian private equity firms include ICICI Venture, Chrys Capital and Kotak Investments. Although we expect the funds whose investment managers we advise to compete primarily with Indian private equity firms, the current level of deal size in the market means that they could also compete to a greater degree with large international private equity firms.

Within real estate, the fund we advise and the funds whose investment managers we advise cooperate with real estate developers to develop malls and market cities. However, they may also compete with large Indian real estate developers, for example DLF and Unitech, for attractive sites to develop. In addition, several private banks and private equity firms have launched or invested in Indian real estate and infrastructure funds which may be a source of future competition. In the hotels sub-sector, the hotel fund whose investment manager we advise plans to invest in three- to four-star business hotels and accordingly may compete with hotel chains which target this market.

In retail financial services, we compete with NBFCs as well as large commercial banks. NBFCs dominated India's retail credit market during the 1990s. However, during the past five years, large commercial banks such as ICICI Bank and HDFC Bank have invested significant amounts to develop the infrastructure to offer retail financial services. As a result of these efforts, large commercial banks now dominate this market. Following the entry of commercial banks, there is significant competition in the Indian retail financial services market. We believe that our main competitors in the area of retail financial services include ICICI Bank, Citifinancial and GE Money.

Property

Corporate Offices

Our corporate office is located at FCH House. FCH House is a 44,000 square foot building in Peninsula Corporate Park in Lower Parel in Central Mumbai. This building is owned by our wholly-owned subsidiary Myra Mall Management Company Limited. We occupy part of this building and also lease space in it to other companies. We also occupy a corporate office space in Mumbai for our subsidiary Kshitij Investment Advisory Company Limited.

Future Money Outlets

All of our Future Money outlets are currently located within the retail stores of PRIL and its subsidiaries. However, in the future, we expect to expand Future Money and add individual stores independently of PRIL, which we expect to own and/ or lease from third parties. These leases are typically for a 5 to 9 year term with a fixed monthly lease rental. These lease agreements are terminable with written notice.

Insurance

We maintain the types and amounts of insurance coverage which we believe are appropriate for our business, including property insurance covering FCH House. We also have insurance coverage for our directors and officers' liability.

Intellectual Property

Our Promoter, PRIL, has given us the right to use the "Future" brand and logo and has also authorised us to undertake adequate steps to protect the brand. We are required to enter into a definitive agreement with PRIL to formalize the arrangements for the right to use the brands and logo. We have applied for trademark registration for the FCH brand and logo, and various related names. For further details, see the section titled "Government Approvals" on page 257 of this Red Herring Prospectus.

Legal Proceedings

We may be involved in legal proceedings from time to time relating to our operations. In addition, certain government entities, including the RBI, SEBI and the IRDA, make inquiries and conduct examinations or investigations from time to time concerning our compliance with Indian laws and regulations. However, other than as described in the section titled "Outstanding Litigation and Material Developments" on page 251 of this Red Herring Prospectus, we are not currently a party to any proceedings and no proceedings are known by us to be contemplated by government authorities or third parties, which, we believe, if adversely determined, would have a material adverse effect on our business, prospects, financial condition or results of operations.

REGULATIONS AND POLICIES

Our Company is a systemically important NBFC which does not accept public deposits. As such, our business activities are regulated by RBI regulations applicable to non-public deposit accepting NBFCs.

Following are the significant regulations that affect our operations:

I. NBFC Regulation

The Reserve Bank of India Act

The RBI is entrusted with the of responsibility for regulating and supervising activities of NBFCs by virtue of power vested in Chapter III B of the Reserve Bank of India Act of 1934 ("**RBI Act**"). The RBI Act defines an NBFC under Section 45-I (f)

(i) "a financial institution which is a company;
(ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;
(iii) such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify."

A "financial institution" and a "non- banking institution" have been defined under sections 45-II and 45-I(e) of the RBI Act, respectively.

The RBI has clarified through a press release (Ref. No. 1998-99/ 1269) dated April 8, 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC as (a) its financial assets are more than 50 per cent of its total assets (netted off by intangible assets); and (b) income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act mandates that no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration ("**CoR**"). In case an NBFC does not accept deposits from the public ("**NBFC-ND**"), it shall obtain a CoR without capitalisation to accept public deposits. The NBFC must also have a net owned fund of Rs. 200 lacs.

Under Section 45 – IC of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20 per cent of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is an NBFC-ND. Further, no appropriation can be made from the fund for any purpose without prior written approval of the RBI.

Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended, (the "**Prudential Norms Directions**") prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15% of the owned funds of the systemically important non-public deposit accepting NBFC, while the credit exposure to a single group of borrower shall not exceed 25% of the owned funds of the systemically important non-public deposit accepting NBFC. Further, the systemically important non-public deposit accepting NBFC may not invest in the shares of another company exceeding 15% of its owned funds, and in the shares of a single group of companies exceeding 25% of its owned funds. The loans and investments of the systemically important non-public deposit accepting NBFC taken together may not exceed 25% of its owned funds to or in single party and 40% of its owned funds to or in single group of parties. A systemically important non-public deposit accepting NBFC may, make an application to the RBI for modification in the prescribed ceilings. The RBI has, by its letter dated May 7, 2007, granted the Company an extension of one year until March 31, 2008 to comply with these exposure norms in respect of five individual and four group borrowers.

Capital Adequacy Norms

As per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended, every systemically important non deposit taking non-banking financial company are subject to capital adequacy requirements. A minimum capital ratio consisting of Tier I and Tier II capital of not less than 10% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of Tier II capital of non deposit taking non-banking financial company shall not exceed 100% of Tier I capital

Systemically Important NBFCs-ND

All NBFCs – ND with an asset size of Rs. 100.00 crore or more as per the last audited balance sheet will be considered as a systemically important NBFC – ND ("**NBFC-ND-SI**"). All NBFCs–ND–SI are required to maintain a minimum Capital to Risk-weighted Assets Ratio ("**CRAR**") of 10%. NBFCs–ND–SI are not allowed to:

a) lend to

i) any single borrower exceeding 15% of its owned fund; and

ii) any single group of borrowers exceeding 25% of its owned fund;

b) invest in

i) the shares of another company exceeding 15% of its owned fund; and

ii) the shares of a single group of companies exceeding 25% of its owned fund;

c) lend and invest (loans/ investments taken together) exceeding

i) 25% of its owned fund to a single party; and

ii) 40% of its owned fund to a single group of parties.

The status of our Company with respect of compliance with the above-mentioned regulations is as follows:

S. No.	RBI Requirement	Status	Status of Compliance
1.	**Capital Adequacy Norms**		
	Minimum Capital ratio consisting of Tier I and Tier II capital of not less than 10% of its aggregate risk weighted asset on balance sheet and risk adjusted value of off-balance sheet items	As at September 30, 2007, the capital adequacy ratio was 100.18%.	Complied with

S. No.	RBI Requirement	Status	Status of Compliance
	Tier II capital not to exceed 100% of Tier I capital	Tier I capital of the Company as at September 30, 2007 was Rs.216.80 core and the Tier II capital of the Company as at that date was Nil.	Complied with
2.	**Exposure Norms**		
	Maximum loan to a single borrower shall not exceed 15% of the owned fund.	Maximum loan to a single borrower (i.e. Biba Apparels Limited) as at September 30, 2007 was Rs. 12.26 crore, which was 5.15% of the Owned Fund as at that date.	Complied with
	Maximum loan to a single group of borrowers shall not exceed 25% of the owned fund	Maximum loan to a single group of borrowers (i.e. FCH Group Companies) as at September 30, 2007, was Rs. 24.81 crore, which was 10.42% of the Owned Fund as at that date.	Complied with
	Maximum investment in shares of a single company shall not exceed 15% of the owned fund	Maximum investment in shares of a single Company (i.e. Goldiam International Limited) as at September 30, 2007, was Rs. 4.50 crore, which was 1.89% of the Owned Fund as at that date.	Complied with
	Maximum investment in shares of a single group of companies shall not exceed 25% of the owned fund	Maximum investment in shares of a single group of companies (i.e. FCH Group) as at September 30, 2007, was Rs.17.91	Complied with

S. No.	RBI Requirement	Status	Status of Compliance
		crore, which was 7.52% of the Owned Fund as at that date.	
	Maximum loan and investments (taken together) to a single party shall not exceed 25% of the owned fund	Maximum of loan and investment in aggregate to a single party (i.e. Myra Mall Management Company Limited, subsidiary of the FCH) as at September 30, 2007, was Rs. 13.15 crore, which was 5.52% of the Owned Fund as at that date.	Complied with
	Maximum loan and investments (taken together) to a single group of parties shall not exceed 40% of the owned fund.	Maximum of loan and investment in aggregate to a single group of parties (i.e. FCH Group) as at September 30, 2007, was Rs.42.73 crore, which was 17.94% of the Owned Fund as at that date.	Complied with

KYC Guidelines

The RBI has extended the Know Your Customer ("**KYC**") guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The KYC policies are required to have certain key elements, including, *inter alia,* customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC guidelines and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents.

Corporate Governance Guidelines

Pursuant to a RBI Circular dated May 8, 2007, all NBFC-ND-S is are required to adhere to certain corporate governance norms including constitution of an audit committee, a nomination committee, a risk management committee and certain other norms in connection with disclosure and transparency and connected lending.
Pursuant to the RBI notification dated July 11, 2007, the instruction in the above-mentioned circular regarding 'connected lending' are being studied and shall become operational after final evaluation of the suggestions and modifications.

Norms for excessive interest rates

In addition, the RBI has recently introduced a circular vide RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges.

II. Foreign Investment in NBFCs

FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy issued in November 2006 ("**FDI Policy**") by the DIPP. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/ acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/ acquisition of securities.

However, if the foreign investor has any previous joint venture/ tie-up or a technology transfer/ trademark agreement in the "same field" in India, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/ activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, the following relevant caps are presently applicable for FDI in NBFCs:

(a) FDI/ NRI investments is allowed under the automatic route in the following NBFC activities:

i. Merchant banking;
ii. Underwriting;
iii. Portfolio Management Services;
iv. Investment Advisory Services;
v. Financial Consultancy;

vi. Stock Broking;
vii. Asset Management;
viii. Venture Capital;
ix. Custodial Services;
x. Factoring;
xi. Credit Reference Agencies;
xii. Credit rating Agencies;
xiii. Leasing & Finance;
xiv. Housing Finance;
xv. Forex Broking;
xvi. Credit card business;
xvii. Money changing Business;
xviii. Micro Credit; and
xix. Rural Credit.

(b) Minimum Capitalisation Norms for fund based NBFCs:

i) For FDI up to 51% - US$ 0.5 million to be brought upfront

ii) For FDI above 51% and up to 75% - US $ 5 million to be brought upfront

iii) For FDI above 75% and up to 100% - US $ 50 million out of which US $ 7.5 million to be brought upfront and the balance in 24 months

(c) Minimum capitalisation norm of US $ 0.5 million is applicable in respect of all permitted non-fund based NBFCs with foreign investment.

(d) Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US$ 50 million as at (b) (iii) above (without any restriction on number of operating subsidiaries without bringing in additional capital).

(e) Joint venture operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e. (b)(i) and (b)(ii) above.

(f) FDI in the NBFC sector is put on the automatic route subject to compliance with guidelines of the RBI. RBI would issue appropriate guidelines in this regard.

(g) Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issue price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

III. Laws relating to Employment

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of, *inter alia,* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

Various labour laws, include the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

IV. Laws relating to Intellectual Property

The Trademarks Act, 1999 and the Copyright Act, 1957, *inter alia,* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

Our Company was originally incorporated on October 18, 2005 as a private limited company under the provisions of the Companies Act, 1956 as KB Infin Private Limited. Pursuant to a resolution of our shareholders dated April 27, 2006 and by virtue of the acquisition of our entire share capital by PRIL, we converted to a public limited company with effect from August, 21, 2006. A fresh certificate of incorporation consequent to the change of our name to KB Infin Limited was granted to our Company on August 31, 2006 by the RoC. Further, pursuant to a resolution of our shareholders dated November 29, 2006, the name of our Company was changed to Future Capital Holdings Limited with effect from December 21, 2006. A fresh certificate of incorporation consequent to the change of our name to Future Capital Holdings Limited was granted to our Company on December 21, 2006 by the RoC.

Key events and milestones

The table below sets forth some of the key events and milestones in the history of our Company:

Date	Event
October 18, 2005	Incorporation as KB Infin Private Limited
April 5, 2006	The Company becomes a subsidiary of PRIL
April 10, 2006	The Company receives certificate of registration from RBI as to function as an NBFC
May 22, 2006	KIACL becomes a subsidiary of FCH
May 23, 2006	IIAL becomes a subsidiary of the Company
August 31, 2006	Conversion from a private limited Company to a public limited Company
November 28, 2006	Board approval to set up Future Money as a division of the Company
December 1, 2006	KIACL becomes an investment advisor to Horizon Development Management
December 21, 2006	Change of name from KB Infin Limited to Future Capital Holdings Limited
March 28, 2007	Approval granted by FIPB to issue shares to AMIF I Limited
May 2, 2007	Acquisition of Sivagami Finance and Investments Limited
May 16, 2007	Agreement entered into with ICICI Bank to launch a co-branded credit card
June 8, 2007	Launch of Future Money business
July 6, 2007	Company becomes a systematically important NBFC
September 21, 2007	Joint venture agreement with Aeroterm Mauritius Limited and Realterm FCH Logistics Advisors Private Limited
September 27, 2007	Company becomes investment advisor to FHL Development Co. LLC
October 8, 2007	RBI approval received for issuance of a co-branded credit card in conjunction with ICICI Bank Limited

Changes in our Registered Office

The table below sets forth the details of changes in our Registered Office from the date of our incorporation till the date of this Red Herring Prospectus:

Date of Board approval	Change
November 1, 2005	Our Registered Office was shifted from its location at Knowledge House, Shyam Nagar, Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060 to B-8, Rear Entrance, Pravasi Industrial Estate, Visheshwar Nagar Road, Goregaon (East), Mumbai – 400 063
April 15, 2006	Our Registered Office was shifted from its location at B-8, Rear Entrance, Pravasi Industrial Estate, Visheshwar Nagar Road, Goregaon (East), Mumbai – 400 063 to Pantaloon Knowledge House, Shyam Nagar, Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060
April 20, 2007	Our Registered Office was shifted from its location at Pantaloon Knowledge House, Shyam Nagar, Jogeshwari – Vikhroli Link Road, Jogeshwari (East),

Date of Board approval	Change
	Mumbai – 400 060 to its present location at FCH House, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013

Objects of our Company

The main objects as contained in our Memorandum of Association include:

1. To carry on the business of Investment/finance Company in all its branches and to invest, sell, purchase, exchange, surrender, extinguish, relinquish, subscribe, acquire, undertake, underwrite, hold, auction, convert or otherwise deal in any shares, stocks, debentures, debenture stock, bonds, negotiable instruments, hedge instruments, warrants, certificates, premium notes, Treasury Bills, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, options futures, money market securities, marketable or non-marketable, securities, derivatives, and other instruments and securities issued, guaranteed or given by any government, semi-government, local authorities, public sector undertakings, companies, corporations, co-operative societies, trusts, funds, State, Dominion sovereign, Ruler, Commissioner, Public body or authority, Supreme, Municipal, Local or otherwise and other organisations/entities persons and to acquire and hold controlling and other interests in the securities or loan capital of any issuer, company or companies.

1A. To carry on the business of merchant banking, underwriting, portfolio management services, investment advisory services, financial consultancy, stock broking, asset management, venture capital, custodial services, factoring, credit reference agencies, credit rating agencies, housing finance, foreign exchange broking, credit cards, money changing business, micro credit and ruler credit in accordance with and to the extent permissible under the applicable regulations in respect of each of the above activities in India or elsewhere, and to provide and to engage in all businesses as may be related or ancillary to the aforesaid business areas.

1B. To carry on the business of providing financial, investment advisory services, management and facilitation services, including but not limited to identifying investment opportunities, conducting analysis and assessment, providing investment recommendations and consultancy service for making available infrastructure (including but not limited to administrative, managerial, logistical, financial, communication and information technology facilities/services) to venture capital funds, including the trustees, beneficiaries and contributories of such funds, other funds (including but not limited to funds for providing debt financing investing in equity, equity linked securities and all other instruments as permitted under applicable laws), trusts, investment companies, joint ventures, corporate, institutional, group and individual investors.

1C. To act as an Asset Manager of any trust or fund including any mutual fund, growth fund, hedge fund, infrastructure fund income or capital funds, tax or exempted funds, provident funds, gratuity funds, pension funds, superannuation funds, charitable funds or consortia, and/or all other funds and/or to provide advisory and/or consultancy services for investments and financial services, financial services, consultancy, exchange of research information and analysis on a commercial basis, render corporate advisory services and/or manage a portfolio of securities and/or to pursue such other activities as may be necessary for attainment of these purposes.

1D. To act as a securitization and reconstruction company and to carry on the business of securitization and/or asset reconstruction and for that purpose to purchase, acquire, invest, transfer, sell, dispose of or trade in participation certificates, participation units, securitized debts, assets backed securities or mortgage backed securities or debts whether representing financial assets, receivables, debts, whether unsecured by mortgage of movables or hypothecation or charge on movables or otherwise, whether existent, accruing, conditional, contingent, future, performing or non-performing, impaired or unimpaired, or otherwise; to purchase, acquire, invest, transfer, sell, dispose of or trade in or issue to public or private investors securities or instruments or certificates issued thereof on a discretionary basis or non-discretionary basis on behalf of any person or persons (whether individual, firm, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or trusts, pensions funds, offshore funds, public body or authority, supreme, local or trust, pension funds, offshore funds, charities or other associations or entities whether in private or public sector.

1E. To carry on the business as insurance brokers and/or Insurance Agent as per the provisions of the Insurance Regulatory and Development Act, 1999; as amended from time to time, and/or such other activities/businesses as permissible pursuant to the IRDA Act and the Rules/Regulations thereunder.

1F. To buy, sell, lease, deal in and finance the sale of furniture, apparatus, appliances, wireless and television receivers, electrical and electronic goods, including office and communication systems, consumer goods and articles of every description, to lease or let on hire or sell on the hire purchase system, deferred payment basis, any of the same and to carry out, by contract or otherwise, any work connected therewith and do the business of hire purchase finance of all durable, industrial and commercial goods of all descriptions, and instruments of all descriptions, refrigerators, air-conditioners, washing machines, television and video and other equipment of personal use or otherwise and commercial, residential and industrial buildings.

1G. To undertake and carry on, in India and/or abroad the business of buying, selling, leasing, financing of physical assets supporting productive/economic activity such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, transportation equipment, moving on own power and general purpose industrial machines. buying, selling, discounting, assigning, securitising, factoring any types of receivables, financial assets, debts, actionable claims, both present or future, whether in full or part, from or to any company, person, bank, financial institution or entity and pay consideration / receive consideration for the same.

1H. To carry on the business of a loan and finance company and to lend and advance money or give credit to such persons or companies and on such terms as may seem expedient and in particular to the present and/or prospective customers and/or others having dealings with the Company and to guarantee the performance of any contract or obligation and the payment of money to any such person or companies and generally to give guarantee and indemnities.

The main objects as contained in our Memorandum of Association enable us to carry on the businesses that are presently carried out as well as businesses that we propose to carry out and the activities proposed to be undertaken by us out of the Objects of the Issue.

Amendments to our Memorandum of Association

Date of shareholders' approval	Amendment
April 27, 2006	Change in authorised capital of our Company from Rs. 2.15 crore divided into 21.5 lacs Equity Shares of Rs. 10 each to Rs. 50 crore divided into 500 lacs Equity Shares of Rs. 10.
April 27, 2006	Change in the name of our Company from KB Infin Private Limited to KB Infin Limited, pursuant to the conversion of our Company to a public limited company
November 29, 2006	Change in the name of our Company from KB Infin Limited to Future Capital Holdings Limited
March 19, 2007	The main objects of the Company were altered to to include, after the existing sub-clause 1 under Clause III(A) pertaining to the main objects of the Company, sub-clauses 2 to 5
May 30, 2007	The main objects of the Company were altered, in supersession to the March 19, 2007 alteration of the main objects, to include the new clauses III(A)(1A) to III(A)(1D)

Date of shareholders' approval	Amendment
May 30, 2007	Change in the authorised share capital of our Company from Rs. 50 crore divided into 500 lacs Equity Shares of Rs. 10 each to Rs. 60 crore divided into 600 lacs Equity Shares of Rs. 10 each
September 25, 2007	Change in the authorised share capital for the present Issue of our Company from Rs. 60 crore divided into 600 lacs Equity Shares of Rs. 10 each to Rs. 75 crore divided into 750 lacs Equity Shares of Rs. 10 each
September 25, 2007	Amendment to our main objects clause to include additional objects.

Material Agreements

Shareholders agreement between the Company and the Promoters

The Promoters and the Company had entered into a Shareholders Agreement on January 25, 2007 in relation to their rights and liabilities vis-à-vis each other and the Company. The Company was a confirming party to the agreement. Pursuant to a letter agreement dated September 27, 2007, the Promoters and the Company have agreed to terminate this agreement in light of this Issue. In the event that the Issue is not completed by March 31, 2008, the agreement shall continue to be effective between the parties.

Share Purchase Agreement ("SPA") between the Company, Sivagami Holdings Private Limited ("SHPL"), the persons SHPL is acting on behalf of ("Sellers") and Sivagami Finance and Investments Limited (the "SFIL")

We entered into an SPA with SHPL and the Sellers on May 1, 2007 to purchase 990,040 voting equity shares of SFIL of face value Rs. 10 each, constituting 100% of the total issued, subscribed and paid up capital of SFIL. These purchased shares were held by the Sellers and SHPL acted on behalf of these Sellers for the purposes of the SPA.

SFIL is registered as a non-banking financial company with the RBI and is engaged in the business of hire-purchase, leasing and financing.

Pursuant to the SPA, SHPL agreed, on behalf of itself and the Sellers, to sell not less than all the 990,040 voting equity shares and we, relying on the warranties as prescribed in the SPA, agreed to purchase such shares.

The SPA provides that on the completion of the sale and purchase of the shares in favour of the Company ("Closing"), on the terms and conditions as laid down in the SPA, that *inter alia*, include the details of the payment of consideration for purchase of such shares by the Company, the legal and beneficial ownership and the risk and benefit of the shares purchased, shall pass from the Sellers to the Company on the Closing, which the SPA stipulates to be before May 3, 2007.

The SPA provides for certain commitments on behalf of the Sellers after the Closing, *inter alia* which, include, obligation on the Seller to provide all reasonable co-operation and assistance in relation to the transition of the business for a stipulated period of time, and transfer of right to use the official premises of SFIL by the Company.

The SPA also stipulates that the Sellers would not directly or indirectly act as a partner, shareholder, or as a consultant or through its nominees or affiliates or activity whatsoever in relation to the business of SFIL in India for a period of one year from the date when the Closing takes place.

Pursuant to the SPA, we acquired 100% of the issued, subscribed and paid up capital of SFIL on May 2, 2007.

The name of SFIL was changed to Future Finance Limited on October 18, 2007.

Escrow Agreement between the Company, Sivagami Holdings Private Limited ("SHPL"), the persons SHPL is acting on behalf of ("Sellers"), Sivagami Finance and Investments Limited (the "SFIL") and Udwadia & Udeshi

Pursuant to the Share Purchase Agreement with SHPL and the Sellers, the Sellers have agreed for FCH to deposit a part of the purchase consideration in escrow with Udwadia & Udeshi as escrow agents. This amount will remain in escrow for a specified period and shall be released to the Sellers in instalments subject to certain conditions. In the event that these conditions are not met, the purchase consideration remaining with the escrow agent will be returned to FCH. For the period from the closing of the transaction up to the date the escrow agent has been periodically releasing the agreed payments to the Sellers, as the specified conditions have been met.

Shareholders Agreement between the Company, the Promoters and AMIF I Limited

Pursuant to a share subscription agreement dated June 25, 2007 between AMIF I Limited("**AMIF**"), our Company and our Promoters, AMIF has acquired 5,500,000 Equity Shares, representing 10.8 per cent of the then issued and paid up (9.8% of the pre-Issue paid up) Equity Share Capital of our Company. Our Company and our Promoters have also entered into a shareholders agreement on June 25, 2007 (the "**AMIF Shareholders Agreement**") with AMIF. The AMIF Shareholders Agreement sets forth the mutual rights and obligations of the parties in relation to the operation, administration and management of the Company. In particular, the AMIF Shareholders Agreement provides that:

(a) The Company is required to ensure that its future activities and downstream investments comply with the conditions set forth in the FIPB approval dated March 28, 2007 and clarifications dated May 3, 2007 and May 28, 2007.

(b) AMIF and/ or any member of the OZ Capital management group ("**OZ**", and together with AMIF, the "**OZ Group**") has a right to appoint a non-executive nominee Director on the Board and every Committee of the Board, in a non-executive capacity until such time that the OZ Group holds 5 per cent of the then paid up equity share capital of the Company. The nominee Director cannot be removed from the Board without the consent of the OZ Group, unless required by law;

(c) The Company is required to ensure that the nominee director is not identified as an officer in charge/ default of the Company or occupier of any premises used by the Company or an employer of the Company and is entitled to be indemnified for all losses suffered on account of being a Director. Further, the nominee Director will not be required to guarantee the performance of any obligation of the Company pursuant to any financial transaction or indebtedness;

(d) The Company is also required to purchase directors & officers' liability insurance for USD 1,000,000 for the OZ nominee director and one designated alternate director to such nominee, on terms no less favourable than those purchased for other directors;

(e) The meetings of the Board may be called with a minimum notice of five days, unless this requirement is waived by a majority of the Directors, including the nominee Director appointed by the OZ Group. Further, in the event that the nominee Director appointed by the OZ Group is unable to attend any meeting of the Board or a Committee, the Company is required to permit a non-voting observer nominated by the OZ Group to attend such meeting;

(f) In the event the Promoters sell, intend to sell, or propose to transfer any Equity Shares to any person other than an affiliate in excess of one per cent of the paid up equity share capital of the Company, the OZ Group has proportionate tag-along rights. In terms of such tag-along rights, the OZ Group may require the Promoters to cause the transferee to acquire a proportionate number of Equity Shares from the OZ Group for the same consideration per Equity Share and on the same terms and conditions as are to be paid and given to the Promoters. Further, in the event the Promoters propose to transfer such number of Equity Shares such that the aggregate shareholding of the Promoters together with their affiliates would cease to be less than 50 per cent of the paid up equity share capital of the Company, the OZ Group has the right to sell up to all of the Equity Shares held by the OZ Group.

(g) Until such time as the OZ Group holds any Equity Shares in the Company, the Company, and any of the Subsidiaries cannot, without the approval of the OZ Group (including by the affirmative vote of the Director nominated by the OZ Group and the affirmative vote of the OZ Group as a shareholder, where shareholders' approval is required in terms of the Companies Act), undertake any of the following activities:

i. enter into or modify the terms of any related party transaction;

ii. setting up a subsidiary (i) which is proposed to be capitalized at less than the applicable minimum capitalisation norms under the prevailing foreign direct investment policy of the Government of India, or (ii) into which foreign direct investment is not permitted under the automatic route of the prevailing foreign direct investment policy of the Government of India, or (iii) if for any other reason the investor is required to bring in fresh capital/ funds to capitalize either the Company or any subsidiary so as to comply with the applicable capitalisation norms under the prevailing foreign direct investment policy of the Government of India;

iii. issue any Equity Shares with differential voting rights and/ or economic rights.

(h) The Company can not issue any equity securities pursuant to which the Company and/ or the Promoters enter into any agreement granting rights to the subscribers of such securities, which considered individually are more favourable than the rights granted to the OZ Group. If more favourable rights are granted, the rights granted to the OZ Group are required to be modified to such extent;

(i) The Company cannot issue any securities to any person without permitting the OZ Group a right to purchase its pro-rata share of such issuance on identical terms for a period commencing from June 27, 2008 till the completion of an initial public offering of the Equity Shares of the Company;

(j) The Company and the Promoters are required to cause the Company to list the Equity Shares by way of an initial public offering on a best efforts basis on or before June 27, 2009;

(k) The Company is required to provide to the OZ Group, throughout the term of this AMIF Shareholders Agreement, certain customary information, including, periodical financial statements, budgets, management reports and information relating to significant corporate actions and potential material adverse effects; and

(l) The AMIF Shareholders Agreement will be terminated if the Company is wound up, dissolved or liquidated or by the non breaching party in case of a breach of or failure to observe material terms of the Agreement or on the completion of an initial public offering of the Equity Shares of the Company.

Supplemental Agreement between the Company, the Promoters and AMIF amending the AMIF Shareholders Agreement

The Company, the Promoters and AMIF entered into a supplemental agreement to the AMIF Shareholders Agreement on September 25, 2007, amending the terms and conditions of the AMIF Shareholders Agreement. Pursuant to this Supplemental Agreement, the parties have agreed to modify the articles to enable them to conform to the requirements of the listing agreement of the Indian stock exchanges. If the initial public offering of the Company is not completed by March 31, 2008 the Parties have agreed to amend the Articles of Association of the Company to give effect to the terms of the AMIF Shareholders Agreement.

Investment Advisory Agreement between Indivision Capital Management ("Indivision Capital") and Indivision Investment Advisors Limited ("Indivision Investment Advisors")

Our subsidiary, Indivision Investment Advisors, has entered into an investment advisory agreement dated July 6, 2006 (the "**Indivision Investment Advisory Agreement**") with Indivision Capital.

Indivision Capital which is the investment manager of Indivision Fund, a private equity fund with a primary investment focus on businesses that directly or indirectly cater to consumers in the Indian subcontinent. The Indivision Investment Advisory Agreement sets forth the terms and conditions on which Indivision Investment Advisors provides non-binding investment advisory services to Indivision Capital. In terms of the Indivision Investment Advisory Agreement:

(a) Indivision Investment Advisors is responsible for identifying potential investment opportunities, undertaking due diligence of Indian portfolio companies, providing non-binding investment recommendations, monitoring investments, suggesting exit and liquidity strategies and reporting.

(b) The services of Indivision Investment Advisors are not exclusive to Indivision Capital. Indivision Investment Advisors may render similar services to others without impairing its services provided to Indivision Capital.

(c) The remuneration for the services rendered by Indivision Investment Advisors shall be paid by Indivision Capital on terms agreed from time to time by both the parties.

The Indivision Investment Advisory Agreement provides for customary rights, indemnification and termination, including, by mutual consent, on material breach by either party, where such breach is not remedied within the time period prescribed therein and on the insolvency of either party.

Investment Advisory Agreement ("Horizon Investment Advisory Agreement") between Horizon Development Management (the "Horizon Development") and Kshitij Investment Advisory Company Limited ("Kshitij Investment Advisors")

Our Subsidiary, Kshitij Investment Advisors, has entered into an investment advisory agreement dated March 2, 2007 with Horizon Development. Horizon Development is the investment manager of Horizon Realty Fund, LLC (**"Horizon**"), a private equity fund focused on making direct and indirect investments in equity-linked instruments of Indian portfolio companies engaged in retail oriented real estate projects in India. The key employees of Kshitij Investment Advisors are Shishir Baijal and Sanjeev Dasgupta. The Horizon Investment Advisory Agreement sets forth the terms and conditions on which Kshitij Investment Advisors provides non-binding investment advisory services to Horizon Development, in terms of the Horizon Investment Advisory Agreement:

(a) Horizon Investment Advisors is responsible for identifying potential investment opportunities, undertaking due diligence of Indian portfolio companies, providing non-binding investment recommendations, monitoring investments, suggesting exit and liquidity strategies and reporting.

(b) The services of Kshitij Investment Advisors are not exclusive to Horizon Development. Kshitij Investment Advisors may render similar services to others without impairing its services provided to Horizon Development.

(c) Kshitij Investment Advisors is entitled to remuneration for the services rendered, which service fee shall be reviewed mutually by both parties on an annual basis.

The Horizon Investment Advisory Agreement provides for customary rights, indemnification and termination, including, by mutual consent, on material breach by either party, where such breach is not remedied within the time period prescribed therein and on the insolvency of either party.

Investment Advisory Agreement ("Kshitij Investment Advisory Agreement") between Kshitij Venture Capital Fund (the "Kshitij Fund") and Kshitij Investment Advisory Company Limited ("Kshitij Investment Advisors")

Our Subsidiary, Kshitij Investment Advisors, has entered into an investment advisory agreement dated April 14, 2005 with Kshitij Fund, which has been duly registered as a venture capital fund under the SEBI (Venture Capital Funds) Regulations, 1996 ("SEBI Regulations"). Kshitij Fund has been set up as a trust and its trustees are IL&FS Trust Company Limited, Mr. Chandra Prakash Toshniwal and Mr. Narendra Baheti ("Trustees").

Kshitij Fund has been set up for the purpose of carrying out investments in Indian companies engaged in the specified sectors and such other companies in which investment is permitted under applicable law. Kshitij Investment Advisors have been appointed for advising Kshitij Fund with respect to its investments and management of the portion of capital agreed by the contributors to be paid to Kshitij Fund for specific schemes.

The Kshitij Investment Advisory Agreement lays down policies and restrictions for identifying and evaluating investment opportunities and making investments for Kshitij Fund.

In terms of the Kshitij Investment Advisory Agreement, the functions, *inter alia*, of Kshitij Investment Advisors are:

a) Identification and sourcing of projects, investment ideas etc.;
b) To carry out appraisal and due diligence of such projects and proposals;
c) To engage skilled and experienced professionals for such projects;
d) To advise the Trustees in respect of day to day administration and management of the proceeds, towards the Kshitij Fund, by contributors.

Kshitij Investment Advisors are entitled to a periodic fee as well as a carried beneficial interest, which would be specific to the scheme being advised upon.

The period fee as set forth in the Kshitij Investment Advisory Agreement is 2.5% per annum of the capital contribution and 1% per annum of the balance capital commitment. Kshitij Investment Advisors is also eligible to be paid 2% of the aggregate capital commitment as a mobilisation fee.

Kshitij Investment Advisors is also eligible to receive a carry beneficial interest based upon performance of the Kshitij Fund.

The Kshitij Investment Advisory Agreement provides for customary rights, indemnification and of termination, including, by mutual consent, on material breach by either party, where such breach is not remedied within the time period prescribed therein and on the insolvency of either party.

The Kshitij Investment Advisory Agreement is supposed to take effect upon the Trust obtaining registration as a venture capital fund in accordance with the Regulations and is supposed to continue to be in force as long as the Trust remains in subsistence.

Investment Advisory Agreement ("Indus Investment Advisory Agreement") between the Company and FHL Developments Company LLC (the "FHL")

We have entered into an investment advisory agreement dated September 27, 2007 with FHL. FHL is the investment manager for Indus Hotel Ventures LLC ("Indus"), a private equity fund focused on making direct and indirect investments in Indian companies in specified sectors. The Indus Investment Advisory Agreement sets forth the terms and conditions on which FCH would provide non-binding investment advisory services to FHL.

In terms of the Indus Investment Advisory Agreement:

a) FCH is responsible for identifying potential investment opportunities, undertaking due diligence of Indian portfolio companies, providing non-binding investment recommendations, monitoring investments, suggesting exit and liquidity strategies and reporting.

b) The services of FCH are not exclusive to FHL. FCH may render similar services to others without impairing its services provided to FHL; and

c) FCH is entitled to a fee for the services rendered by it under Indus Investment Advisory Agreement to FHL, which would include reimbursement of expenses, and which would be agreed between FHL and FCH from time to time;

The Indus Investment Advisory provides for customary rights, indemnification and of termination, including, by mutual consent, on material breach by either party, where such breach is not remedied within the time period prescribed therein and on the insolvency of either party.

Joint venture Agreement with CapitaLand Retail India Pte Limited and Kshitij CapitaLand Mall Management Private Limited

Pursuant to a heads of agreement, PRIL and CapitaLand Retail India Pte Ltd. ("**CR**"), agreed to, directly or indirectly through their respective affiliates, to set up a mall management company in India. Accordingly, a joint venture company, Satyam Mall Management Company Private Limited, was incorporated by our Company and CR, which was subsequently renamed as Kshitij CapitaLand Mall Management Private Limited ("**Kshitij Malls**"). Our Company also entered into a joint venture agreement dated January 31, 2007 ("**JV Agreement**") with CR and Kshitij Malls. The JV Agreement regulates the relationship between the Company and CR, as shareholders of Kshitij Malls and in particular provides that:

(a) The business of Kshitij Malls shall be restricted to the provision of mall management services in relation to the retail properties in which Horizon or the Kshitij Fund have invested and where the terms of the acquisition or investment by Horizon or the Kshitij Fund do not prevent the appointment of the Kshitij Malls as the mall manager of the properties;

(b) The Company and CR are prohibited, during the term of the JV Agreement and for a period of 12 months after its termination, from engaging in any business relating to managing and operating malls and other activities related to the same in India and to participate or collaborating in any manner with any third party or business of the purpose of carrying on the business of managing and operating malls;

(c) The Company and CR will maintain their respective shareholding percentage in, and ratio of shareholders' loans to, Kshitij Malls at all times during the term of the agreement, except that adjustments may be made to such percentage/ ratio by the admission of a new shareholder or otherwise by mutual consent. All fresh issues of shares by Kshitij Malls shall be offered to the Company and CR in the ratio of their respective shareholding percentages;

(d) Further, so long as the Company and CR hold 50 per cent of the issued capital of Kshitij Malls, they will each be entitled to appoint three directors to the board of directors of Kshitij Malls and no other directors will be appointed. The chairman of the board of directors of Kshitij Malls shall be appointed by rotation, on an annual basis, from amongst the directors nominated by the Company and CR. The Company and CR will procure that in respect of certain specified matters, no action will be taken or resolution adopted, without the consent of at least one of the directors appointed by both the Company and CR; and

(e) The JV Agreement will terminate upon the Company and CR agreeing in writing to terminate the JV Agreement or if an effective resolution is passed for the winding up of Kshitij Malls for or a binding order is made for the same.

Exclusivity Agreement entered into with Pantaloon Retail (India) Limited

The Company has entered into an Exclusivity Agreement ("**EA**") on April 2, 2007 with PRIL in terms of which PRIL has granted the Company the sole and exclusive rights for the sale and distribution of financial products and services in malls, stores and retail outlets, owned, controlled and managed by PRIL and its subsidiaries for an initial term of 20 years effective from April 30, 2007. PRIL has a right under the EA to modify the terms of the EA, after undertaking a review of the Company's performance, at end of the ten years from the commencement of the EA.

Particularly, the EA:

a) Grants us the exclusive right to sell and distribute all financial products and services, including but not limited to loans, credit cards, loyalty programs embedded in credit cards, insurance, deposit, savings or investment products and services, currency exchange services or supporting/ related financial products and services;

b) Requires our Company to undertake the following activities as the sole distributor of financial products and services;

- Sales and distribution of financial products and services;
- Create, sell and distribute financial products and services, including special promotions, to drive consumption and sales in stores;
- Establish suitable sales and distribution infrastructure;
- Establish suitable systems for marketing of credit cards and loyalty programs;
- Establish suitable systems for customer relationship management; and
- Establish suitable systems for risk analysis.

c) Requires PRIL to take all possible steps to ensure the implementation of EA, including by making space available to the Company to provide financial products and services, subject to availability of space, at the cost to be borne by the Company;

d) Requires PRIL to share customer data generated in stores or malls with the Company, as permissible, to enable the Company to perform its obligations under the EA; and

e) Requires the Company to pay an annual consideration of Rs. 300 lacs to PRIL for the grant of such exclusive right in terms of the EA.

Credit Card Alliance Agreement between the Company and ICICI Bank Limited

We have entered into a Credit Card Alliance Agreement ("**CCAA**") on May 16, 2007 with ICICI Bank Limited ("**ICICI Bank**") for the purposes of developing, marketing and issuing an FCH ICICI Bank Co-Branded credit card ("**Credit Card**") to the customers and selected employees of our Company. The Credit Card issued will be for use at various retail merchant establishments.

Under the terms of CCAA, the Credit Card will be issued, owned and developed by ICICI Bank. The Credit Card will be jointly promoted by our Company and ICICI Bank. The terms and conditions governing the usage of the Credit Card will be as stipulated by ICICI Bank.

The CCAA lays down that the unique design, the format and manner of putting the logos/ names of ICICI Bank and our Company on the Credit Card shall be agreed upon mutually by ICICI Bank and our Company. Further, the Credit Card will be either a VISA or a MasterCard credit card and shall carry all the features and benefits applicable to ICICI Bank Solid Gold or Silver credit cards.

Under the terms of promotion of the Credit Card, the CCAA sets forth that both our Company and ICICI Bank shall make efforts to actively promote the Credit Card.

Under the CCAA, ICICI Bank is required to promote the Credit Card through monthly billing statements and our Company is required to promote the Credit Card through media promotions and provide in-store visibility for the Credit Card at the stores and malls run by the Future Group and at its branches and offices.

The features and benefits that the Cardholders will get from owning a Credit Card have been set forth in the CCAA. These features include a loyalty program, that entails rewards to cardholders for their spends (in the format as provided in the CCAA), at the stores and malls specified in the CCAA. Other features are the customer engagement program and pricing, where various incentives like discount offers or no annual or joining fee for the Credit Card are provided to cardholders. However, ICICI Bank, after prior written consent of our Company, reserves the right under the CCAA to modify the price from time to time.

Under the CCAA, the operations of the Credit Card would be initiated by issuing the Credit Card to customer base of ICICI Bank Big Bazaar Card within the same credit limit by obtaining a written consent from the customer. ICICI Bank would retain all cross sell rights on the ICICI Bank Big Bazaar Card base post migration under the CCAA, but it would not cross sell on a reactive or pro-active basis any financial or financial services like personal loans or insurance if the customer is not an existing ICICI Bank credit card holder.

Under the CCAA, both ICICI Bank and our Company would exchange progress reports on the number of customers contacted on a monthly basis. The CCAA requires our Company, to the extent permissible under law, collect the database of its existing customers and share the same with ICICI Bank. ICICI Bank is required to provide our Company with such information as mutually agreed upon by our Company and ICICI Bank, about the Cardholders, to the extent permissible by law.

ICICI Bank reserves the right, under CCAA, to issue Credit Cards only to those customers who fulfill ICICI Bank's eligibility criteria for issuance of the Credit Card. Under the CCAA, ICICI Bank will provide all operational services for the Credit Card covering, *inter alia*, billings sending statements, collections and recovery.

The CCAA requires the relationship between ICICI Bank and our Company to be an exclusive tie up for a period of 5 years from May 16, 2007, with our Company barred from entering into a similar relationship with any third party during the 5 year term of the CCAA.

Under the CCAA, both ICICI Bank and our Company have the right to terminate the CCAA, by giving the other a one month's written notice.

The CCAA sets forth that if our Company receives an invitation for entering into a similar relationship as contemplated under the CCAA, with a third party, our Company is required to inform ICICI Bank of such an invitation at the outset of such negotiations, and the CCAA requires our Company to provide a right of first refusal to ICICI Bank to modify or enter into a new agreement with our Company, on terms no less favourable than those offered to our Company by a third party.

Under the CCAA, the costs to be incurred by our Company are the contribution towards reward points and contributions towards marketing and communication costs.

The revenues to be received by our Company under the CCAA are the fixed amounts it receives from ICICI Bank for every new Credit Card account that is set up. The fixed amounts per account laid down under the CCAA vary on a yearly basis. Further, our Company is also entitled to a laid down percentage of spends by the Cardholders, the percentage varying from the spends made at stores of Future Group from the spends made at any other outlet.

All the customer data generated pursuant to the CCAA, shall exclusively belong to ICICI Bank and on request shall be shared with our Company, to the extent permissible by law and subject to the consent of the card holder.

Services Agreement between the Company and Keystone Company Limited

We entered into a Services Agreement with Indivision Capital Management ("**ICM**") on September 14, 2007 to provide certain research services to ICM, commencing from June 23, 2006. The Services Agreement with ICM as provided, terminated on March 31, 2007. Pursuant to the termination, we entered into another Services Agreement with Keystone Company Limited, on September 14, 2007, on similar terms, which commenced operation from April 1, 2007.

The Services Agreement entered into with Keystone Company Limited ("**Keystone**") on September 14, 2007, provides for the following services to be rendered to Keystone by us, that include:

a) Thematic research reports which will investigate sectors and issues supporting various investible thesis in India;

b) Quarterly research reports which will monitor certain key macro and micro indicators of the India economy and consumption patterns in India; and

c) Research on an as needed basis to support investments based on due diligence or to support business development ideas for investments.

The Services Agreement commenced on April 1, 2007. The term of the Services Agreement as laid down, is the period from the start date to the end date, being the minimum period for the provision of the services, and the then continuing beyond such period till the Services Agreement is terminated. The Services Agreement can be terminated, *inter alia*, by either Keystone or the Company, if the other commits a material breach of any terms of the Services Agreement and if the same is not remedied with 21 days of making a written request for the same. The Company can terminate the Services Agreement if Keystone fails to make payments of any sum due to the Company or if Keystone or its employees engage in conduct that may be prejudicial to the business of the Company or if a conflict or a potential conflict of interest arises between the Company and Keystone.

Under the Services Agreement, Keystone is required to provide reasonable co-operation in matters relating to the performance of the Company's obligation under the Services Agreement. Further, Keystone is required to provide the Company with access to Keystone's information records and other materials relevant to the services that the Company is required to provide Keystone with.

The fee for the services rendered by the Company to Keystone shall be paid from time to time, which would include the charges of the services rendered, the any other expense together with such additional sums as agreed between the Company and Keystone for the services provided and charges for any additional services provided by the Company to Keystone, which are other than the services as contemplated above, and the terms of payment for which has been laid down. The Company has been provided with the discretion, under the Services Agreement, to vary the charges of the services provided from time to time.

Keystone is required to make the payments of the additional payments as instructed by the Company, and is also required to reimburse the Company of any our of pocket expenses.

The Services Agreement sets forth that the property, copyright or the intellectual property rights in a material generated by the Company pursuant to the services provided under the Services Agreement to Keystone shall belong to the Company, subject only to the right granted to Keystone to use such material during the term of the Services Agreement.

The Services Agreement lays down terms of confidentiality, which, *inter alia*, requires both Keystone and the Company to not to divulge to any person any information relating to the business of the other, that might be of confidential nature.

Under the Services Agreement, the Company warrants to Keystone that it would undertake reasonable care and skill to provide services to the latter. However, the any dates, periods or times specified shall be construed to be estimates and not essence of the Company's performance of its obligation to Keystone.

The Services Agreement sets forth that the Company shall not be liable to Keystone for any representations, except when such is fraudulent, or for any loss of, inter alia, business revenues or profits, whether direct or indirect or special or consequential loss, which arise out of or in connection with the services provided by the Company to Keystone. Further, the limited of the Company's liability towards Keystone has been restricted to the maximum extent of the charges paid by Keystone to the Company for the services provided by the latter to the former in the first year of the term of the Services Agreement. The Company, under the terms of the Services Agreement, is required to indemnify Keystone from and against any loss, claim, liability suffered by Keystone as a result of negligence or default by the Company.

Joint venture Agreement entered into with Aeroterm Mauritius Limited and Realterm FCH Logistics Advisors Private Limited

We have entered into a joint venture agreement ("JV") with Aeroterm Mauritius Limited ("AML") on September 21, 2007 to establish an advisory company in India, being Realterm FCH Logistics Private Advisors Limited ("Realterm"), each holding 50% of the issued and paid up share capital of Realterm, on terms as set forth in the JV.

The JV regulates the relationship between the Company and AML, as shareholders of Realterm and in particular provides that:

1) The business of Realterm shall be confined to providing, inter alia, investment or other advisory services relating to logistics, warehousing facilities and related infrastructure etc., in India and for providing various warehouse management services in India. The JV sets forth that all transactions of Realterm with the Company and AML will be at fees in line with local market practices prevalent in India, with due regard to local cost considerations.

2) The Company and AML, as long as hold 50% each of the share capital of Realterm, shall each have the right to appoint 50% of the directors on the Board of Realterm.

3) The quorum of the Board meetings of Realterm is required to be not less than two directors present and is required to be comprised of one director each from AML and the Company.

4) Neither AML nor the Company can pledge, mortgage, charge, encumber, sell, transfer, grant any option over or enter into any agreement in respect of the votes attached to their shares of Realterm, without the prior consent of the other.

5) The Company and AML are prohibited, during the term of the JV and for a period of 12 months after its termination, from engaging in any business relating to providing investment and advisory services relating to logistics, warehousing facilities etc in India and overseas and various services relating to warehouse management in India.

6) All intellectual property that is created in the course of business of Realterm shall be owned by Realterm.

7) AML or the Company may terminate the JV if Realterm is unable to conclude an advisory agreement with an offshore fund of a corpus of at least US Dollars 200 million within 18 months of execution of the JV or if AML and the Company agree in writing to terminate the JV or if either AML or the Company cease to hold any shares in Realterm.

OUR SUBSIDIARIES AND JOINT VENTURES

Our Subsidiaries

Our Company has the following Subsidiaries:

1. Ambit Investment Advisory Company Limited;
2. Future Finmart Limited;
3. Future Hospitality Management Limited;
4. Indivision Investment Advisors Limited;
5. Kshitij Investment Advisory Company Limited;
6. Myra Mall Management Company Limited; and
7. Future Finance Limited (erstwhile Sivagami Finance and Investments Limited).

Unless otherwise stated none of our Subsidiaries is a sick company under the meaning of SICA and is not under winding up. Further, all our Subsidiaries are unlisted companies and they have not made any public issue of securities in the preceding three years.

1. Ambit Investment Advisory Company Limited

Ambit Investment Advisory Company Limited was incorporated on August 3, 2005 and is involved in the business of providing financial, investment advisory services, management and facilitation services. Ambit Investment Advisory Company Limited is a wholly owned subsidiary of the Company. The registered office of Ambit Investment Advisory Company Limited is at:

FCH House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

The directors of Ambit Investment Advisory Company Limited are:

1. P.M. Devaiah (DIN: 00146903);
2. K.K. Rathi (DIN: 00040094); and
3. Shishir Baijal (DIN: 00089265)

Financial performance of Ambit Investment Advisory Company Limited for the fiscal 2006, fiscal 2007 and six months ended September 30, 2007 is as follows:

(Rs. lacs except per share data)

Particulars	For six months ended September 30, 2007	For the year ending March 31, 2007	For the year ending March 31, 2006
Equity share capital	225.00	100.00	100.00
Reserves and Surplus	(12.73)	(12.77)	(47.59)
Income	3.73	46.87	0.00
Profit After Tax (PAT)	0.05	34.82	(47.59)
Earning Per Share (EPS) (Rs.)	0.003	3.48	(72.37)
Net Asset Value (Book value per share) (Rs.)	9.43	8.72	5.24

2. Future Finmart Limited

Future Finmart Limited was incorporated on January 25, 2007 and is involved in the business of providing or acting as direct selling agents, franching, licensing, authorised sales agents etc., for any type of financial and saving instruments. Future Finmart Limited is a wholly owned subsidiary of the Company. The registered office of Future Finmart Limited is at:

FCH House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

The directors of Future Finmart Limited are:

1. P.M. Devaiah (DIN: 00146903);
2. N. Shridhar (DIN: 00019087); and
3. Ashutosh Lavakare (DIN: 00260319)

Financial performance of Future Finmart Limited for period ended September 30, 2007 (since incorporation) is as follows:

(Rs. lacs except per share data)

Particulars	For six months ended September 30, 2007
Equity Share Capital	225.00
Reserves and Surplus	(5.47)
Income	-
Profit After Tax (PAT)	(5.47)
Earning Per Share (EPS) (Rs.)	(1.07)
Net Asset Value (Book value per share) (Rs.)	9.76

3. Future Hospitality Management Limited

Future Hospitality Management Limited was incorporated on March 31, 2007 and is involved in the business of managing businesses of all types of hotels, long stay apartments, service apartments, motels and restaurants. Future Hospitality Management Limited is a wholly owned subsidiary of the Company. The registered office of Future Hospitality Management Limited is at:

FCH House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

The directors of Future Hospitality Management Limited are:

1. P.M. Devaiah (DIN: 00146903);
2. N. Shridhar (DIN: 00019087); and
3. Shishir Baijal (DIN: 00089265).

Financial performance of Future Hospitality Management Limited for period ended September 30, 2007 (since incorporation) is as follows:

(Rs. lacs except per share data)

Particulars	For six months ended September 30, 2007
Equity Share Capital	5.00
Reserves and Surplus	(0.75)
Income	-
Profit After Tax (PAT)	(0.75)
Earning Per Share (EPS) (Rs.)	(1.51)
Net Asset Value (Book value per share) (Rs.)	8.49

4. Indivision Investment Advisors Limited

Indivision Investment Advisors Limited was incorporated on November 21, 2005 and is involved in the business of investment consultancy and financial advisory services relating to takeover bids, mergers, amalgamations and diversifications. Indivision Investment Advisors Limited is a wholly owned subsidiary of the Company. The registered office of Indivision Investment Advisors Limited is at:

FCH House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

The directors of Indivision Investment Advisors Limited are:

1. K.K. Rathi (DIN: 00040094);
2. Sameer Sain (DIN: 01164185); and
3. N. Shridhar (DIN: 00019087).

Financial performance of Indivision Investment Advisors Limited for fiscal 2006, fiscal 2007 and six months ended September 30, 2007 is as follows:

(Rs. lacs except per share data)

Particulars	For six months ended September 30, 2007	For the year ending March 31, 2007	For the year ending March 31, 2006
Equity Share Capital	225.00	50.00	50.00
Reserves and Surplus	230.73	154.35	(264.25)
Income	772.37	1,491.03	-
Profit After Tax (PAT)	76.38	418.60	(264.25)
Earning Per Share (EPS)(Rs.)	7.59*	83.72	(414.58)
Net Asset Value (Book value per share) (Rs.)	20.25	40.87	(42.85)

*EPS is on enlarged capital

5. Kshitij Investment Advisory Company Limited

Kshitij Investment Advisory Company Limited was incorporated on December 31, 2004 and is involved in the business of providing financial, investment advisory services, management and facilitation services. Kshitij Investment Advisory Company Limited is a wholly owned subsidiary of the Company. The registered office of Kshitij Investment Advisory Company Limited is at:

52, Kalpataru Synergy
Opp Grand Hyatt
Santa Cruz (East)
Mumbai – 400 055

The directors of Kshitij Investment Advisory Company Limited are:
1. Ajay Chandra (DIN: 00004234);
2. Sameer Sain (DIN: 01164185);
3. N. Shridhar (DIN: 00019087); and
4. K.K. Rathi (DIN: 00040094).

Financial performance of Kshitij Investment Advisory Company Limited for fiscal 2006, fiscal 2007 and six months ended September 30, 2007 is as follows:

(Rs. lacs except per share data)

Particulars	For six months ended September 30, 2007	For the year ending March 31, 2007	For the year ending March 31, 2006
Equity Share Capital	300.00	300.0	300.00
Reserves and Surplus	(69.35)	(133.73)	(99.12)
Income	1,344.62	1,519.97	1,020.55
Profit After Tax (PAT)	64.38	(34.61)	(99.11)
Earning Per Share (EPS) (Rs.)	2.15	(1.15)	(13.87)
Net Asset Value (Book value per share) (Rs.)	7.69	5.54	6.70

6. Myra Mall Management Company Limited

Myra Mall Management Company Limited was incorporated on March 2, 2006 and is involved in the business of acquiring, improving, building, selling leasing, managing, commercially exploiting and dealing in real estate and properties of diverse natures. Myra Mall Management Company Limited is a wholly owned subsidiary of the Company. The registered office of Myra Mall Management Company Limited is at:

FCH House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

The directors of Myra Mall Management Company Limited are:

1. Shishir Baijal (DIN: 00089265);
2. Sanjeev Dasgupta (DIN: 00090701); and
3. N. Shridhar (DIN: 00019087)

Financial performance of Myra Mall Management Company Limited for fiscal 2006, fiscal 2007 and six months ended September 30, 2007 is as follows:

(Rs. lacs except per share data)

Particulars	For six months ended September 30, 2007	For the year ending March 31, 2007	For the year ending March 31, 2006
Equity Share Capital	100.00	100.00	1.00
Reserves and Surplus	(165.41)	(128.92)	(0.23)
Income	455.14	261.00	-
Profit After Tax (PAT)	(36.49)	(128.69)	(0.23)
Earning Per Share (EPS)(Rs.)	(3.65)	(16.38)	(2.39)
Net Asset Value (Book value per share) (Rs.)	(6.54)	(2.89)	7.60

Myra Mall Management Company Limited has obtained a loan up to Rs. 60.00 crore from Housing Development Finance Corporation Limited on May 15, 2006 and has availed upto Rs. 55.40 crore till December 15, 2007.

7. Future Finance Limited

Future Finance Limited was earlier Sivagami Finance and Investments Limited and the name change was effected on October 18, 2007. Sivagami Finance and Investments Limited was incorporated on October 14, 1991 and changed its registered office from Pondicherry to Chennai on June 27, 1995 and is involved in the business of finance, factoring, investment, hire purchase and leasing and to finance industrial, trading and manufacturing. Sivagami Finance and Investments Limited became a Subsidiary of our Company with effect from May 2, 2007 pursuant to the acquisition of the entire share capital of Sivagami Finance and Investments Limited by the Company from Sivagami Holdings Private Limited in terms of a shareholders agreement dated May 1, 2007. Future Finance is a wholly owned subsidiary of the Company. The registered office of Future Finance Limited is at:

202 (Old No. 742)
Anna Salai
Chennai 600 002

The directors of Future Finance Limited are:

1. Sameer Sain (DIN: 01164185);
2. N. Shridhar (DIN: 00019087);
3. Pankaj Thapar (DIN: 01225255); and
4. Rakesh Makkar (DIN: 01225230)

Financial performance of Future Finance Limited for fiscal 2005, fiscal 2006, fiscal 2007 and six months ended September 30, 2007 is as follows:

(Rs. lacs except per share data)

Particulars	For six months ended September 30, 2007	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Equity Share Capital	225.00	99.00	99.00	99.00
Reserves and Surplus	25.21	28.00	27.43	25.28
Income	14.35	39.51	39.80	52.63
Profit After Tax (PAT)	(2.78)	0.57	2.14	3.05
Earning Per Share (EPS) (Rs.)	(0.21)	0.05	0.22	0.05
Net Asset Value (Book value per share) (Rs.)	11.12	12.82	12.77	12.55

Our Joint Ventures

Our Company has the following joint ventures:

1) Kshitij CapitaLand Mall Management Private Limited; and
2) Realterm FCH Logistics Advisors Private Limited.

Unless otherwise stated none of our Joint Venture companies is a sick company under the meaning of SICA and is not under winding up. Further, all our Joint Venture companies are unlisted companies and they have not made any public issue of securities in the last three years.

1) Kshitij CapitaLand Mall Management Private Limited

Kshitij CapitaLand Mall Management Private Limited was incorporated on April 25, 2006 as Satyam Mall Management Private Limited and is involved in the business of mall management services.

Kshitij CapitaLand Mall Management Private Limited is a 50-50% joint venture between our Company and Capitaland Retail India Pte Ltd. The registered office of Kshitij CapitaLand Mall Management Private Limited is located at:

FCH House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013

The directors of Kshitij CapitaLand Mall Management Private Limited are:

1. Pua Seck Guan (DIN: 00904462);
2. Simon Ho (DIN: 00899342);
3. Thai Kum Foon (DIN: 00914914);
4. Shishir Baijal (DIN: 00089265);
5. N. Shridhar (DIN: 00019087); and
6. Sanjiv Dasgupta (DIN: 00090701).

Financial performance of Kshitij CapitaLand Mall Management Private Limited for fiscal 2007 and six months ended September 30, 2007 is as follows:

(Rs. lacs except per share data)

Particulars	For six months ended September 30, 2007	For the year ending March 31, 2007
Equity Share Capital	68.40	2.00
Share application money pending allotment	-	498.00
Reserves and Surplus	43.26	(164.20)
Income	57.99	20.73
Profit After Tax (PAT)	(224.14)	(164.20)
Earning Per Share (EPS) (Rs.)	(33.30)	(1615.54)
Net Asset Value (Book value per share) (Rs.)	16.32	(811.01)

2) Realterm FCH Logistics Advisors Private Limited

Realterm FCH Logistics Advisors Private Limited was incorporated on July 12, 2007 and is involved in the business of investment advisory services with focus on logistics sector. It changed its name on October 17, 2007. Realterm FCH Logistics Advisors Private Limited is a 50-50% joint venture between our Company and Aeroterm Mauritius Limited. No financial information is available for Fiscal 2007 since the company was recently incorporated.

The registered office of Realterm FCH Logistics Advisors Private Limited is located at:

FCH House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai – 400 0013

The directors of Realterm FCH Logistics Advisors Private Limited are:

Robert Pavrey (DIN: 00050362); and
Pankaj Thapar (DIN: 01225255).

Financial statements for Realterm FCH Logistics Advisors Private Limited are not available as it is in the first year of its incorporation.

OUR MANAGEMENT

Board of Directors:

We currently have five directors. The following table sets forth details regarding our Board as of the date of filing the Red Herring Prospectus with SEBI.

Name, Father's Name, Designation, Residential Address, Occupation and Term	Age	Other Directorships
Kishore Biyani S/ o Laxminarayan Biyani *Chairman* 406, Jeevan Vihar Manav Mandir Road Mumbai – 400 006 Entrepreneur Retires by rotation DIN: 00005740	47	• Acute Realty Private Limited • Anchor Malls Private Limited • Bartraya Mall Development Company Private Limited • BLB Mall Management Company Private Limited • Chaste Investment Private Limited • Erudite Trading Private Limited • Future Brands Limited • Future Generali India Insurance Company Limited • Future Generali India Life Insurance Company Limited • Future Media (India) Limited • Galaxy Entertainment Corporation Limited • Galaxy Rain Restaurants Private Limited • Home Solutions Retail (India) Limited • Jagran Prakashan Limited • KB Mall Management Company Limited • Manz Retail Private Limited • Naman Mall Management Company Private Limited • New Horizon Retail Private Limited • Nishta Mall Management Company Private Limited • Pantaloon Industries Limited • Pantaloon Retail (India) Limited • Simpleton Investrade Private Limited • Srishti Mall Management Company Private Limited • Unique Malls Private Limited • UTV Software Communications Limited • Winner Sports Private Limited • Varnish Trading Private Limited • Future Ventures India Limited
Sameer Sain S/ o Sushil Kanwar Sain *Managing Director and Chief Executive Officer* 1302, Narain Terraces Union Park Road	37	• Aparna Commercial Holdings Private Limited • Boussard and Gavaudan Holdings Limited • Future E Commerce Infrastructure Limited • Future Media (India) Limited • Indivision Investment Advisors Limited • Kshitij Investment Advisory Company Limited • Nashik Vintners Private Limited

Name, Father's Name, Designation, Residential Address, Occupation and Term	Age	Other Directorships
Bandra (West) Mumbai – 400 050 Entrepreneur Term: 5 years DIN: 01164185		• Ravindranath GE Medical Associates Private Limited • Future Finance Limited • Pingaksh Realty Private Limited
G.N. Bajpai S/o Mr. Bans Gopal Bajpai *Independent Director* 131, Shaan Apartments K.D. Marg, Opp. Kirti College Prabhadevi, Mumbai – 400 028, India Business Retires by rotation DIN: 00946138	65	• Emaar MGF Land Limited • Epitome Global Services Private Limited • Future Generali Insurance Company Limited • Future Generali Life Insurance Company Limited • Informerics Private Limited • Intuit Consulting Private Limited • Invent Assets Securitisation & Reconstruction Private Limited • Mandhana Industries Private Limited • The Dhanalaxmi Bank Limited • Apnaloan.com Services Private Limited • Nitesh Estates Private Limited
Shailesh Haribhakti S/ o Vishnu Bhagwandas Haribhakti *Independent Director* 228, Kalpataru Habitat B Wing, 22nd & 23rd Floor Dr. S.S. Rao Road Parel Mumbai – 400 012 Chartered Accountant Retires by rotation DIN: 00007347	51	• Advantage Moti India Private Limited • Akruti Nirman Limited • Ambuja Cements Limited • ACC Limited • Blue Star Limited • E-Biz Chem Private Limited • Everest Kanto Cylinder Limited • First Policy Insurance Advisors Private Limited • Fortune Financial Services (India) Limited • Great Offshore Limited • Haribhakti MRI Corporate Services Private Limited • Hercules Hoists Limited • Hexaware Technologies Limited • Kotak Mahindra Trusteeship Services Limited • Lotus India Asset Management Co. Private Limited • Mahindra Gesco Developers Limited • Moores Rowland Consulting Private Limited • Morarjee Textiles Limited • Neue Alliance Private Limited • Overseas Infrastructure Alliance Private Limited • Pantaloon Retail (India) Limited • Quadrum Solutions Private Limited • LIC Pension Fund Limited
Alok Oberoi	44	• ACP Partners Limited

Name, Father's Name, Designation, Residential Address, Occupation and Term	Age	Other Directorships
Independent Director S/o Santosh Kumar Oberoi 21, Blomfield Road London United Kingdom Entrepreneur Retires by rotation DIN: 01779655		• ACP Select Fund Limited • ACP Global Opportunities Fund Inc • ACP European Equity Long/Short Fund Inc • Blomfield Amenity Limited • Indivision Capital Management • IFVCI Limited • IFII Limited • IIP LLC • ACP Global Feeder Funds PLC • ACP Partners Investment Managers (Ireland) Limited • Envision Capital Advisors Private Limited • India Discovery Fund Limited

Brief Biographies

Kishore Biyani, aged 47, is the Chairman of the Company. He is a commerce graduate with a post-graduate diploma in marketing management. He has over 25 years of experience in the field of manufacturing and retailing. He is the Managing Director of PRIL. He has received several awards including the 'CEO of the Year - 2001', 'the most Admired Retailer of the Year – 2004', the 'Retail Face of the Year - Images Retail Awards 2005' and the 'E&Y Entrepreneur of the Year – Services – 2006'. He has been on the Board of our Company since September 5, 2006.

Sameer Sain, aged 37, is the Managing Director and Chief Executive Officer of the Company. He is a graduate in commerce from University of Bombay and has a Bachelors degree in Business Administration from the University of Massachusetts at Amherst. He also holds a masters degree in Business Administration from Cornell University. He was formerly a Managing Director at Goldman Sachs International and was head of Institutional Wealth Management and Special Investments Group (International). He has over 11 years of experience with Goldman Sachs in New York and London. He has been on the Board of our Company since April 15, 2006.

Shailesh Haribhakti, aged 51, is a chartered accountant, cost accountant, and a certified internal auditor. He has around 30 years of experience as a chartered accountant. He is the deputy managing partner of Haribhakti & Co., Chartered Accountants. He is the chairman of the Banking, Finance and Insurance Committee of the Indian Merchant's Chamber and a member of the Adhoc Advisory Committee for Master's Degree in Management Studies, University of Mumbai. He has been on the Board of our Company since September 27, 2007.

G.N. Bajpai, aged 65, has had a distinguished career in the Indian financial sector for over 40 years. Mr. Bajpai has also been the Chairman of SEBI, Life Insurance Corporation of India and the Corporate Governance Task Force of International Organisation of Securities Commission and the Chairperson of the Insurance Institute of India. He has also been a member of the Board of Directors of General Insurance Corporation of India, ICICI Bank, Unit Trust of India, Axis Bank and Indian Railway Finance Corporation. Mr. Bajpai is a member of Reserve Bank of India's Standing Technical Committee on Financial Regulation and Board of Advisors of Indian Army Group Insurance Fund. He has served in the Governing Board of the National Insurance academy in the past. Mr. Bajpai is on the Board of Governors of the Indian Institute of Management (Lucknow). He has delivered lectures at the London School of Economics, Harvard University and the Massachusetts Institute of Technology and has addressed the Organisation of Economics Co-operation and Development (OECD) and International Monetary (IMF). Mr. Bajpai has written three books and was recently awarded the "Outstanding Contribution to the Development of Finance". Mr. Bajpai completed his Master of Commerce degree from the University of Agra and his Bachelor of Laws degree from the University of Indore. He joined the Board of our Company in September 27, 2007.

Alok Oberoi, aged 44, is the founding partner of ACP Partners LLP, a company engaged in investments and trading. Prior to establishment of ACP Partners, he was a partner at Goldman Sachs in London. He has over two decades of extensive experience in the field of investments, including advising on various investment strategies as well as structuring international joint venture and transactions. He has been on the Board of our Company since September 27, 2007.

Terms of appointment of Sameer Sain

The Managing Director Agreement with Sameer Sain dated September 27, 2007 received the approval of the Central Government on October 10, 2007.

Under this agreement, Sameer Sain was appointed as the Managing Director for a period of 5 years beginning from January 1, 2007 to December 31, 2011 and was designated as the Managing Director and Chief Executive Officer.

His remuneration is as follows:

Salary	: Rs. 4,800,000 per annum
Bonus	: Within the range of Rs. 2,500,000 to Rs. 7,500,000 per annum
Perquisites	: Up to Rs. 6,543,836 per annum

Under this agreement, the cessation of office as a Director shall not ipso-facto cause cessation of Sameer Sain as the CEO of the Company unless otherwise determined by the Board of Directors of the Company.

Further, Sameer Sain shall be entitled to terminate this agreement by resigning from the employment of the Company by giving 6 months notice in writing to the Company and the Company may, upon his request, relieve him of his duties anytime within the said period of 6 months without any payment towards the amount due on account of salary or perquisites for such period.

The Company shall also be entitled to terminate this agreement, and the services of the Managing Director and Chief Executive Officer by serving upon him 6 months notice in writing or by paying him notice pay equal to the amount due to him on account of salary and perquisites for such notice period.

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, to the extent of remuneration paid to them for services rendered as an officer or employee of our Company and to the extent of Equity Shares or options pursuant to our ESOS, held by them. For further details, please refer to sections titled “Related Party transactions on page 150, “Our Management” on page 92 of this Red Herring Prospectus.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or by the companies/ firms/ ventures promoted by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees and Promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Further, Kishore Biyani may be interested to the extent that the Company has entered into a letter of intent to lease a property of 1,148 sq. feet at Ahmedabad City Mall, Rajpur-Hirpur (sim), Ahmedabad 380 007 from KB Mall Management Company Limited for a period of 9 years for a consideration of Rs. 105,160 per month. Kishore Biyani holds 1.48% equity shares in KB Mall Management Company Limited. Further, KB Mall Management Company Limited has entered into a leave and license agreement, licensing the property to PRIL.Accordingly, we are required to make the payments of license fees to PRIL. Kishore Biyani is a promoter of PRIL.

Corporate Governance

We have complied with the requirements of the applicable regulations, including the listing agreement with the Stock Exchanges and the SEBI Guidelines, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We have a Board constituted in compliance with the Companies Act and listing agreement with Stock Exchanges and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

Committees of the Board

Audit Committee

The Audit Committee was reconstituted by a meeting of the Board of Directors held on September 27, 2007. The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement and its terms of reference include the following:

1. Overseeing the Company's financial reporting process and disclosure of its financial information;

2. Recommending to the Board the appointment, re-appointment, and replacement of the statutory auditor and the fixation of audit fee;

3. Approval of payments to the statutory auditors for any other services rendered by them;

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to;

    i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;

    ii. Changes, if any, in accounting policies and practices and reasons for the same;

    iii. Major accounting entries involving estimates based on the exercise of judgment by management;

    iv. Significant adjustments made in the financial statements arising out of audit findings;

    v. Compliance with listing and other legal requirements relating to financial statements;

    vi. Disclosure of any related party transactions; and

    vii. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

8. Discussion with internal auditors any significant findings and follow up there on;

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;

12. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

13. Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor; and

14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

15. The Audit Committee shall review the uses and application of funds as specified in the Prospectus, on a quarterly basis as a part of the quarterly declaration of financial results. The Audit Committee shall make appropriate recommendations to the Board to take up steps till such time that the full money raised through the Issue has not been fully spent. Till such time, the Company shall prepare a statement of funds utilized for purposes other than those stated in the Prospectus, if any, and place it before the Audit Committee. This statement shall be certified by the statutory auditors of the Company.

The members of the Audit Committee are;

1) Shailesh Haribhakti (Chairman);
2) Kishore Biyani; and
3) G. N. Bajpai.

Remuneration/ Compensation/ ESPS/ ESOS Committee

The Remuneration/ ESPS/ Compensation Committee was reconstituted by a meeting of the Board of Directors held on September 27, 2007. The scope of reference of this committee encompasses the following:

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

   (i) The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or

   (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.

2. 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.

3. 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.

4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The members of the Remuneration/ Compensation / ESPS/ ESOS are;

1. G. N. Bajpai;
2. Shailesh Haribhakti; and
3. Alok Oberoi.

Shareholders/ Investors' Grievance Committee

The Shareholders/ Investors' Grievance Committee was constituted by a meeting of the Board of Directors held on September 27, 2007. This Committee was constituted to carry out such functions for the redressal of shareholders' and investors' complaints, including but not limited to, transfer of shares, non-receipt of balance sheet, non-receipt of dividends, and any other grievance that a shareholder or investor of the Company may have against the Company

The members of the Shareholders/ Investors' Grievance Committee are:

1. G. N. Bajpai (Chairman);
2. Kishore Biyani; and
3. Sameer Sain.

IPO Committee

The IPO Committee was constituted by a meeting of the Board of Directors held on September 27, 2007.

This Committee was constituted to carry out the following functions:

a) To make applications to such authorities as may be required and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;

b) To decide on the timing, pricing and all the terms and conditions of the issue of the shares for the Public Issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;

c) To appoint and enter into arrangements with the book running lead managers, underwriters to the Public Issue, syndicate members to the Public Issue, brokers to the Public Issue, escrow collection bankers to the Public Issue, registrars, legal advisors and any other agencies or persons or intermediaries to the Public Issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the Book Running Lead Managers ("BRLMs") mandate letter, negotiation, finalisation and execution of the memorandum of understanding with the BRLM etc.;

d) To finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the final prospectus, syndicate agreement, underwriting agreement, escrow agreement, stabilisation agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Public Issue;

e) To open with the bankers to the Public Issue such accounts as are required by the regulations issued by SEBI;

f) To authorize and approve the incurring of expenditure and payment of fees in connection with the Public Issue;

g) To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;

h) To do all such acts, deeds and things as may be required to dematerialise the equity shares of the Company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection;

i) To make applications for listing of the shares in one or more stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and

j) To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment and matters incidental thereto as it may, in its absolute discretion deem fit.

The members of the IPO Committee are:
1. Kishore Biyani;
2. Sameer Sain; and
3. Alok Oberoi.

Asset Liability Management Committee ("ALCO")

ALCO was constituted by a meeting of the Board of Directors held on July 6, 2007. The role and responsibility of the Asset-Liability Management Committee includes the following:

a) To ensure that the asset liability management strategy and Company's market risk management policies are implemented.

b) To ensure adherence to the risk limits.

c) To articulate current interest rate view of the Company and base its decisions on future business strategy on this view.

d) To decide product pricing, desired maturity profile of assets and liabilities and also the mix of incremental assets and liabilities such as fixed versus floating rate funds, domestic vs. foreign currency funds etc.

e) To monitor the risk levels of the Company.

f) To review the results of and progress in implementation of the decisions.

g) To report to the Board of Directors on the adequacy of the Company's systems and controls for managing risk, and for recommending any changes or improvements, as necessary.

h) To ensure that all activities are within the overall regulatory framework and government regulation.

i) To authorize the use of specific transaction or hedge products.

j) To manage the investment portfolio of the Company in term of the investment policy.

The role of Asset-Liability Management Committee includes the following relating to Market Risk Management:

- Provide a strategic framework to identify, assess, quantify and manage market risk exposures specially relating to liquidity risk, interest rate risk, currency risk, price risk, yield curve risk, etc.

- Ensure that adequate documented internal controls are in place and are complied with.

- Ensure reliability of the Management Information System.

- Provide a framework for risk self-assessment.

- Provide a framework for compliance and risk management function, independent of the internal audit.

The members of the ALCO are:

1. Sameer Sain;
2. N. Shridhar; and
3. Ashutosh Lavakare.

Risk Management Committee

Risk Management Committee was constituted by a meeting of the Board of Directors held on July 6, 2007. The scope of reference of Risk Management Committee includes the following:

a) Identifying, monitoring and managing the credit risk, market risk, operational risk and other risks of the Company.

b) Providing an integrated view of the risks to the Company and issue specific directives to the respective departments or the business groups for necessary action.

c) Designing Risk Management Policies and MIS framework for integrated risk management in the Company, after taking into account following:

    - The Company's overall business strategy, lines and changes in the business and operating environment.

    - Appropriateness to the size, nature and complexity of the transactions entered into by the Company.

    - Changes in the organisation structure.

    - The risk tolerance of the Company.

    - Issues relating to safety, liquidity, prudential norms and exposure limits.

    - Quality of internal control procedures.

    - The sophistication of the Company's risk monitoring capability, risk management systems and processes.

d) Frame limit structure in line with Company's risk appetite and monitor compliance with the limit structure. This limit framework shall be laid down in the policies and monitored by Treasury & Risk Department.

e) Overseeing the execution / implementation of the Risk Management Practices by various executives outlined in the policies approved by the Committee.

f) Review the minutes or document referred to it by ALCO for opinion/directions for risk management on an integrated basis.

The role of Risk Management Committee includes the following for Credit Risk Management:

1. Ensure that the portfolio credit quality is in tune with Company's overall strategic business and risk management objectives through the adoption of consistent and appropriate standards for loan origination, administration, collaterals management, loan delinquency, monitoring and workouts.

2. Establish a framework for systematic and consistent risk assessment, measurement and quantification of credit risks in on balance sheet exposures.

3. Optimise the risk-return profile by providing a framework for risk-based pricing with linkages to FCH' funding strategy/sources.

4. Controlling the prudential norms on credit concentrations.

5. Laying down norms for minimising the risk at both the obligor and portfolio levels.

The role of Risk Management Committee includes the following for Operational Risk Management:

1. Provide a strategic framework to identify, assess, quantify and manage operational risk exposures

2. Ensure that adequate documented internal controls are in place and are complied with

3. Ensure reliability of the Management Information System

4. Provide a framework for the Internal Audit that will provide independent assurance to the Audit Committee of the Board on issues relating to operations, risk management and compliance

5. Provide a framework for risk self-assessment

6. Provide a framework for compliance & risk management function, independent of the internal audit

Members of the Risk Management Committee are:

1. Sameer Sain;
2. N. Shridhar; and
3. Ashutosh Lavakare.

Nomination Committee

Nomination Committee was constituted by a meeting of the Board of Directors held on November 17, 2007. The scope of reference of Nomination Committee includes the following:

1. To undertake a process of due diligence to determine the 'fit and proper' status of existing Directors, if required.

2. 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.

3. To finalized the format for obtaining the declarations from the existing/proposed Director(s).

4. To obtain a declaration from existing Directors every year as on 31st March that the information already provided by them has not undergone any change and where there is any change, requisite details are furnished by the Directors forthwith.

5. To recommend the suitable change(s), if required to the Board of Directors of the Company.

6. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Nomination Committee by whatever name called.

Members of the Nomination Committee are:

1. Kishore Biyani;
2. G. N. Bajpai; and
3. Shailesh Haribhakti.

Shareholding of the Directors

In terms of the Articles of Association, the Directors are not required to hold any qualification shares. The list of Directors holding Equity Shares as of the date of filing this Red Herring Prospectus is set forth below:

Name of Director	No. of Equity Shares	No. of options granted under ESOS
Kishore Biyani	3,773,795	Nil
Sameer Sain	8,528,390	Nil
G. N. Bajpai	Nil	25,000
Shailesh Haribhakti	Nil	25,000
Alok Oberoi	940,000	Nil

We have instituted an ESOS to reward and help retain our employees and to enable them to participate in our future growth and financial success. In terms the resolution of our shareholders dated September 25, 2007, we have granted options in respect of 1,000,000 Equity Shares.

Borrowing Powers of our Board

In terms of our Articles, the Board may, from time to time, at its discretion by a resolution passed at its meeting raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. However, if the moneys sought to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) should exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board is required to obtain the consent of the Company in general meeting prior to undertaking such borrowing.

In this regard, our Company, in the meeting of its shareholders dated September 25, 2007 had resolved that pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board is authorised to borrow moneys (apart from temporary loans obtained from the bankers of the Company in ordinary course of business) from banks, financial institutions, NBFCs etc., from time to time, for the purpose of Company's business in excess of the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) provided that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not exceed Rs. 1 billion over and above the aggregate for the time being of the paid up capital and free reserves of the Company.

Changes in our Board of Directors in the last three years

The changes in our Board of Directors during the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Kishore Biyani	October 18, 2005	November 1, 2005	Resignation
Sangeeta Biyani	October 18, 2005	November 1, 2005	Resignation
Navin Gupta	November 1, 2005	April 15, 2006	Resignation
Rakesh Bhagrwal	November 1, 2005	September 5, 2006	Resignation
K.K. Rathi	April 15, 2006	September 27, 2007	Resignation
Sameer Sain	April 15, 2006	-	Appointment
Kishore Biyani	September 5, 2006	-	Appointment
Shailesh Haribhakti	September 27, 2007	-	Appointment
G.N. Bajpai	September 27, 2007	-	Appointment
Alok Oberoi	September 27, 2007	-	Appointment

Key Managerial Personnel of our Company

In addition to Sameer Sain, provided below are the key managerial employees of the Company. For details relating to the profiles of Sameer Sain, see the section titled "Our Management - Brief Biographies" beginning on page 94 of this Red Herring Prospectus.

Dhanpal A. Jhaveri, aged 39, has recently joined as Executive Director of the Company. He was earlier the director of Corporate Strategy with Vedanta Resources and was responsible for the strategic development of the Vedanta Group. His previous experiences have been in investment banking and corporate finance where he held positions of head of Investment Banking and M&A advisory at ICICI Securities and was an Executive Director with KPMG Corporate Finance. He has over 15 years experience in corporate finance and strategy. He is a Bachelor of Commerce from the University of Mumbai and a Masters of Business Administration from Babson College, Graduate School of Business in the United States. As he joined us in fiscal 2008, he did not receive any remuneration in fiscal 2007.

N Shridhar, aged 42, our Chief Financial Officer, is a graduate in commerce and a post graduate diploma in Management Studies from Mumbai University. He is an Associate Member of the Chartered Institute of Management Accountants, London and Institute of Cost and Works Accountants of India. He has also passed his Intermediate examination of Institute of Company Secretaries of India. Shridhar has 20 years of experience with various organisations like Bharat Heavy Electrical Limited, Coca-Cola India, Asian Paints, Unilever India and Britannia Industries across various facets of finance including M&A, Treasury, Restructuring Business models for efficiency and effectiveness. Prior to joining FCH, Shridhar was the CFO for Britannia Industries and before that worked with Coca Cola India as Vice President Finance and as a board member at the bottling company Hindustan Coca Cola Beverages Ltd. He was paid remuneration of Rs. 85 lacs in fiscal 2007.

Venkatesh Srinivasan, aged 36, is Chief Operating Officer. He holds a Bachelors in Engineering from Mumbai University and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. Before joining us in November, 2007 he was an associate principal with McKinsey & Company, Mumbai. He has also worked with Proctor and Gamble (India) and Grindwell Norton. As he joined us in fiscal 2008, he did not receive any remuneration in fiscal 2007.

Devaiah P M, aged 42, our General Counsel, holds a bachelors degree in commerce and a masters degree in law from University of Mysore. Before joining our Company in August 2007, he has been the head of legal and compliance at the Carlyle Group, BPL and ICICI Venture. As he joined us in fiscal 2008, he did not receive any remuneration in fiscal 2007.

Pankaj Thapar, aged 45, Head – Investments and Acquisitions, is a graduate in commerce from Shriram College of Commerce, New Delhi and has a Masters in Business Administration from the University of Delhi. Before joining us in July 2006, he has handled a variety of corporate finance roles with ICICI, Citibank, ANZ Grindlays and Coca-Cola and was the chief financial officer of Dentsu (India). He was paid remuneration of Rs. 63 lacs in fiscal 2007.

Ashutosh Lavakare, aged 34, our Head – Strategy and Corporate Affairs, holds a bachelors degree in commerce from University of Mumbai and is a qualified chartered accountant from Institute of Chartered Accountants of India. Before joining us in November 2006, he was the chief financial officer of Travelex India. He also has management consulting and corporate finance experience in KPMG (London and Mumbai) and Arthur Andersen, Mumbai. He was paid remuneration of 36 lacs in fiscal 2007.

Rakesh Makkar, aged 38, is the Chief Executive Officer of Future Money, a division of our Company. He holds a bachelors degree in commerce from Delhi University and is a qualified chartered accountant. He also holds a Masters in Business Administration from Institute of Management Technology. Before joining us in December 2006, he was head of retail mass market business for Fullerton India and Temasek's financial services business in India and was a risk director and chief financial officer of Citifinancial India. His remuneration for fiscal 2007 was Rs. 100 lacs.

Roopa Purushothaman, aged 29, heads Future Capital Research, the research division of our Company. She holds a Bachelors of Art degree in ethics, politics and economics and in international studies from Yale University. She also holds a Masters in Science in development studies from the London School of Economics. Before joining us in March 2007, she was vice president and global economist at Goldman Sachs where she has published papers on topics ranging from long-term growth in India and the BRICs (Brazil, Russia, India and China) economies to prospects for global trade and migration. She joined us in the last month of fiscal 2007 and accordingly her remuneration for that period is not material.

Rama Iyer Srinivasan, aged 36, is Head, Portfolio Investments. He holds a masters degree in Commerce and Financial Management from the Mumbai University. Before joining us in October 2007, he has worked as a Portfolio Manager with Principal PNB AMC and as an associate with Oppenheimer and Co. (now Blackstone). He has also worked with Indosuez W. I. Carr Securities and Motilal Oswal Securities. As he joined us in fiscal 2008, he did not receive any remuneration in fiscal 2007.

All the key managerial personnel are permanent employees of our Company.

Changes in Key Managerial Personnel

The following are the changes in our key managerial personnel during the last three years:

Name and Designation of the Employee	Date of Change	Reason
Pankaj Thapar	July 31, 2006	Appointment
N. Shridhar	October 10, 2006	Appointment
Ashutosh Lavakare	November 2, 2006	Appointment
Rakesh Makkar	December 26, 2006	Appointment
Roopa Purushothaman	March 1, 2007	Appointment
Devaiah P M	August 1, 2007	Appointment
Rama Iyer Srinivasan	October 12, 2007	Appointment
Venkatesh Srinivasan	November 8, 2007	Appointment
Dhanpal A. Jhaveri	January 1, 2008	Appointment

Additional Employees and Key Managerial Personnel of our Subsidiaries

Shishir Baijal, aged 48, is Chief Executive Officer of Kshitij Investment Advisory Company Limited. He has an economics honours degree and is a graduate from Shri Ram College of Commerce, Delhi University and holds a Masters in Business Administration from Bond University, Gold Coast, Australia. Before joining us on May 15, 2005, he was the chief executive officer of Inox Leisure Limited.

Sanjiv Gupta, aged 46, is the Managing Director of Indivision Investment Advisors Limited. He is a chemical engineer from the Indian Institute of Technology (IIT), Delhi. Before joining us in October 2005 he has been the chief executive officer of ABC Limited and Coca-Cola India and Southwest Asia and Marketing Manager for Unilever in India.

Shareholding/ Interest of the Key Managerial Personnel of the Company and our Subsidiaries

The table below sets forth the details of the Equity Shares held by the key managerial personnel and options granted to the key managerial personnel of our Company as at the date of this Red Herring Prospectus:

Name	Number of Equity Shares	Options Granted
Sameer Sain	8,528,390	Nil
Dhanpal A. Jhaveri	Nil	Nil
N. Shridhar	80,000	Nil
Venkatesh Srinivasan	Nil	150,000
Devaiah P M	Nil	150,000
Pankaj Thapar	60,000	Nil
Ashutosh Lavakare	35,000	5,000
Roopa Purushothaman	Nil	75,000
Rakesh Makkar	Nil	100,000
Rama Iyer Srinivasan	Nil	100,000

The table below sets forth the details of the Equity Shares held by key managerial personnel of our subsidiaries as at the date of this Red Herring Prospectus:

Name	Number of Equity Shares	Options Granted
Shishir Baijal (CEO of KIACL)	250,000*	Nil

*Note: Pursuant to the allotment of 2,00,000 equity shares under the ESPS and 50,000 equity shares by preferential allotment.

OUR PROMOTERS

Our Promoters are as follows:

1) Kishore Biyani;
2) Sameer Sain; and
3) Pantaloon Retail (India) Limited

Kishore Biyani

PAN - AACPB0199B
Passport Number - E8159277
Voter ID Number - NA
Driving License Number - 78/ C/ 21787
Bank Account Number – SB231535 with Central Bank of India

Sameer Sain

PAN - AAIPS2567E
Passport Number – 094576110 (British)
Voter ID Number - NA
Driving License Number - 88/ W/ 44626
Bank Account Number - 00019160000113 with Yes Bank Limited

Our Company undertakes that the details of the PAN, Bank Account Numbers, and Passport Numbers of our Promoters have been submitted to the stock exchanges at the time of filing the DRHP with the Stock Exchanges.

For more details of Kishore Biyani and Sameer Sain, see the section titled "Our Management – Board of Directors" on page 92 of this Red Herring Prospectus.

Pantaloon Retail (India) Limited

PRIL was incorporated under the Companies Act on October 12, 1987 as Manz Wear Private Limited.

It was converted into a public limited company on September 20, 1991 and on September 25, 1992 the name was changed to Pantaloon Fashions (India) Limited. In the same year PRIL made an initial public offering of its equity shares and changed its name to Pantaloon Retail (India) Limited on July 7, 1999.

The main business of PRIL is organized retailing of a range of branded and private label apparel, footwear, perfumes, cosmetics, jewellery, leather products and accessories, home products, books, music and toys in stores or malls operated or managed by PRIL.

The equity shares of PRIL were first listed on the BSE, DSE and ASE, on July 30, 1992. Thereafter, the equity shares were listed on the NSE on February 20, 2001. Pursuant to a voluntary application by PRIL dated August 16, 2006 to the ASE, the ASE by their letter dated November 2, 2006 agreed to de-list the Equity Shares of the PRIL with effect from November 6, 2006. PRIL has duly completed requirements for voluntary delisting from the DSE and approval for the delisting of the equity shares of PRIL, with effect from December 15, 2007, has been granted by the Delisting Committee of DSE vide its letter dated December 21, 2007

For fiscal 2007, on a consolidated basis, the total income (net of excise duty on sales) of PRIL was Rs. 3,328.77 crore and the net profit was Rs. 119.99 crore. As on June 30, 2007, on a consolidated basis, the total assets of the company were Rs. 2,447.60 crore and its total share capital and reserves and surplus were Rs. 1,062.82 crore.

The Registered Office of PRIL is located at:

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

The directors of PRIL are:

1. Kishore Biyani (Managing Director)
2. Rakesh Biyani
3. Gopikishan Biyani
4. Ved Prakash Arya
5. Shailesh Haribhakti
6. Darlie O. Koshy
7. S. Doreswamy
8. Anju Poddar
9. Bala Deshpande
10. Anil Harish

Shareholding Pattern of PRIL as on September 30, 2007 is as follows:

Sr No.	Category of Shareholder	Total number of Shares	% of shares
A	Shareholding of Promoter and Promoter Group		
	Indian	65,536,930	43.47
	Foreign	-	-
	Total Shareholding of Promoter and Promoter Group	**65,536,930**	43.47
B	**Public shareholding**		
	Institutions	56,530,244	37.50
	Non-institutions	28,684,191	19.03
	Total Public Shareholding	**85,214,435**	**56.53**
C	**Shares held by Custodians and against which Depository Receipts have been issued**		-
	GRANDTOTAL	150,751,365	100.00

For details of shareholding of PRIL in our Company, please refer to section titled "Capital Structure" on page 25 of this Red Herring Prospectus.

The promoters and promoter group of PRIL are:

1. Kishore Biyani
2. Gopikishan Biyani
3. Laxminarayan Biyani
4. Vijay Biyani
5. Sunil Biyani
6. Anil Biyani
7. Rakesh Biyani
8. Godavari Biyani
9. Santosh Biyani
10. Sangeeta Biyani
11. Lata Biyani
12. Sampat Biyani
13. Ashni Biyani
14. Kishore Biyani – HUF
15. Gopikishan Biyani –HUF

16. Laxminarayan Biyani – HUF
17. Vijay Biyani – HUF
18. Sunil Biyani – HUF
19. Anil Biyani – HUF
20. Rakesh Biyani –HUF
21. Vivek Biyani
22. Bansi Silk Mills, Partnership Firm
23. PFH Entertainment Limited
24. Pantaloon Industries Limited
25. Varnish Trading Private Limited
26. Manz Retail P. Limited
27. Dhruv Synthetics P. Limited
28. Erudite Trading Private Limited

There are certain companies that fall within the Promoter Group definition of our Company. To that extent, the details of these companies have been provided in the section titled "Our Promoter Group". There has been no change of management and control of PRIL. For details of PRIL and Kishore Biyani, please see section titled "Our Promoters" on page 106 and "Our Management" on page 92.

Statement showing shareholding of persons belonging to the category "Promoter" in PRIL as of September 30, 2007:

S. No.	Name of the shareholder	Shareholding (%)
1	Kishore Biyani	5.32

Statement showing shareholding of persons belonging to the category "Promoter Group" in PRIL as of September 30, 2007:

S. No.	Name of the shareholder	Shareholding (%)
1.	Gopikishan Biyani	1.84
2.	Laxminarayan Biyani	1.51
3.	Vijay Biyani	1.50
4.	Sunil Biyani	0.97
5.	Anil Biyani	1.23
6.	Rakesh Biyani	1.04
7.	Godavari Biyani	Nil
8.	Santosh Biyani	Nil
9.	Sangeeta Biyani	Nil
10.	Lata Biyani	Nil
11.	Sampat Biyani	Nil
12.	Ashni Biyani	0.02
13.	Kishore Biyani – HUF	0.30
14.	Vivek Biyani	0.23
15.	Gopikishan Biyani –HUF *	1.68
16.	Laxminarayan Biyani-HUF *	0.33
17.	Vijay Biyani – HUF	Nil
18.	Sunil Biyani – HUF	Nil
19.	Anil Biyani – HUF	Nil
20.	Rakesh Biyani – HUF	Nil
21.	Anil Biyani *	2.10
22.	PFH Entertainment Limited	5.02
23.	Pantaloon Industries Limited	6.74
24.	Varnish Trading Private Limited	3.44
25.	Manz Retail P. Limited	5.78
26.	Dhruv Synthetics P. Limited	0.40
27.	Erudite Trading Private Limited	4.02

**held on behalf of partnership firm*

Financial Performance

Summary audited stand-alone financial statements for the last three fiscal years is as follows:

(Rs. in crore except per share data)

	As at and for the year ended June 30, 2007	As at and for the year ended June 30, 2006	As at and for the year ended June 30, 2005
Net Sales and other Income	3,328.77	1,867.80	1,055.85
Net Profit	119.99	64.15	38.55
Equity capital*	29.35	26.88	21.99
Reserves	1,062.82	500.02	196.53
Earnings per share*	8.71	25.30	16.54
Book value per Share*	74.42	195.99	100.58

****In Fiscal 2006 and 2005 the face value per share was Rs. 10 and in Fiscal 2007, the face value per share is Rs. 2 each***

PRIL has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

Share Price Information

The equity shares of PRIL are listed on BSE and NSE.

The monthly high and low of the market price of the equity shares of PRIL having a face value of Rs. 2 each on BSE for the last six months is as follows:

Month	High (Rs.)	Low (Rs.)
July 2007	541.25	483.1
August 2007	522.05	463.95
September 2007	579.95	484.00
October 2007	639.00	535.35
November 2007	684.25	587.25
December 2007	833.55	656.05

Source: www.bseindia.com

The monthly high and low of the market price of the equity shares of PRIL having a face value of Rs. 2 each on NSE for the last six months is as follows:

Month	High (Rs.)	Low (Rs.)
July 2007	540.85	484.3
August 2007	521.3	463.9
September 2007	579	457.50
October 2007	640.1	535.75
November 2007	819.20	586.55
December 2007	945.30	656.55

Source: www.nseindia.com

The market capitalisation of PRIL based on the closing price of Rs. 833.55 per equity share on the BSE as on December 31, 2007 was Rs. 12,566 crore.

The market capitalisation of PRIL based on the closing price of Rs. 830.05 per equity share on the NSE as on December 31, 2007 was Rs. 12,513 crore.

Other details relating to PRIL

PAN AAACP6317L

Bank Account Details IDBI Bank

	Marigold House, Plot No. A -34, Cross Road No. 2, Marol, MIDC, Andheri (East), Mumbai – 400 093 Account Number: 039102000014058
Registration Number	44954/ 1987
(Company Identification Number)	L52399MH1987PLC044954
Address of RoC	Mumbai, Maharashtra located at 2nd Floor, CGO Complex, Near Konkan Bhavan, CBD Belapur.

The PAN and Bank account details have been submitted to the BSE and NSE at the time of filing of the Draft Red Herring Prospectus with them. Further, PRIL has confirmed that it has not been detained as wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by it in the past or are pending against it.

Details of past public/ rights issues

The initial public offering of equity shares of PRIL having a face value of Rs. 10 each took place in May, 1992. A total of 2,550,500 equity shares were issued as part of the initial public offering and the issue price was 10 per equity share.

The objects of the issue were as follows:

- Setting up of new stores/ retail outlets, upgrading/ odernization of the existing stores;
- Expansion/ upgradation of warehouses and information technology/ supply chain infrastructure; setting up of new offices, training centre;
- Strategic Investments;
- General Corporate Purposes; and
- Meeting the expenses of the issue.

PRIL utilized the net proceeds arising out of the Issue for the stated objects.

PRIL made a rights issue of equity shares having a face value of Rs. 10 each that took place in December, 2005. A total of 4,481,180 equity shares were issued as part of the rights issue and the issue price was Rs. 500 per equity share. The objects of the rights issue were setting up of new stores/ retail outlets, upgrading/ modernization of the existing stores, expansion/ upgradation of warehouses and information technology/ supply chain infrastructure; setting up of new offices, training centre and other strategic investments. PRIL utilized the net proceeds arising out of the Issue for the stated objects.

Further, the Company has also made a Qualified Institutional Placement in December 2006 of 6,265,060 of Rs. 2 each at a price of Rs. 415 per Equity Share, including a premium of Rs. 413 per Equity Share, aggregating Rs. 260 crore. No promise was made in the offering document filed with the stock exchanges for the Qualified Institutional Placement.

The use of proceeds in the PRIL Qualified Institutional Placement document were, subject to compliance with applicable laws and regulations, to accelerate growth, to fund various expansion plans, long-term working capital requirements, to finance investment opportunities and for general corporate purposes. In accordance with the policies set up by the Board of PRIL, the management would have flexibility in deploying the proceeds received by PRIL from the Issue.

Mechanism for redressal of investor grievance

PRIL has a shareholders/ investors grievance committee which meets as and when required, to deal with matters relating to transfer/ transmission of shares and monitors redressal of complaints from shareholders relating to transfers, non receipt of balance sheet, non-receipt of dividend declared, etc. Typically, investor grievances are dealt with within a fortnight of receipt of the complaint from the investor.

Investor grievances are usually resolved within an average period of 15 days from the date of its receipt.

During the quarter ended June 30, 2007, PRIL had no outstanding complaints from the shareholders regarding change of address, non receipt of dividend warrants, non-receipts of balance sheet, etc.

Interest of our Promoters:

To the extent of the following, our Promoters would be considered interested in the Issue:

- Kishore Biyani may be interested to the extent that the Company has entered into a letter of intent to lease a property of 1,148 sq. feet at Ahmedabad City Mall, Rajpur-Hirpur (sim), Ahmedabad 380 007 from KB Mall Management Company Limited for a period of 9 years for a consideration of Rs. 105,160 per month. Kishore Biyani holds 1.48% equity shares in K.B. Mall Management Company Limited.Further, KB Mall Management Company Limited has entered into a leave and license agreement, licensing the property to PRIL.Accordingly, we are required to make the payments of license fees to PRIL. Kishore Biyani is a promoter of PRIL.
- Sameer Sain is paid remuneration as the Managing Director of the Company. For more details, please see section titled "Our Management" on page 92 of the Red Herring Prospectus;
- PRIL has entered into an Exclusivity Agreement with the Company for which a consideration is paid by the Company to PRIL. For more details, please see section titled "History and Certain Corporate Matter" on page 73 of the Red Herring Prospectus.

OUR PROMOTER GROUP

Apart from our Promoters and our Subsidiaries, the following Companies and Individuals constitute our Promoter Group:

Promoter Group Companies:

1. Acute Realty Private Limited
2. Akar Estate & Finance Private Limited
3. Alpha Future Airport Retail Private Limited
4. Avanee and Ashni Securities Private Limited
5. Bartraya Mall Development Company Private Limited
6. Chaste Investrade Private Limited
7. CIG Infrastructure Private Limited
8. Convergem Communication (India) Limited
9. Dhruv Synthetics Private Limited
10. Erudite Knowledge Services Limited
11. Erudite Trading Private Limited
12. Foot-Mart Retail India Limited
13. Future Brands Limited
14. Future Capital Investment Private Limited
15. Future Consumer Products Limited
16. Future E-Commerce Infrastructure Limited
17. Future Generali India Insurance Company Limited
18. Future Generali India Life Insurance Company Limited
19. Future Ideas Company Limited
20. Future Knowledge Services Limited
21. Future Logistic Solutions Limited
22. Future Media (India) Limited
23. Future Mobile & Accessories Limited.
24. Future Ideas Realtors India Limited
25. Future Ventures India Limited
26. Futurebazaar India Limited
27. Galaxy Entertainment Corporation Limited
28. Gupta Infrastructure (India) Private Limited
29. Home Lighting India Limited
30. Home Solutions Retail (India) Limited
31. Home Solutions Services (India) Limited
32. Idiom Design and Consulting Limited
33. Indus-League Clothing Limited
34. Manz Retail Private Limited
35. Mobile Repair Service City India Limited
36. Nishta Mall Management Company Private Limited
37. Niyman Mall Management Company Private Limited
38. Pan India Food Solutions Private Limited
39. Pantaloon Food Product (India) Limited
40. Pantaloon Future Ventures Limited
41. Pantaloon Industries Limited
42. PFH Entertainment Limited
43. Pingaksh Realty Private Limited (a Promoter Group entity of Sameer Sain)
44. Planet Retail Holdings Private Limited
45. Sain Advisory Services Private Limited
46. Shendra Advisory Services Private Limited
47. Simpleton Investrade Private Limited
48. Softbpo Global Services Limited
49. Staples Future Office Products Private Limited
50. Stripes Apparels Limited
51. Talwalkars Pantaloon Fitness Private Limited
52. Valuable Advisors Limited
53. Varnish Trading Private Limited

54. Weavette Texstyles Limited
55. Whole Wealth Limited

II. Venture from which PRIL has disassociated during the last three years:

GJ Future Fashions Limited

Individuals

Name	Relationship with the Promoters
Kishore Biyani	
Laxminarayan Biyani	Father of Kishore Biyani
Godavari Biyani	Mother of Kishore Biyani
Vijay Biyani Anil Biyani	Brothers of Kishore Biyani
Ashni Biyani Avnee Biyani	Daughters of Kishore Biyani
Sangita Biyani	Spouse of Kishore Biyani
Madanlal Rathi	Spouse's Father
Taradevi Rathi	Spouse's Mother
Rajesh Rathi	Spouse's Brother
Meena Bagree Nilima Saboo	Spouse's Sisters
Sameer Sain	
Sushil Kanwar Sain	Father of Sameer Sain
Aparna Sain	Mother of Sameer Sain
Shibani Rao	Sister of Sameer Sain
Amit Rao	Sister's Husband
Jay Carlos Sain	Son of Sameer Sain
Sabrina Anjali Sain	Daughter of Sameer Sain
Yamile Sain	Spouse of Sameer Sain
Delia Lama	Spouse's Mother
Mariel Lama	Spouse's Sister

<u>PROMOTER GROUP COMPANIES</u>

None of the Promoter Group Companies mentioned below, is a sick company under the meaning of SICA or is under winding up.

1. Acute Realty Private Limited

Acute Realty Private Limited was incorporated on March 15, 2005 and is involved in the business to acquire, develop, improve, build, sell, lease, manage, commercially exploit and otherwise deal in real estate, properties of all nature and description or any rights therein including land, buildings and other estate and realty including shopping malls, commercial and residential complexes. The registered office of Acute Realty Private Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Acute Realty Private Limited are as follows:
1) Rakesh Biyani
2) Kishore Biyani
3) Anil Biyani

Shareholding pattern of Acute Realty Private Limited as on September 30, 2007 is as follows:

Name of the shareholder	Number of shares	Percentage (%)
Kishore Biyani	10	0.10
Sunil Biyani	5,000	50.00
Vijay Biyani	4,990	49.90
Total	**10,000**	**100.00**

Financial performance of Acute Realty Private Limited for fiscal 2006 and fiscal 2007 is as follows:

(Rs. in lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006
Net Sales and other Income	68.41	32.49
Net Profit	33.88	20.49
Equity capital	1.00	1.00
Reserves	53.16	20.35
Earnings per share	328.16	203.51
Book value per Share	541.67	213.51

2. Akar Estate & Finance Private Limited

Akar Estate & Finance Private Limited was incorporated on September 29, 1992 and is involved in the business of real estate & financial services business. The registered office of Akar Estate & Finance Private Limited is located at:

25A, Camac Street, 1st Floor,
Suite No.112,
Kolkata- 700 016

The directors of Akar Estate & Finance Private Limited are as follows:

1. Rajesh Kumar Sharma
2. Pawan Agarwal

Shareholding pattern of Akar Estate & Finance Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Simpleton Investrade Private Limited	1,30,205	49
Others	1,35,518	51
Total	2,65,723	100.00

Financial performance of Akar Estate & Finance Private Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	75,82,943.84	51,71,043.00	30,34,500.00
Net Profit/ (Loss)*	12,95,979.55	(14,61,190.00)	45,406.00
Equity capital	40,00,000.00	40,00,000.00	40,00,000.00
Reserves & Surplus	2,94,73,281.22	2,90,50,423.00	2,96,38,491.67
Earnings per share	4.88	(5.50)	0.10
Book value per Share	N.A	N.A	N.A.

*Debit balance in Profit and Loss account for the year 2006

3. Alpha Future Airport Retail Private Limited

Alpha Future Airport Retail Private Limited was incorporated on November 17, 2006 and is involved in the business of retailing of all consumable products, foods and beverages at airport terminals worldwide. The registered office of Alpha Future Airport Retail Private Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Alpha Future Airport Retail Private Limited are:

1. K. K. Rathi
2. C. P. Toshniwal
3. Peter Williams
4. Mark Adams
5. Paul Topping
6. Mayur Toshniwal

Shareholding Pattern of Alpha Future Airport Retail Private Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	4,870,800	50
Alpha Airport Retail Holdings Private Limited	4,870,800	50
Total	9,741,600	100

The financial statements of Alpha Future Airport Retail Private Limited are not available as it is in the first year of its incorporation.

4. Avanee and Ashni Securities Private Limited

This company was incorporated on April 15, 2005 and is involved in the business of investment in securities. The registered office of Avanee and Ashni Securities Private Limited is located at, 4, Scindia House, New Delhi 110 001.

The directors of Avanee and Ashni Securities Private Limited are:

1. K.V. Mohan
2. R.K. Agarawall

Shareholding pattern of Avanee and Ashni Securities Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Shri Puneet Dalmia	10,000	4.35
Ms. Ashni Biyani	1,15,000	50.00
M/s Shree Nirman Limited	35,000	15.22
M/s Himshikhar Investment Limited	70,000	30.43
Total	**230,000**	**100.00**

Financial performance of Avanee and Ashni Securities Private Limited for fiscal 2006 and fiscal 2007 is as follows:

(Rs. in lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006
Net Sales and other Income	0.50	1.45
Net Profit /(Loss)*	(1.65)	(1.66)
Equity capital	23.00	23.00
Reserves	2736.65	286.65

	For the year ending March 31, 2007	For the year ending March 31, 2006
Earnings per share	(0.07)	(0.72)
Book value per Share	1,220.15	133.91

*Debit balance in profit and loss account.

5. Bartraya Mall Development Company Private Limited

Bartraya Mall Development Company Private Limited was incorporated on August 16, 2004 and is involved in the business to acquire, develop, improve, build, sell, lease, manage, commercially exploit and otherwise deal in real estate, properties of all nature and description or any rights therein including land, buildings and other estate and realty relating to shopping malls and commercial complexes. The registered office of Bartraya Mall Development Company Private Limited is located at

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Bartraya Mall Development Company Private Limited are as follows:
1) Kishore Biyani
2) Sunil Biyani

Shareholding pattern of Bartraya Mall Development Company Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	5,000	50
Sunil Biyani	5,000	50
Total	**10,000**	**100.00**

Financial performance of Bartraya Mall Development Company Private Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Rs. In lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	Nil	Nil	Nil
Net Profit *	(0.14)	(0.10)	(0.15)
Equity capital	1.00	1.00	1.00
Reserves	Nil	Nil	Nil
Earnings per share	(1.41)	(1.01)	(1.54)
Book value per Share	6.04	7.45	8.46

*Debit balance in Profit and Loss account for the years 2007, 2006 and 2005

6. Chaste Investrade Private Limited

Chaste Investrade Private Limited was incorporated in October 19, 2005 and is involved in the business of business of a trading company, and as merchants, importers, exporters, buyers, sellers, retailers and processors of and dealers and agents in all kinds of commodities. The registered office of Chaste Investrade Private Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Chaste Investrade Private Limited are as follows:

1. Kishore Biyani
2. Sangita Biyani

Shareholding pattern of Chaste Investrade Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	9,000	90
Sangita Biyani	1,000	10
Total	**10,000**	**100.00**

Financial performance of Chaste Investrade Private Limited for fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006
Net Sales and other Income	Nil	Nil
Net Profit/ (Loss)*	(4,733)	(17,025)
Equity capital	1,00,000	1,00,000
Reserves	Nil	Nil
Earnings per share	(0.47)	(3.79)
Book value per Share	7.82	8.30

*Debit balance in Profit and Loss account for the years 2007 and 2006

7. CIG Infrastructure Private Limited

CIG Infrastructure Private Limited was incorporated on November 28, 2005 and is involved in the business of real estate promotion and development. The registered office of CIG Infrastructure Private Limited is located at:

C – 41
Mayfair Garden
New Delhi – 110 016

The directors of CIG Infrastructure Private Limited are:

1. Ramesh Chandra
2. Sanjay Chandra
3. Ajay Chandra

Shareholding Pattern of CIG Infrastructure Private Limited as on September 30, 2007 is:

Name of the Shareholders	No. of Share	Percentage
Sanjay Chandra	100	0.00
Mayfair Investments Private Limited	100	0.00
Pantaloon Retail (India) Limited	5,100	51.00
Prakausali Investments (India) Private Limited	4,700	49.00
Total	**10,000**	**100.00**

Financial Performance of CIG Infrastructure Private Limited for fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006
Net Sales and other Income	3,226	-
Net Profit/ (Loss)*	(14,614)	(27,971)
Equity capital	1,00,000	1,00,000
Reserves	Nil	Nil

	For the year ending March 31, 2007	For the year ending March 31, 2006
Earnings per share	(1.46)	(2.80)
Book value per Share	5.74	7.20

*Debit balance in Profit and Loss account for the years 2007 and 2006

8. Convergem Communication (India) Limited

Convergem Communication (India) Limited was incorporated on February 7, 2006 and is involved in the business of retailing of telecommunication products and services. The registered office of Convergem Communication (India) Limited is located at:

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

The directors of Convergem Communication (India) Limited are:

1. K.K. Rathi
2. Chandra Prakash Toshniwal
3. Mayur Toshniwal
4. Abdulatif Al Mullah
5. Abdulaziz Al Bannai
6. Faisal Al Bannai

Convergem Communication (India) Limited is a wholly owned subsidiary of PRIL.

Financial Performance of Convergem Communication (India) Limited for fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending June 30, 2007	For the year ending June 30, 2006
Net Sales	51,57,389	1710
Net Profit/ (Loss)*	(9,92,236)	(67,53,444)
Equity capital	2,52,00,000	5,00,000
Reserves	Nil	Nil
Earnings per share	(15.62)	(344.76)
Book value per Share	6.93	(125.07)

*Debit balance in profit and loss account for years 2007 and 2006

9. Dhruv Synthetics Private Limited

Dhruv Synthetics Private Limited is incorporated on April 23, 1984 and is involved in the business of manufacture and treatment of various kinds of fabric. The registered office of Dhruv Synthetics Private Limited is located at:

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

The directors of Dhruv Synthetics Private Limited are as follows:

1) Sunil Biyani
2) Vijay Biyani
3) Naveen Kumar Jain

Shareholding pattern of Dhruv Synthetics Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	9,199	51.11
Anil Biyani	1,966	10.92
Vijay Biyani	1,850	10.28
Sunil Biyani	1,266	7.03
Rakesh Biyani	1,200	6.67
Gopikishan Biyani	950	5.28
Laxminarayan Biyani	650	3.61
Sampat Biyani	583	3.24
Godavaridevi Biyani	333	1.85
Laxminarayan Biyani HUF	1	0.01
Gopikishan Biyani HUF	1	0.01
Anil Biyani HUF	1	0.01
Total	**18,000**	**100.00**

Financial performance of Dhruv Synthetics Private Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Rs. in lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	3.01	77.85	396.91
Net Profit *	(7.17)	11.54	2.70
Equity capital	18.00	18.00	18.00
Reserves	15.29	15.29	15.29
Earnings per share	(39.83)	64.16	15.00
Book value per Share	(242.77)	(196.67)	(260.55)

*Debit balance in profit and loss account for 2007

10. Erudite Knowledge Services Limited

Erudite Knowledge Services Limited was incorporated on October 8, 2007 and is involved in the business of BPO/ KPO and advisory and consultancy services in all kinds of business activities. The registered office of Erudite Knowledge Services Limited is located at:
Knowledge House, Shyam Nagar,
Jogeshwari Vikhroli Link Road,
Jogeshwari (East),
Mumbai 400 060.

Directors of Erudite Knowledge Services Limited are:

1. Sanjay Rathi
2. Rajesh Kalyani
3. Ravindra Gupta

Erudite Knowledge Services Limited is wholly owned subsidiary of Future Knowledge Services Limited.

The Financial statements of Erudite Knowledge Services Limited are not available as it is in the first year of its incorporation.

11. Erudite Trading Private Limited

Erudite Trading Private Limited was incorporated on October 18, 2005 and involved in the business of a trading company, and as merchants, importers, exporters, buyers, sellers, retailers and processors of and dealers and agents in all kinds of commodities, materials, articles and goods including cotton and other fabrics, fabrics of all kinds, oil seeds, minerals, chemicals, ornaments and jewellery, bullion and coin, precious and semi-precious stones, objects of art, and products of every description, either raw or manufactured or in the natural state or processed. The registered office of Erudite Trading Private Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Erudite Trading Private Limited are as follows:

1. Kishore Biyani
2. Sangita Biyani

Shareholding Pattern of Erudite Trading Private Limited September 30, 2007

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	9,000	90
Sangita Biyani	1,000	10
Total	**10,000**	**100.00**

Financial performance of Erudite Trading Private Limited for fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006
Net Sales and other Income	Nil	Nil
Net Profit/ (Loss)*	(5,855)	(17,025)
Equity capital	1,00,000	1,00,000
Reserves	Nil	Nil
Earnings per share	(0.59)	(3.79)
Book value per Share	7.71	8.30

*Debit balance in Profit and Loss account for the years 2007 and 2006

12. Foot-Mart Retail India Limited

Foot-Mart Retail India Limited was incorporated on November 17, 2005 and is involved in the business of retailing of footwear and related products. The registered office of Foot-Mart Retail India Limited is located at:

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

The directors of Foot-Mart Retail India Limited are:

1. K.K. Rathi
2. Anupam Bansal
3. Raman Bansal
4. Hans Udeshi

Shareholding Pattern of Foot-Mart Retail India Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	24,62,278	51.00
Liberty Shoes Limited	23,65,719	49.00

K.K. Rathi	1	0
Sanjay Rathi	1	0
Anupam Bansal	1	0
Rman Bansal	1	0
Vimal Dhruve	1	0
Total	48,28,002	100

Financial Performance of Foot-Mart Retail India Limited in fiscal 2006 is as follows:

(Amount in Rs.)

	For the year ending June 30, 2006
Net Sales and other Income	20,86,218
Net Profit/ (Loss)*	(62,73,519)
Equity capital	4,82,80,020
Reserves	1,16,70,030
Earnings per share	(15.25)
Book value per Share	64.83

*Debit balance in profit and loss account.

Financial statements of Foot-Mart Retail India Limited for fiscal 2007 are not available as the accounts are under audit.

13. Future Brands Limited

Future Brands Limited was incorporated on November 22, 2006 and is involved in the business of dealing in all kinds of assets (including intangible assets) by way of acquiring rights and usage thereof in commercial manner. The registered office of Future Brands Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Future Brands Limited are:

1. Kishore Biyani
2. Chandra Prakash Toshniwal
3. Santosh Desai

Future Brands Limited is a wholly owned subsidiary of PRIL.

Financial performance of Future Brands Limited for fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending June 30, 2007
Net Sales and other Income	1,00,000
Net Profit/ (Loss)*	(83,63,472)
Equity capital	10,00,00,000
Reserves	Nil
Earnings per share	(4.52)
Book value per Share	9.16

*Debit balance in profit and loss account.

14. Future Capital Investment Private Limited

Future Capital Investment Private Limited was incorporated on February 6, 2006 and is involved in the business of investment activities. The registered office of Future Capital Investment Private Limited is located at:

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

The directors of Future Capital Investment Private Limited are:

1. K.K. Rathi
2. Dinesh Maheshwari

Shareholding pattern of Future Capital Investment Private Limited as on September 30, 2007 is as follows.

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	5,000	50
K.K. Rathi	5,000	50

Financial performance of Future Capital Investment Private Limited for fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007
Net Sales and other Income	Nil
Net Profit/ (Loss)*	(55,520)
Equity capital	1,00,000
Reserves	Nil
Earnings per share	(5.55)
Book value per Share	4.45

*Debit balance in profit and loss account.

15. Future Consumer Products Limited

Future Consumer Products Limited was incorporated on September 11, 2007 and is involved in the business of dealing in consumer products. The registered office of Future Consumer Products Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Future Consumer Products Limited are as follows:

1. Sanjay Rathi
2. Chandra Prakash Toshniwal
3. Ravindra Gupta

Future Consumer Products Limited is a wholly owned subsidiary of PRIL.

The financial statements of Future Consumer Products Limited are not available as it is in the first year of its incorporation.

16. Future E-Commerce Infrastructure Limited

Future E-Commerce Infrastructure Limited was incorporated on May 25, 2007 and is involved in the business of dealing in all kinds of goods and products (including services) through electronic mode. The registered office of Future E-Commerce Infrastructure Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Future E-Commerce Infrastructure Limited are:

1. Chandra Prakash Toshniwal
2. Sanjay Rathi
3. Sandeep Murthy
4. Sameer Sain

Shareholding Pattern of Future E-Commerce Infrastructure Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	1,69,98,000	84.99
IL&FS Trust Company Limited A/ c. Pantaloon Employees Welfare Trust	2,50,000	1.25
Indivision India Partners	27,52,000	13.76
Total	**2,00,00,000**	**100.00**

The financial statements of Future E-Commerce Infrastructure Limited are not available as it is in the first year of its incorporation.

17. Future Generali India Insurance Company Limited

Future Generali India Insurance Company Limited was incorporated on October 30, 2006 and is involved in the business of Insurance business except life insurance. The registered office of Future Generali India Insurance Company Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Future Generali India Insurance Company Limited are:

1. Kishore Biyani
2. K.K. Rathi
3. Vijay Biyani
4. G N Bajpai
5. Deepak Sood
6. Ooi Kim Chai
7. Roberto Gasso
8. Sergio Balbinot

Shareholding Pattern of Future Generali India Insurance Company Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	2,93,25,000	25.5
Shendra Advisory Services Private Limited	5,63,50,000	49

Participatie Maatschappij Graafsschap Holland NV	2,93,25,000	25.5
Total	**11,50,00,000**	**100**

Financial performance of Future Generali India Insurance Company Limited for fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007
Net Sales and other Income	7,35,948
Net Profit/ (Loss)*	(2,23,60,676)
Equity capital	5,00,000
Reserves	Nil
Earnings per share	(447.21)
Book value per Share	(437.21)

*Debit balance in profit and loss account.

18. Future Generali India Life Insurance Company Limited

Future Generali India Life Insurance Company Limited was incorporated on October 30, 2006 is involved in the business of insurance. The registered office of Future Generali India Life Insurance Company Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Future Generali India Life Insurance Company Limited are:

1. Kishore Biyani
2. K.K. Rathi
3. G. N. Bajpai
4. Vijay Biyani
5. Girish Kulkarni
6. Ooi Kim Chai
7. Roberto Gasso
8. Sergio Balbinot

Shareholding Pattern of Future Generali India Life Insurance Company Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	2,93,25,000	25.5
Sain Advisory Services Private Limited	5,63,50,000	49
Participatie Maatschappij Graafsschap Holland NV	2,93,25,000	25.5
Total	**11,50,00,000**	**100**

Financial performance of Future Generali India Life Insurance Company Limited for fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007
Net Sales and other Income	5,90,378
Net Profit/ (Loss)*	(3,56,80,240)
Equity capital	5,00,000
Reserves	Nil
Earnings per share	(713.60)
Book value per Share	(703.60)

*Debit balance in profit and loss account.

19. Future Ideas Company Limited

Future Ideas Company Limited was incorporated on February 06, 2006 and is involved in the business of knowledge trainers and ideas generators. The registered office of Future Ideas Company Limited is located at:

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

The directors of Future Ideas Company Limited are:

1. Ashni Biyani
2. K.K. Rathi
3. C P Toshniwal

Shareholding pattern of Future Ideas Company Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	2,11,995	21
K.K. Rathi	1	0
Chandra Prakash Toshniwal	1	0
Ravindra Gupta	1	0
Rajesh Kalyani	1	0
Pankaj Patel	1	0
Vimal Dhruve	1	0
Sangita Biyani	7,87,999	79
Total	10,00,000	100

Financial performance of Future Ideas Company Limited for fiscal 2007 is as follows:

(Amounts in Rs.)

	For the year ending March 31, 2007
Net Sales and other Income	Nil
Net Profit/ (Loss)*	(1,00,45,786)
Equity capital	1,00,00,000
Reserves	Nil
Earnings per share	(14.51)
Book value per Share	(0.05)

*Debit balance in Profit and Loss account

20. Future Knowledge Services Limited

Future Knowledge Services Limited was incorporated on January 18, 2007 and is involved in the business of business process outsourcing and knowledge process outsourcing. The registered office of Future Knowledge Services Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Future Knowledge Services Limited are:

1 K.K. Rathi
2 Chandra Prakash Toshniwal
3 Ravindra Gupta

Future Knowledge Services Limited is a wholly owned subsidiary of PRIL.

Financial performance of Future Knowledge Services Limited for fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending June 30, 2007
Net Sales and other Income	Nil
Net Profit/ (Loss)*	(93,41,760)
Equity capital	5,00,000
Reserves	Nil
Earnings per share	(186.84)
Book value per Share	(176.84)

*Debit balance in Profit and Loss account

21. Future Logistic Solutions Limited

Future Logistic Solutions Limited was incorporated under the Companies Act on March 8, 2006 and is involved in the business of providing logistics, transportation and warehousing services. The registered office of Future Logistic Solutions Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Future Logistic Solutions Limited are:

1. K.K. Rathi
2. Chandra Prakash Toshniwal
3. Rakesh Biyani

Future Logistic Solutions Limited is a wholly owned subsidiary of PRIL.

Financial Performance of Future Logistic Solutions Limited for fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending June 30, 2007	For the year ending June 30, 2006
Net Sales and other Income	3,72,78,112	Nil
Net Profit/ (Loss)*	(1,95,15,887)	(65,185)
Equity capital	5,00,000	5,00,000
Reserves	Nil	Nil
Earnings per share	(390.32)	(1.30)
Book value per Share	(381.62)	8.70

*Debit balance in profit and loss account.

22. Future Media (India) Limited

Future Media (India) Limited was incorporated on March 8, 2006 and is involved in the business of media and entertainment. The registered office of Future Media (India) Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Future Media (India) Limited are:

1. Kishore Biyani
2. K. K. Rathi
3. Sanjeev Agrawal
4. Sameer Sain

5. Patha Dasgupta
6. Vikram Sakhuja
7. Pradeep Guha

Future Media (India) Limited is a wholly owned subsidiary of PRIL.

Redeemable preference shares (0.01% Non Cumulative Compulsory Convertible Preference Shares) each of Rs. 100 fully paid up. These shares carry voting rights.

Name of Shareholder	Number of shares	Percentage (%)
Indivision India Partners	48,00,000	100
Total	**48,00,000**	**100**

Financial Performance of Future Media (India) Limited for fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending June 30, 2007	For the year ending June 30, 2006
Net Sales and other Income	4,09,02,690	Nil
Net Profit/ (Loss)*	(4,11,00,049)	(2,12,177)
Equity capital	45,00,000	5,00,000
Reserves	Nil	Nil
Earnings per share	(91.33)	(4.24)
Book value per Share	(81.80)	5.76

*Debit balance in profit and loss account for the years 2007 and 2006.

23. Future Mobile and Accessories Limited

Future Mobile and Accessories Limited was incorporated on June 23, 2007 and is involved in the business of dealing in all kinds of communication products. The registered office of Future Mobile and Accessories Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Future Mobile and Accessories Limited are:

1. Chandra Prakash Toshniwal
2. Sanjay Rathi
3. Ravindra Gupta

Future Mobile and Accessories Limited is a wholly owned subsidiary of PRIL.

The financial statements of Future Mobile and Accessories Limited are not available as it is in the first year of its incorporation.

24. Future Ideas Realtors India Limited

Future Ideas Realtors India Limited was incorporated on November 5, 2007 and is involved in the business of acquisition of properties and mall management.

The registered office of Future Ideas Realtors India Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)

Mumbai 400 060

The Directors of Future Ideas Realtors India Limited are as follows:

1. Rajesh Kalyani
2. Sanjay Rathi
3. Ravindra Gupta

The Shareholding Pattern of Future Ideas Realtors India Limited is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	49,994	100
Sanjay Rathi	1	0.00
Rajesh Kalyani	1	0.00
Ravindra Gupta	1	0.00
Vimal Dhruve	1	0.00
Subosh More	1	0.00
Arun Bhandari	1	0.00
Total	**50,000**	**100.00**

The financial statements of Future Ideas Realtors India Limited are not available as it is in the first year of its incorporation.

25. Future Ventures India Limited

Future Ventures India Limited was incorporated on July 10, 1996 and is involved in the business to undertake investment into new business like incubation of new ideas and businesses on its own or through joint ventures etc. The registered office of Future Ventures India Limited is located at:

No. 202 (Old No. 742)
Anna Salai
Chennai
Tamil Nadu 500 002

The directors of Future Ventures India Limited are:

1. Kishore Biyani
2. N. Shridhar
3. K.K. Rathi
4. Pankaj Thapar

Future Ventures India Limited is a wholly owned subsidiary of Pantaloon Future Ventures Limited.

Financial performance of Future Ventures India Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Rs. in lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	5.77	4.41	22.28
Net Profit	1.15	0.39	1.07
Equity capital	29.37	29.37	29.37
Reserves	14.74	13.59	13.20
Earnings per share	0.39	0.13	0.47
Book value per Share	Nil	Nil	Nil

26. Futurebazaar India Limited

Futurebazaar India Limited was incorporated on January 23, 2006 and is involved in the business of retailing of all kinds of consumer goods and products through electronic mode. The registered office of Futurebazaar India Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors Futurebazaar India Limited of:

1. K. K. Rathi
2. Chandra Prakash Toshniwal
3. Prashant Desai

Shareholding Pattern Futurebazaar India Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	49,994	0.33
Pantaloon Retail (India) Limited	1,50,00,000	99.67
Sanjay Rathi	1	0
K.K. Rathi	1	0
Chandra Prakash Toshniwal	1	0
Rajesh Kalyani	1	0
Pankaj Patel	1	0
Ravindra Gupta	1	0
Total	**1,50,50,000**	**100**

Financial Performance of Futurebazaar India Limited in fiscal 2006 is as follows:

(Amount in Rs.)

	For the year ending June 30, 2006
Net Sales and other Income	3,95,612
Net Profit/ (Loss)*	(94,02,153)
Equity capital	5,00,000
Reserves	Nil
Earnings per share	(188.04)
Book value per Share	(178.04)

*Debit balance in Profit and Loss account

Financial statements of Futurebazaar India Limited for fiscal 2007 are not available as the accounts are under audit.

27. Galaxy Entertainment Corporation Limited

Galaxy Entertainment Corporation Limited was incorporated on August 13, 1981 and is involved in the business of family entertainment. The registered office of Galaxy Entertainment Corporation Limited is located at:

17 C&D
Phoenix Mills Compound
Senapati Bapat Road
Lower Parel (West)
Mumbai 400 013

Shareholding Pattern as on September 30, 2007, as filed with the stock exchanges, is as follows:

S. No	Category of Shareholder	Number of Shares	Percentage of Shares
(A)	Shareholding of Promoter and Promoter Group		
	Indian	91,69,163	58.59
	Foreign	-	-
Total Shareholding of Promoter and Promoter		**91,69,163**	**58.59**
(B)	Public Shareholding		
	Institutions	14,84,872	9.49
	Non-Institutions	49,95,900	31.92
Total Public Shareholding		**64,80,772**	**41.41**
(C)	Shares held by Custodians and against which Depository Receips have been issued	Nil	Nil
GRAND TOTAL (A)+(B)+(C)		**1,56,49,935**	**100.00**

The directors of Galaxy Entertainment Corporation Limited are as follows:

1 Atul Ruia
2 Sanjay Seksaria
3 Kishore Biyani
4 Rajneesh Agarwal
5 Shishir Baijal
6 Anil Harish
7 Udita Jhunjhunwala
8 Ajay Kejriwal
9 Ashok Ruia

Financial performance of Galaxy Entertainment Corporation Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	23,12,65,031	18,78,65,528	14,49,01,563
Net Profit/ (Loss)	84,71,762	4,81,01,417	67,47,833
Equity capital	12,71,20,000	12,71,20,000	12,71,20,000
Reserves	33,57,95,097	32,73,23,335	27,92,21,918
Earnings per share	0.67	3.78	0.63
Book value per Share	36.42	35.75	31.97

The equity shares of the company are listed on Bombay Stock Exchange Limited in 'S' Group.

Share Price Information

The monthly high and low of the market price of the equity shares of Galaxy Entertainment Corporation Limited having a face value of Rs. 10 each on BSE for the last six months are as follows:

Month	High (Rs.)	Low (Rs.)
July 2007	138.95	112.00
August 2007	109.20	91.95
September 2007	113.10	93.00
October 2007	101.00	70.50
November 2007	129.55	69.90
December 2007	138.05	87.70

Source: www.bseindia.com

The market capitalization of Galaxy Entertainment Corporation Limited as on the closing price of Rs. 138.05 per equity share on Bombay Stock Exchange on December 31, 2007 was Rs. 175.48 crore.

Other details relating to Galaxy Entertainment Corporation Limited

Details of public/ rights issue

Galaxy Entertainment Corporation Limited made an initial public offering of equity shares of having a face value of Rs. 10 each that took place in 1987. The details of the same are not available with this company.

During the quarter ended September 30, 2007, Galaxy Entertainment Corporation has no outstanding complaints from the shareholders regarding change of address, non receipt of dividend warrants, non receipts of balance sheet, etc.

28. Gupta Infrastructure (India) Private Limited

Gupta Infrastructure (India) Private Limited was incorporated on November 9, 2005 and is involved in the business of development of infrastructure facilities. The registered office of Gupta Infrastructure (India) Private Limited is located at:

Shriram Towers
7th Floor
Kingsway
SV Patel Marg
Nagpur-440001
Maharashtra.

The directors of Gupta Infrastructure (India) Private Limited are:

1. Padmesh D. Gupta
2. Anuradha P Gupta
3. Rasesh B.Kanakia
4. K.K.Rathi

Shareholding Pattern of Gupta Infrastructure (India) Private Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Gupta Coal India Limited	40,06,000	77.49
Pantaloon Retail (India) Limited.	10,02,000	19.38
Cineline Entertainment (India) Private Limited	2,000	0.04
Tasmaseem Commercial Private Limited	1,60,000	3.09
	70,051	**100.00**

Financial performance of Gupta Infrastructure (India) Private Limited for fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006
Net Sales and other Income	Nil	Nil
Net Profit	Nil	Nil
Equity capital	5,17,00,000	1,00,000
Reserves	11,44,00,000	Nil
Earnings per share	Nil	Nil
Book value per Share	32.13	10

29. Home Lighting India Limited

Home Lighting India Limited was incorporated on January 24, 2007 and is involved in the business of dealing in all kinds of electrical appliances. The registered office of Home Lighting India Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Home Lighting India Limited are:
1. Nimesh Mehta
2. Mahesh Shah
3. Kush Medhora
4. A V Anantharaman
5. Suresh Shah
6. Jinendra Shah

Shareholding Pattern of Home Lighting India Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Home Solutions Retail (India) Limited	5,10,000	51
Asian Electronics Limited	4,20,000	42
Idiom Design and Consulting Limited	70,000	7
Total	**10,00,000**	**100.00**

Financial performance of Home Lighting India Limited for fiscal 2007 is as follows:

(Amount in Rs.)

	As at and for the year ended June 30, 2007
Net Sales and other Income	3,32,413
Net Profit/ (Loss)*	(19,69,337)
Equity capital	1,00,00,000
Reserves	Nil
Earnings per share	(5.52)
Book value per Share	8.03

*Debit balance in Profit and Loss account

30. Home Solutions Retail (India) Limited

Home Solutions Retail (India) Limited was incorporated on October 4, 2004 and is involved in the business of retailing of various home appliances and providing professional expertise for home improvement and other services. The registered office of Home Solutions Retail (India) Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Home Solutions Retail (India) Limited are:
1. Kishore Biyani
2. K. K. Rathi
3. Bala Deshpande
4. Vamesh Chovatia

Shareholding Pattern Home Solutions Retail (India) Limited as on September 30, 2007:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	1,70,15,913	73.32
Kotak Mahindra Private Equity Trustee Limited A/ c India Growth Fund, a unit scheme of Kotak SEAF India Fund	17,48,011	7.53
The Western India Trustee and Executor Company Limited (India Advantage Fund – V)	41,93,165	18.07
IL& FS Trust Company Limited A/ c. Pantaloon Employees Welfare Trust	2,50,000	1.08
Total	**2,32,07,089**	**100.00**

Reedemable Preference Shares each of Rs. 100/ - fully paid up

Name of the Shareholders	No. of Share	Percentage
LIC Mutual Fund Asset Management Company Limited	2,000,000	100
Total	**2,000,000**	**100**

Financial performance of Home Solutions Retail (India) Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(in Rs. lacs except per share data)

	For the year ending June 30, 2007	For the year ending June 30, 2006	For the year ending June 30, 2005
Net Sales and other Income	32,651.06	6,376.40	Nil
Net Profit/ (Loss)*	(4,089.17)	(579.27)	(2.68)
Equity capital	4,320.71	1,751.55	5.00
Reserves	12,704.29	Nil	Nil
Earnings per share	(19.31)	(15.99)	(11.01)
Book value per Share	44.62	6.69	4.64

*Debit balance in Profit and Loss account

31. Home Solutions Services (India) Limited

Home Solutions Services (India) Limited was incorporated on January 18, 2007 and is involved in the business of providing various services for home improvement and other administrative and management services. The registered office of Home Solutions Services (India) Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Home Solutions Services (India) Limited are:

1. Ashutosh Vidwans
2. Ravindra Gupta
3. Nimesh Mehta

Home Solutions Services (India) Limited is a wholly owned subsidiary of Home Solutions Retail (India) Limited

Financial performance of Home Solutions Services (India) Limited for fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending June 30, 2007
Net Sales and other Income	Nil
Net Profit/ (Loss)*	(1,29,025)
Equity capital	5,00,000
Reserves	Nil
Earnings per share	(2.58)
Book value per Share	7.42

*Debit balance in Profit and Loss account

32. Idiom Design and Consulting Limited

This company was incorporated on February 7, 2005 and is involved in the business of designing and consultancy. The registered office of Idiom Design and Consulting Limited is located at Knowledge House, Shyam Nagar, Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060.

The directors of Idiom Design and Consulting Limited are:

1. Ravindra Gupta
2. Chandra Prakash Toshniwal
3. K.K. Rathi.

Shareholding pattern of Idiom Design and Consulting Limited as on September 30, 2007 is as under:

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	4,094	1
Avanee and Ashi Securities Private Limited	1,95,900	48
Subramaniam Sundar	36,700	9
Jacob Mathew	40,800	10
Anand Aurora	36,700	9
Sonia Manchanda	40,800	10
Girish Raj Nair	36,700	9
Akbar Biviji	8,200	2
Ashni Biyani	8,100	2
Total	4,08,000	100

Financial performance of Idiom Design and Consulting Limited for fiscal 2006 and fiscal 2007 are as follows:

(Amount in Rs.)

	As at and for the year ended March 31, 2007	For the year ending March 31, 2006
Net Sales and other Income	114,581,824	5,99,15,100
Net Profit	7,864,407	30,28,614
Equity capital	4,080,000	40,80,000
Reserves	3,93,93,021	3,15,28,614
Earnings per share	19.28	18.63
Book value per Share	106.55	87.28

33. Indus-League Clothing Limited

Indus-League Clothing Limited was incorporated on November 25, 1998 and is involved in the business of Manufacturing and Trading of Garments. The registered office of Indus-League Clothing Limited is located at:

16/ 2
Ali Asker Road
Bangalore – 560 052

The directors of Indus-League Clothing Limited are as follows:

1) MSS Jalaludin
2) J Ramachandran
3) Bala Deshpande
4) Gautam Dalmia
5) Kailash Bhatia
6) R Sridhar

Shareholding Pattern of Indus-League Clothing Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Industries Limited	1,38,46,922	74.35%
PFH Entertainment Limited	17,47,500	9.38%
Pantaloon Employees Welfare Trust	2,50,000	1.34%
Shree Nirman Limited	13,70,126	7.36%
Dalmia Cement (Bharat) Limited	12,63,600	6.78%
Anupama Investment Limited	1,40,252	0.75%
Directors and Director's Relatives	2,000	0.01%
Employees	1,000	0.01%
Others	3,000	0.02%
Total	**1,86,24,400**	**100.00%**

Financial Performance of Indus-League Clothing Limited for last three fiscals is as follows:

(In Rs. lacs except share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net sales and other income	15,470.01	98,496.83	52,218.90
Net Profit/ (Loss)*	413.18	(4,472.20)	(4,741.80)
Equity Capital	1,862.44	1,887.44	1,669.63
Reserves	2,121.00	2,096.00	Nil
Earnings per share	2.23	(2.4)	(5.08)
Book Value per share	6.47	5.22	7.033

*Debit balance in profit and loss account for the year 2006 and 2005

34. Manz Retail Private Limited

Manz Retail Private Limited was incorporated on October 7, 1994 and is involved in the business of import, export, buying, selling, and retailing in clothings, apparels, accessories and such other activities.

The registered office of Manz Retail Private Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Manz Retail Private Limited are as follows:

1) Kishore Biyani
2) C.P. Toshniwal

The shareholding pattern of Manz Retail Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Laxminarayan Biyani	1,500	0.79
Vijay Biyani	1,500	0.79
Kishore Biyani	1,502	0.79
Anil Biyani	1,500	0.79
Gopikishan Biyani	1,598	0.84
Sunil Biyani	1,200	0.63
Rakesh Biyani	1,200	0.63
Akar Estate & Finance Private Limited	1,79,375	94.72
Total	**1,89,375**	**100.00**

Financial performance of Manz Retail Private Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Rs. in lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	629.59	151.73	30.74
Net Profit	26.70	92.87	17.34
Equity capital	18.93	1.00	1.00
Reserves	637.24	478.58	385.70
Earnings per share	68.48	928.79	173.45
Book value per Share	346.50	4,795.88	3,867.09

35. Mobile Repair Service City India Limited

Mobile Repair Service City India Limited was incorporated in September 1, 2007 and is involved in servicing and maintenance of communication instruments. The registered office of Mobile Repair Service City India Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Mobile Repair Service City India Limited are as follows:

1. Sanjay Rathi
2. Chandra Prakash Toshniwal
3. Mayur Toshniwal

Mobile Repair Service City India Limited is a wholly owned subsidiary of Convergem Communication (India) Limited.

The Financial Statements of Mobile Repair Service City India Limited are not available as it is the first year of its incorporation.

36. Nishta Mall Management Company Private Limited

Nishta Mall Management Company Private Limited was incorporated on August 16, 2004 and is involved in the business to acquire, develop, improve, build, sell, lease, manage, commercially exploit and otherwise deal in real estate, properties of all nature and description or any rights therein including land, buildings and other estate and realty relating to shopping malls and commercial complexes. The registered office of Nishta Mall Management Company Private Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Nishta Mall Management Company Private Limited are as follows:

1) Anil Biyani
2) Kishore Biyani

Shareholding pattern of Nishta Mall Management Company Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	5,000	50.00
Anil Biyani	5,000	50.00
Total	**10,000**	**100**

Financial performance of Nishta Mall Management Company Private Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Rs. In lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	105.78	52.89	Nil
Net Profit	50.81	7.97	Nil
Equity capital	1.00	1.00	1.00
Reserves	38.55	7.97	Nil
Earnings per share	305.81	79.75	(0.00)
Book value per Share	395.56	88.78	8.79

37. Niyman Mall Management Company Private Limited

Niyman Mall Management Company Private Limited was incorporated on August 16, 2004 and is involved in the business to acquire, develop, improve, build, sell, lease, manage, commercially exploit and otherwise deal in real estate, properties of all nature and description or any rights therein including land, buildings and other estate and realty relating to shopping malls and commercial complexes. The registered office of Niyman Mall Management Company Private Limited is as follows:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Niyman Mall Management Company Private Limited are as follows:
1) Vijay Biyani
2) Anil Biyani

Shareholding pattern of Niyman Mall Management Company Private Limited as on September 30, 2007 is as follows;

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani(as Karta of HUF)	2,000	20.00
Vijay Biyani	2,000	20.00
Vijay Biyani (as Karta of HUF)	2,000	20.00
Anil Biyani (as Karta of HUF)	2,000	20.00
Sunil Biyani (as Karta of HUF)	2,000	20.00
Total	**10,000**	**100.00**

Financial performance of Niyman Mall Management Company Private Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Rs. in lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	165.52	149.45	Nil
Net Profit	15.98	24.56	Nil
Equity capital	1.00	1.00	1.00
Reserves	23.19	24.56	Nil
Earnings per share	(13.76)	245.70	Nil
Book value per	241.93	254.73	8.79

Share

38. Pan India Food Solutions Private Limited

PAN India Food Solutions Private Limited was incorporated on May 1, 2006 and is involved in the business of restaurants and food courts. The registered office of PAN India Food Solutions Private Limited is locates at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of PAN India Food Solutions Private Limited are as follows:
1. Chandra Prakash Toshniwal
2. Sunil Kapur

Shareholding Pattern of PAN India Food Solutions Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	1,00,05,000	50
Blue Foods Private Limited	1,00,05,000	50
Total	**2,00,10,000**	**100.00**

The Financial Statements of PAN India Food Solutions Private Limited for fiscal 2006 are as follows:

Amount in Rs.)

	For the year ending June 30, 2006
Net Sales and other Income	Nil
Net Profit/ (Loss)*	(28,31,231)
Equity capital	1,00,000
Reserves	Nil
Earnings per share	(283.12)
Book value per Share	(273.12)

*Debit balance in Profit and Loss account

Financial statements for PAN India Food Solutions Private Limited for fiscal 2007 are not available as the accounts are under audit.

39. Pantaloon Food Product (India) Limited

Pantaloon Food Product (India) Limited was incorporated on April 13, 2005 and is involved in the business of dealing in all kinds of food products. The registered office of Pantaloon Food Product (India) Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Pantaloon Food Product (India) Limited are:

1. Chandra Prakash Toshniwal
2. Damodar Mall
3. Narendra Baheti
4. Sadashiv Nayak

Pantaloon Food Product (India) Limited is a wholly owned subsidiary of PRIL

Financial performance of the Company for fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending June 30, 2007	For the year ending June 30, 2006
Net Sales and other Income	1,47,98,26,436	54,38,76,085
Net Profit/ (Loss)	34,24,019	7,45,063
Equity capital	3,63,00,000	5,00,000
Reserves	41,69,082	7,45,063
Earnings per share (Basic)	49.18	16.06
Earnings per share (Diluted)	49.18	0.49
Book value per Share	11.15	24.90

40. Pantaloon Future Ventures Limited

Pantaloon Future Ventures Limited was incorporated on June 11, 2007 and is involved in the business of strategic investments in Future Group. The registered office of Pantaloon Future Ventures Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Pantaloon Future Ventures Limited are:

1) Chandra Prakash Toshniwal
2) Rajesh Kalyani
3) Sanjay Rathi

Pantaloon Future Ventures Limited is a wholly owned subsidiary of PRIL.

The Financial Statements of Pantaloon Future Ventures Limited are not available as it is in the first year of its incorporation.

41. Pantaloon Industries Limited

Pantaloon Industries Limited was incorporated on July 15, 1987 and is involved in the business of purchase, sale, manufacture and treatment of various kinds of fabrics. The registered office of Pantaloon Industries Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Pantaloon Industries Limited are as follows:

Vijay Biyani
Anil Biyani
Sunil Biyani
Krishna Kumar Murarka
Kishore Biyani
Hemang Savla
Rakesh Singhvi

Shareholding pattern of Pantaloon Industries Limited as on September 30, 2007 is as follows:

Category code	Category of Shareholder	Total number of shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group	54,87,196	93.65
(B)	Non-institutions	3,72,224	6.35
	Total (A)+(B)	**58,59,420**	**100.00**

Financial performance of Pantaloon Industries Limited for fiscal 2004, fiscal 2005 and fiscal 2006 is as follows:

(Rs. in lacs except per share data)

	For the year ending December 31, 2006	For the year ending December 31, 2005	For the year ending December 31, 2004
Net Sales and other Income	6,859.43	9,403.13	9,597.56
Net Profit	(206.34)	(41.41)	(250.14)
Equity capital	587.48	587.48	587.48
Reserves	203.86	1,582.26	1,623.41
Earnings per share	(3.52)	(0.70)	(4.29)
Book value per Share	61.24	79.85	39.44

Pantaloon Industries Limited was listed on the Bombay Stock Exchange since June 30, 1994 and got delisted with effect from April 3, 2007 at a delisting price of Rs. 367.3.

42. PFH Entertainment Limited

PFH Entertainment Limited was incorporated on March 8, 1996 and is involved in the business of exhibiting, distributing, hiring, purchasing and selling of films, Indian and foreign, in India or elsewhere. The registered office of PFH Entertainment Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of PFH Entertainment Limited are as follows:

1. Laxminarayan Biyani
2. Gopikishaan Biyani
3. Anil Biyani
4. Sanjeev Agrawal

Shareholding pattern of PFH Entertainment Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Ashirwad Savings & Investments Limited	1,82,800	19.83
Laxminarayan Biyani HUF (held on behalf of Bansi Silk Mills)	67,000	7.27
Gopikishan Biyani HUF (held on behalf of Bansi Silk Mills)	24,993	2.71
Ascend Capital Resources Private Limited	24,500	2.66
Sanman Project Finance & Management (India) Private Limited	21,000	2.28

Manz Retail Private Limited.	20,000	2.17
Akar Estate & Finance Private Limited	3,70,000	40.13
Others	2,11,707	22.95
Total	**9,22,000**	**100.00**

Financial performance of PFH Entertainment Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Rs. in lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	8,229.92	5,821.40	1,946.67
Net Profit	(292.94)	210.20	19.27
Equity capital	92.20	91.20	91.20
Reserves	268.80	264.80	264.80
Earnings per share	(31.28)	23.05	2.02
Book value per Share	(19.04)	12.29	(10.78)

43. Pingaksh Realty Private Limited

Pingaksh Realty Private Limited was incorporated on February 23, 2007, and is involved in the business of Acquisition of Properties and Mall Management Services. The registered office of Pingaksh Realty Private Limited is located at:

FCH House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai – 400 013

The directors of Pingaksh Realty Private Limited are as follows:

1. Sameer Sain
2. P.M. Devaiah
3. Pankaj Thapar

Shareholding pattern of Pingaksh Realty Private Limited as on November 15, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Sameer Sain	9,999	99.9
Pankaj Thapar jointly with Sameer Sain	1	0.01
Total	**10,000**	**100.00**

Pingaksh Realty Private Limited was a wholly owned subsidiary of Manz Retail Private Limited. On November 14, 2007, the shareholding of Pingaksh Realty Private Limited was transferred to Sameer Sain at Rs. 10 per equity share by Manz Retail Private Limited.

Financial statements of Pingaksh Realty Private Limited for fiscal 2007 are not available as it in the first year of its incorporation.

44. Planet Retail Holdings Private Limited

Planet Retail Holdings Private Limited was incorporated on November 15, 1999 and is involved in the business of retailing of sports goods. The registered office of Planet Retail Holdings Private Limited is located at:

7° & 8°
Gaurav Tower – I
Malviya Nagar
Jaipur – 302017

The directors of Planet Retail Holdings Private Limited are as follows:

1. Virendra Prakash Sharma
2. Anil Biyani
3. Ved Prakash Arya
4. Arun Bhardwaj

Shareholding pattern of Planet Retail Holdings Private Limited as on September 30, 2007;

Name of Shareholder	Number of shares	Percentage (%)
Magnus Fashion Tradelinks Private Limited.	29,56,834	51.00
Pantaloon Retail (India) Limited.	28,40,880	49.00
	97,771	**100.00**

Financial performance of the Planet Retail Holdings Private Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(In Rs. lacs except share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	8,983.70	6,428.40	2,955.00
Net Profit/ (Loss)*	(556.10)	(192.00)	23.60
Equity capital	579.80	579.80	579.80
Reserves	2,318.90	2,318.90	1,987.20
Earnings per share	(9.59)	(3.31)	0.86
Book value per Share	31.37	40.97	44.27

*Debit balance in Profit and Loss account of the years 2007 and 2006

45. Sain Advisory Services Private Limited

Sain Advisory Services Private Limited was incorporated on March 10, 2005 and is involved in the business of advisory services. The registered office of Sain Advisory Services Private Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Sain Advisory Services Private Limited are as follows:

1. Chandra Prakash Toshniwal
2 K. K. Rathi
3 Vijay Biyani
4 Teik Chong Ooi

Shareholding Pattern of Sain Advisory Services Private Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	14,155,000	49.80
Pantaloon Industries Limited	14,155,000	49.80
Participatie Maatschappij Graafsschap Holland NV	113,700	0.4

Name of Shareholder	Number of shares	Percentage (%)
Total	**28,423,700**	**100.00**

Financial performance of Sain Advisory Services Private Limited for fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006
Net Sales and other Income	38,190	Nil
Net Profit/ (Loss)*	(1,54,358)	(19,000)
Equity capital	2,00,000	1,10,000
Reserves	Nil	Nil
Earnings per share	(7.72)	(1.73)
Book value per Share	1.33	8.27

*Debit balance in profit and loss account.

46. Shendra Advisory Services Private Limited

Shendra Advisory Services Private Limited was incorporated on November 11, 2005 and is involved in the business of advisory services. The registered office of Shendra Advisory Services Private Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Shendra Advisory Services Private Limited are as follows:

1. Chandra Prakash Toshniwal
2 K.K. Rathi
3 Vijay Biyani
4 Teik Chong Ooi
5 Ravindra Gupta

Shareholding Pattern of Shendra Advisory Services Private Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	14,155,000	49.80
Pantaloon Industries Limited	14,155,000	49.80
Participatie Maatschappij Graafsschap Holland NV	1,13,700	0.4
Total	**28,423,700**	**100.00**

Financial performance of Shendra Advisory Services Private Limited for fiscal 2006 and fiscal 2007 are as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006
Net Sales and other Income	Nil	Nil
Net Profit/ (Loss)*	(18,063)	(23,111)
Equity capital	5,00,000	5,00,000
Reserves	Nil	Nil
Earnings per share	(0.36)	(0.46)
Book value per Share	9.18	9.54

*Debit balance in profit and loss account year 2007 and 2006

47. Simpleton Investrade Private Limited

Simpleton Investrade Private Limited was incorporated on October 19, 2005 and is involved in the business of trading. The registered office of Simpleton Investrade Private Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Simpleton Investrade Private Limited are as follows:

1. Kishore Biyani
2. Sangita Biyani

Shareholding pattern of Simpleton Investrade Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Kishore Biyani	9,000	90
Sangita Biyani	1,000	10
Total	**10,000**	**100.00**

Financial performance of Simpleton Investrade Private Limited for fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006
Net Sales and other Income	1,71,189	3,67,734
Net Profit/ (Loss)*	(2,05,337)	32,008
Equity capital	1,00,000	1,00,000
Reserves	Nil	32,008
Earnings per share	(20.53)	7.12
Book value per Share	(7.33)	13.20

*Debit balance in Profit and Loss account for the year 2007.

48. Softbpo Global Services Limited

Softbpo Global Services Limited was incorporated on October 3, 1981 and is involved in the business of software. The registered office of Softbpo Global Services Limited is located at:

A-9, Raj Industrial Complex, 2nd Floor,
Military Road Compound, Marol,
Andheri (East), Mumbai 400 050

Shareholding Pattern as on September 30, 2007, as filed with the stock exchanges, is as follows:

S. No	Category of Shareholder	Total Number of Shares	Percentage of Shares
(A)	Shareholding of Promoter and Promoter Group		
	Indian	60,000	40
	Foreign	Nil	Nil
	Total Shareholding of Promoter and Promoter Group	**60,000**	**40**
(B)	Public shareholding		
	Institutions	Nil	Nil
	Non-institutions	90,000	60
	Total Public Shareholding	**90,000**	**60**

©	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil
	GRAND TOTAL (A)+(B)+(C)	**1,50,000**	**100**

Finflow Investments Private Limited, having its registered office at 14, Marthanda 82, Or. Annie Besant Road, Worli, Mumbai 400 018, has entered into a share purchase agreement dated November 23, 2007, with the promoters of Softbpo Global Services Limited to acquire 40% of its paid up equity share capital. Pursuant to the same, Finflow Investments Private Limited, has made an announcement of an open offer, dated November 23, 2007, under Regulation 10 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 to acquire upto 30,000 equity shares of Softbpo Global Services Limited, representing 20% of its paid up equity share capital, from the remaining shareholders of Softbpo Global Services Limited, on the terms and conditions as set forth in the offer.

The directors of Softbpo Global Services Limited are as follows:

1 Vijay Biyani
2 Anil Biyani
3 Laxminarayan Biyani
4 Sunil Biyani

Financial performance of Softbpo Global Services Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	2,13,374	3,56,710	6,75,340
Net Profit/ (Loss)*	94,748	50,189	(2,15,727)
Equity capital	15,00,000	15,00,000	15,00,000
Reserves	10,00,000	10,00,000	10,00,000
Earnings per share	0.74	0.33	(1.44)
Book value per Share	8.09	7.15	6.61

*Debit balance in Profit and Loss account for the year 2005

Share Price Information

The equity shares of Softbpo Global Services Limited are listed on BSE.

The monthly high and low of the market price of the equity shares of Softbpo Global Services Limited having a face value of Re. 10 each on BSE for the last six months are as follows:

Month	High (Rs.)	Low (Rs.)
June 2007	N.A.	N.A.
July 2007	N.A.	N.A.
August 2007	N.A.	N.A.
September 2007	N.A.	N.A.
October 2007	N.A.	N.A.
November 2007	N.A.	N.A.

Source: www.bseindia.com

The shares of Softbpo Global Services Limited have not been traded in the last six months.

The shares of Softbpo Global Services Limited were last traded in May 2007 and the market capitalisation of Softbpo Global Services Limited as on the closing price of Rs. 212.05 per equity share on BSE in May, 2007 was Rs. 3,18,07,500.

Other details relating to Softbpo Global Services Limited

The management of the Company was taken over by the existing promoter group. The shares were transferred in the name of the present promoters on 12 December 2005. Open offer was made to the existing shareholders pursuant to the takeover code regulations by the existing promoters. The information about the last IPO is presently not available

49. Staples Future Office Products Private Limited

Staples Future Office Products Private Limited was incorporated on January 9, 2007 and is involved in the business of dealing in all kinds of office equipments and products. The registered office of Staples Future Office Products Private Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Staples Future Office Products Private Limited are:

1. C. P. Toshniwal
2. K. K. Rathi
3. Shailesh Karwa
4. Sharad Dalmia
5. Jack Vanwoerkom
6. Lukas Ruecker
7. Chih Cheung
8. Prashant Desai

Shareholding Pattern of Staples Future Office Products Private Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	16,50,000	37.50
Staples Asia Investment Limited	16,50,000	37.50
Shailesh Karwa	5,50,000	12.50
Sharad Dalmia	5,50,000	12.50
Total	**200,042200,042**	**100.00**

The financial statements of Staples Future Office Products Private Limited are not available as it is in the first year of its incorporation.

50. Stripes Apparels Limited

Stripes Apparels Limited was incorporated on May 1, 2000 and is involved in the business of manufacture, sale, import and distribution of ready made garments and hosiery made of various kinds of fabric. The registered office of Stripes Apparels Limited is located at:

Knowledge House
Shyam Nagar
Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060

The directors of Stripes Apparels Limited are as follows:
1) Anil Biyani
2) Sunil Biyani
3) Naveen Kumar Jain

Stripes Apparels Limited is a wholly owned subsidiary of Pantaloon Industries Limited.

Financial performance of Stripes Apparels Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Rs. in lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005

Net Sales and other Income	314.97	176.72	118.32
Net Profit	9.65	8.27	9.01
Equity capital	125.00	1.00	1.00
Reserves	7.82	Nil	Nil
Earnings per share	18.64	82.79	90.14
Book value per Share	10.59	(16.61)	(100.64)

51. Talwalkars Pantaloon Fitness Private Limited

Talwalkars Pantaloon Fitness Private Limited was incorporated on December 19, 2006 and is involved in the business of setting up of gymnasiums and dealing in fitness equipment and other health products. The registered office of Talwalkars Pantaloon Fitness Private Limited is located at:

801-813
Mahalaxmi Chambers 22
Bhulabhai Desai Road
Mahalaxmi
Mumbai 400 026

The directors of Talwalkars Pantaloon Fitness Private Limited are as follows:

1. Vinayak Gawande
2. Girish Talwalkar
3. Sunil Biyani
4. Rahul Bhalchandra
5. Prashant Talwalkar
6. Anant Gawande
7. Prashant Desai

The Shareholding pattern of Talwalkars Pantaloon Fitness Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Talwalkars Better Value Fitness Private Limited	1,00,000	50%
Pantaloon Retail (India) Limited	1,00,000	50%
Total	**2,00,000**	**100%**

Financial performance of Talwalkars Pantaloon Fitness Private Limited for fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007
Net Sales and other Income	8,31,846
Net Profit/ (Loss)*	(49,241)
Equity capital	20,000,000
Reserves	49,241
Earnings per share	(3.28)
Book value per Share	99.69

* Debit balance in Profit and Loss account.

52. Valuable Advisors Limited

Valuable Advisors Limited was incorporated on April 10, 2002 and is involved in the business of advisory activities. The registered office of Valuable Advisors Limited is located at:

Technology Centre, Plot No. F-17
Opp. SEEPZ, Andheri (East),
Mumbai 400 093

The directors of Valuable Advisors Limited are:

1. Vijay Biyani
2. Sunil Biyani
3. Anil Biyani

Valuable Advisors Limited is a wholly owned subsidiary of Softbpo Global Services Limited.

Financial performance of Valuable Advisors Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Amount in Rs.)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	18,241	32,783	1,69,805
Net Profit/ (Loss)*	(27,845)	(22,506)	(3,81,961)
Equity capital	5,00,000	5,00,000	5,00,000
Reserves	Nil	Nil	Nil
Earnings per share	(0.56)	(0.45)	(7.64)
Book value per Share	(35.22)	(43.69)	(34.27)

* Debit balance in profit and loss account

53. Varnish Trading Private Limited

Varnish Trading Private Limited is incorporated on February 22, 1994 and is involved in the business of dealing in shares and securities and investing the capital and other monies of Varnish Trading Private Limited in the purchase or upon the security of shares, stocks, debentures, debenture stock, bonds, securities carrying on business in shares, stocks, debentures, debentures stocks, bonds, obligations and other securities Commissioners, Trust, Municipal or Local Authority, government, corporation, companies and to carry on the business of films financing, hire purchase financing, and to carry on business of financing industrial enterprises, trade and business. The registered office of Varnish Trading Private Limited is located at:

Venkatesh Bhavan
4th Floor
86, Mirza Street
Mumbai 400 003

The directors of Varnish Trading Private Limited are as follows:

1) Kishore Biyani
2) Vijay Biyani

Shareholding pattern of Varnish Trading Private Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Laxminarayan Biyani HUF	9,500	11.82
Anil Biyani	9,495	11.81
Vijay Biyani	7,420	9.23
Kishore Biyani	6,600	8.21
Vijay Biyani HUF	6,495	8.08
Rakesh Biyani	6,000	7.46
Anil Biyani HUF	5,500	6.84
Sunil Biyani HUF	5,500	6.84
Gopikishan Biyani	5,395	6.71
Sunil Biyani	5,000	6.22
Gopikishan Biyani HUF	4,995	6.21
Sampat Biyani	4,200	5.22
Laxminarayan Biyani	2,500	3.11
Godavaridevi Biyani	1,500	1.87
Lata Biyani	100	0.12
Laxminarayan Biyani HUF (on behalf of Bansi Silk Mills)	100	0.12

Name of Shareholder	Number of shares	Percentage (%)
Laxminarayan Biyani (on behalf of Bansi Silk Mills)	100	0.12
Total	**80,400**	**100.00**

Financial performance of Varnish Trading Private Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Rs. in lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	25.91	28.60	84.85
Net Profit	22.67	28.25	22.49
Equity capital	8.04	8.04	8.04
Reserves	58.31	35.64	7.39
Earnings per share	30.56	35.00	28.00
Book value per Share	84.89	54.33	19.19

54. Weavette Texstyles Limited

Weavette Texstyles Limited was incorporated on December 8, 1994 and is involved in the business of designing, manufacturing, buying and selling, importing, exporting, spinning etc of various types of textile fabrics. The registered office of Weavette Texstyles Limited is located at:

11,Y.A.Chunawala Ind.Estate
Kondivita Lane
Andheri – Kurla Road
Andheri (East)
Mumbai – 400 059

The directors of Weavette Texstyles Limited are as follows:

1) Pankaj Kapoor
2) Neerja Kapoor
3) Anil Biyani

Shareholding pattern of Weavette Texstyles Limited as on September 30, 2007 is as follows:

Name of Shareholder	Number of shares	Percentage (%)
Pankaj Kapoor	6,84,980	22.83
Sandeep Kapoor	10	0.00
Neerja Kapoor	10	0.00
Patron Leasing & Finance Private Limited	7,85,000	26.17
Pantaloon Industries Limited	15,30,000	51.00
	30,00,000	**100.00**

Financial performance of Weavette Texstyles Limited for fiscal 2005, fiscal 2006 and fiscal 2007 is as follows:

(Rs. in lacs except per share data)

	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Net Sales and other Income	2,596.62	559.33	24.11
Net Profit*	(33.92)	(31.31)	0.28
Equity capital	300.00	300.00	5.00
Reserves	Nil	Nil	5.58
Earnings per share	(1.16)	(1.04)	2.00
Book value per Share	8.00	9.00	66.00

*Debit balance in Profit and Loss account for 2006 and 2007

55. Whole Wealth Limited

Whole Wealth Limited was incorporated on June 28, 2006 and has not commenced its business operations yet. The registered office of Whole Wealth Limited is located at:

Block 19A
19th Floor
On Hing Building
No. 1, On Hing Terrace
Central, Hong Kong

The directors of Whole Wealth Limited are:

1. Chandra Prakash Toshniwal
2. K.K. Rathi
3. Anil Biyani
4. Pradeep Kumar Ghuwalewala
5. Kallidaikurichi Sakaran Hari Haran

Shareholding Pattern of Whole Wealth Limited as on September 30, 2007 is:

Name of Shareholder	Number of shares	Percentage (%)
Pantaloon Retail (India) Limited	51,48,000	60
Sarika S Poddar	5,72,000	6.67
Anjana P Poddar	5,72,000	6.67
Shilpa S Poddar	5,72,000	6.66
Rivian International Private Limited	17,16,000	20
Total	**85,80,000**	**100.00**

Financial statements of Whole Wealth Limited are not available as it is in the first year of its incorporation.

II. VENTURES DISASSOCIATED BY PROMOTERS IN THE PAST THREE YEARS

1. GJ Future Fashions Limited

PRIL disassociated from GJ Future Fashions Limited in June 30, 2007 by selling its shares to Gini & Jony Limited as the joint venture with GJ Future Fashions Limited was not profitable for PRIL.

RELATED PARTY TRANSACTIONS

Statement of consolidated transactions with Related Parties and Details of Outstanding Balances, as restated

Nature of Relationship	
Holding company	Pantaloon Retail (India) Limited
Key management personnel	Sameer Sain, Managing Director & CEO, Future Capital Holdings Limited
	Kishore Biyani, Director, Future Capital Holdings Limited
	Shishir Baijal, Managing Director & CEO, Kshitij Investment Advisory Company Limited, (from April 1, 2006 to December 31, 2006)
Associate Companies	KB Mall Management Limited
	PFH Entertainment Limited
	Planet Retail Holdings Private Limited
	Pan India Foods Solutions Pvt Ltd
Joint Venture	Kshitij CapitaLand Mall Management Private Limited (formerly known as Satyam Mall Management Private Limited)
	Real term Logistics Private Limited
Fellow Subsidiaries	Future Media India Ltd
	Home Solutions Retail (India) Limited
	Pantaloon Future Ventures Limited
	Future Bazaar India Limited

Consolidated transactions with Related Parties for the period ended September 30, 2007 and details of outstanding balances as at September 30, 2007, as restated

Currency Indian Rupees

Relationship	**Period**	***Holding Company***		**Joint Ventures**		**Fellow Subsidiaries**	
		Transaction value	**Outstanding balance** Dr. / (Cr.)	**Transaction value**	**Outstanding balance** Dr. / (Cr.)	**Transaction value**	**Outstanding balance** Dr. / (Cr.)
Purchases	Sep 2007	41,170	-	-	-	-	-
	Mar 2007	158,635	(49,579)	-	-	-	-
Loans Given	Sep 2007	-	-	-	-	-	-
	Mar 2007	152,500,000	-	6,000,000	-	-	-
Advisory fees Received	Sep 2007	2,308,002	1,262,035	-	-	-	-
	Mar 2007	7,103,216	7,103,216	-	-	-	-
Operating expenses reimbursed to these cos.	Sep 2007	12,907,540	-	-	-	3,658,503	-
	Mar 2007	12,715,620	(8,081,237)	-	-	-	-
Managing director's	Sep 2007	-	-	-	-	-	-

remuneration	Mar 2007	-	-	-	-	-	-
Managing director's remuneration - Kshitij Investment Advisory Company Limited	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-
Operating expenses reimbursed by Company	Sep 2007	757,789	-	105,026	105,026	589,088	589,088
	Mar 2007	1,888,696	633,602	8,098,772	3,550,286	-	-
License fees	Sep 2007	30,000,000	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-
Equity share issued	Sep 2007	-	-	-	-	-	-
	Mar 2007	573,768,645	-	-	-	-	-
Share application money given	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	24,900,000	-	-	-
Purchase of investments	Sep 2007	-	-	-	-	-	-
	Mar 2007	47,280,000	-	-	-	-	-
Sale of investments	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-
Fixed assets / Intangible assets Purchased	Sep 2007	-	-	14,809,393	14,809,393	64,232	-
	Mar 2007	51,660	(51,660)	-	-	-	-
Fixed assets / Intangible assets Transferred	Sep 2007	-	-	537,682	537,682	-	-
	Mar 2007	-	-	22,946	22,946	-	-
Interest Received	Sep 2007	-	-	-	-	-	-
	Mar 2007	531,888	-	93,124	72,227	-	-
Sub-vention Income	Sep 2007	333,269	-	-	-	561,227	-
	Mar 2007	-	-	-	-	-	-
Interest Expense	Sep 2007	-	-	-	-	-	-
	Mar 2007	936,986	-	-	-	-	-
Loans Borrowed	Sep 2007	-	-	-	-	-	-
	Mar 2007	50,000,000	-	-	-	-	-
Loan Repayment	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-

Equity Share Warrants Issued	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-

Currency Indian Rupees

Relationship	Period	Associate Companies		Key Management Personnel	
		Transaction value	Outstanding balance Dr. / (Cr.)	Transaction value	Outstanding balance Dr. / (Cr.)
Purchases	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Loan Given	Sep 2007	50,000,000	81,729,992	17,67,480	-
	Mar 2007	497,500,000	30,070,123	-	-
Advisory Fee Received	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Operating expenses reimbursed to these cos.	Sep 2007	16,064,800	(14,637,359)	1,111,899	(82,130)
	Mar 2007	-	-	-	-
Managing director's remuneration	Sep 2007	-	-	7,067,418	-
	Mar 2007	-	-	3,424,988	-
Managing director's remuneration - Kshitij Investment Advisory Company Limited	Sep 2007	-	-	26,757,626	-
	Mar 2007	-	-	14,697,012	-
Operating expenses reimbursed by Company	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
License Fees	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Equity share issued	Sep 2007	-	-	387,654,238	-
	Mar 2007	-	-	70,500,000	-
Share application money given	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Purchase of investments	Sep 2007	-	-	-	-
	Mar 2007	-	-	4,274,865	-
Sale of investments	Sep 2007	-	-	-	-
	Mar 2007	-	-	3,674,937	-
Fixed assets / Intangible assets Purchased	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Fixed assets / Intangible assets Transferred	Sep 2007				
	Mar 2007	-	-	-	-
Interest Received	Sep 2007	1,999,158	-	-	-
	Mar 2007	18,885,411	519,122	-	-
Sub-vention Income	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Interest Expense	Sep 2007	-	-	-	-
	Mar 2007	-	-	135,780	-
Loans Borrowed	Sep 2007	-	-	-	-

	Mar 2007	-	-	7,500,000	-
Loan Repayment	Sep 2007	-	-	-	-
	Mar 2007	-	-	14,500,000	-
Equity Share Warrants Issued	Sep 2007	-	-	-	-
	Mar 2007	-	-	2,115,000	-

Related party transactions more than 10%

Currency Indian Rupees

Name of the Party	*Period*	*Transaction Value*	**Outstanding Balance** Debit/(Credit)
Interest income			
Details of interest from subsidiaries and associates which are material (more than 10% of the total interest from related parties)			
Name of the party			
Kshitij Investment Advisory Company Limited	Sep. 07	-	-
	Mar. 07	4,529,014	-
Myra Mall Management Company Limited	Sep. 07	-	-
	Mar. 07	9,552,607	-
KB Mall Management Limited	Sep. 07	-	-
	Mar. 07	6,052,397	-
PFH Entertainment Limited	Sep. 07	-	-
	Mar. 07	12,733,562	-
Planet Retail Holdings Limited	Sep. 07	1,807,377	-
	Mar. 07	-	-
Purchases			
Details of purchases from holding company	Sep. 07	-	-
which are material (more than 10% of the total	Mar. 07	158,635	(49,579)
purchases from related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	41,170	-
	Mar. 07	-	-
Reimbursement of operating expenses			
Details of reimbursement of operating expenses to holding, subsidiaries and associate companies which are material (more than 10% of the total reimbursements to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	11,564,743	-
	Mar. 07	3,755,069	(3,755,069)
Kshitij Investment Advisory Company Limited	Sep. 07	-	-
	Mar. 07	2,244,917	(1,038,231)
Myra Mall Management Company Limited	Sep. 07	-	-
	Mar. 07	7,191,581	-
Idiom Design & Consulting Limited	Sep. 07	-	-
	Mar. 07	1,537,688	519,122
PFH Entertainment Limited	Sep. 07	16,013,800	(14,637,359)
	Mar. 07	-	-

Related party transactions more than 10%

Currency Indian Rupees

Name of the Party	*Period*	*Transaction Value*	**Outstanding Balance** Debit/(Credit)
Operating expenses incurred on behalf of and recovered from			
Details of Operating expenses incurred on behalf of			
and recovered from subsidiaries and associate			
companies which are material (more than 10% of			
the total reimbursements from related parties)			
Name of the party			
Kshitij Investment Advisory Company Limited	Sep. 07	757,789	-
	Mar. 07	1,206,686	-
Future Finmart Limited	Sep. 07	-	-
	Mar. 07	458,440	-
Indivision Investments Advisors Limited	Sep. 07	-	-
	Mar. 07	1,904,226	-
Pantaloon Future Ventures Ltd	Sep. 07	589,088	589,088
	Mar. 07	-	-
Managing director's remuneration			
Details of managerial remuneration paid to			
key management personnel which are material			
(more than 10% of the total managerial remuneration paid to related			
parties)			
Name of the party			
Mr Sameer Sain, Managing Director & CEO	Sep. 07	7,067,418	-
	Mar. 07	3,424,988	-
Purchase of tangible / intangible assets			
Details of purchases of tangible / intangible assets			
from associate companies which are material			
(more than 10% of the total purchases from			
related parties)			
Name of the party			
Indivision Investments Advisors Limited	Sep. 07	-	-
	Mar. 07	26,570,708	-
Kshitij CapitaLand Mall Management Private Limited-Current	Sep. 07	14,809,393	14,809,393
	Mar. 07		
Security deposits given			
Details of Security deposits given to holding company	Sep. 07	-	-
which are material (more than 10% of the total	Mar. 07	60,000	60,000
Security deposits given to related parties)			

Related party transactions more than 10%

Currency Indian Rupees

Name of the Party	*Period*	*Transaction Value*	**Outstanding Balance** Debit/(Credit)
Loans given			

Details of loans given to holding, subsidiaries and associate companies which are material (more than 10% of the total loans given to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	-	-
	Mar. 07	152,500,000	-
Kshitij Investment Advisory Company Limited	Sep. 07	-	-
	Mar. 07	141,100,000	49,012,701
Myra Mall Management Company Limited	Sep. 07	-	-
	Mar. 07	209,850,000	145,781,211
KB Mall Management Limited	Sep. 07	-	-
	Mar. 07	200,000,000	-
PFH Entertainment Limited	Sep. 07	-	-
	Mar. 07	267,500,000	-
Indivision Investments Advisors Limited	Sep. 07	-	-
	Mar. 07	159,750,000	65,853,665
Pan India Food Solutions Private Limited	Sep. 07	50,000,000	-
	Mar. 07	-	-
Equity shares issued			
Details of equity shares issued to holding company and key management personnel which are material (more than 10% of the total shares issued to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07		
	Mar. 07	573,768,645	-
Mr Sameer Sain, Managing Director & CEO	Sep. 07	173,710,825	-
	Mar. 07	70,500,000	(70,500,000)
Mr Kishore Biyani, Director	Sep. 07	213,943,413	-
	Mar. 07	-	-
Equity share warrants issued			
Details of equity shares warrants issued to key management personnel which are material (more than 10% of the total warrants issued to related parties)			
Name of the party			
Mr Kishore Biyani, Director	Sep. 07	-	-
	Mar. 07	2,115,000	(2,115,000)
Share application money given	Sep. 07	-	-
Details of Share application money given to joint venture company which are material (more than 10% of the total share application money given to related parties)	Mar. 07	24,900,000	-

Related party transactions more than 10%

Currency Indian Rupees

Name of the Party	***Period***	***Transaction Value***	**Outstanding Balance** Debit/(Credit)
Purchase of investments			
Details of purchase of investments from holding and subsidiary companies which are material			

(more than 10% of the total purchases of investments			
from related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	-	-
	Mar. 07	47,280,000	-
Myra Mall Management Company Limited	Sep. 07	-	-
	Mar. 07	9,900,000	-
Sale of investments			
Details of sale of investments to key management			
personnel which are material (more than 10% of			
the total warrants issued to related parties)			
Name of the party			
Mr Kishore Biyani, Director	Sep. 07	-	-
	Mar. 07	3,674,937	-
Advisory fees received			
Details of Advisory fees received			
from holding Company which are			
material (more than 10% of the total			
Advisory fees paid to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	2,308,002	-
	Mar. 07	-	-
Subvention Income			
Details of Sub-vention Income from holding Company and fellow subsidiaries which are material (more than 10% of the total subvention income from related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	333,269	-
	Mar. 07	-	-
Home Solutions Retail India Limited	Sep. 07	561,227	-
	Mar. 07	-	-
License Fees			
Details of payment of licenses fees			
to holding Company which are material			
(more than 10% of the total license			
fees paid to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	30,000,000	-
	Mar. 07	-	-

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our board of directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. Our Company has not paid any dividend since our inception. Our Company has no stated dividend policy.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN US GAAP, IFRS AND INDIAN GAAP

Particulars	Indian GAAP	U.S. GAAP	IFRS
Changes in accounting Policies	Policy changes made on the adoption of a new standard must be accounted for in accordance with that standard's transitional provisions. If transitional provisions are not specified, then the entity should follows the treatment prescribed in AS 5. AS 5 does not specifically provide whether a change in an accounting policy should be retrospective or prospective. It also does not specify the manner of adjustment of the effect of a change in an accounting policy. It merely requires separate disclosure of the impact of, and the adjustments resulting from, the change in accounting policy, where ascertainable.	Similar to IFRS with the adoption of FAS 154.	An entity shall account for a change in accounting policy resulting from the initial application of a Standard or an Interpretation in accordance with the specific transitional provisions, if any, in that Standard or Interpretation. When an entity changes an accounting policy upon initial application of a Standard or an Interpretation that does not include specific transitional provisions applying to that change, or changes an accounting policy voluntarily, it shall apply the change retrospectively. Comparative information is restated, and the amount of the adjustment relating to prior periods is adjusted against the opening balance of retained earnings of the earliest year presented. An exemption applies when it is impracticable to change comparative information.
Errors/ prior period items	AS 5 covers only items of income and expenses under the definition of prior period items. Balance sheet misclassification, which do not have an income statement impact, are included in the definition of an error. Retrospective restatement for correction of errors is not required. The effect of correction is included in current year income statement with separate disclosure.	Similar to IFRS	The definition of prior period items is much broader under IAS 8 as compared to AS 5 since IAS 8 covers all the items in financial statements. Comparatives are restated to correct the errors. If error had occurred before the earliest prior period presented, assets, liability and equity for the earliest prior period presented are restated.
Deferred Taxation	Deferred tax is accounted using the income statement approach, which focuses on timing differences. Timing differences are the	Similar to IFRS but with specific differences in application.	Entities are required to account for taxation using the balance sheet liability method, which focuses on temporary differences. Temporary differences are

Particulars	Indian GAAP	U.S. GAAP	IFRS
	differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, deferred tax assets in situations of brought forward losses or unabsorbed depreciation are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which the deferred tax assets can be realised.	A deferred tax asset is recognised in full but is then reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realised. Tax benefit is recognized only for amounts which are probable of being realized.	differences between the tax bases of assets or liabilities and their book values that will result in taxable or tax deductible amounts in future years. Deferred tax assets are recognised only to the extent it is probable that taxable profits will be available against which the deferred tax asset can be utilised. Where an enterprise has a history of tax losses, the enterprise recognises a deferred tax asset only to the extent that the enterprise has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.
Recognition of deferred tax on investment made in subsidiaries, branches, associates and joint ventures (undistributed profits)	No deferred tax is recognised.	Similar to IFRS.	An entity should recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future.
Recognition of deferred tax on elimination of intra-group transactions	Deferred tax is not recognised. The deferred taxes in the CFS are a simple aggregation of the deferred tax recognised by the group entities.	Similar to IFRS.	Deferred tax should be recognised on temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions. Deferred tax is recognised at the buyer's tax rate.
Fringe Benefits Tax (FBT)	Disclosed as a separate line item after PAT on the face of the P&L. In other words, treated at par with	Similar to IFRS	Included as part of the related expense which gave rise to FBT.

Particulars	Indian GAAP	U.S. GAAP	IFRS
	income-tax.		
Property, plant and equipment: component accounting	AS 10 does not require full adoption of the component approach. It merely recognises the said approach in one paragraph by stating that accounting for a tangible fixed asset may be improved if total cost thereof is allocated to its various parts. Apart from this, no guidance is available on application of this approach.	Historical cost is used; revaluations are not permitted. Depreciation based on useful life of the asset	IAS 16 mandates component accounting. Under component accounting approach, each major part of an item of property plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. As a corollary, cost of replacing such parts is capitalised, if recognition criteria are met with consequent derecognition of carrying amount of the replaced part.
Subsequent costs	Costs incurred for replacement of parts is capitalised only if it increases the future benefits from the asset beyond its previously assessed standard performance.	Similar to IFRS.	Costs incurred for replacement of a part of an item of PPE are capitalised if recognition criteria are met with consequent derecognition of carrying amount of the replaced part.
Depreciation	Items of PPE are depreciated over their estimated useful lives and rates of depreciation prescribed in Schedule XIV to the Companies Act are treated as minimum rates of depreciation. Change in depreciation method is treated as change in accounting policy. Under AS 6 (1994), such a review is not obligatory as it simply provides that useful life of an asset may be reviewed periodically.	Assets are depreciated over their estimated useful economic lives	Items of PPE are depreciated over their estimated useful lives and there are no minimum rates of depreciation. Each major part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately Change in depreciation method is treated as change in accounting estimate. IAS 16 requires that the residual value and useful life of an asset be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) should be accounted for as a change in an accounting estimate.
Property, plant and equipment	Revaluation is permitted. On revaluation, an entire class of assets is revalued, or selection of assets is made on a systematic basis. Regular updation of revaluation is not	Historical cost is used; revaluations are not permitted. Depreciation based on useful life of the asset	Revaluation of fixed assets is more systematic since IAS 16 requires an entity to choose either the cost model or the revaluation model as its accounting policy and to apply that policy to an entire

Particulars	Indian GAAP	U.S. GAAP	IFRS
	required. Depreciation on revaluation portion can be recouped out of revaluation reserve.		class of assets. It also requires that revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Depreciation on revaluation portion cannot be recouped out of revaluation reserve and will have to be charged to the P&L account.
Intangible Assets	After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Revaluation of intangible assets is not permitted. There is no concept of intangible assets with indefinite useful life. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. All assets are amortised over their respective useful life.	Intangible assets subject to amortisation are carried at amortised cost unless impaired. Intangible assets not subject to amortisation are carried at historical cost unless impaired. Revaluation is not permitted. Different treatment for acquired / indefinite useful life/ purchase method. Similar to IFRS Research and development costs are expensed as incurred. Some software and website development costs are capitalised.	An entity shall choose either the cost model or the revaluation model as its accounting policy. If an intangible asset is accounted for using the revaluation model, all the other assets in its class shall also be accounted for using the same model, unless there is no active market for those assets. An entity shall assess whether the useful life of an intangible asset is finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Assets with finite useful life are amortised over their respective useful lives. There is no rebuttable presumption regarding maximum useful life of an asset.
Capitalization of borrowing cost	The entity should capitalise borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset.	Required	The benchmark treatment prescribed in IAS 23 is that all borrowing costs should be recognised as an expense in the period in which they are incurred. As an allowed alternative to this, the entity, however, has an option to capitalise borrowing costs

Particulars	Indian GAAP	U.S. GAAP	IFRS
			that are directly attributable to the acquisition, construction or production of a qualifying asset.
Impairment of Assets	An entity is required to assess whether there is any indication that an asset is impaired at each balance sheet date. Impairment loss (if any) is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's selling price (fair value less cost to sell) or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss recognised for an asset in prior accounting periods should be reversed if there has been a change in the estimates of cash inflows, cash outflows or discount rates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset should be increased to its recoverable amount. An impairment loss recognised for goodwill should not be reversed in a subsequent period unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.	An impairment analysis is performed if impairment indicators exist. An impairment loss shall be recognised only if the carrying value of a long lived asset (asset group) is not recoverable and exceeds its fair value. Impairment is assessed on undiscounted cash flows for assets to be held & used. If less than carrying value, impairment loss is the difference between the carrying value and and fair value of the asset. Fair value is generally determined based on discounted cash flows. Restoration of previously recognised impairment loss is prohibited.	Similar to Indian GAAP except the following: (i) Terminology used is 'fair value less costs to sell' instead of 'net selling price' instead of. The two terms are, otherwise, defined in the same manner. (ii) An impairment loss recognised for goodwill shall not be reversed in a subsequent period.
Consolidated financial statements	It is not mandatory for entities to prepare CFS under AS 21. An entity	All majority-owned subsidiaries (i.e., all companies in which	Consolidated financial statements are required for all entities unless specific

Particulars	Indian GAAP	U.S. GAAP	IFRS
	that presents CFS should prepare and present the same in accordance with AS 21. ALL listed entities are required to prepare and present CFS as per the terms of listing agreement of SEBI. Preclude consolidation of a subsidiary when (i) control is intended to be temporary because it is acquired and held exclusively with a view to its subsequent disposal in the near future; or (ii) it operates under severe long term restrictions, which significantly impair its ability to transfer funds to the parent.	a parent has a controlling financial interest through direct or indirect ownership of a majority voting interest) must be consolidated unless control does not rest with the majority owner.	exemptions in IAS 27 apply. CFS includes all subsidiaries, except a subsidiary that meets, on acquisition, the criteria to be classified as held for sale in accordance with IFRS 5.
Goodwill on consolidation	Goodwill arising on consolidation is computed as the excess of the purchase price over the carrying value of the net assets in the financial statements of the subsidiary. Goodwill is tested for impairment whenever an indication of impairment exists at the CGU level. Though amortization of goodwill arising on consolidation is not mandatory, it can be amortised on a systematic basis over its useful life.	Similar to IFRS although the level of impairment testing and the impairment test itself are different. Goodwill is tested for impairment at a reporting unit level, which is a level below the operating segment.	Goodwill arising on consolidation is computed as the excess of the purchase price over the fair value of the net assets acquired and is tested for impairment annually or more frequently at either CGU level / group of CGUs as applicable if there are indicators of impairment. Goodwill is not amortised.
Accounting for jointly controlled entities in consolidated financial statements	Accounting for jointly controlled entities is required to be done under the proportionate consolidation method. In separate financial statements, JCE are accounted at cost less other than temporary decline in value of investments.	Does not permit proportionate consolidation for corporate joint ventures. Venturer applies the equity method to recognise the investment in a jointly controlled entity. Equity accounting is also appropriate for investments in unincorporated joint ventures. In consolidated financials equity	IAS 31 prescribes proportionate consolidation method for recognising interest in a jointly controlled entity in CFS. It, however, also allows the use of equity method of accounting as an alternate to proportionate consolidation. However, proportionate method of accounting is the more recommended.

Particulars	Indian GAAP	U.S. GAAP	IFRS
		method is required except in specific circumstances.	
Provisions, contingent liabilities and contingent assets	The amount recognised as a provision should be the best estimate of the expenditure required to settle the present obligation from past events at the balance sheet date for which an outflow of resource is probable. Entity is not permitted to discount the provision to its present value. Contingent gains are neither recognized nor disclosed	Similar to IFRS; however, if a range of estimates is present and no amount in the range is more likely than any other amount in the range, the "minimum" (rather than the mid-point) amount must be used to measure a liability. A provision must only be discounted when the timing of the cash flows is fixed. (Differences may arise in the selection of the discount rate, particularly in the area of asset retirement obligations). Different rules to be followed for specific situations such as environmental liabilities loss contingencies etc.	Similar to Indian GAAP except that where the effect of the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation. Contingent assets are disclosed in financial statements where an inflow of economic benefits is probable
Post employment defined benefit plans such as pension, gratuity	Discount rate to be used for determining defined benefit obligation is by reference to market yields at the balance sheet date on government bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations. Actuarial gain or loss should be recognised immediately in profit and loss account.	The assumed discount rate used to calculate the actuarial present value of benefits should reflect the rates at which the pension benefits could effectively be settled. In estimating this rate, it is acceptable to consider rates implicit in annuity contracts that could be used to settle the benefit obligation or returns on long dated gilts. If a l or almost all plan participants	Discount rate to be used for determining defined benefit obligation is by reference to market yields at the balance sheet date on high quality corporate bonds (or, in countries where there is no deep market in such bonds, government bonds) of a currency and term consistent with the currency and term of the post-employment benefit obligations. IAS 19 provides the following options to recognise actuarial gains and losses: • all actuarial gains and losses can be recognised immediately in the P&L • all actuarial gains

Particulars	Indian GAAP	U.S. GAAP	IFRS
		are retired, actuarial gains and losses are amortised over the remaining life expectancy of the plan participants.	and losses can be recognised immediately in SORIE • actuarial gains and losses below the 10% corridor need not be recognised and above the 10% corridor can be deferred over the remaining service period of employees or on accelerated basis. Entity should select any of the above methods as its accounting policy and apply the same policy for recognition of actuarial gains and losses on consistent basis.
Employee share-based payments	Share-based payments granted to employees can be accounted for either as per intrinsic value method or as per the fair value method. When the intrinsic method is applied, fair value related disclosures are required to be made in the notes to accounts.	Measurement at fair value only.	Measurement at fair value only.
Measurement of revenue	Similar to IFRS except that discounting is normally not required. However, in case of instalment sales, discounting would be required.	Broadly comparable. Howveer, there are there is guidance for specific industries and situations and there can be differences in the application of US GAAP.	Revenue should be measured at the fair value of the consideration received or receivable. In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, where the inflow of cash or cash equivalents is deferred, discounting to a present value is required to be done.
Interest, royalties and dividend	Similar to IFRS except that interest is recognised based on time-proportion basis taking into account the amount outstanding and the rate applicable, instead of the effective interest rate as required under AS 9. As per the requirements of Schedule VI to the Companies Act, 1956,	Similar to IFRS.	Revenue arising from the use by others of entity assets yielding interest, royalties and dividends should be recognised if: • it is probable that the economic benefits associated with the transaction will flow to the entity; and • the amount of the revenue can be

Particulars	Indian GAAP	U.S. GAAP	IFRS
	dividends from subsidiary companies are recognised even is the same are declared after the date of the balance sheet but pertain to the period ending on or before the date of the balance sheet.		measured reliably. • Revenue shall be recognised on the following bases: • interest shall be recognised using the effective interest method • royalties shall be recognised on an accrual basis in accordance with the substance of the relevant agreement; and • dividends shall be recognised when the shareholder's right to receive payment is established.
Financial assets, including, investments, and loans and receivables, such as, advances and deposits recoverable	No specific standard on financial instruments. However, AS 13 classifies investments into long-term and current investments. Long term investments are recorded at cost less diminution other than temporary. Current investments are recorded at lower of cost or market price. Loans and receivables are stated at cost. Interest income on loans is recognised on time-proportion basis as per the rates mentioned in loan agreement.	Depends on classification of investment-if held to maturity then carry at amortised cost, otherwise at fair value. unrealised gains/ losses are recorded in other comprehensive income or,if trading securities, in the income statement.	As per IAS 39, financial assets are classified into four categories, viz., (i) financial assets at fair value through profit or loss, (ii) held-to-maturity (HTM) investments, (iii) loans and receivables and (iv) available-for-sale (AFS) financial assets. As per IAS 39, a financial asset at fair value through profit or loss should be measured at their fair value and consequent gain or loss should be recognised in the Income Statement. HTM Investments are investments with fixed or determinable payments and fixed maturity that an entity has positive intent and ability to hold to maturity. Such investments are measured at amortised cost using the effective interest method and interest on such investments is recognised using the effective interest rate. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active

Particulars	Indian GAAP	U.S. GAAP	IFRS
			market, other than: (a) those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale. As per IAS 39, loans are receivables are accounted for as below (i) At initial recognition, such loans and receivables should be measured at their respective fair values on the date of acquisition. (ii) Subsequent to initial recognition, such loans should be measured at the amortized cost using the effective interest rate. (iii) Treatment of fees received to obtain a firm commitment from a borrower under a loan facility is similar to treatment of fees paid to obtain a firm commitment from a lender under a loan facility as mentioned above. (iv) Loans and receivables which are short-term in nature may be carried at original amount since the impact of

Particulars	Indian GAAP	U.S. GAAP	IFRS
			discounting wouldn't be material. AFS assets are those assets that are designated as such or are not classified under any other category of financial assets. Such investments are measured at fair value and resulting gain or loss is recognized directly in equity, until the investment is derecognised, at which time the cumulative gain or loss previously recognised directly in the equity should be recognised in the Income Statement.
Loan Origination Expenses	No specific guidance is available under the Indian GAAP. Such expenses are charged to the Revenue upfront at the time of entering into the agreement.	Expenses are amortized over the tenure of the loan by applying the IRR, implicit in the agreement on the diminishing balance of the financed amount, so as to provide a constant periodic rate of return on the net investment outstanding on the agreements	Expenses are amortized over the tenure of the loan by applying the effective interest rate.
Processing Fees	No specific guidance is available under the Indian GAAP. Such fees in normally recognized as income upfront at the time of entering into the loan agreement**.**	Processing Fees is recognized as income over the tenure of the loan by applying the IRR, implicit in the agreement on the diminishing balance of the financed amount, so as to provide a constant periodic rate of return on the net investment outstanding on the agreements	Processing Fees is recognized as income over the tenure of the loan by applying the effective interest rate.
Delinquencies provisioning/ impairment of receivables	All accounts receivable are written off when they are deemed uncollectible , but in any event the underlying loan account is which are contractually	Reserve Requirements are calculated using Gross Roll Rate or such models. There are different write off	An entity should assess at each balance sheet date whether there is any objective evidence that a loan or group of loans is impaired. If any such

Particulars	Indian GAAP	U.S. GAAP	IFRS
	delinquent by more than 180 days in case of retail business are written off Min Provision :- As per RBI Prudential guidelines	norms for a revolving and close ended loans	evidence exists, the entity shall apply the following requirements to determine the amount of any impairment loss. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset should be reduced either directly or through use of an allowance account. The amount of the loss should be recognised in profit or loss. An entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Particulars	Indian GAAP	U.S. GAAP	IFRS
Financial liabilities classification	Classification is based on legal form rather than substance. All preference shares are disclosed separately as share capital under shareholders funds.	Similar to IFRS. Certain redeemable instruments are permitted to be classified as 'mezzanine equity' (i.e. outside of permanent equity).	Capital instruments are classified depending on substance of issuer's contractual obligation as either equity or liability. Mandatory redeemable preference shares are classified as liabilities.
(Business Combination) Purchase method – contingent consideration	Included in consideration if payment is probable and an amount can be reasonably estimated.	Not recognized until contingency is resolved.	Included in cost of combination at acquisition date if adjustment is probable and can be measured reliably.
(Business Combination) Purchase method – minority interests at acquisition	Stated at minority's share of pre acquisition carrying value of net assets.	Similar to IGAAP	Stated at minority's share of the fair value of acquired identifiable assets, liabilities and contingent liabilities.
(Business Combination) Purchase method – negative goodwill	Recorded in equity as capital reserve which is not amortized to income	Any excess remaining after reassessment is used to reduce proportionately the fair values assigned to non current assets. Any excess is recognized in income statement immediately as an extra ordinary gain.	Any excess remaining after reassessment is recognized in income statement immediately

FINANCIAL STATEMENTS: RESTATED CONSOLIDATED FINANCIAL STATEMENTS

Auditors' report
(as required by Part II of Schedule II to the Companies Act, 1956)

To
The Board of Directors
Future Capital Holdings Limited
2nd Floor, FCH House
Lower Parel
Mumbai 400 013, India

Dear Sirs,

1. We have examined the restated consolidated financial information of Future Capital Holdings Limited (the 'Company') and its subsidiaries consisting of Kshitij Investment Advisory Company Limited, Indivision Investment Advisors Limited, Ambit Investments Advisory Company Limited, Myra Mall Management Company Limited, Sivagami Finance and Investments Limited, Future Finmart Limited, Future Hospitality Management Limited and the joint venture company Kshitij CapitaLand Mall Management Private Limited (together referred to as the 'Group') annexed to this report as at September 30, 2007 and March 31, 2007 prepared by the management and approved by the Board of Directors of the Company, in accordance with the requirements of:

   a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the 'Act');

   b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (the 'Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date;

   c. the terms of our engagement letter dated August 27, 2007, in connection with the Offer Document being issued by the Company for its proposed Initial Public Offer ('IPO') of equity shares; and

   d. the Guidance Note on Reports in Company Prospectuses (Revised) (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').

   The Company proposes to make an IPO of equity shares, having a face value of Rs. 10 each, at an issue price to be arrived at by the book building process (referred to as the 'Offer').

Financial information as per audited financial statements:

2. The consolidated financial information of the Group has been extracted by the management from the audited consolidated financial statements of the Group for the six months ended September 30, 2007 and the year ended March 31, 2007 and has been approved by the Board of Directors of the Company.

3. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the Guidelines and the terms of our engagement agreed with you, we further report that:

(a) The Summary Statement of Consolidated Assets and Liabilities, as restated, Summary Statement of Consolidated Profit and Loss, as restated and Statement of Consolidated Cash Flows, as restated ('Restated Consolidated Financial Statements') of the Group, as at and for the six months ended September 30, 2007 and as at and for the year ended March 31, 2007, examined by us, and as set out in Annexure I, II and III to this report are after making adjustments / regroupings as considered appropriate by the management and more fully described in Notes to the Restated Consolidated Financial Statements and Significant Accounting Policies to the Restated Consolidated Financial Statements as set out in Annexure IV and IVA.

(b) Based on the above, we are of the opinion that the Restated Consolidated Financial Statements have been made after retrospectively adjusting the prior period expenses recorded during the period ended September 30, 2007 and pertaining to the year ended on March 31, 2007 and after incorporating the impact arising on account of changes in accounting policies and estimates adopted by the Group as at and for the year ended March 31, 2007 applied with retrospective effect in the Restated Consolidated Financial Statements.

We are of the opinion that there are no extraordinary items, which need to be disclosed separately in the Restated Consolidated Financial Statements, and there are no qualifications in the auditors' reports, which require any adjustments to the Restated Consolidated Financial Statements.

Other Consolidated Financial Information:

At the management's request, we have also examined the following consolidated financial information proposed to be included in the Offer Document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Group for the six months ended September 30, 2007 and for the year ended March 31, 2007:

i. Consolidated Capitalisation Statement, as restated as at September 30, 2007 as set out in Annexure V;
ii. Statement Of Consolidated Accounting Ratios, as restated, as set out in Annexure VI;
iii. Statement of consolidated transactions with Related Parties and details of outstanding balances, as restated, as set out in Annexure VII;
iv. Details of Consolidated Secured Loans, as restated, as set out in Annexure VIII;
v. Details of Consolidated Loans and Advances, as restated, as set out in Annexure IX;
vi. Details of Consolidated Sundry Debtors, as restated, as set out in Annexure X;
vii. Details of Consolidated Current Liabilities and Provisions, as restated, as set out in Annexure XI;
viii. Details of Consolidated Other Income, as restated, as set out in Annexure XII;

In our opinion, the restated consolidated financial information as disclosed in the annexure V to XII to this report, read with the respective significant accounting policies and notes disclosed in Annexure IV and IVA, and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

This report should not, in any way, be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the consolidated financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Co.
Chartered Accountants

Per Hemal Shah
Partner
Membership No: 42650

Place: Mumbai
Date: November 17, 2007

Annexure - I
Summary Statement of Consolidated Assets and Liabilities, as restated

Currency Indian Rupees

	Particulars		As at September 30, 2007	As at March 31, 2007
A.	**Fixed assets**			
	Goodwill on consolidation		76,106,744	76,080,113
	Gross block		861,693,313	807,640,846
	Less: Accumulated depreciation		21,405,301	8,673,555
	Net block		916,394,756	875,047,404
	Capital work-in-progress including capital advances		22,278,225	7,755,640
	Total net block	(A)	938,672,981	882,803,044
B.	**Investments**	(B)	1,308,267,151	535,480,483
C.	**Deferred tax assets (net)**	(C)	12,821,437	7,708,913
D.	**Current assets, loans and advances**			
	Sundry debtors		84,611,829	147,614,092
	Cash and bank balances		521,399,400	38,924,359
	Investments held for sale (Refer note 5 of Annexure IV)		167,522,936	-
	Stock on hire		11,425,548	-
	Loans and advances		575,453,926	177,896,449
	Total	(D)	1,360,413,640	364,434,900
E.	**Total** (A) + (B) + (C) + (D)	(E)	**3,620,175,210**	**1,790,427,340**
F.	**Liabilities and provisions**			
	Secured loans		554,360,980	554,655,537
	Minority interest		1,845,302	17,678,710
	Current liabilities		636,963,083	149,415,756
	Provisions		5,710,347	3,711,147
	Total	(F)	**1,198,879,712**	**725,461,150**
G.	**Net worth** (E) - (F)	(G)	**2,421,295,498**	**1,064,966,190**
	Net worth represented by			
H.	Share capital	(H)	568,051,840	444,449,990
I.	Share application money pending allotment	(I)	-	110,450,000
J.	Reserves and surplus (Refer note 6 of Annexure IV)	(J)	1,853,243,658	510,066,200
K.	**Net worth** (H) + (I) + (J)	(K)	**2,421,295,498**	**1,064,966,190**

Note:
The above statement should be read with the Notes to the Restated Financial Statements and Significant Accounting Policies included at Annexure IV and IV A, respectively.

Annexure - II

Summary Statement of Consolidated Profits and Losses, as restated

Currency Indian Rupees

	Particulars		Period ended September 30, 2007	Year ended March 31, 2007
L.	**Income**			
	Income from operations		311,951,208	389,633,671
	Other income		716,674	286,693
	Total	(L)	312,667,882	389,920,364
M.	**Expenditure**			
	Personnel expenses		206,365,500	183,160,672
	Administration and other expenses		169,806,770	123,640,513
	Depreciation / amortisation		12,650,562	8,323,129
	Financial expenses		36,385,281	24,949,980
	Preliminary expenses written off		39,560	476,880
	Total	(M)	425,247,673	340,551,174
N.	**Profit before tax** (L) - (M)	(N)	(112,579,791)	49,369,190
O.	**Provision for tax:**			
	- Current tax		12,610,383	8,683,000
	- Deferred tax		(4,921,763)	(7,708,913)
	- Fringe benefit tax		1,831,729	1,567,245
	Total	(O)	9,520,349	2,541,332
P.	**Profit after tax before adjustments** (N) - (O)	(P)	(122,100,140)	46,827,858
Q.	**Adjustments** (Refer Note 1 of Annexure IV)		-	1,284,617
	Current tax impact of adjustments		-	-
	Deferred tax impact of adjustments		-	(469,207)
	Total of adjustments after tax Impact	(Q)	-	815,410
R.	**Net profit before minority interest, as restated** (P) + (Q)	(R)	(122,100,140)	47,643,268
S.	Minority interest in profit/loss of consolidated subsidiaries	(S)	(515,050)	12,758,507
T.	Minority interest in respect of acquisition of further shares in subsidiary adjusted from goodwill	(T)	(1,654,234)	-
U.	**Net profit after minority interest, as restated** (R) - (S) -(T)	(U)	(124,269,424)	34,884,761
V.	**Profit at the beginning of the period, as restated**	(V)	34,579,352	6,183
W.	**Balance available for appropriations, as restated** (U) + (v)	(W)	(89,690,072)	34,890,944
X.	**Appropriations**			
	Transfer to reserve under section 45 (1C) of the RBI Act	(X)	-	311,592
Y.	**Balance carried forward, as restated** (W) - (X)	(Y)	(89,690,072)	34,579,352

Notes:

The above statement should be read with the Notes to the Restated Financial Statements and Significant Accounting Policies included at Annexure IV and IV A, respectively.

Annexure - III
Statement of Consolidated Cash Flow, as restated

Currency Indian Rupees

	Particulars		**Period ended September 30, 2007**	**Year ended March 31, 2007**
A.	**Cash flow from operating activities**			
	Restated net profit before tax after minority interest		(114,749,075)	38,451,275
	Prior period expense		(463,214)	-
	Depreciation / amortization		12,650,562	8,323,129
	Financial expenses		36,385,281	24,949,980
	Provision for doubtful debt		3,785,863	-
	Sundry balance written off (net)		-	2,390,893
	Bad-debts		-	3,255,702
	Preliminary expenses Written off		39,560	-
	Exchange fluctuation difference, net		8,198,976	2,366,939
	Provision for unrealised mutual fund loss		130,854	-
	Sundry balances write back		(313,748)	-
	Loss / (profit) on sale of fixed assets		(201,329)	7,765
	Operating profit before working capital changes		(54,536,270)	79,745,683
	Adjusted For:			
	(Increase) / decrease in sundry debtors		54,803,285	(153,236,733)
	(Increase)/ decrease in stock on hire		(11,425,558)	-
	(Increase) / decrease in loans and advances		(370,199,868)	(150,520,147)
	Increase / (decrease) in current liabilities and provisions		480,617,725	148,885,299
	Preliminary expenses paid		(39,560)	-
	Change in minority interest		(1,830,606)	17,678,710
	Advance tax paid		(45,576,038)	(40,011,256)
	Net cash generated from operating activities	**(A)**	**51,813,111**	**(97,458,444)**
B.	**Cash flow from investing activities**			
	Purchase of fixed assets		(57,069,948)	(807,695,957)
	Proceeds from sale of fixed assets		3,218,810	381,545
	Payment for capital advance		(14,522,585)	(7,755,640)
	Purchase of investments		(174,114)	(174,196,837)
	Payment of goodwill on acquisition of subsidiaries		(14,029,433)	(75,013,363)
	Net cash generated from investing activities	**(B)**	**(82,577,270)**	**(1,064,280,252)**
C.	**Cash flow from financing activities**			
	Proceeds from allotment of equity shares		114,201,850	444,449,990
	Share application money received		-	110,450,000
	Proceeds from share premium		1,380,971,389	474,831,154
	Proceeds from share warrants		-	2,115,000
	Proceeds from loans borrowed		-	529,705,558
	Repayment of loans		(294,558)	395,000
	Payment of share issue expense		(5,570,232)	-
	Financial expenses		(36,385,281)	-

Net cash flow generated from financing activities	**(C)**	**1,452,923,169**	**1,561,946,702**
Net increase in cash and cash equivalent during the year (A+B+C)		**1,422,159,010**	**400,208,006**
Cash and cash equivalents, beginning of year / period		**400,208,006**	**-**
Cash and cash equivalents, end of year / period		**1,822,367,016**	**400,208,006**
Components of cash and cash equivalents			
Cash in hand (including foreign currency)		230,313	21,837,944
Balances with banks in current accounts		519,992,617	111,148
Short term investments in liquid schemes of mutual funds		1,300,967,616	361,283,646
Share in cash and bank balances of joint venture		1,176,470	16,975,268
Total		**1,822,367,016**	**400,208,006**

Notes:
Cash and cash equivalents comprise cash at bank and in hand, highly liquid and short-term investments with an original maturity of three three months or less.

The Restated Cash Flow Statement has been prepared under Indirect Method as set out in Accounting Standard - 3 (AS-3) on Cash Flow Statement, issued by the Institute of Chartered Accountants of India ('ICAI')

Negative figures have been shown in bracket.

Annexure - IV

Notes to the Consolidated Restated Financial Statements

Restatements to audited Consolidated Financial Statements

Summarised below are the restatements made to the audited Consolidated Financial Statements for the period ended September 30, 2007 in respect of the adjustments for the transactions related to the Company and its subsidiaries and their impact on the consolidated profit of the Group:

Currency Indian Rupees

Particulars	Period ended September 30, 2007	Year ended *March 31, 2007*
Adjustments:		
Impact of change in accounting policies and estimates (see note 'a' below)		
Depreciation	-	16,227
Provision for gratuity	-	1,128,221
Provision for LTA	-	603,383
	-	1,747,831
Prior period items (see note 'b' below)	-	(463,214)
		(463,214)
Total adjustments	**-**	**1,284,617**
Deferred tax effects on adjustments		
Depreciation	-	(5,462)
Provision for gratuity	-	(379,759)
Provision for LTA	-	(203,099)
Prior period item	-	119113
Total deferred tax impact	**-**	**(469,207)**
Net impact of the adjustments	**-**	**815,410**

'a' - Impact of change in accounting policies and estimates

During the year ended March 31, 2007, one of the subsidiaries of the Company has for the first time carried out the actuarial valuation for its estimated gratuity & leave encashment liability. Provision made by the subsidiary during the year in this regard included provision of Rs.1,128,221 and Rs.603,383 in respect of gratuity and LTA respectively for the period up to March 31, 2006. For the purpose of this statement, said provisions have been adjusted in the previous period to which it pertain by making appropriate adjustments to the pre-acquisition profit and the resultant goodwill on acquisition of the subsidiary and the minority interest in profit of subsidiary with a corresponding adjustment to the current year's expenditure. Similarly, during the year ended March 31, 2007, a change was made in the estimated useful life of hard furnishing assets provided by the said subsidiary to its employees with a retrospective effect. Depreciation provided by the subsidiary for the year on such assets included an amount of Rs.16,227 in respect of the period up to March 31, 2006. For the purpose of this statement, said amount has been adjusted in the previous period to which it pertain by making appropriate adjustments to the pre-acquisition profit and the resultant goodwill on acquisition of the subsidiary and the minority interest in profit of subsidiary with a corresponding adjustment to the current year's expenditure.

'b' - Prior period items

During the period ended September 30, 2007, one of the subsidiaries of the Company had recorded certain expenses amounting to Rs. 463,214, which pertained to the year ended on March 31, 2007. For the purpose of this statement, said expenses have been adjusted in the previous period to which it pertain by making appropriate adjustments to the previous year's expenditure.

Annexure - IV (Cont'd…)

Notes to the Consolidated Restated Financial Statements (Cont'd…)

2 Profit at the April 1, 2006, as restated

Currency Indian Rupees

Profit and loss account balances as at April 1, 2006 as per audited Consolidated Financial Statements	6,183
Total of adjustments in respect of prior period items	-
Total deferred tax impact on above adjustments	-
Profit and loss account balances as at April 1, 2006, as restated	**6,183**

3 Consolidated contingent liabilities not provided for in respect of

Currency Indian Rupees

	As at ***September 30, 2007***	**As at March 31, 2007**
Estimated amount of contracts remaining to be executed on capital account in relation to capital work in progress and not provided for (including Rs. 4,570,404 in respect of share in capital commitment of joint venture)	37,841,325	15,294,361
Uncalled amount on investments in 2,998,000 fully convertible equity share warrants in Goldiam International Limited of Rs.150/- per warrant, paid up Rs.15/- per warrant, convertible not later than October 23, 2007 and not provided for. Subsequent to September 30, 2007, the company has entered into an agreement to sale these warrants.	404,730,000	404,730,000
	442,571,325	**420,024,361**

4 The Company did not have any subsidiaries as at and for the period ended March 31, 2006. Hence, there are no corresponding comparative consolidated financial information of the Group for the period ended March 31, 2006.

5 During the six months period ended September 30, 2007, 5,000 - 0% fully convertible debentures - II of Rs. 10,000 each, fully paid up, has been converted into 27,964 equity shares of Rs. 100 each. Subsequent to six months period ended September 30, 2007 the Company has entered into an agreement to sale 27,964 equity shares and 7,000 - 10% fully convertible debentures - I of Rs 10,000 each, fully paid up, of Biba Apparels Private Limited and 2,998,000, equity share warrants of Goldiam International Limited of Rs 150 each (Paid-up Rs 15 each) Accordingly, such investments have been shown as 'held for sale' as on September 30, 2007.

6 Reserves and surplus include deficit in profit and loss account carried forward of Rs. 89.690,072

Annexure - IV A

Significant Accounting Policies to the Restated Statement of Profit & Loss account and Statement of Restated Assets & Liabilities

1. **Basis of preparation**

The Consolidated Financial Statements ('CFS') are prepared in accordance with Accounting Standard ('AS') 21 "Consolidated Financial Statements", AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements" , AS-25 "Interim Financial Reporting" and AS- 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India (ICAI).

The financial statements have been prepared to comply in all material respects with the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956 ('Act'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group.

2. **Principles of consolidation**

a) The CFS comprises the financial statement of Future Capital Holdings Limited, its subsidiaries and joint venture ("Group"). The financial statements of all the companies are in line with generally accepted accounting principles in India.

b) Inter company transactions have been eliminated on consolidation.

3. **a) Companies included in consolidation**

	Country of incorpo-ration	Portion of ownership interest as on Sep. 30, 2007	Date of acquisition of Interest	Nature of Operation
a) Subsidiaries :				
Kshitij Investment Advisory Company Limited (KIACL)	India	92 %	May 22, 2006	KIACL is engaged in providing investment advisory services.
Indivision Investment Advisors Limited (IIAL)	India	100 %	May 22, 2006 and May 31, 2007	IIAL is engaged in providing investment advisory services.
Myra Mall Management Company Limited ('MMMCL')	India	100%	May 9, 2006	MMMCL is engaged in business of acquisition and leasing of commercial properties.
Ambit Investment Advisory Company Limited ('AIACL')	India	100%	May 22, 2006	AIACL is engaged in investment activities.
Sivagami Finance & Investments Limited ('SFIL')	India	100%	May 1, 2007	SFIL is engaged in Hire Purchase / Leasing Activities
Future Finmart Limited ('FFL')	India	100%	January 25, 2007	FFL will be providing retail financial services.
Future Hospitality Management Limited ('FHML')	India	100%	June 13, 2007	FHML will be engaged in providing investment advisory services.

a) Companies included in consolidation (Cont'd.)

	Country of incorpo-ration	Portion of ownership interest as on Sep. 30, 2007	Date of acquisition of Interest	*Nature of Operation*
b) Joint ventures:				
Kshitij CapitaLand Mall Management Private Limited (Formerly known as Satyam Mall Management Company Private Limited) (KCMMCL)	India	50%	May 22, 2006	KCMMCL is engaged in providing mall management services.
Real Term Logistics Private Limited ('RTPL')	India	50%	September 21, 2007	RTPL is engaged in Investment Advisory services

b) Consolidated financial statement of the Group includes audited financial statements of its subsidiaries and joint venture from the date they became subsidiaries / joint venture. The financial statements of these subsidiaries / joint venture at the date of their respective acquisition were certified by Future Capital Holdings Limited for the purpose of determining goodwill / capital reserve on consolidation into Future Capital Holdings Limited.

4. **Goodwill on consolidation**

The excess of cost to the Holding company of its investment in subsidiaries over the Holding Company's portion of equity in the subsidiaries at the respective dates, on which investments in subsidiaries were made, has been recognized in the consolidated financial statements as goodwill. The Holding Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

5. **Fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any other directly attributable costs of bringing the asset to its working condition for its intended use. Depreciation is provided on straight line method at the rates and in the manner prescribed under Schedule XIV to the Act.

Leasehold improvements are depreciated on straight line basis over primary period of lease agreements.

Fixed assets and intangible assets costing Rs 5,000 or less individually are fully depreciated / amortized in the year of purchase.

Intangible assets costing Rs. 5,000 or more are amortised on straight line basis over a period of five years, which is management's estimate of the useful life of these intangible assets except Goodwill on consolidation, which is not being amortized.

Cost of assets on lease acquired on or after April 1, 2001 is amortized over the lease tenure as prescribed by the Accounting Standard 19 - Leases issued by ICAI.

Impairment

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. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

6. **Borrowing Cost**

Borrowing cost attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which these are incurred.

7. **Foreign currency transactions**

(i) *Initial Recognition*

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

(ii) *Conversion*

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

(iii) *Exchange Differences*

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

8. **Provisions**

Provision is recognized when the enterprise has a present obligation as a result of past event and 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 their present value and are determined based on management 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 management estimates.

9. **Retirement Benefits**

(i) The Group's employee benefits primarily cover provident fund, gratuity.

(ii) Provident fund is a defined contribution scheme and the Group has no further obligation beyond the contributions made to the fund. Contributions are charges to the profit and loss account in which they accrue.

(iii) Effective April 1, 2007, the Group has adopted Accounting Standard (AS) 15 (Revised), 'Employee benefits' issued by the Institute of Chartered Accountants of India.

Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation made at the end of the year. The gratuity liability and the net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains / losses are immediately recorded to the profit and loss account and are not deferred. Further in accordance with transitional provisions of AS 15 (Revised) the Group has obtained the gratuity valuation certificate from the appointed actuary as on March 31, 2007, for each of its subsidiary. There is no change in the gratuity liability as on March 31, 2007 hence no transition adjustments are required to be made.

Leave encashment liability is recorded based on actuarial valuation made at the end of the year. The leave encashment liability and the net periodic leave encashment cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains / losses are immediately recorded to the profit and loss account and are not deferred. Further in accordance with transitional provisions of AS 15 (Revised), the Company has obtained the leave encashment valuation certificate from the appointed actuary as on March 31, 2007. There is no change in the leave encashment liability as on March 31, 2007 hence no transitional adjustment is required to be made.

10. **Preliminary expenditure**

Preliminary expenses are charged to profit and loss account in the year in which it is incurred.

11. **Leases**

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease period.

Financial Lease

Where the Group is the lessee
Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

Where the Group is the lessor
Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

12. **Investments**

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

13. **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Advisory fees
Revenue from advisory services is recognised in the period in which services are rendered. Advisory services income is recognized on the basis of an agreed mark up on costs incurred or in accordance with arrangements entered into with the customer.

Research fees
Revenue from research services is recognised based on the arrangements entered into with the parties receiving such research services.

Lease rentals
Lease rentals are recognized as an income in the profit and loss account on a straight line basis over the primary lease period.

Amenities charges
Amenities charges are recognized in accordance with the arrangements entered into with the lessees.

Interest income from retail finance operations
Income from retail finance operations is accounted for by applying the Internal Rate of Return (IRR), implicit in the agreement on the diminishing balance of the financed amount, so as to provide a constant periodic rate of return on the net investment outstanding on the agreements.

Subvention income
Subvention income received from manufacturers and dealers is recognised as income over the tenure of the loan by applying the IRR, implicit in the agreement on the diminishing balance of the financed amount, so as to provide a constant periodic rate of return on the net investment outstanding on the agreements. The unamortised balance is being disclosed as part of current liabilities. However, if the agreement is foreclosed, balance of subvention income is recognised as income at the time of such foreclosure.

Processing fees
Processing fee received from customers is as income upfront at the time of the booking of the loan agreement.

Hire purchase
In compliance with Accounting Standard 19 of Institute of Chartered Accountants of India, Internal Rate of Return Method has been applied for accounting of finance charges to all Hire Purchase Contracts since 01/10/2004.

Dividend
Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from the units of mutual funds is recognized in accordance with the NBFC Regulation.

Charge off and provisions policy
All accounts receivable are written off when they are deemed uncollectible , but in any event the underlying loan account is which are contractually delinquent by more than 180 days in case of retail business are written off

Acquisition expenses
All expenses including dealer / agent commission paid or payable for acquisition of retail finance customers are charged off upfront at the time of booking of the loan agreement

Profit or loss on sale of investments is determined on the basis of the weighted average cost method.

14. **Taxation**

Income tax comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets are recognized subject to the management's judgment that realisation is virtually certain.

Deferred tax assets and liabilities are measured using enacted tax rates applicable on the Balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement in the period of enactment of the change. If the Company has unabsorbed Depreciation or brought forwards losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

15. **Earnings per share**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

Annexure - V
Consolidated Capitalisation Statement, as restated

Currency Indian Rupees

Particulars	Pre issue as at September 30, 2007	As adjusted for issue (Immediately after the issue)
Short term debt	360,980	
Long term debt	554,000,000	
Total debt	**554,360,980**	
Shareholders' Funds		
Share capital	568,051,840	
Share application money pending allotment		
Reserves & Surplus (Excluding Revaluation Reserve) (Refer note 6 of Annexure IV)	1,853,243,658	
Total Shareholders' Funds / Net Worth	**2,421,295,498**	
Long Term Debt / Shareholders' Fund	0.23	

Notes:

The above has been computed on the basis of Summary Statement of Consolidated Assets and Liabilities, as restated.

Changes to the share capital since September 30, 2007 is Rs. Nil.

The post issue capitalisation cannot be determined till the process of book building is complete. The same will be updated before filing of prospectus.
Short term debt includes:

Currency Indian Rupees

	As at *September 30, 2007*
Secured loans from banks	
Vehicle loan principle amount in EMIs repayable in one year borrowed by one of the subsidiaries of the Company	360,980
Total	**360,980**

Annexure - VI
Statement Of Consolidated Accounting Ratios, as restated

Particulars	Period ended September 30, 2007	Year ended March 31, 2007
Basic earnings per share (Rs.)	-2.59	0.91
Weighted average number of equity shares for calculating basic EPS	47,952,763	38,485,172
Diluted earnings per share (Rs.)	-2.59	0.85
Weighted average number of equity shares in calculating diluted EPS	47,952,763	41,030,898
Net assets value per share (Rs.)	42.62	23.96
Return on net worth (%)	-5.13%	3.28%
Equity shares outstanding as at balance sheet date (no. of shares)	56,805,184	44,444,999
Equity share capital (Rs.)	568,051,840	444,449,990
Reserves and surplus (net of deficit in profit and loss) (Rs.)	1,853,243,658	510,066,200
Net worth (Rs.)	2,421,295,498	1,064,966,190
Net profit after minority interest, as restated (Rs.)	-124,269,424	34,884,761

Notes to Consolidated Accounting Ratios:
Earnings per share represents earnings per share calculated on the basis of restated consolidated profit after tax and minority interest divided by the weighted number of equity shares (basic / diluted) as at the end of the year.

Return on net worth as a percentage represents restated consolidated profit after tax and minority interest divided by net worth at the end of the financial year.

Net assets value per share has been computed on the basis of net equity method. (i.e. net worth at the end of each financial year / period divided by the weighted average number of equity shares at the end of each financial year / period). In respect of calculation of net asset value per share as at March 31, 2007, share application money pending allotment as at that date has been considered as a part of the net worth.

The ratios have been computed on the basis of the Summary Statement of Consolidated Assets and Liabilities, as restated and Summary Statement of Consolidated Profits and Losses, as restated.

Annexure - VII

Statement of consolidated transactions with Related Parties and Details of Outstanding Balances, as restated

Nature of Relationship	
Holding company	Pantaloon Retail (India) Limited
Key management personnel	Sameer Sain, Managing Director & CEO, Future Capital Holdings Limited
	Kishore Biyani, Director, Future Capital Holdings Limited
	Shishir Baijal, Managing Director & CEO, Kshitij Investment Advisory Company Limited,
	(from April 1, 2006 to December 31, 2006)
Associate Companies	KB Mall Management Limited
	PFH Entertainment Limited
	Planet Retail Holdings Private Limited
	Pan India Foods Solutions Pvt Ltd
Joint Venture	Kshitij CapitaLand Mall Management Private Limited (formerly known as Satyam Mall Management Private Limited)
	Real term Logistics Private Limited
Fellow Subsidiaries	Future Media India Ltd
	Home Solutions Retail (India) Limited
	Pantaloon Future Ventures Limited
	Future Bazaar India Limited

Annexure - VII (Cont'd…)
Consolidated transactions with Related Parties for the period ended September 30, 2007 and details of outstanding balances as at September 30, 2007, as restated

Currency Indian Rupees

Relation-ship	Period	*Holding Company*		Joint Ventures		Fellow Subsidiaries	
		Transaction value	Outstanding balance Dr. / (Cr.)	Transaction value	Outstanding balance Dr. / (Cr.)	Transaction value	Outstandin g balance Dr. / (Cr.)
Purchases	Sep 2007	41,170	-	-	-	-	-
	Mar 2007	158,635	(49,579)	-	-	-	-
Loans Given	Sep 2007	-	-	-	-	-	-
	Mar 2007	152,500,000	-	6,000,000	-	-	-
Advisory fees Received	Sep 2007	2,308,002	1,262,035	-	-	-	-
	Mar 2007	7,103,216	7,103,216	-	-	-	-
Operating expenses reimbursed to these cos.	Sep 2007	12,907,540	-	-	-	3,658,503	-
	Mar 2007	12,715,620	(8,081,237)	-	-	-	-
Managing director's remuneratio n	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-
Managing director's remuneratio n - Kshitij Investment Advisory Company Limited	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-
Operating expenses reimbursed by Company	Sep 2007	757,789	-	105,026	105,026	589,088	589,088
	Mar 2007	1,888,696	633,602	8,098,772	3,550,286	-	-
License fees	Sep 2007	30,000,000	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-
Equity share issued	Sep 2007	-	-	-	-	-	-
	Mar 2007	573,768,645	-	-	-	-	-
Share application money given	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	24,900,000	-	-	-

Purchase of investments	Sep 2007	-	-	-	-	-	-
	Mar 2007	47,280,000	-	-	-	-	-
Sale of investments	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-
Fixed assets / Intangible assets Purchased	Sep 2007	-	-	14,809,393	14,809,393	64,232	-
	Mar 2007	51,660	(51,660)	-	-	-	-
Fixed assets / Intangible assets Transferred	Sep 2007	-	-	537,682	537,682	-	-
	Mar 2007	-	-	22,946	22,946	-	-
Interest Received	Sep 2007	-	-	-	-	-	-
	Mar 2007	531,888	-	93,124	72,227	-	-
Sub-vention Income	Sep 2007	333,269	-	-	-	561,227	-
	Mar 2007	-	-	-	-	-	-
Interest Expense	Sep 2007	-	-	-	-	-	-
	Mar 2007	936,986	-	-	-	-	-
Loans Borrowed	Sep 2007	-	-	-	-	-	-
	Mar 2007	50,000,000	-	-	-	-	-
Loan Repayment	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-
Equity Share Warrants Issued	Sep 2007	-	-	-	-	-	-
	Mar 2007	-	-	-	-	-	-

Annexure - VII (Cont'd…)

Consolidated transactions with Related Parties for the period ended September 30, 2007 and details of outstanding balances as at September 30, 2007, as restated

Currency Indian Rupees

Relationship	**Period**	**Associate Companies**		**Key Management Personnel**	
		Transaction value	**Outstanding balance** Dr. / (Cr.)	**Transaction value**	**Outstanding balance** Dr. / (Cr.)
Purchases	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Loan Given	Sep 2007	50,000,000	81,729,992	17,67,480	-
	Mar 2007	497,500,000	30,070,123	-	-
Advisory Fee Received	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Operating expenses reimbursed to these cos.	Sep 2007	16,064,800	(14,637,359)	1,111,899	(82,130)
	Mar 2007	-	-	-	-
Managing director's remuneration	Sep 2007	-	-	7,067,418	-
	Mar 2007	-	-	3,424,988	-
Managing director's remuneration - Kshitij Investment Advisory Company Limited	Sep 2007	-	-	26,757,626	-
	Mar 2007	-	-	14,697,012	-
Operating expenses reimbursed by Company	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
License Fees	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Equity share issued	Sep 2007	-	-	387,654,238	-
	Mar 2007	-	-	70,500,000	-
Share application money given	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Purchase of investments	Sep 2007	-	-	-	-
	Mar 2007	-	-	4,274,865	-
Sale of investments	Sep 2007	-	-	-	-
	Mar 2007	-	-	3,674,937	-
Fixed assets / Intangible assets Purchased	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Fixed assets / Intangible assets Transferred	Sep 2007				
	Mar 2007	-	-	-	-
Interest Received	Sep 2007	1,999,158	-	-	-
	Mar 2007	18,885,411	519,122	-	-
Sub-vention Income	Sep 2007	-	-	-	-
	Mar 2007	-	-	-	-
Interest Expense	Sep 2007	-	-	-	-
	Mar 2007	-	-	135,780	-

Loans Borrowed	Sep 2007	-	-	-	-
	Mar 2007	-	-	7,500,000	-
Loan Repayment	Sep 2007	-	-	-	-
	Mar 2007	-	-	14,500,000	-
Equity Share Warrants Issued	Sep 2007	-	-	-	-
	Mar 2007	-	-	2,115,000	-

Annexure - VII (Cont'd…)
Related party transactions more than 10%

Currency Indian Rupees

Name of the Party	*Period*	*Transaction Value*	**Outstanding Balance** Debit/(Credit)
Interest income			
Details of interest from subsidiaries and associates			
which are material (more than 10% of the total			
interest from related parties)			
Name of the party			
Kshitij Investment Advisory Company Limited	Sep. 07	-	-
	Mar. 07	4,529,014	-
Myra Mall Management Company Limited	Sep. 07	-	-
	Mar. 07	9,552,607	-
KB Mall Management Limited	Sep. 07	-	-
	Mar. 07	6,052,397	-
PFH Entertainment Limited	Sep. 07	-	-
	Mar. 07	12,733,562	-
Planet Retail Holdings Limited	Sep. 07	1,807,377	-
	Mar. 07	-	-
Purchases			
Details of purchases from holding company	Sep. 07	-	-
which are material (more than 10% of the total	Mar. 07	158,635	(49,579)
purchases from related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	41,170	-
	Mar. 07	-	-
Reimbursement of operating expenses			
Details of reimbursement of operating expenses			
to holding, subsidiaries and associate companies			
which are material (more than 10% of the total			
reimbursements to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	11,564,743	-
	Mar. 07	3,755,069	(3,755,069)
Kshitij Investment Advisory Company Limited	Sep. 07	-	-
	Mar. 07	2,244,917	(1,038,231)
Myra Mall Management Company Limited	Sep. 07	-	-
	Mar. 07	7,191,581	-
Idiom Design & Consulting Limited	Sep. 07	-	-
	Mar. 07	1,537,688	519,122
PFH Entertainment Limited	Sep. 07	16,013,800	(14,637,359)
	Mar. 07	-	-

Annexure - VII (Cont'd…)
Related party transactions more than 10%

Currency Indian Rupees

Name of the Party	*Period*	*Transaction Value*	**Outstanding Balance** Debit/(Credit)
Operating expenses incurred on behalf of and recovered from			
Details of Operating expenses incurred on behalf of			
and recovered from subsidiaries and associate			
companies which are material (more than 10% of			
the total reimbursements from related parties)			
Name of the party			
Kshitij Investment Advisory Company Limited	Sep. 07	757,789	-
	Mar. 07	1,206,686	-
Future Finmart Limited	Sep. 07	-	-
	Mar. 07	458,440	-
Indivision Investments Advisors Limited	Sep. 07	-	-
	Mar. 07	1,904,226	-
Pantaloon Future Ventures Ltd	Sep. 07	589,088	589,088
	Mar. 07	-	-
Managing director's remuneration			
Details of managerial remuneration paid to			
key management personnel which are material			
(more than 10% of the total managerial remuneration paid to related			
parties)			
Name of the party			
Mr Sameer Sain, Managing Director & CEO	Sep. 07	7,067,418	-
	Mar. 07	3,424,988	-
Purchase of tangible / intangible assets			
Details of purchases of tangible / intangible assets			
from associate companies which are material			
(more than 10% of the total purchases from			
related parties)			
Name of the party			
Indivision Investments Advisors Limited	Sep. 07	-	-
	Mar. 07	26,570,708	-
Kshitij CapitaLand Mall Management Private Limited-Current	Sep. 07	14,809,393	14,809,393
	Mar. 07		
Security deposits given			
Details of Security deposits given to holding company	Sep. 07	-	-
which are material (more than 10% of the total	Mar. 07	60,000	60,000
Security deposits given to related parties)			

Annexure - VII (Cont'd…)
Related party transactions more than 10%

Currency Indian Rupees

Name of the Party	*Period*	*Transaction Value*	**Outstanding Balance** Debit/(Credit)
Loans given			
Details of loans given to holding, subsidiaries and			
associate companies which are material (more			
than 10% of the total loans given to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	-	-
	Mar. 07	152,500,000	-
Kshitij Investment Advisory Company Limited	Sep. 07	-	-
	Mar. 07	141,100,000	49,012,701
Myra Mall Management Company Limited	Sep. 07	-	-
	Mar. 07	209,850,000	145,781,211
KB Mall Management Limited	Sep. 07	-	-
	Mar. 07	200,000,000	-
PFH Entertainment Limited	Sep. 07	-	-
	Mar. 07	267,500,000	-
Indivision Investments Advisors Limited	Sep. 07	-	-
	Mar. 07	159,750,000	65,853,665
Pan India Food Solutions Private Limited	Sep. 07	50,000,000	-
	Mar. 07	-	-
Equity shares issued			
Details of equity shares issued to holding company			
and key management personnel which are material			
(more than 10% of the total shares issued to related			
parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07		
	Mar. 07	573,768,645	-
Mr Sameer Sain, Managing Director & CEO	Sep. 07	173,710,825	-
	Mar. 07	70,500,000	(70,500,000)
Mr Kishore Biyani, Director	Sep. 07	213,943,413	-
	Mar. 07	-	-
Equity share warrants issued			
Details of equity shares warrants issued to			
key management personnel which are material			
(more than 10% of the total warrants issued to related			
parties)			
Name of the party			
Mr Kishore Biyani, Director	Sep. 07	-	-
	Mar. 07	2,115,000	(2,115,000)
Share application money given	Sep. 07	-	-
Details of Share application money given to	Mar. 07	24,900,000	-
joint venture company which are material			
(more than 10% of the total share application money			
given to related parties)			

Annexure - VII (Cont'd…)
Related party transactions more than 10%

Currency Indian Rupees

Name of the Party	***Period***	***Transaction Value***	**Outstanding Balance** Debit/(Credit)
Purchase of investments			
Details of purchase of investments from holding and subsidiary companies which are material (more than 10% of the total purchases of investments from related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	-	-
	Mar. 07	47,280,000	-
Myra Mall Management Company Limited	Sep. 07	-	-
	Mar. 07	9,900,000	-
Sale of investments			
Details of sale of investments to key management personnel which are material (more than 10% of the total warrants issued to related parties)			
Name of the party			
Mr Kishore Biyani, Director	Sep. 07	-	-
	Mar. 07	3,674,937	-
Advisory fees received			
Details of Advisory fees received from holding Company which are material (more than 10% of the total Advisory fees paid to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	2,308,002	-
	Mar. 07	-	-
Subvention Income			
Details of Sub-vention Income from holding Company and fellow subsidiaries which are material (more than 10% of the total subvention income from related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	333,269	-
	Mar. 07	-	-
Home Solutions Retail India Limited	Sep. 07	561,227	-
	Mar. 07	-	-
License Fees			
Details of payment of licenses fees to holding Company which are material (more than 10% of the total license fees paid to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 07	30,000,000	-
	Mar. 07	-	-

Annexure - VIII
Details of Consolidated Secured Loans, as restated

Currency Indian Rupees

Consolidated secured loans comprise of loans

Particulars	As at September 30, 2007	As at March 31, 2007
From financial institution		
Term loan	554,000,000	554,000,000
From bank		
Vehicle loan	360,980	655,537
Total	**554,360,980**	**554,655,537**
Details of the consolidated secured loans are as follows:		
From financial institution		
Term loan from HDFC Ltd. borrowed by one of the subsidiaries of Future Capital Holdings Limited	554,000,000	554,000,000
(Term loan is secured by charge on the immovable property at Mumbai owned by one of the subsidiaries of the Company. The loan is repayable in installments comprising of principle and interest over a period of 108 months. However, the payment of installments have not yet commenced. Interest is payable monthly from the date of disbursement till commencement of installments at a rate as permitted under the loan agreement and reset every quarter. Present rate of interest is 13% p.a.)		
From banks		
Vehicle loan borrowed by one of the subsidiaries of the Company.	360,980	655,537
(Vehicle loan is secured by hypothecation of the vehicle owned by one of the subsidiaries of the Company. The loan is repayable in 35 equated monthly installments of Rs. 53,147 each with last installment falling due on April 10, 2008. Interest is charged by the bank at the rate of 9.10% p.a.).		
	554,360,980	**554,655,537**

Annexure - IX

Details of Consolidated Loans and Advances, as restated

Currency Indian Rupees

Particulars	**As at** *September 30, 2007*	**As at March 31, 2007**
Secured, considered good		
Inter corporate deposits to other body corporates	309,304,860	-
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	95,498,593	59,337,591
Less: Provision for Doubtful advances		
Inter corporate deposits to other body corporate	36,683,433	56,567,525
Advance taxes including tax deducted at source (net of provisions)	60,904,475	29,761,010
Security deposits	29,221,651	30,305,463
Interest accrued and due	3,677,207	654,479
Share in loans and advances of joint venture	7,939,145	1,270,381
Consumer loans	23,790,639	-
Personal loans	8,433,923	-
Sub-total	**575,453,925**	**177,896,449**
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	4,412,023	-
Less: Provision for Doubtful advances	(4,412,023)	-
Sub-total	**-**	**-**
Total	**619,294,839**	**177,896,449**

Advances recoverable in cash or in kind or for value to be received as at March 31, 2007 include: Rs.34,24,988 as advance paid to managing director of FCH towards remuneration which is pending approval from Central Government. Corresponding provision in respect of such remuneration has been shown under 'current liabilities'. FCH has received Central Government approval on October 10, 2007. The remuneration as approved by the Central Government is subject to approval of the Company in its general meeting in terms of Section 309 (1) of the Companies Act, 1956).

Inter corporate deposits to other body corporate include:		
Dues from companies under the same management -		
- Planet Retail Holdings Private Limited	31,538,211	30,070,123
- Pantaloon Retail (India) Limited	902,537	1,213,858
- Kshitij CapitaLand Mall Management Private Limited	1,998,581	1,811,007
- Pantaloon Future Ventures Limited	589,088	-
- Pan India Food Solutions Pvt Ltd	50,191,781	-

Annexure - X
Details of Consolidated Sundry Debtors, as restated

Currency Indian Rupees

Particulars		**As at September 30, 2007**	**As at March 31, 2007**
Unsecured, considered good:			
More than 6 months	**(A)**	**7,617663**	**-**
Less than 6 months			
Receivable from promoter / promoter group companies		8,830,962	6,522,960
Receivable from others		66,211,475	139,930,798
Share in sundry debtors of joint venture		1,951,730	1,160,334
Sub total	**(B)**	**76,994,167**	**147,614,092**
Total (A) + (B)		**84,611,830**	**147,614,092**
Receivable from promoter / promoter group companies includes:			
- Debt due from Pantaloon Retail (India) Limited (holding company of Future Capital Holdings Limited)		8,830,962	6,522,960

Annexure - XI

Details of Consolidated Current Liabilities and Provisions, as restated

Currency Indian Rupees

Particulars		As at September 30, 2007	As at March 31, 2007
Current liabilities			
Sundry creditors		105,737,163	52,376,861
Advance against equity share warrants		-	2,115,000
Advance against share premium		-	395,000
Security deposits		52,494,690	52,494,690
Fees received in advance (Refer note below)		440,000,000	-
Bank overdraft		5,903,109	-
Other liabilities		26,607,719	36,370,873
Share in current liabilities of joint venture		6,220,402	5,663,332
Sub-total	**(A)**	**636,963,083**	**149,415,756**
Provisions			
Provision for gratuity and leave encashment		5,428,015	3,393,315
Share in provisions of joint venture		282,332	317,832
Sub-total	**(B)**	**5,710,347**	**3,711,147**
Total (A) + (B)		**642,673,430**	**153,126,903**
Sundry creditors include:			
- Payable to Pantaloon Retail (India) Limited (holding company of Future Capital Holdings Limited)		3,774,914	8,182,476
- Provision in respect of remuneration payable to managing director of FCH which is pending for approval from Central Government. FCH has received Central Government on October 10, 2007.		-	3,424,988
Advance against equity share warrants represents:			
- amount received against 21,15,000 fully convertible share warrants of the Company of Rs. 10/- each, Re. 1/- paid up.			

During the period, the Company has entered into an agreement with ICICI Bank Limited for distribution of co-branded credit cards. The Company has received an amount of Rs. 440,000,000 as advance towards account set up fees payable by ICICI Bank Limited to the Company. Pending commencement of such business Rs 440,000,000 has been shown as 'Fees received in advance'.

Annexure - XII
Details of Consolidated Other Income, as restated

Currency Indian Rupees

Particulars	**Period ended September 30, 2007**	**Year ended March 31, 2007**	**Nature of Income**	**Related or Not Related to Business**
Foreign exchange gain (net)	-	194,902	Recurring	Related
Interest income	218,785	-	Recurring	Related
Miscellaneous income	497,889	91,791	Non-recurring	Related
Total	**716,674**	**286,693**		

Note: The classification of income into recurring and non-recurring is based on the current operations and business activities of the Group.

Other income is not in excess of 20% of the total income.

FINANCIAL STATEMENTS - RESTATED STANDALONE FINANCIAL STATEMENTS

Auditors' report
(as required by Part II of Schedule II to the Companies Act, 1956)

To
The Board of Directors
Future Capital Holdings Limited
2nd Floor, FCH House
Lower Parel
Mumbai 400 013, India

Dear Sirs,

1. We have examined the financial information of Future Capital Holdings Limited (the 'Company') as at September 30, 2007, March 31, 2007 and March 31, 2006, annexed to this report, prepared by the management and approved by the Board of Directors of the Company, in accordance with the requirements of:

   e. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the 'Act');

   f. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (the 'Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date;

   g. the terms of our engagement letter dated August 27, 2007, in connection with the Offer Document being issued by the Company for its proposed Initial Public Offer ('IPO') of equity shares; and

   h. the Guidance Note on Reports in Company Prospectuses (Revised) (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').

   The Company proposes to make an IPO of equity shares, having a face value of Rs. 10 each, at an issue price to be arrived at by the book building process (referred to as the 'Offer').

Financial information as per audited financial statements:

2. The financial information of the Company have been extracted by the management from the audited financial statements of the Company for the period / year ended September 30, 2006, March 31, 2007 and March 31, 2006 and have been approved by the Board of Directors of the Company. Audit for the period ended March 31, 2006 was conducted by Sanjay Toshniwal and Associates (the 'Previous Auditors,').

3. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the Guidelines and the terms of our engagement agreed with you, we further report that:

   (c) The Summary Statement of Assets and Liabilities, as restated, Summary Statement of Profit and Loss, as restated and Summary Statement of Cash Flows, as restated ('Restated Financial Statements') of the Company, including as at and for the period ended March 31, 2006 examined and reported by the Previous Auditors on which reliance has been placed by us, and as at and for the period ended September 30, 2007 and as at and for the year ended March 31, 2007, examined by us, and as set out in Annexure I, II and III to this report are after making adjustments / regroupings as considered appropriate by the management and more fully described in Notes to the Restated Financial Statements and Significant Accounting Policies to the Restated Financial Statements as set out in Annexure IV and IVA. Our examination insofar as it relates to the prior year, is base solely on the examination report of the Previous Auditor and that we did not apply any additional procedures thereon.

(d) Based on the above, we are of the opinion that:
- the accounting policies as at and for the half year ended September 30, 2007 are materially consistent with the policies adopted for the year ended March 31, 2007 and the period ended March 31, 2006. Accordingly, no adjustments are required to the audited financial statements of the respective year / period presented on account of changes in accounting policies;
- there are no extraordinary items which need to be disclosed separately in the Restated Financial Statements; and
- there are no qualifications in the auditors' reports, which require any adjustments to the Restated Financial Statements.

Other Financial Information:

At the management's request, we have also examined the following financial information proposed to be included in the Offer Document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company for the period ended September 30, 2007, March 31, 2007 and March 31, 2006. In respect of the period ended March 31, 2006, these information have been included based on the financial statements of the Company audited by the Previous Auditors and relied upon by us:

ix. Capitalisation Statement, as restated as at September 30, 2007, as set out in Annexure V;
x. Statement Of Accounting Ratios, as restated, as set out in Annexure VI;
xi. Statement of Tax Shelters, as set out in Annexure VII;
xii. Statement of transactions with Related Parties and details of outstanding balances, as restated, as set out in Annexure VIII;
xiii. Details of Loans and Advances, as restated, as set out in Annexure IX;
xiv. Details of Sundry Debtors, as restated, as set out in Annexure X; and
xv. Details of Current Liabilities and Provisions, as restated, as set out in Annexure XI;
xvi. Details of Other Income, as restated, as set out in Annexure XII;

In our opinion, the financial information as disclosed in the annexure V to XII to this report, read with the respective significant accounting policies and notes disclosed in Annexure IV and IVA, and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

This report should not, in any way, be construed as a reissuance or redating of any of the previous audit reports issued by us or by the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Co.
Chartered Accountants

Per Hemal Shah
Partner
Membership No: 42650

Place: Mumbai
Date: November 17, 2007

Annexure - I

Summary Statement of Assets and Liabilities, as restated

Currency Indian Rupees

	Particulars		As at September 30, 2007	As at March 31, 2007	As at March 31, 2006
A.	**Fixed assets**				
	Gross block		80,535,381	30,775,472	-
	Less: Accumulated depreciation		4,621,428	699,798	-
	Net block		75,913,953	30,075,674	-
	Capital work-in-progress including capital advances		17,284,067	2,938,669	-
	Total net block	(A)	93,198,020	33,014,343	-
B.	**Investments**	(B)	1,441,489,936	612,651,187	-
C.	**Deferred tax assets (net)**	(C)	-	-	72,833
D.	**Current assets, loans and advances**				
	Sundry debtors		26,333,529	45,588,575	-
	Cash and bank balances		510,197,818	5,678,144	21,792,753
	Investments held for sale (Refer note 5 of Annexure IV)		167,522,936	-	-
	Loans and advances		695,683,355	380,267,805	119,251
	Total	(D)	1,399,737,638	431,534,524	21,912,004
E.	**Total** (A) + (B) + (C) + (D)	(E)	**2,934,425,594**	**1,077,200,054**	**21,984,837**
F.	**Liabilities and provisions**				
	Unsecured loans		-	-	369,947
	Deferred tax liabilities (net)		-	111,760	-
	Current liabilities		543,498,002	45,560,187	28,707
	Provisions		1,048,094	238,995	80,000
	Total	(F)	**544,546,096**	**45,910,942**	**478,654**
G.	**Net worth** (E) – (F)	(G)	**2,389,879,498**	**1,031,289,112**	**21,506,183**
	Net worth represented by				
H.	Share capital	(H)	568,051,840	444,449,990	21,500,000
I.	Share application money pending allotment	(I)	-	110,450,000	-
J.	Reserves and surplus (Refer note 6 of Annexure IV)	(J)	1,821,827,658	476,389,122	6,183
K.	**Net worth** (H) + (I) + (J)	(K)	**2,389,879,498**	**1,031,289,112**	**21,506,183**

Note:

The above statement should be read with the Notes to the Restated Financial Statements and Significant Accounting Policies included at Annexure IV and IV A, respectively.

Allotment of shares against share application money outstanding as at March 31, 2007 has been made during the month of June 2007 and hence, the same has been considered as a part of the net worth.

Annexure - II
Summary Statement of Profits and Losses, as restated

Currency Indian Rupees

	Particulars		Period ended September 30, 2007	Year ended March 31, 2007	Period ended March 31, 2006
L.	**Income**				
	Income from operations		80,786,568	92,716,618	314,559
	Other income		46,108	-	
	Total	(L)	80,832,676	92,716,618	314,559
M.	**Expenditure**				
	Personnel expenses		80,812,733	51,024,948	-
	Administration and other expenses		116,878,997	38,635,226	30,734
	Depreciation / amortisation		3,921,631	699,798	-
	Preliminary expenses written off		-	-	270,475
	Total	(M)	201,613,361	90,359,972	301,209
N.	**Profit before tax** (L) - (M)	(N)	(120,780,685)	2,356,646	13,350
O.	**Provision for tax:**				
	- Current tax		-	-	80,000
	- Deferred tax		111,760	184,593	(72,833)
	- Fringe benefit tax		(1,232,000)	620,268	-
	Total	(O)	(1,120,240)	804,861	7,167
P.	**Net profit, as restated** (N) - (O)	(P)	(121,900,925)	1,551,785	6,183
Q.	**Adjustments**		-	-	-
	Current tax impact of adjustments		-	-	-
	Deferred tax impact of adjustments		-	-	-
	Total of adjustments after tax Impact	(Q)	-	-	-
R.	**Net profit, as restated** (P) - (Q)	(R)	(121,900,925)	1,551,785	6,183
S.	**Profit at the beginning of the year / period**	(S)	1,246,374	6,183	-
T.	**Balance available for appropriations, as restated** (R) + (S)	(T)	(120,654,551)	1,557,968	6,183
U.	**Appropriations**				
	Transfer to Reserve under section 45 (1C) of the RBI Act	(U)	-	311,594	-
V.	**Balance carried forward, as restated** (T) - (U)	(V)	(120,654,551)	1,246,374	6,183

Notes:

The above statement should be read with the Notes to the Restated Financial Statements and Significant Accounting Policies included at Annexure IV and IV A, respectively.

Figures stated for the period ended September 30, 2007 are for the period of six months ended September 30, 2007 and for the period ended March 31, 2006, are for the period from October 18, 2005 to March 31, 2006.

Annexure - III
Statement of Cash Flow, as restated

Currency Indian Rupees

	Particulars		Period ended September 30, 2007	Year ended March 31, 2007	Period ended March 31, 2006
A.	**Cash flow from operating activities**				
	Restated net profit / (loss) before tax		(120,780,685)	2,356,646	13,350
	Provision for unrealised loss on mutual fund units		130,854	-	-
	Foreign exchange fluctuation loss		3,286,530	-	-
	Depreciation /amortisation		3,921,631	699,798	-
	Preliminary expenses		-	-	270,475
	Operating profit before working capital changes		(113,441,670)	3,056,444	283,825
	Adjusted For:				
	(Increase) / decrease in sundry debtors		15,968,516	(45,588,575)	-
	(Increase) / decrease in loans and advances		(287,609,163)	(371,294,011)	(48,664)
	Increase / (decrease) in current liabilities and provisions		489,635,218	43,260,475	28,707
	Advance payment of income tax including deduction of tax at source		(29,038,387)	(9,554,811)	(70,587)
	Cash generated from operating activities		**75,514,514**	**(380,120,478)**	**193,281**
	Preliminary expenses paid		-	-	(270,475)
	Net cash generated from operating activities	(A)	**75,514,514**	**(380,120,478)**	**(77,194)**
B.	**Cash flow from investing activities**				
	Purchase of fixed assets		(49,759,909)	(33,714,141)	-
	Payment for capital advance		(14,345,398)	-	-
	Purchase of investments		(95,402,584)	(251,367,540)	-
	Net cash generated from investing activities	(B)	**(159,507,891)**	**(285,081,681)**	-
C.	**Cash flow from financing activities**				
	Proceeds from allotment of equity shares		114,201,850	422,949,990	21,500,000
	Share application money received		-	110,450,000	-
	Proceeds from share premium		1,380,971,389	475,226,155	-
	Proceeds from share warrants		-	2,115,000	-
	Payment of share issue expenses		(5,570,232)	-	-
	Borrowing of loans		-	-	369,947
	Repayment of loans		-	(369,948)	-
	Net cash flow generated from financing activities	(C)	**1,489,603,007**	**1,010,371,197**	**21,869,947**

Annexure – III (Cont'd.)
Statement of Cash Flow, as restated

Currency Indian Rupees

Particulars	Period ended September 30, 2007	Year ended March 31, 2007	Period ended March 31, 2006
Net increase in cash and cash equivalent during the year (A+B+C)	**1,405,609,630**	**345,169,038**	**21,792,753**
Cash and cash equivalents, beginning of year / period	**366,961,790**	**21,792,753**	**-**
Cash and cash equivalents, end of year / period	**1,772,571,419**	**366,961,791**	**21,792,753**
Components of cash and cash equivalents			
Balances with banks in current accounts	510,082,125	5,649,735	21,792,753
Cash in hand (including foreign currency)	115,693	28,409	-
Short term investments in liquid schemes of mutual funds	1,262,373,601	361,283,647	-
	1,772,571,419	**366,961,791**	**21,792,753**

Notes:
Cash and cash equivalents comprise cash at bank and in hand, highly liquid and short-term investments with an original maturity of three three months or less.

The Restated Cash Flow Statement has been prepared under Indirect Method as set out in Accounting Standard - 3 (AS-3) on Cash Flow Statement, issued by the Institute of Chartered Accountants of India ('ICAI').

Negative figures have been shown in bracket.

Annexure - IV

Notes to the Restated Financial Statements

1. There are no material adjustments required to the audited financial statements of the respective year / period presented.
2. There are no extraordinary items which need to be disclosed separately in the Restated Financial Statements.
3. There are no qualifications in the auditors' reports, which require any adjustments to the Restated Financial Statements.
4. Contingent liabilities not provided for in respect of

Currency Indian Rupees

	As at September 30, 2007	**As at *March 31, 2007***	**As at March 31, 2006**
Estimated amount of contracts remaining to be executed on capital account in relation to capital work in progress and not provided for	26,706,085	9,988,000	-
Uncalled amount on investments in 2,998,000 fully convertible equity share warrants in Goldiam International Limited of Rs.150/- per warrant, paid up Rs.15/- per warrant, convertible not later than October 23, 2007 and not provided for. Subsequent to September 30,2007, the Company has entered into an agreement to sale these warrants.	404,730,000	404,730,000	-
	431,436,085	**414,718,000**	**-**

5. During the six months period ended September 30, 2007, 5,000 - 0% fully convertible debentures - II of Rs. 10,000 each, fully paid up, has been converted into 27,964 equity shares of Rs. 100 each. Subsequent to six months period ended September 30, 2007 the Company has entered into an agreement to sale 27,964 equity shares and 7,000 - 10% fully convertible debentures - I of Rs 10,000 each, fully paid up, of Biba Apparels Private Limited and 2,998,000, equity share warrants of Goldiam International Limited of Rs 150 each (Paid-up Rs 15 each) Accordingly, such investments have been shown as 'held for sale' as on September 30, 2007.

6. Reserves and surplus as at September 30, 2007 include deficit in profit and loss account carried forward of Rs. 120,654,551

Annexure - IV A
Significant Accounting policies to the Restated Statement of Profit & Loss account and Statement of Restated Assets & Liabilities

SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of preparation**

The financial statements have been prepared to comply in all material respects with the Accounting Standard ('AS') 25, Interim Financial Reporting, issued by the Institute of Chartered Accountants of India ('ICAI') and the relevant provisions of the Companies Act, 1956 ('Act'), guidelines issued by Reserve Bank of India ('RBI') to extent applicable to the Company. The financial statements have been prepared under the historical cost convention on an accrual basis except for dividend from mutual fund units, which is in accordance with the Non-Banking Financial Companies Prudential Norms, 1998 ('NBFC Regulation').

2. **Fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any other directly attributable costs of bringing the asset to its working condition for its intended use. Depreciation is provided on straight line method at the rates and in the manner prescribed under Schedule XIV to the Act.

Leasehold improvements are depreciated on straight line basis over primary period of lease.

Fixed assets and intangible assets costing Rs 5,000 or less individually are fully depreciated / amortized in the year of purchase.

Intangible assets costing Rs. 5,000 or more are amortised on straight line basis over a period of five years, which is management's estimate of the useful life of these intangible assets.

3. **Impairment**

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. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

4. **Foreign currency transactions**

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

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

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

5. **Provisions**

Provision is recognized when the enterprise has a present obligation as a result of past event and 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 their present value and are determined based on management 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 management estimates.

6. **Retirement Benefits**

(iv) The Company's employee benefits primarily cover provident fund, gratuity.

(v) Provident fund is a defined contribution scheme and the company has no further obligation beyond the contributions made to the fund. Contributions are charges to the profit and loss account in which they accrue.

(vi) Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation made at the end of the year. The gratuity liability and the net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gain / loss are immediately recorded to the profit and loss account and are not deferred. Further in accordance with transitional provisions of AS 15 (Revised) the Company has obtained the gratuity valuation certificate from the appointed actuary as on March 31, 2007. There is no change in the gratuity liability as on March 31, 2007 hence no transitional adjustments are required, to be made.

(vii) Effective April 1, 2007, the company has adopted Accounting Standard (AS) 15 (Revised), 'Employee benefits' issued by the Institute of Chartered Accountants of India.

7. **Preliminary expenditure**

Preliminary expenses are charged to profit and loss account in the year in which it is incurred.

8. **Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease period.

9. **Investments**

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

10. **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Research
Revenue from research services is recognised based on the arrangements entered into with the parties receiving such research services.

Profit or loss on sale of investments is determined on the basis of the weighted average cost method.

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

Dividend
Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from the units of mutual funds is recognized in accordance with the NBFC Regulation.

Interest income from retail finance operations
Income from retail finance operations is accounted for by applying the Internal Rate of Return (IRR), implicit in the agreement on the diminishing balance of the financed amount, so as to provide a constant periodic rate of return on the net investment outstanding on the agreements.

Subvention income
Subvention income received from manufacturers and dealers is recognised as income over the tenure of the loan by applying the IRR, implicit in the agreement on the diminishing balance of the financed amount, so as to provide a constant periodic rate of return on the net investment outstanding on the agreements. The unamortised balance is being disclosed as part of current liabilities. However, if the agreement is foreclosed, balance of subvention income is recognised as income at the time of such foreclosure.

Processing fees income
Processing fee received from customers is recognised as income upfront at the time of the booking of the loan agreement.

Charge off and provisions policy
All accounts receivable are written off when they are deemed uncollectible , but in any event the underlying loan account which are contractually delinquent by more than 180 days are provided.

Acquisition expenses
All expenses including dealer / agent commission paid or payable for acquisition of retail finance customers are charged off upfront at the time of booking of the loan agreement

11. **Taxation**

Income tax comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement in the period of enactment of the change. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

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

12. **Earnings per share**

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

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

Annexure - V
Capitalisation Statement, as restated

Currency Indian Rupees

Particulars	**Pre issue as at September 30, 2007**	**As adjusted for issue (Immediately after the issue)**
Short term debt	-	
Long term debt	-	
Total debt	**-**	
Shareholders' Funds		
Share capital	568,051,840	
Share application money pending allotment	-	
Reserves & Surplus (Excluding Revaluation Reserve) (Refer note 6 of Annexure IV)	1,821,827,658	
Total Shareholders' Funds / Net worth	**2,389,879,498**	
Long Term Debt / Shareholders' Fund	-	

Notes:
1. The above has been computed on the basis of Summary Statement of Assets and Liabilities, as restated.
2. Changes to the share capital since September 30, 2007: Rs. Nil
3. **The post issue capitalisation cannot be determined till the process of book building is complete. The same will be updated before filing of prospectus.**

Annexure - VI
Statement Of Accounting Ratios, as restated

Particulars	Period ended September 30, 2007	Year ended March 31, 2007	Period ended March 31, 2006
Basic earnings per share (Rs.)	-2.54	0.04	0.01
Weighted average number of equity shares for calculating basic EPS	47,952,763	38,485,172	590,822
Diluted earnings per share (Rs.)	-2.54	0.04	0.01
Weighted average number of equity shares in calculating diluted EPS	47,952,763	41,030,898	590,822
Net assets value per share (Rs.)	42.07	23.20	10.00
Return on net worth (%)	-5.10%	0.15%	0.03%
Equity shares outstanding as at balance sheet date (no. of shares)	56,805,184	44,444,999	2,150,000
Equity share capital (Rs.)	568,051,840	444,449,990	21,500,000
Share application money pending allotment (Rs.)	-	110,450,000	-
Reserves and surplus (net of deficit in profit and loss) (Rs.)	1,821,827,658	476,389,122	6,183
Net worth (Rs.)	2,389,879,498	1,031,289,112	21,506,183
Net profit, as restated for the respective year / period ended (Rs.)	-121,900,925	1,551,785	6,183

Notes to Accounting Ratio:

1. Earnings per share represents earnings per share calculated on the basis of restated profit after tax divided by the weighted number of equity shares (basic / diluted) as at the end of the year / period.
2. Return on net worth as a percentage represents restated profit after tax divided by net worth at the end of each financial year / period.
3. Net assets value per share has been computed on the basis of net equity method. (i.e. net worth at the end of each financial year / period divided by the weighted average number of equity shares at the end of each financial year / period). In respect of calculation of net asset value per share as at March 31, 2007, share application money pending allotment as at that date has been considered as a part of the net worth.
4. The ratios have been computed on the basis of the Summary Statement of Assets and Liabilities, as restated and Summary Statement of Profits and Losses, as restated.

Annexure - VII
Statement of Tax Shelters

Currency Indian Rupees

Sr. No.	Particulars	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006
A	Profit before tax & adjustments (Refer note below)	(120,780,685)	2,356,646	13,350
B	Current tax rate (including surcharge and education cess)	33.99%	33.66%	33.66%
C	Enacted tax rate (including surcharge and education cess)	33.99%	33.99%	33.66%
D	Tax on profit before tax & adjustments at the current tax rate (A) X (B) (Refer note below)	-	793,247	4,494
E	Provision for income tax (including deferred tax) as per the restated summary (Refer note below)	111,760	184,593	7,167
F	Excess provision for income tax due to rounding-off	-	-	(2,673)
G	Difference between the tax on profit before tax & adjustments and the provision for income tax (including deferred tax) as per the restated summary (D) - (E) - (F)	**(111,760)**	608,654	-
H	<u>Permanent differences:</u>			
	Expenses on increasing share capital	-	3,349,500	-
	Tax exempt dividend income	-	(5,160,964)	-
	Net permanent differences	-	(1,811,464)	-
I	Tax saving on net permanent differences (H) X (B)	-	(609,739)	-
	<u>Effect of use of enacted rate of tax on the closing deferred tax liability as at the year / period end against the use of current rate:</u>			
J	Closing deferred tax liability / (asset) as at the year / period end	-	111,760	(72,833)
K	Effect of use of enacted rate of tax on the above against the use of current rate (J) / (C) X ((C) - (B))	-	1,085	-
L	Deferred tax written back (Refer note below)	111,760	-	-
M	Net Difference (G) - ((I) + (K) + (L))	-	-	-

Note:
In view of loss incurred during the period, no income tax provision has been created by the Company. Further, in respect of losses, no deferred tax asset has been created and the deferred tax liability of Rs. 111,760 created during the previous year has been reversed during the period.

Annexure - VIII

Statement of transactions with Related Parties and Details of Outstanding Balances, as restated

Nature of Relationship	
Holding company	Pantaloon Retail (India) Limited
Key management personnel	Mr. Sameer Sain, Managing Director & CEO
	Mr. Kishore Biyani, Director
Subsidiaries	Kshitij Investment Advisory Company Limited
	Ambit Investment Advisory Company Limited
	Myra Mall Management Company Limited
	Future Finmart Limited
	Future Hospitality Management Limited
	Indivision Investment Advisors Limited
	Sivagami Finance & Investments Limited
Fellow subsidiaries	Home Solutions Retail (India) Limited
	Future Media India Limited
	Pantaloon Future Ventures Limited
	Future Bazaar India Limited
Joint ventures	Kshitij CapitaLand Mall Management Private Limited (Formerly known as Satyam Mall Management Private Limited)
	Real Term Logistics Private Limited
Associates	KB Mall Management Limited
	PFH Entertainment Limited
	Planet Retail Holdings Private Limited
	Pan India Food Solutions Private Limited

For the year ended March 31, 2007, Indivision Investment Advisors Limited has been considered as a subsidiary of Future Capital Holdings Limited by virtue of the control over composition of the Board of Directors of Indivision Investment Advisors Limited by Future Capital Holdings Limited.

Annexure - VIII (Cont'd…)
Transactions with Related Parties for the period ended September 30, 2007 and details of outstanding balances as at September 30, 2007, as restated

Nature of transactions	Period	Holding Company		Subsidiaries		Joint Ventures	
		Transaction value	Outstanding balance Dr. / (Cr.)	Transaction value	Outstanding balance Dr. / (Cr.)	Transaction value	Outstanding balance Dr. / (Cr.)
Sub-vention Income	Sep.2007	333,269	-	-	-	-	-
	Mar.2007	-	-	-	-	-	-
	Mar.2006	-	-	-	-	-	-
Interest income	Sep. 2007	-	-	9,434,228	-	-	-
	Mar.2007	531,888	-	18,262,665	-	93,124	72,227
	Mar.2006	-	-	-	-	-	-
Purchases	Sep.2007	41,170	-	-	-	-	-
	Mar.2007	158,635	(49,579)	-	-	-	-
	Mar.2006	-	-	-	-	-	-
Reimbursement of operating expenses to	Sep.2007	11,564,743	(3,774,914)	16,219,637	173,431	-	-
	Mar.2007	3,755,069	(3,755,069)	10,350,550	(7,884,792)	-	-
	Mar.2006	-	-	-	-	-	-
Managing director's remuneration	Sep.2007	-	-	-	-	-	-
	Mar.2007	-	-	-	-	-	-
	Mar.2006	-	-	-	-	-	-
License fees paid during the period	Sep. 2007	30,000,000	-	-	-	-	-
	Mar.2007	-	-	-	-	-	-
	Mar.2006	-	-	-	-	-	-
Operating expenses incurred on behalf of and recovered from	Sep.2007	-	-	2,868,400	-	1,467	-
	Mar.2007	-	-	3,715,232	-	213,500	213,500
	Mar.2006	-	-	-	-	-	-
Security deposits given	Sep.2007	-	60,000	25,000,000	25,000,000	-	-
	Mar.2007	60,000	60,000	-	-	-	-
	Mar.2006	-	-	-	-	-	-
Proceeds from issuance of shares	Sep.2007	-	-	-	-	-	-
	Mar.2007	573,768,645	-	-	-	-	-
	Mar.2006	-	-	-	-	-	-
Equity share warrants issued	Sep.2007	-	-	-	-	-	-
	Mar.2007	-	-	-	-	-	-
	Mar.2006	-	-	-	-	-	-
Share application money given	Sep.2007	-	-	-	-	-	-
	Mar.2007	-	-	-	-	24,900,000	-
	Mar.2006	-	-	-	-	-	-
Purchase of investments	Sep.2007	-	-	70,099,480	-	-	-
	Mar.2007	47,280,000	-	10,399,940	-	-	-
	Mar.2006	-	-	-	-	-	-

Annexure - VIII (Cont'd…)
Transactions with Related Parties for the period ended September 30, 2007 and details of outstanding balances as at September 30, 2007, as restated

Nature of transactions	Period	Holding Company		Subsidiaries		Joint Ventures	
		Transaction value	Outstanding balance Dr. / (Cr.)	Transaction value	Outstanding balance Dr. / (Cr.)	Transaction value	Outstanding balance Dr. / (Cr.)
Sale of investments	Sep.2007	-	-	-	-	-	-
	Mar.2007	-	-	-	-	-	-
	Mar.2006	-	-	-	-	-	-
Loans Given	Sep.2007	-	-	81,475,000	165,840,954	-	-
	Mar.2007	152,500,000	-	537,100,000	264,193,348	6,000,000	-
	Mar.2006	-	-	-	-	-	-
Fixed assets / Intangible assets Purchased	Sep.2007	-	-	-	-	14,809,393	(11,594,426)
	Mar.2007	51,660	(51,660)	28,141,113	-	-	-
	Mar.2006	-	-	-	-	-	-

Currency Indian Rupees

Nature of transactions	Period	Fellow Subsidiaries		Associate Companies		Key Management Personnel	
		Transaction value	Outstanding balance Dr. / (Cr.)	Transaction value	Outstanding balance Dr. / (Cr.)	Transaction value	Outstanding balance Dr. / (Cr.)
Sub-vention Income	Sep. 2007	561,227	-	-	-	-	-
	Mar. 2007	-	-	-	-	-	-
	Mar. 2006	-	-	-	-	-	-
Interest income	Sep. 2007	-	-	1,999,158	-	-	-
	Mar. 2007	-	-	18,885,411	-	-	-
	Mar. 2006	-	-	-	-	-	-
Purchases	Sep. 2007	-	-	-	-	-	-
	Mar. 2007	-	-	-	-	-	-
	Mar. 2006	-	-	-	-	-	-
Reimbursement of operating expenses to	Sep. 2007	3,658,503	(866,478)	16,064,800	(14,390,305)	1,111,899	(82,130)
	Mar. 2007	-	-	1,537,688	519,122	-	-
	Mar. 2006	-	-	-	-	-	-
Managing director's remuneration	Sep. 2007	-	-	-	-	7,067,418	-
	Mar. 2007	-	-	-	-	3,424,988	-
	Mar. 2006	-	-	-	-	-	-

License fees paid during the period	Sep. 2007	-	-	-	-	-	-
	Mar. 2007	-	-	-	-	-	-
	Mar. 2006	-	-	-	-	-	-
Operating expenses incurred on behalf of and recovered from	Sep. 2007	589,088	589,088	-	-	-	-
	Mar. 2007	-	-	-	-	-	-
	Mar. 2006	-	-	-	-	-	-
Security deposits given	Sep. 2007	-	-	-	-	-	-
	Mar. 2007	-	-	-	-	-	-
	Mar. 2006	-	-	-	-	-	-
Proceeds from issuance of shares	Sep. 2007	-	-	-	-	387,654,238	-
	Mar. 2007	-	-	-	-	70,500,000	-
	Mar. 2006	-	-	-	-	-	-
Equity share warrants issued	Sep. 2007	-	-	-	-	-	-
	Mar. 2007	-	-	-	-	2,115,000	-
	Mar. 2006	-	-	-	-	-	-
Share application money given	Sep. 2007	-	-	-	-	-	-
	Mar. 2007	-	-	-	-	-	-
	Mar. 2006	-	-	-	-	-	-
Purchase of investements	Sep. 2007	-	-	-	-	-	-
	Mar. 2007	-	-	-	-	4,274,865	-
	Mar. 2006	-	-	-	-	-	-

Currency Indian Rupees

Nature of transactions	**Period**	**Fellow Subsidiaries**		**Associate Companies**		**Key Management Personnel**	
		Transaction value	**Outstanding balance** Dr. / (Cr.)	**Transaction value**	**Outstanding balance** Dr. / (Cr.)	**Transaction value**	**Outstanding balance** Dr. / (Cr.)
Sale of investments	Sep. 2007	-	-	-	-	-	-
	Mar. 2007	-	-		-	3,674,937	-
	Mar. 2006	-	-	-	-	-	-
Loans Given							
	Sep.	-	-	50,000,000	81,729,992	-	-

	2007						
	Mar. 2007	-	-	497,500,000	30,070,123	-	-
	Mar. 2006	-	-	-	-	-	-
Fixed assets / Intangible assets Purchased	Sep. 2007	21,893	-	-	-	-	-
	Mar. 2007	-	-	-	-	-	-
	Mar. 2006	-	-	-	-	-	-

Annexure - VIII (Cont'd…)
Related party transactions more than 10%

Currency Indian Rupees

Name of the Party	Period	Transaction Value	Outstanding Balance Debit / (Credit)
Interest income			
Details of interest from subsidiaries and associates which are material (more than 10% of the total interest from related parties)			
Name of the party			
Kshitij Investment Advisory Company Limited	Sep. 2007	1,589,213	-
	Mar. 2007	4,529,014	-
	Mar. 2006	-	-
Myra Mall Management Company Limited	Sep. 2007	6,982,281	-
	Mar. 2007	9,552,607	-
	Mar. 2006	-	-
Planet Retail Holdings Private Limited	Sep. 2007	1,807,377	-
	Mar. 2007	-	-
	Mar. 2006	-	-
KB Mall Management Limited	Sep. 2007	-	-
	Mar. 2007	6,052,397	-
	Mar. 2006	-	-
PFH Entertainment Limited	Sep. 2007	-	-
	Mar. 2007	12,733,562	-
Sub-vention income			
Details of sub-vention income from holding company and fellow subsidiaries which are material (more than 10% of the total sub-vention income from related parties)			
Name of the party			
Pantaloon Retail (India) Limited-Future Money	Sep. 2007	333,269	-
	Mar. 2007	-	-
	Mar. 2006	-	-
Home Solutions Retail India Limited-Future Money	Sep. 2007	561,227	-
	Mar. 2007	-	-
	Mar. 2006	-	-
Purchases			
Details of purchases from holding company	Sep. 2007	41,170	-
which are material (more than 10% of the total	Mar. 2007	158,635	(49,579)
purchases from related parties)	Mar. 2006	-	-

Annexure - VIII (Cont'd…)
Related party transactions more than 10% (Cont'd…)

Currency Indian Rupees

Name of the Party	Period	Transaction Value	Outstanding Balance
Reimbursement of operating expenses			
Details of reimbursement of operating expenses to holding, subsidiaries and associate companies which are material (more than 10% of the total reimbursements to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 2007	11,564,743	(3,774,914)
	Mar. 2007	3,755,069	(3,755,069)
	Mar. 2006	-	-
Kshitij Investment Advisory Company Limited	Sep. 2007	-	-
	Mar. 2007	2,244,917	(1,038,231)
	Mar. 2006	-	-
Myra Mall Management Company Limited	Sep. 2007	12,526,791	173,431
	Mar. 2007	7,191,581	-
	Mar. 2006	-	-
Idiom Design & Consulting Limited	Sep. 2007	-	-
	Mar. 2007	1,537,688	519,122
	Mar. 2006	-	-
PFH Entertainment Limited	Sep. 2007	14,441,305	(14,441,305)
	Mar. 2007	-	-
	Mar. 2006	-	-
License fees paid during the period			
Details of payment of license fees to holding companies which are material (more than 10% of the total license fees paid to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 2007	30,000,000	-
	Mar. 2007	-	-
	Mar. 2006	-	-
Operating expenses incurred on behalf of and recovered from			
Details of Operating expenses incurred on behalf of and recovered from subsidiaries and associate companies which are material (more than 10% of the total reimbursements from related parties)			
Name of the party			
Kshitij Investment Advisory Company Limited	Sep. 2007	1,770,288	-
	Mar. 2007	1,206,686	-
	Mar. 2006	-	-
Future Finmart Limited	Sep. 2007	492,025	-
	Mar. 2007	458,440	-
	Mar. 2006	-	-
Indivision Investments Advisors Limited	Sep. 2007	439,652	-
	Mar. 2007	1,904,226	-
	Mar. 2006	-	-
Pantaloon Future Ventures Ltd	Sep. 2007	589,088	589,088
	Mar. 2007	-	-
	Mar. 2006	-	-

Annexure - VIII (Cont'd…)

Related party transactions more than 10% (Cont'd…) *Currency Indian Rupees*

Name of the Party	Period	Transaction Value	Outstanding Balance
Manageing director's remuneration	Sep. 2007	7,067,418	-
(Mr Sameer Sain, Managing Director & CEO)	Mar. 2007	3,424,988	-
	Mar. 2006	-	-
Purchase of tangible / intangible assets			
Details of purchases of tangible / intangible from subsidiaries which are material (more than 10% of the total purchases from related parties)			
Name of the party			
Indivision Ivestments Advisors Limited	Sep. 2007	-	-
	Mar. 2007	26,570,708	-
	Mar. 2006	-	-
Kshitij Capitaland Mall Management Private Limited	Sep. 2007	14,809,393	(11,594,426)
	Mar. 2007	-	-
	Mar. 2006	-	-
Security deposits given			
Details of Security deposits given to holding and subsidiary companies which are material (more than 10% of the total Security deposits given to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 2007	-	60,000
	Mar. 2007	60,000	60,000
	Mar. 2006	-	-
Myra Mall Management Company Limited	Sep. 2007	25,000,000	25,000,000
	Mar. 2007	-	-
	Mar. 2006	-	-
Loans given			
Details of loans given to holding, subsidiaries and associate companies which are material (more than 10% of the total loans given to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 2007	-	-
	Mar. 2007	152,500,000	-
	Mar. 2006	-	-
Kshitij Investment Advisory Company Limited	Sep. 2007	47,700,000	43,928,959
	Mar. 2007	141,100,000	49,012,701
	Mar. 2006	-	-
Myra Mall Management Company Limited	Sep. 2007	23,150,000	121,321,540
	Mar. 2007	209,850,000	145,781,211
	Mar. 2006	-	-
KB Mall Management Limited	Sep. 2007	-	-
	Mar. 2007	200,000,000	-
	Mar. 2006	-	-
PFH Entertainment Limited	Sep. 2007	-	-
	Mar. 2007	267,500,000	-
	Mar. 2006	-	-
Indivision Investments Advisors Limited	Sep. 2007	-	590,455
	Mar. 2007	159,750,000	65,853,665
	Mar. 2006	-	-
Pan India Food Solutions Private Limited	Sep. 2007	50,000,000	-
	Mar. 2007	-	-
	Mar. 2006	-	-

Annexure - VIII (Cont'd…)
Related party transactions more than 10% (Cont'd…)

Currency Indian Rupees

Name of the Party	Preiod	Transaction Value	Outstanding Balance
Equity shares issued			
Details of equity shares issued to holding company and key management personnel which are material (more than 10% of the total shares issued to related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 2007	-	-
	Mar. 2007	573,768,645	-
	Mar. 2006	-	-
Mr Kishore Biyani, Director	Sep. 2007	213,943,413	-
	Mar. 2007	-	-
	Mar. 2006	-	-
Mr Sameer Sain, Managing Director & CEO	Sep. 2007	173,710,825	-
	Mar. 2007	70,500,000	-
	Mar. 2006	-	-
Equity share warrants issued			
Details of equity shares warrants issued to key management personnel which are material (more than 10% of the total warrants issued to related parties)			
Name of the party			
Mr Kishore Biyani, Director	Sep. 2007	-	-
	Mar. 2007	2,115,000	-
	Mar. 2006	-	-
Share application money given			
Details of share application money given to joint venture company which are material (more than 10% of the total share application money given to related parties)	Sep. 2007	-	-
	Mar. 2007	24,900,000	-
	Mar. 2006	-	-
Purchase of investments			
Details of purchase of investments from holding and in subsidiary companies which are material (more than 10% of the total purchases of investments from related parties)			
Name of the party			
Pantaloon Retail (India) Limited	Sep. 2007	-	-
	Mar. 2007	47,280,000	-
	Mar. 2006	-	-
Myra Mall Management Company Limited	Sep. 2007	-	-
	Mar. 2007	9,900,000	-
	Mar. 2006	-	-
Ambit Investment Advisory Company Limited	Sep. 2007	12,500,000	-
	Mar. 2007	-	-
	Mar. 2006	-	-
Future Finmart Limited	Sep. 2007	22,000,000	
	Mar. 2007	-	-
	Mar. 2006	-	-
Indivision Investments Advisors Limited	Sep. 2007	22,499,940	
	Mar. 2007	-	-
	Mar. 2006	-	-
Sivagami Finance & Investment Limited	Sep. 2007	12,599,600	
	Mar. 2007	-	-

Annexure - VIII (Cont'd…)
Related party transactions more than 10% (Cont'd…)

Currency Indian Rupees

Name of the Party	Period	Transaction Value	Outstanding Balance
Sale of investments			
Details of sale of investments to key management personnel which are material (more than 10% of the total sale of investments to related parties)			
Name of the party			
Mr Kishore Biyani, Director	Sep. 2007	-	-
	Mar. 2007	3,674,937	-
	Mar. 2006	-	-

Annexure - IX
Details of Loans and Advances, as restated

Currency Indian Rupees

Particulars	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006
Secured, considered good			
Inter corporate deposits to other body corporates	309,304,860	-	-
Unsecured, considered good			
Loans / inter corporate deposits to subsidiaries	165,840,954	198,339,683	-
Inter corporate deposits to other body corporates	31,542,179	122,457,304	-
Advance taxes (net of provision for taxes)	36,660,930	8,854,543	-
Security deposits	41,836,995	17,437,500	-
Advances recoverable in cash or in kind or for value to be received	74,595,668	32,524,296	119,251
Consumer loans	23,790,639	-	-
Personal loans	8,433,923	-	-
Interest accrued and not due	3,677,207	654,479	-
Total	**695,683,355**	**380,267,805**	**119,251**
Loans and advances includes:			
Dues from companies under the same management:			
Myra Mall Management Company Limited	121,494,595	145,927,090	-
Ambit Investment Advisory Company Limited	-	3,545,771	-
Kshitij Investment Advisory Company Limited	44,323,756	49,012,701	-
Indivision Investment Advisors Limited	590,455	65,853,665	-
Kshitij CapitaLand Mall Management Private Limited	-	285,227	-
Sivagami Finance & Investments Limited	133,537	-	-
Pantaloon Futures Ventures Ltd	589,088	-	-
Planet Retail Holdings Private Limited	31,538,211	30,070,123	-
Pan India Food Solutions Private Limited	50,191,781	-	-
Due from a director of the Company	-	3,424,988	-

(Due from a director as at March 31, 2007 represented advance paid to managing director towards remuneration which was pending approval from Central Government. Corresponding provision in respect of such remuneration was shown under 'current liabilities'. However, the Company has received Central Government approval on October 10, 2007. The remuneration as approved by the Central Government is subject to approval of the Company in its general meeting in terms of Section 309 (1) of the Companies Act, 1956).

Annexure - X
Details of Sundry Debtors, as restated

Currency Indian Rupees

Particulars		As at September 30, 2007	As at March 31, 2007	As at March 31, 2006
Unsecured, considered good:				
More than 6 months	(A)	-	-	-
Others				
Receivable from promoter / promoter group companies		-	-	-
Receivable from others		26,333,529	45,588,575	-
Sub total	**(B)**	**26,333,529**	**45,588,575**	**-**
Total (A) + (B)		**26,333,529**	**45,588,575**	**-**

Annexure - XI
Details of Current Liabilities and Provisions, as restated

Currency Indian Rupees

Particulars		As at September 30, 2007	As at March 31, 2007	As at March 31, 2006
Current liabilities				
Sundry creditors (Includes Rs. 443,097 and Rs. 3,774,914 payable to the subsidiaries and the holding company respectively)		92,264,550	34,150,347	27,699
Advance against equity share warrants (21,15,000 fully convertible share warrants of Rs. 10/- each, paid-up Re. 1/- each)		-	2,115,000	-
Advance against share premium		-	395,000	-
Bank overdraft		5,903,109	-	-
Fees received in advance (Refer note below)		440,000,000	-	-
Other liabilities		5,330,343	8,899,840	1,008
Sub-total	**(A)**	**543,498,002**	**45,560,187**	**28,707**
Provisions				
For fringe benefit tax (net of fringe benefit tax paid)		304,387	-	80,000
For gratuity		743,707	238,995	-
Sub-total	**(B)**	**1,048,094**	**238,995**	**80,000**
Total (A) + (B)		**544,546,096**	**45,799,182**	**108,707**

During the period, the Company has entered into an agreement with ICICI Bank Limited for distribution of co-branded credit cards. The Company has received an amount of Rs. 440,000,000 as advance towards account set up fees payable by ICICI Bank Limited to the Company. Pending commencement of such business Rs 440,000,000 has been shown as ‘Fees received in advance’.

Annexure - XII
Details of Other Income, as restated

Currency Indian Rupees

Particulars	Period ended September 30, 2007	Year ended March 31,2007	Year ended March 31,2006	Nature of Income	Related or Not Related to Business
Miscellaneous income	46,108	-	-	Non-recurring	Related
Total	**46,108**	**-**	**-**		

Note: The classification of income into recurring and non-recurring is based on the current operations and business activities of the Company.
Other income is not in excess of 20% of the total income.

Statement of details of investments extracted from the Annual Reports of the Company of the year ended March 31, 2007, March 31, 2006 and for the 6 months ended September 20, 2007

STATEMENT OF DETAILS OF INVESTMENTS

Currency Indian Rupees

Details of Investments, as restated

Particulars	**As at September 30, 2007**	**As at March 31, 2007**	**As at March 31, 2006**
Long term investments (At cost)			
Unquoted (Non-trade)			
Equity shares of Rs. 10 each fully paid up			
In Subsidiaries:			
Ambit Investment Advisory Company Limited (Sep.2007: 2,249,994 shares, Mar. 2007: 999,994 shares)	24,499,928	11,999,928	-
Myra Mall Management Company Limited (Sep.2007: 1,000,000 shares, Mar. 2007: 1,000,000 shares)	10,000,000	10,000,000	-
Kshitij Investment Advisors Company Limited (Sep.2007: 2,759,994 shares, Mar. 2007: 2,759,994 shares)	35,879,922	35,879,922	-
Indivision Investment Advisors Limited (Sep.2007: 2,249,994 shares, Mar. 2007: 100,000 shares)	22,749,937	1,050,000	-
Sivagami Finance & Investments Limited (Sep.2007: 2,250,000 shares, Mar. 2007: Nil shares)	37,986,667	-	-
Future Finmart Limited (Sep.2007: 2,249,994 shares, Mar. 2007: 49,994 shares)	22,499,940	499,940	-
Future Hospitality Management Limited (Sep.2007: 49,994 shares, Mar. 2007: Nil shares)	499,940	-	-
In others			
Kshitij Capitaland Mall Mangagement Private Limited (Formerly known as Satyam Mall Management Company Private Limited) (Sep.2007: 342,000 shares, Mar. 2007: 10,000 shares)	25,000,000	100,000	-
Share application money pending allotment for Kshitij Capitaland Mall Mangagement Private Limited (Formerly known as Satyam Mall Management Company Private Limited)	-	24,900,000	-
			-
Fully convertible debenture of Biba Apparels Private Limited: (refer note below)			-

10% Fully convertible debentures - I of Rs 10,000 each, fully paid up (Fully convertible into equity shares on September 30, 2008) (Sep.2007: Nil debentures, Mar. 2007: 7,000 debentures)	-	71,147,854	-
0% Fully convertible debentures - II of Rs 10,000 each, fully paid up (Fully convertible into equity shares on September 30, 2007) (Sep.2007: Nil debentures, Mar. 2007: 5,000 debentures)	-	50,819,896	-
			-
Equity share warrant of Goldiam International Limited: (refer note below)			-
[Fully convertible share warrants of Rs 150 each, (Face value of Rs.10 per share), paid up Rs.15 each, fully convertible into equity shares not later than October 23, 2007] (Sep.2007: Nil warrants, Mar. 2007: 2,998,000 warrants)	-	44,970,000	-
Sub-total	179,116,334	251,367,540	-
<u>Current Investments (At lower of cost or net asset value)</u>			
Quoted (Trade)			
Investments in Mutual funds			
Reliance Interval Fund - Quarterly plan - Series I of Rs 10 each (Sep.2007: 13,577,654 units, Mar. 2007: Nil units)	135,798,269	-	-
Reliance Interval Fund - Quarterly plan - Series II of Rs 10 each (Sep.2007: 24,999,250 units, Mar. 2007: Nil units)	250,000,000	-	-
ICICI Prudential Interval Fund Quarterly Interval Plan - 1 of Rs 10 each (Sep.2007: 10,000,000 units, Mar. 2007: Nil units)	100,000,000	-	-
ABN AMRO Money Plus of Rs 10 each (Sep.2007: 20,691,473 units, Mar. 2007: Nil units)	206,914,727	-	-
ABN AMRO Interval Fund Quartely Plan H Quarterly of Rs 10 each (Sep.2007: 10,074,784 units, Mar. 2007: Nil units)	100,749,012	-	-
ABN AMRO Flexible Short Term Plan Ser E Interval of Rs 10 each (Sep.2007: 19,998,200 units, Mar. 2007: Nil units)	200,000,000	-	-
Principal Floating rate Fund FMP of Rs 10 each (Sep.2007: 18,693,059 units, Mar. 2007: Nil units)	187,160,513	-	-
Templeton Floating Rate Income Fund - Long term Super Instituitinal of Rs 10 each (Sep.2007: 8,168,981 units, Mar. 2007: Nil units)	81,751,081	-	-
Reliance Floating Rate Fund - Daily Dividend Reinvestment Plan of Rs 1000 each (Sep.2007: Nil units, Mar. 2007: 2,784,543 units)	-	28,029,768	-

Reliance Liquid Plus Fund Institutional - Daily Dividend Plan of Rs.1000 each (Sep.2007: Nil units, Mar. 2007: 150,333 units)	-	150,333,482	-
Reliance Liquidity Fund - Daily Dividend Reinvestment Option of Rs 10 each (Sep.2007: Nil units, Mar. 2007: 2,636,271 units)	-	26,370,884	-
Standard Chartered Liquidity Manager Plus - Daily Dividend of Rs. 1000 each (Sep.2007: Nil units, Mar. 2007: 6,549 units)	-	6,549,513	-
LIC Fixed Maturity Plan Series 17 - 3 Month - Growth of Rs 10 each (Sep.2007: Nil units, Mar. 2007: 15,000,000 units)	-	150,000,000	-
Sub-total	1,262,373,602	361,283,647	-
Total	**1,441,489,936**	**612,651,187**	**-**
Aggregate net asset value of the quoted current investment	1,269,175,961	363,638,419	

Note:
During the six months period ended September 30, 2007, 5,000, 0% fully convertible debentures - II of Biba Apparels Private Limited of Rs 10,000 each, fully paid up have been converted into 27,964 equity shares. Subsequent to the six months period ended September 30, 2007 the Company has entered into an agreement to sell 27,964 equity shares and 7,000, 10% fully convertible debentures - I of Rs 10,000 each, fully paid up of Biba Apparels Private Limited and 2,998,000, equity share warrant of Goldiam International Limited of Rs 150 each (paid-up, Rs 15 each) to Future Ventures India Limited and Opportune Trading Private Limited respectively. Accordingly, such investments have been shown as 'held for sale' as on September 30, 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our restated consolidated financial information as of and for the year ended March 31, 2007 and the six months ended September 30, 2007 and FCH's restated standalone financial statements for the period from October 18, 2005, the date of incorporation of the Company, to March 31, 2006, including the schedules and notes thereto and the reports thereon, which appear in the section titled "Financial Statements" in this Red Herring Prospectus. The financial statements presented and discussed in this Red Herring Prospectus are based on Indian GAAP, which differs in certain significant respects from US GAAP and IFRS. For more information on these differences, see "Summary of Significant Differences between Indian GAAP, US GAAP and IFRS" on page 159. Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year.

The forward-looking statements contained in this discussion and analysis are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussed in "Forward-Looking Statements" and "Risk Factors" on page viii and ix of this Red Herring Prospectus.

Overview

Our primary businesses are investment advisory services, retail financial services and research. Within all three of these businesses, we focus on the retail and consumption-led sectors in India, in order to leverage the capabilities of the Future Group, one of the leading organised multi-format retailers in India.

Future Capital Holdings Limited was incorporated in October 2005 and is a registered non-banking financial company. In May 2006, we acquired interests in the subsidiaries through which we conduct our investment advisory business, including Kshitij Investment Advisory Company Limited and Indivision Investment Advisors Limited. Our other subsidiaries are Myra Mall Management Company Limited, Ambit Investment Advisory Company Limited, Future Finmart Limited, Future Hospitality Management Limited and Future Finance Limited. In June 2007, we launched our financial services retail offering, Future Money. The offshore investment managers of the Indivision, Horizon and Indus Funds are owned by an entity named Keystone Company Limited, and we have made an application to the RBI to acquire Keystone.

We have presented restated consolidated financial statements as of and for the year ended March 31, 2007 and the six months ended September 30, 2007 in this Red Herring Prospectus and we analyse our results of operations, cash flows and financial condition for those periods and as of those dates. However, as we had minimal assets, liabilities and operations prior to May 2006 and had not fully launched certain of our businesses prior to September 30, 2007, the financial information we have presented may not be representative of our results of operations in future periods. For instance, while we expect to continue to generate a substantial portion of our income from fees earned pursuant to contractual arrangements with the onshore fund and the offshore investment managers of offshore funds (including advisory and research fees) in future periods, we also expect to generate income from interest earned on the loans we extend and the financial products we distribute through our retail financial services business. As our investment advisory business matures and the onshore fund we advise or offshore funds whose offshore investment managers we advise begin to complete exits of investments, we may also generate income from performance fees, which are based on the returns earned by those funds.

While we believe that our capitalization was sufficient to support our operations to date, as we expand our business, in particular our retail financial services activities, we will require further capital, and the restated consolidated balance sheet we present as of September 30, 2007 may therefore not be indicative of our future financial condition.

We also present a brief discussion of FCH's restated standalone results of operations and cash flows for the period from October 18, 2005 to March 31, 2006 and its financial condition as of March 31, 2006.

Factors Affecting Our Results of Operations and Financial Condition

Economic Conditions in India

Our investment advisory activities are focused on Indian assets. We also provide retail financial services to Indian customers. Accordingly, our results of operations and financial condition have been and will continue to be influenced by macro-economic, market and other conditions and developments in India. Factors affecting our results of operations include levels of, and growth rates in, GDP and per capita GDP as well as the rate of inflation. Following structural reforms in the 1990s, including liberalisation of the financial sector, easing of foreign direct investment restrictions and revisions to tax and tariff policies, India has experienced sustained growth over the past two decades (Source: Ministry of Information and Broadcasting, GOI). The economy has been growing at a rate of over 8% for the past three fiscal years, making it the second-fastest growing major economy in the world, after China. Growth has been driven by rising domestic demand from India's population of 11,000 lacs. Strong demand has in turn been fuelled by the expansion of India's services industry, in particular information technology and business process outsourcing. The high level of educational attainment, particularly in the area of technology, and the English language capabilities of India's population have made India attractive to foreign companies who wish to reduce their labour costs. Other service industry sub-sectors, such as banking and retail, have also contributed to growth in the economy. Growth in the services industry has led to significant job generation, which in turn has led to rising disposable incomes. In addition to growth in the service sector, India's manufacturing sector has also contributed to economic growth (Source: RBI).

Consumption levels in the economy will also depend on the level of inflation. Inflation in the Indian economy has been rising, primarily due to the increase in prices of primary articles as well as the increase in oil prices over the last few years. In fiscal 2007, inflation as measured by the Wholesale Price Index (Base 1993-94) increased to 5.74%, compared to 3.98% in the previous year (Source: Ministry of Finance, GOI). The Reserve Bank of India has been raising interest rates to combat inflation and may continue do so in the future in order to limit inflation to its target range of 4.0 to 4.5%.

The following table sets forth certain macro-economic indicators for India for fiscal 2003, 2004, 2005, 2006 and 2007:

	2002-2003	**2003-2004**	**2004-2005 ***	**2005-2006 ****	**2006-2007 *****
GDP *(Rs. billions)* *(At Factor Cost, At Constant Prices)*	20,477	22,226	23,897	26,045	28,482
Growth Rate		*8.5%*	*7.5%*	*9.0%*	*9.4%*
Population *(millions)*	1,055	1,073	1,090	1,107	1,122

Source: RBI

* Provisional, ** Quick Estimates, *** Revised Estimates

India's economy is expected to continue to grow rapidly during the next few years. However, some commentators believe that higher interest rates in India may curb borrowing, which will harm industries such as automobiles and mortgages. In addition, India's underdeveloped infrastructure, including its roads and ports, continue to constrain economic growth. Nonetheless, we expect that India's economy will continue to grow, contributing to higher disposable incomes, which will fuel growth in the retail and consumption-led sectors.

Developments in the Indian Retail and Consumption-Led Sectors

We identify and pursue opportunities primarily in the retail and consumption-led sectors in India for which we leverage the expertise of the Future Group. We provide investment advisory services in respect of investments in these sectors. Within retail financial services, our primary credit products currently are consumption loans, which are loans to finance the purchase of durables, furniture and other consumer goods, and personal loans, which are unsecured credit lines to individual customers. Accordingly, our results of operations and financial condition have been affected and will continue to be affected by developments in the retail and consumption-led sectors. Consumption patterns in India have changed dramatically in recent periods, mainly as a result of rising disposable incomes. As disposable incomes have increased, household spending has shifted from spending on necessities to discretionary spending. Indians are spending an increasing proportion of their income on household products, apparel, communications and health care. In addition, rising incomes have contributed to the emergence of a middle class and a decline in the proportion of Indians living in poverty. Although growth in disposable incomes has been the main driver of higher consumption, population growth and a decline in the number of joint family households are also expected to contribute to growth in consumption. As the retail and consumption-led sectors grow, we expect that the number of companies engaged in activities in these sectors will increase, leading to more potential investment targets. However, the increasing attractiveness of these sectors may lead to higher competition for quality investments. We also expect that higher consumption will lead to demand for retail credit products, including the consumption loans we offer.

Although consumption has increased rapidly over the last decade, organised retailing is a relatively new development in India. Recently, however, the number of malls, hypermarkets and other retail formats has increased. PRIL is one of India's leading organised multi-format retailers, but other players are opening hypermarkets and malls to cater to rising consumption and demand for brands. In addition, although mall growth has been primarily in the larger cities, increasing affluence in mid-tier and smaller cities has led to growth in organised retailing. As organised retailing grows and expands geographically, we expect to be able to offer retail financial services to a wider range of customers.

Regulation of Retail and Consumption-Led Sectors

Since our activities are focused on the retail and consumption-led sectors in India, changes in regulation affecting these sectors will affect our results of operations and financial condition. Investment in the Indian retail sector is heavily regulated and the Foreign Investment Promotion Board (the "FIPB") imposes stringent restrictions on foreign direct investment in the Indian retail sector. As a result of restrictions on foreign investment, we believe that assets in the retail sector are potentially undervalued. The FIPB has, however, recently begun to ease restrictions on foreign direct investment in the retail sector. In 2006, for instance, it revised its regulations to permit foreign firms to acquire stakes of up to 51% in single brand retailers and in 2007 it extended this to apply to retailers in certain sub-sectors of the retail industry. Although the Indian government faces pressure from interest groups who fear the competitive threat presented by foreign entry into the market to "unorganized" retailers (e.g., family-owned businesses), some market commentators believe that restrictions on foreign direct investment in the retail sector may be eliminated altogether. This could increase competition for attractive investment opportunities, which could constrain growth in our advisory base. In addition, competition in the retail and consumption-led sectors would likely increase, which could adversely affect the competitive position of PRIL, our promoter company. Given our dependence on PRIL for the implementation of our strategy, this could have an adverse effect on us. On the other hand, the expansion of organized retailing in India could also lead to an increase in consumption, which would benefit us.

Employee Stock Option Scheme

We have instituted and granted stock options under an ESOS for our employees as described further in the section titled "Capital Structure" on page 25 of this Red Herring Prospectus.

Factors Affecting Our Investment Advisory Business

In addition to the factors identified above under " — Factors Affecting Our Results of Operations and Financial Condition", the following additional factors have affected and will continue to affect our investment advisory business and therefore, our consolidated results of operations and financial condition:

Market Conditions

Our income from operations consists principally of advisory fees and research fees. In the year ended March 31, 2007 and the six months ended September 30, 2007, these fees together accounted for 87.4% and 75.8%, respectively, of our total income from operations for those periods. We expect this percentage to change as we expand our retail financial services business. In addition, in the future, we may receive performance fees from investment exits, subject to the achievement of a certain minimum return. Growth in our fee income depends upon our ability to increase assets under advice. This is in turn affected by market factors, including the strength and liquidity of Indian and global capital markets, market volatility, trends in investor asset allocation and movements in interest rates.The strength of India's capital markets generally, and the IPO market specifically, will affect the ability of the onshore fund we advise and the offshore funds whose offshore investment managers we advise to achieve profitable exits of their investments. This in turn will affect the level of performance fees we may receive. These funds may elect to exit investments through IPOs, in which case the strength and liquidity of the capital markets will be a key determinant of the price they receive upon exit and accordingly, their returns. Even in the event that they elect to exit a particular investment through a private sale, the valuation of that investment may nonetheless be affected by the strength of the markets generally.

In addition to the strength and liquidity of India's capital markets, volatility may also in the future affect our results of operations. India's capital markets have, along with global capital markets, experienced strong growth in recent years. The closing value of the BSE Sensex Index grew from 6,493 as on March 31, 2005 to 11,280 as on March 31, 2006, an increase of 73.7%. It rose further to 13,072 as on March 31, 2007, an increase of 15.9%. Although it dipped to below 14,000 in August as a result of market turbulence stemming from the sub-prime mortgage crisis in the United States, it subsequently regained the loss in value and crossed 19,000 on October 15, 2007. Price to earnings ratios have also remained high, with the price/ earnings ratio of the BSE Sensex Index increasing to 20.33 for fiscal 2007 from 15.61 for fiscal 2005 (Source: BSE India). In addition, the IPO market in India has been strong, with funds raised through the domestic public issues amounting to Rs. 2,385,100 lacs during the first quarter of fiscal 2007, which represents an increase of 124.1% over the corresponding period in 2006 (Source: Reserve Bank of India). If the favourable market conditions described above continue to prevail, this would contribute to the ability of the funds we are involved with to achieve their target returns, which would in turn tend to lead to higher fee income. Conversely, if market conditions deteriorate, this could adversely affect the returns of the onshore fund and offshore funds whose offshore investment managers we advise and therefore our fee income.Movements in interest rates may also affect our results of operations. Both our investment advisory business and our retail financial services business expose us to risks associated with changes in interest rates. General interest rate fluctuations may have a negative impact on the investments of the onshore fund we advise and the offshore funds whose offshore investment managers we advise and their rate of return on invested capital. In addition, although these funds currently plan to focus on private equity investments and investments in real estate and hotels, they may in the future invest in fixed income instruments and an increase in interest rates could decrease the value of any such investments, including mezzanine securities and high-yield bonds. With regard to our retail financial services business, we intend to focus initially on consumption and personal loans. Accordingly, the income stream of this business will be weighted towards interest income. Thus, we will be highly sensitive to changes in interest rates. In particular, any increase in interest rates could make consumer loans of the type we offer less attractive to customers and demand for these loans could decrease.

In addition, in an environment of falling interest rates, we will be subject to refinancing risk. In India, following a steep drop in interest rates in 2001, interest rates have remained relatively low for an emerging economy during the past few years. However, in the fourth quarter of fiscal 2007, the Reserve Bank of India increased its repo rate twice to 7.75%, and interest rates have reached their highest level in four years. If interest rates continue to rise, our results of operations could be adversely affected.

Developments in the Real Estate Markets

We advise the Rs. 350 crore (approximately US$89 million) Kshitij Venture Capital Fund, a domestic SEBI-registered venture capital fund, and are engaged as the advisors to the offshore investment managers of the US$350 million (approximately Rs. 1,376 crore) Horizon Fund and the US$200 million (approximately Rs. 786 crore) Indus Fund, which are offshore funds investing in Indian real estate (including hotels). Therefore, developments in the Indian real estate market will affect the performance of these funds and accordingly our advisory fees. Supply and demand conditions in the real estate market, and hence the prices charged for properties upon exit, are affected by various factors, including prevailing local economic, income and demographic conditions, interest rates available to purchasers requiring financing, the availability of comparable properties completed or under development, changes in governmental policies relating to zoning and land use, changes in applicable regulatory schemes, and competition from other real estate development firms. Further, we believe that policy changes affecting foreign direct investment in Indian real estate could substantially influence asset values. In addition, the prices of construction materials in the Indian market, including steel, cement and timber, may cause costs to increase, which would reduce the returns of the real estate funds we advise. Real estate development in India has been growing rapidly, driven by strong economic growth and changing consumption patterns. Growth has been driven in particular by demand for IT SEZs and parks as the Indian IT and ITES sectors have expanded (Source: Investment Commission of India). Retail real estate development, which is the focus of the funds we are involved with, has only recently commenced, and demand for retail space is expected to grow in future periods, as a consequence of the consumption-related factors discussed above under "— Factors Affecting Our Results of Operations — Developments in the Indian Retail and Consumption-Led Sectors". We expect that demand for retail space will support the prices to be received upon exit of real estate investments by our funds. Conversely, any deterioration of conditions in the retail real estate market could have an adverse affect on the funds we are involved with, and hence, our results of operations.

Factors Affecting Our Retail Financial Services Business

In addition to the factors identified above under " — Factors Affecting Our Results of Operations and Financial Condition", the following additional factors have affected and will continue to affect our retail financial services business and therefore, our consolidated results of operations and financial condition:

Penetration of retail credit products and services in India

Penetration of retail credit products is relatively low in India when compared with more developed markets and even other emerging markets. Retail loans represented only 10% of India's GDP in 2005, compared to 27% in emerging Asia and 58% in mature markets, including Western Europe (Source: RBI). Penetration of credit cards in India is also relatively low. In general, the potential for growth is higher in less developed retail credit markets such as India, which have low penetration rates, than in more developed countries. In addition, as a consequence of the factors described above under " — Factors Affecting Our Results of Operations — Developments in the Indian Retail and Consumption-Led Sectors", discretionary spending is forecasted to increase. Over the last few years, the perception of credit has changed and Indians are increasingly using credit to finance their spending. We believe that low penetration of and high demand for retail credit products will contribute to growth in income from our retail financial services business. Since we launched our Future Money offering in June 2007, we did not record any income from this business during the year ended March 31, 2007; however, we expect that retail financial services will account for an increasing proportion of our income in future periods.

Customer relationships

The results of operations of our retail financial services business are dependent upon the number and quality of our customer relationships. Pursuant to an agreement with PRIL, we have the exclusive right to provide financial products and services at present and future malls, stores and retail outlets in India which are owned, controlled or managed by PRIL and its subsidiaries. This arrangement, for which we pay an annual fee of Rs. 300 lacs, provides us with access to PRIL's large customer base, which during fiscal 2007 engaged in over 450 lac transactions in PRIL stores, as well as to a pan-India geographic reach. Initially, PRIL customers will be our target customers, as we plan to offer them point of consumption loans to finance their purchases, as well as personal loans. Thus, in the nascent stages of the development of our retail financial services business, our customer base will be largely dependent upon our relationship with PRIL. As we expand the scale and scope of our retail financial services offering, we expect to deepen our relationships with our customers by cross-selling newer products to them. We also plan to distribute to customers other financial products, such as mutual funds and insurance. As a result, our ability to grow our retail financial services business depends upon our marketing capabilities and cross-selling skills.

Government Policies and Regulation

The financial services industry in India is subject to regulation by governmental and self-regulatory organizations. These regulations address issues such as investor protection, capital adequacy, market conduct, margin requirements, foreign investment and foreign exchange. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's financial sector. Changes in government and other regulatory policies affecting the financial services industry could require changes to our systems and business operations and could involve additional costs and management time. Other general changes in economic and regulatory policy may also affect our business, as they affect the businesses, financial condition and investment policies of our customers. India has been charting a course of economic liberalization and deregulation in recent years. Some policy changes may be beneficial to our business, while others may have a negative impact.

Consolidated Results of Operations

The following table presents our results of operations based on our restated consolidated financial statements for the year ended March 31, 2007 and the six months ended September 30, 2007:

	Six months ended September 30, 2007 (*Rs. lacs*)	**Year ended March 31, 2007 (*Rs. lacs*)**
Income from operations	3,120	3,896
Other income	7	3
Total income	3,127	3,899
Expenditure	4,252	3,406
Profit (loss) before tax and minority interest	(1,126)	494
Provision for income tax	95	25
Profit (loss) after tax and before adjustments	(1,221)	468
Total adjustments after tax impact	-	8
Net profit (loss) before minority interest	(1,221)	476
Minority interest	(22)	128
Net profit (loss) after minority interest	(1,243)	349
Profit at beginning of year	346	–
Balance available for appropriations	(897)	349

	Six months ended September 30, 2007 (*Rs. lacs*)	Year ended March 31, 2007 (*Rs. lacs*)
Appropriations	-	3
Balance brought forward to balance sheet	(897)	346

Income

For the year ended March 31, 2007 and the six months ended September 30, 2007, we had total income from operations of Rs. 3,896 lacs and Rs. 3,120 lacs, respectively. We derived our income for these periods primarily from advisory and research fees, which accounted for 87.4% of our total income for the year ended March 31, 2007 and 75.8% of our total income for the six months ended September 30, 2007. Lease income and interest income also contributed to our income during these periods. We launched Future Money in June 2007 which generated interest and processing fee income of Rs. 12 lacs for the six months ended September 30, 2007.

The table below presents a breakdown of our income for the year ended March 31, 2007 and the six months ended September 30, 2007:

	Six months ended September 30, 2007 (*Rs. lacs*)	Year ended March 31, 2007 (*Rs. lacs*)
Advisory fees	2,115	2,952
Research fees	254	456
Amenities charges and lease rental income	249	158
Interest on unsecured loans	118	201
Income from investments	331	128
Other income	7	3
Financing income from consumer loans	14	–
Processing and other fees	7	–
Profit from sale of assets	2	–
Share in jointly controlled entity	29	1
Total income	3,127	3,899

Advisory fees

We earned advisory fees of Rs. 2,952 lacs for the year ended March 31, 2007, including Rs. 1,491 lacs earned by Indivision Investment Advisors Limited (“IIAL”) and Rs. 1,461 lacs earned by Kshitij Investment Advisory Company Limited (“KIACL”).

The fees we earned through IIAL were attributable to the advisory services provided to the offshore investment manager of the Indivision Fund. The Rs. 1,491 lacs we earned also includes one-time sign-on fees of Rs. 518 lacs. The Rs. 1,461 lacs in fees we earned through KIACL comprise both the fees we earned as the advisor of the Kshitij Venture Capital Fund and the advisory fees we earned from advising the offshore investment manager of the Horizon Fund.

For the six months ended September 30, 2007 we earned advisory fees of Rs. 2,115 lacs including Rs. 771 lacs earned by IIAL and Rs. 1,344 lacs earned by KIACL. The advisory fees increased because they are determined on a cost-plus basis, and were affected by costs associated with increased recruitment at IIAL and KIACL and also by an increase in capital drawdown at the Kshitij Venture Capital Fund.

Research fees

We earned research fees of Rs. 456 lacs for the year ended March 31, 2007 and Rs. 254 lacs for the six months ended September 30, 2007. We earned these fees from the offshore investment managers of the Indivision Fund and the Horizon Fund for providing them with research prepared by our research team.

Lease rental income

We earned amenities charges and lease rental income of Rs. 158 lacs for the year ended March 31, 2007 and Rs. 249 lacs for the six months ended September 30, 2007. This income consisted primarily of rental income we received for the leasing of space in FCH House at Lower Parel, Mumbai. Although FCH House serves as our corporate headquarters, we leased excess space available in the building.

Interest and fee income

We earned interest income of Rs. 201 lacs for the year ended March 31, 2007 and Rs. 118 lacs for the six months ended September 30, 2007. This mainly comprised interest on loans we granted to certain of our related parties and affiliates. For details, see Annexure VII to our restated consolidated financial statements. For the sake of clarity, the interest income described above did not include income from Future Money, our retail financial services business.

We launched Future Money in June 2007, and this business generated financing income from consumer loans (consisting of income from retail loans and hire-purchase financing and subvention income) of Rs. 14 lacs and processing fees and other fees of Rs.7 lacs for the six months ended September 30, 2007.

Investment income

We recorded investment income of Rs. 128 lacs for the year ended March 31, 2007 and Rs. 331 lacs for the six months ended September 30, 2007. This represented dividend income and profit from sale of short-term investments in mutual funds.

Expenditure

We had expenditure of Rs. 3,406 lacs for the year ended March 31, 2007 and Rs. 4,252 lacs for the six months ended September 30, 2007. Our expenditure comprised mainly personnel expenses and administration and other expenses. Personnel expenses comprised 53.8% and 48.5% of our total expenditure for the year ended March 31, 2007 and the six months ended September 30, 2007, respectively. Administration and other expenses comprised 36.3% and 39.9% of our total expenditure for the year ended March 31, 2007 and the six months ended September 30, 2007, respectively. We also recorded depreciation and amortization and financial expenses of Rs. 83 lacs and Rs. 249 lacs, respectively, for the year ended March 31, 2007 and Rs. 127 lacs and Rs. 364 lacs, respectively, for the six months ended September 30, 2007.

The table below presents a breakdown of our expenditure for the year ended March 31, 2007 and the six months ended September 30, 2007:

	Six months ended September 30, 2007 (*Rs.lacs*)	**Year ended March 31, 2007 (*Rs. lacs*)**
Personnel expenses	2,064	1,832
Administration and other expenses	1,698	1,236
Depreciation/ amortization	127	83
Financial expenses	364	249
Preliminary expenses written off	–	5
Total expenditure	4,253	3,405

Personnel expenses

We recorded personnel expenses of Rs. 1,832 lacs for the year ended March 31, 2007 and Rs. 2,064 lacs for the six months ended September 30, 2007. These expenses primarily included salaries, wages and allowances, including bonuses, which accounted for Rs. 1,765 lacs, or 96. 3%, and Rs. 1,921 lacs, or 93.1%, of total personnel expense for those periods, respectively. Contributions to provident funds amounted to Rs. 46 lacs and Rs. 53 lacs, respectively, in those periods.

Of the Rs. 1,832 lacs in personnel expense for the year ended March 31, 2007, Rs. 510 lacs was attributable to our senior management and other non-advisory employees, while Rs. 662 lacs and Rs. 649 lacs were attributable to the investment professionals in KIACL and IIAL, respectively.

Of the Rs. 2,064 lacs in personnel expense for the six months ended September 30, 2007, Rs. 813 lacs was attributable to our senior management and other non-advisory employees, particularly of Future Money, which was launched during the period, while Rs. 814 lacs and Rs. 368 lacs were attributable to the investment professionals in KIACL and IIAL, respectively, mainly owing to increased recruitment in those entities.

Administration and other expenses

We recorded administration and other expenses of Rs. 1,236 lacs for the year ended March 31, 2007. This comprised mainly rent of Rs. 301 lacs, business promotion expenses of Rs. 194 lacs, travel expenses of Rs. 134 lacs, legal and professional charges of Rs. 131 lacs and recruitment expenses of Rs. 125 lacs.

For the six months ended September 30, 2007 we incurred administration and other expenses of Rs. 1,698 lacs. This comprised rent of Rs. 400 lacs, business promotion expenses of Rs. 363 lacs, travel expenses of Rs. 113 lacs, legal and professional charges of Rs. 152 lacs and recruitment expenses of Rs. 60 lacs. We also incurred licence fees of Rs. 150 lakh, which is the half-yearly fee payable to PRIL for the right to exclusively distribute financial products in PRIL stores.

Our rent expense included rent paid by FCH, KIACL and IIAL for office premises as well as residential accommodation for certain key personnel.

Depreciation and amortization

We recorded depreciation and amortization of Rs. 83 lakh for the year ended March 31, 2007 and Rs. 127 lacs for the six months ended September 30, 2007. This included primarily depreciation of FCH House, our corporate headquarters, and other assets such as computers and printers, office equipment, furnitures and fixtures and leasehold improvements.

Financial expenses

We incurred financial expenses of Rs. 249 lacs and 364 lacs for the year ended March 31, 2007 and the six months ended September 30, 2007, respectively. These mainly represented interest payments to HDFC on the term loan used to fund the acquisition of FCH House.

Profit (loss) Before Tax

We had a loss before tax of Rs. 1,126 lacs for the six months ended September 30, 2007 as compared to a profit before tax of Rs. 494 lacs for the year ended March 31, 2007. The loss primarily reflected the start-up costs associated with our Future Money business.

Provision for Tax

Our net provision for tax was Rs. 25 lacs for the year ended March 31, 2007 and Rs. 95 lacs for the six months ended September 30, 2007. The fringe benefit tax provided for in these periods was Rs. 16 lacs and Rs. 18 lacs, respectively. For the year ended March 31, 2007 we provided for current tax of Rs. 87 lacs and created deferred tax assets of Rs. 77 lakh which primarily related to carry-forward losses and depreciation. For the six months ended September 30, 2007 we provided for current tax of Rs. 126 lakh and created deferred tax assets of Rs. 49 lakh.

Minority interest

We accounted for a minority interest of Rs. 128 lakh for the year ended March 31, 2007. This primarily represents the minority interest held in one of our subsidiaries, IIAL, which has subsequently become a wholly owned subsidiary.

For the six months ended September 30, 2007, we accounted for minority interests of Rs. 5 lacs, which represents non-controlling ownership interests in our subsidiary Kshitij Investment Advisory Company Limited. Further an amount of Rs. 17 lacs has been adjusted for the goodwill arising on the share of profits of minority interest for the period until the date of acquisition of the shareholding in IIAL.

Net Profit (Loss)

For the reasons discussed above, we had a net profit of Rs. 349 lacs for the year ended March 31, 2007 and a net loss of Rs. 1,243 lacs for the six months ended September 30, 2007. The loss primarily reflected the start-up costs associated with our Future Money business.

Results of Operations for the Period from October 18, 2005 to March 31, 2006 (Restated Standalone)

The following table presents, for the period from October 18, 2005, the date of incorporation of FCH, to March 31, 2006, certain items derived from the restated standalone financial statements of FCH:

	Period from October 18, 2005 to March 31, 2006 (Rs.)
Income from operations	314,559
Expenditure	301,209
Profit before tax	13,350
Provision for tax	7,167
Profit after tax and before adjustments	6,183
Adjustments	–
Net profit	6,183
Profit at beginning of the period	–
Balance available for appropriations	6,183
Appropriations	–
Balance carried forward	6,183

FCH was incorporated on October 18, 2005. FCH did not have any subsidiaries in the period ended March 31, 2006. Accordingly, the restated financial information for FCH as of and prior to March 31, 2006 is presented on a standalone basis. FCH's income from operations for the period ended March 31, 2006 was Rs. 314,559, which consisted primarily of interest on fixed deposits. FCH incurred expenditure of Rs. 301,209, which consisted primarily of preliminary expenses written off and administration and other expenses.

Liquidity and Capital Resources

We expect to require capital primarily for the expansion of our retail financial services business, in particular the growth of our loan portfolio and the proceeds from our initial public offering will be utilised for this purpose. We will also require working capital for our investment advisory and research businesses. We expect that our primary source of liquidity in the future will be internal accruals and debt financing. As of March 31, 2007 and September 30, 2007 we had Rs. 5,547 lacs and Rs. 5,544 lacs, respectively, in secured loans on our balance sheet, which primarily represents loans from HDFC that we used to finance the acquisition of FCH House.

Cash Flows

The following table presents our restated consolidated cash flows for the year ended March 31, 2007 and the six months ended September 30, 2007:

	Six months ended September 30, 2007 ***(Rs. lacs)***	**Year ended March 31, 2007** ***(Rs. lacs)***
Net cash from (used in) operating activities	518	(975)
Net cash from (used in) investing activities	(826)	10,642
Net cash from (used in) financing activities	14,529	15,619
Cash and cash equivalents at beginning of fiscal year	4,002	–
Cash and cash equivalents at end of fiscal year	18,224	4,002

Cash flow from (used in) operating activities

Cash flow used in operating activities was Rs. 975 lacs for the year ended March 31, 2007. We generated positive cash flow from operations of Rs. 797 lacs before changes in working capital. This was offset by an increase in sundry debtors of Rs. 1,532 lacs and an increase in loans and advances of Rs. 1,505 lacs. These increases were primarily due to advances made to certain related parties. The effect of sundry debtors and loans and advances on our cash flow from operations was partially offset by an increase in current liabilities of Rs. 1,489 lacs, which includes accounts payable and security deposits received from tenants of FCH House.

In the six months ended September 30, 2007 we generated positive cash flow from operating activities of Rs. 518 lacs. Our operating cash flow before working capital changes resulted in a use of cash of Rs. 545 lacs; however, an increase in our working capital aggregating to Rs. 1,063 lacs contributed to our positive operating cash flow. Major working capital adjustments included an increase in loans and advances of Rs. 3,702 lacs, offset by an increase in current liabilities and provisions of Rs. 4,806 lacs.

Cash flow used in investing activities

Our cash flow used in investing activities was Rs. 10,642 lacs for the year ended March 31, 2007. This included the purchase of fixed assets of Rs. 8,155 lacs, including primarily FCH House, our corporate headquarters. We also purchased investments in the amount of Rs. 1,742 lacs, consisting mainly of short term mutual fund investments.

In the six months ended September 30, 2007 we used cash of Rs. 826 lacs in investing activities. We utilized Rs. 716 lacs to purchase fixed assets that primarily included computers and printers, office equipment and furniture and fixtures.

Cash flow from financing activities

Our cash flow from financing activities was Rs. 15,619 lacs (net of finance expenses of Rs. 249 lacs) for the year ended March 31, 2007. This included primarily contributions of share capital, which accounted for Rs. 9,192 lacs, share application money of Rs. 1,105 lacs and the loans we received from HDFC, which accounted for Rs. 5,297 lacs.

In the six months ended September 30, 2007 we generated net cash of Rs. 14,529 lacs from financing activities. This primarily resulted from subscription to our equity share capital, generating proceeds aggregating Rs. 14,952 lacs. We incurred share issue expenses of Rs. 56 lacs and Rs. 367 lacs for the repayment of loans, which includes interest and principal components.

Financial Condition

As of March 31, 2007, our shareholders' funds amounted to Rs. 10,650 lacs, including Rs. 1,105 lacs of share application money pending allotment. Following the subscription of our equity share capital discussed above, shareholders' funds increased to Rs. 24,213 lacs as of September 30, 2007.

Assets

The following table sets forth the principal components of our consolidated assets, current liabilities and provisions as of March 31, 2007 and September 30, 2007:

	As of September 30, 2007 (*Rs. lacs*)	As of March 31, 2007 (*Rs. lacs*)
Assets		
Goodwill on consolidation	761	761
Fixed assets (net block, including capital work in progress)	8,626	8,076
Investments	13,083	5,355
Deferred tax assets	128	77
Sundry debtors	846	1,476
Cash and bank balances	5,214	389
Loans and advances	5,755	1,779
Investments held for sale	1,675	
Stock on Hire	114	-
Total assets	36,201	17,904
Current liabilities and provisions		
Current liabilities	6,369	1,494
Provisions	57	37
Total	6,426	1,531

As of March 31, 2007, we had total assets of Rs. 17,904 lacs. This included fixed assets of Rs. 8,076 lacs (gross block), which included primarily the cost of FCH House, our corporate headquarters, which was Rs. 7,350 lacs. We also had investments of Rs. 5,355 lacs, which primarily included short-term investments in mutual funds. Sundry debtors and loans and advances, including primarily advances made to related parties, accounted for Rs. 1,476 lacs and Rs. 1,779 lacs, respectively.

We also accounted for goodwill of Rs. 761 lacs relating to the acquisition of our subsidiaries. We acquired three companies from our promoters i.e., Kshitij Investment Advisory Company Limited ("KIACL"), Ambit Advisory Company Limited ("AACL") and Indivision Advisors Limited ("IIAL") and two other non promoter group companies, namely Myra Mall Management Company Limited and Kshitij Capitaland Mall Management Private Limited at a purchase price of Rs 533 lacs, resulting into a goodwill of Rs. 761 lacs, which we believe was justifiable considering their future growth prospects. These companies were transferred to us as part of the group reorganization whereby all companies under with similar businesses were brought under one umbrella. As per Accounting Standard – 21 on "Consolidated Financial Statements" issued by Institute of Chartered Accountants of India ("ICAI"), any consideration paid over net assets of the subsidiaries as on the date of investments is treated as goodwill. Hence, on consolidation of subsidiaries into Future Capital Holding, we have a line item in the balance sheet providing goodwill on consolidation.

Our current liabilities, which amounted to Rs. 1,494 lacs as of March 31, 2007, comprised mainly accounts payable, which accounted for Rs. 524 lacs, and security deposits received from tenants of FCH House, which accounted for Rs. 525 lacs. Provisions of Rs. 37 lacs include primarily provisions for gratuity and leave encashment.

Our total assets increased to Rs. 36,201 lacs as of September 30, 2007 from Rs. 17,904 lacs as of March 31, 2007. This primarily resulted from equity contributions of Rs. 14,952 lacs to our equity capital, which we utilised to make short-term investments in mutual funds of Rs. 9,397 lacs and also resulted in an increase in cash of Rs. 4,825 lacs. We also reclassified our long-term investments in Biba Apparels Private Limited and Goldiam International Limited as investments available for sale. During the six months period ended September 30, 2007, we also granted short-term interest bearing loans of Rs. 2,894 lacs to associate and other companies.

Our current liabilities increased to Rs. 6,370 lacs on September 30, 2007 from Rs. 1,494 lacs as of March 31, 2007. This primarily resulted from an increase in sundry creditors of Rs. 534 lacs. During this period, we also received Rs. 4,400 lacs as an advance from ICICI Bank Limited for fees payable to us in relation to the distribution of co-branded credit cards.

Off-Balance Sheet Arrangements

As of September 30, 2007, we had contingent liabilities of Rs. 4,425 lacs, consisting of Rs. 378 lacs in relation to unexecuted contracts relating to improvements of office premises, and Rs. 4,047 lacs representing consideration required to be paid for acquisition of an investment. We have entered into a Memorandum of Understanding dated May 30, 2007, for the sale of this investment and has been classified as 'held for sale'.

Accounting Policies

We have identified the accounting policies below as significant to our business operations and the understanding of our financial presentation, financial condition and results of operations. A critical accounting policy is one that is both important to the presentation of our financial condition and results of operations and requires our management to make difficult, subjective or complex accounting estimates and assumptions. Our management believes that the following accounting policies involve the application of critical accounting estimates and assumptions. The following is not intended to be a comprehensive list of all our significant accounting policies.

By their nature, the assumptions, estimates and judgments that our management is required to make are inherently subject to a degree of uncertainty. These judgments are based on our historical experience, our evaluation of account practices that would be appropriate in respect of our business, our observation of trends in the investment advisory business and retail financial services industries, information with respect to our customers and information available from independent sources, as appropriate. There can be no assurance that our judgment will prove correct or that actual results reported in future periods will not differ from our expectations reflected in the accounting treatment of certain items. For a more complete summary of our significant accounting policies, see our restated financial statements included elsewhere in this Red Herring Prospectus.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured.

Advisory Fees

Revenue from advisory services is recognised in the period when services are rendered. Advisory services income is recognized in accordance with arrangements entered into with the customer.

Research Fees

Fees from research services is recognised based on the arrangements entered into with the parties receiving such research services.

Lease Rentals

Lease rentals are recognized as an income in the profit and loss account on a straight line basis over the primary lease period.

Amenities Charges

Amenities charges are recognized in accordance with the arrangements entered into with the lessees.

Interest income from retail finance operations

Interest income from retail finance operations is recognised and accounted for by applying the internal rate of return on the diminishing balance of the financed amount. The internal rate of return in implicit in the finance arrangement entered with the customer.

Processing Fees

Processing fee are recognised as income upfront at the time of the booking of the loan agreement with the customer.

Dividends

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from the units of mutual funds is recognized in accordance with NBFC regulations.

Interest

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

Profit or loss on sale of investments is determined on the basis of the weighted average cost method.

Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any other directly attributable costs of bringing the asset to its working condition for its intended use. Depreciation is provided on straight line method at the rates and in the manner prescribed under Schedule XIV to the Act.

Leasehold improvements are depreciated on straight line basis over primary period of lease agreements.

Fixed assets and intangible assets costing Rs 5,000 or less individually are fully depreciated/ amortized in the year of purchase.

Intangible assets costing Rs. 5,000 or more are amortised on straight line basis over a period of five years, which is management's estimate of the useful life of these intangible assets except goodwill on consolidation, which is not amortized.

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. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

Goodwill on consolidation

The excess of cost to the holding company of its investment in subsidiaries over the holding company's portion of equity in the subsidiaries at the respective dates, on which investments in subsidiaries were made, has been recognized in the consolidated financial statements as goodwill. The holding company's portion of equity in the subsidiaries is determined on the basis of book value of assets and liabilities as per the financial statement of the subsidiaries as on the date of investment.

Borrowing Costs

Borrowing cost attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which these are incurred.

Taxation

Income tax comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement in the period of enactment of the change. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. We have carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date we re-assess unrecognised deferred tax assets. We recognise unrecognised deferred tax assets to the extent that we have become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Certain RBI Norms applicable to NBFCs

We are subject to the RBI's regulations applicable to NBFCs, including prudential norms and provisioning guidelines, as discussed below. As our retail financial services business grows, these norms will become increasingly relevant to our business.

Prudential Norms for Asset Classification:

The RBI's Prudential Norms Directions specify that every NBFC shall, after taking into account the degree of well defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/ hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets, i.e., assets in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;
- Sub-standard assets, i.e., assets, which have been classified as non-performing assets for a period not exceeding 18 months or an asset where the terms of the agreement regarding interest and/ or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms. However, the classification of infrastructure loans as sub-standard assets is made in accordance with the provisions of paragraph 20 of the Prudential Norms Directions;
- Doubtful assets, i.e., assets that remain substandard assets for a period exceeding 18 months; and

- Loss assets, i.e., assets which have been identified as loss assets by the NBFC or its internal or external auditor or by the RBI during the inspection of the NBFC, to the extent it is not written off by the NBFC, and assets which are adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

Provisioning Requirements

The RBI's Prudential Norms Directions provide that every NBFC shall, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets to the extent indicated below.

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted are:

i. Loss Assets: The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding amount should be provided for.

ii. Doubtful Assets: 100% provision to the extent to which the advance is not covered by the realisable value of the security to which the NBFC has a valid recourse shall be made. In addition, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e., the estimated realisable value of the outstandings) shall be made on the following basis:

Period for which the asset has been considered as doubtful	Percentage of provisioning required
Up to one year	20
One to three years	30
More than three years	50

iii. Sub-standard Assets: A general provision of 10% of total outstandings is required to be made.

Quantitative and Qualitative Disclosures about Market Risk

In connection with the expansion of our business, we expect that we will incur significant amounts of indebtedness, which may result in an increase in our finance charges. Our interest costs will be subject to changes in market interest rates, which are currently exhibiting a rising trend.
We are subject to foreign currency exchange rate risk. Our accounting records are kept in Indian rupees. However, certain of our revenue streams, in particular fees from investment advisers located overseas, could be denominated in currencies other than Indian rupees. In particular, our proprietary research business. We do not currently engage in interest or exchange rate hedging. Unusual or infrequent events or transactions

Unusual or infrequent events

Except as discussed above, to our knowledge there have been no transactions or events which would be considered "unusual" or "infrequent".

Significant economic changes

Except as discussed above, to our knowledge there are no known factors which will have a material adverse impact on our operations and profitability.

Known trends or uncertainties

Our business has been affected and we expect will continue to be affected by the trends identified above in "Factors Affecting our Results of Operations and Financial Condition" and the uncertainties described in the section titled "Risk Factors" on page ix of this Red Herring Prospectus. Since September 30, 2007, the last balance sheet date discussed herein, our business has grown. In June 2007 we introduced our Future Money business, which has started contributing to our results of operation and financial condition. To our knowledge, except as we have described in this Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

Future relationship between costs and income

Except as discussed above, to our knowledge there are no known factors, which will affect the future relationship between costs and income.

I*ncrease in our revenue*

In addition to increase in the volume of our lending activities through our Future Money offering, the introduction of new products and services in the ordinary course of business would also contribute to increase in our revenue.

Total turnover in each major industry segment

We do not report industry segments for our financial statements prepared in accordance with Indian GAAP.

New product or business segment

Other than as described in the section titled "Our Business" on page 47 of this Red Herring Prospectus, we do not have any new products or business segments.

Seasonality of business

Our business is not seasonal. However, there could be variations in our quarterly income and profit after tax because of various factors, including those set forth above under "Factors Affecting our Results of Operations and Financial Condition" and those described in the section titled "Risk Factors" on page ix of this Red Herring Prospectus.

Dependence on a few customers

We are dependent on the Future Group to the extent set forth in the sections titled "Risk Factors" on page ix and "Our Business" on page 47 of this Red Herring Prospectus.

Competitive conditions

Competitive conditions affecting us are discussed in the section titled "Our Business" on page 47 of this Red Herring Prospectus.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiaries, our Directors, our Promoter and Promoter Group Companies and there are no defaults, non-payment of statutory dues, over-dues to banks/ financial institutions/ small scale undertaking(s), defaults against banks/ financial institutions/ small scale undertaking(s), defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoter or our Directors.

Case against the Company

Notice:

1) A show cause notice SGB/ShowCause/RKM/2007-6738 dated November 3, 2007 was issued to Sameer Sain, in his capacity as Managing Director of the Company, by the Inspector, Security Guards Board for Brihan Mumbai and Thane District (the "Security Guards Board"), for the non-compliance of the visit remarks passed by the Security Guards Board on August 31, 2007 at 11:45 a.m. The show cause notice has directed Sameer Sain to show cause within 7 days of the receipt of the notice as why penal proceedings should not be considered against Sameer Sain for contravention of the Private Security Guard (Regulation of Employment & Welfare) Scheme (Amended) 2005, read with Clause 42 of the Scheme and Section 3(3) of the Maharashtra Private Security Guard (Regulation of Employment & Welfare) Act, 1981. The Company has responded to the show cause notice by letter dated November 13, 2007 stating that the subject matter of the show cause notice is with respect to the dispute involving MMMCL, one of the Company's subsidiaries, and does not involve Sameer Sain or the Company.

Case against Subsidiaries

Maharashtra Suraksha Rakshak Aghadi filed a writ petition no. 2040 of 2007 against Myra Mall Management Company Limited ("MMMCL") and others, in the High Court of Bombay. The petitioner, which is a trade union of security guards, under the provisions of the Security Guards Scheme 2002, had alleged that every principal employer who hires security guards is required to be registered with the petitioners, and is required to hire only those security guards who are registered with the petitioners or who are exempt from being registered with the petitioners. The petitioners, in the writ petition had listed out the security guards that are hired by MMMCL, but have not been registered with the petitioners. Further, the writ petition also stated that MMMCL was not registered as a principal employer under the Security Guards Scheme 2002. The High Court of Bombay by its order dated October 22, 2007 has ruled to the effect that if MMMCL appoints security guards in its premises, then MMMCL and the guards employed by MMMCL would be required to be registered with the Security Guard Board. Pursuant to the order of the High Court of Bombay, MMMCL does not employ any security guards and is not required to be registered with the Security Guard Board.

Cases filed by the Company

Nil

Cases against the Directors

Except for the litigation details against Kishore Biyani and Sameer Sain as set out below, there is no outstanding litigation involving any of our Directors.

Cases against our Promoters

Kishore Biyani

Sr. No.	Matter description	COURT/ FORUM/ CASE NUMBER	Current Status
1.	The Local Health Authority, Ahmedabad Municipal Corporation has filed a criminal case bearing against Shri Kishore Biyani, Director of Pantaloon Retail (India) Limited (PRIL), in respect of a product supplied at PRIL`s retail outlet at Ahmedabad. The public analyst allegedly found the product to be adulterated as it did not conform to the standards and provisions of the Prevention of Food Adulteration Rules, 1955 and it was misbranded as per section 2(ix)(k) of the Prevention of Food Adulteration Act, 1954.	No. 14 of 2003 in the 6th Court of the Metropolitan Magistrate, Ahmedabad	The case is pending disposal
2.	Bharatiya Kamgar Karmachari Mahasangh has filed a case against M/S Windmill Hotels Private Limited. The Complainant has made complaint of unfair labour practice under MRTP & PULP Act, 1971 against M/s Windmill Resort. M/S Windmill Resort has transferred all the business activities and ownership of premises situated at Alibaug to M/S Future Ideas Company Limited and had instructed the staff of M/S Windmill to work under the contract of one M/S PBM Hotels & Developers instead of M/S Future Ideas Company Limited thereby constituting unfair labour practice. Kishore Biyani has been named in the case and made a respondent. An application for discharge of Kishore Biyani has been made.	Complaint (ULP) No.229 of 2006	The case is pending disposal for and the next date of hearing is January 5, 2008
3.	The FDA department, Thane filed case against the Company and Kishore Biyani as a Managing Director of PRIL under the Prevention of Food Adulteration Act for alleged adulteration in the product of the Company before the Magistrate Court at Belapur. PRIL has filed an application for discharge of Kishore Biyani.	Case No 926/2006	The case is pending disposal and has been adjourned for February 19, 2008
4.	The Municipal Authority of Delhi filed a case on January 7, 2007 for compoundable violations in respect of the Health Trade License required for running the store of Food Bazaar at Rohini Delhi.	Court of LD. MM, Karakadooma, Delhi	The matter is pending for compounding before the Court of Sessions on January 03, 2008
5.	A case is filed before ACMM of Bangalore for the Honda City Car found missing from the parking premises of Bangalore Central. The matter has been stayed by the Karnataka High Court.	Additional Chief Metropolitan Magistrate's at Bagalore	The matter is kept for final hearing and disposal.
6.	Security Guard Board has lodged a complaint against Kishore Biyani in the Magistrate Court at Ballard Pear, Mumbai for employing non exempted security guards in the store Big Bazaar, Lower Parel	Court of Additional Chief Metropolitan Magistrate, 38th Court, Ballard Pear, Mumbai	The matter has been posted for its first hearing on February 5, 2008
7.	Complaint under Section 36B and application under section 12A and 12B of MRTP Act, 1969 has been filed by S.Sunita against PRIL, Kishore Biyani his capacity as Managing Director of PRIL and Big Bazaar at Sahara Mall, Mehrauli, Gurgaon. The complainant has prayed to the MRTP Commisssion to inquire into the Monopolistic and Unfair Trade Practices relating to affixing bar code showing maximum retail price on goods of lesser value and overcharging consumers for unlawful gains. The complainant has prayed to the MRTP commission to restrain PRIL from using "*Isse Sasta Aur Achaa Kahin Nahin*" on print and electronic media in respect of goods sold by them and not to claim "*Isse Sasta Aur Achaa Kahin Nahin*" in respect of goods sold by PRIL as it is contended by the complainant that PRIL charges the maximum retail price for the goods sold at its Big Bazaar	I.A.66/2007 in UTPE No.148 of 2007. Complaint Under Section 36B and application under Section 12A and 12B of the MRTP Act, 1969 before the MRTP Commission, New Delhi	The complaint has been listed for hearing on February 27, 2008

Sr. No.	Matter description	COURT/ FORUM/ CASE NUMBER	Current Status
	stores.		

Sameer Sain

Please refer to the heading 'Cases against the Company' on page 251 of the section titled 'Outstanding Litigation' of this Red Herring Prospectus.

PRIL

Litigation filed against PRIL:

Civil cases

1. A claim has been filed in Suit No. 1533 of 2003 before the Bombay High Court against PRIL for restraining it from using the trademark "RAYMEN". The claimant claimed that PRIL aided and abetted the infringement of the said trademark by selling goods manufactured by the supplier in their stores and has sought damages of an amount aggregating Rs. 5 lacs for the alleged use of the trademark. The court passed an ad-interim order dated June 16, 2003 restraining PRIL from using the said trademark. The parties are negotiating the matter and the same is pending disposal.

2. The Bombay Dyeing & Manufacturing Co. Ltd. has filed Suit No. 1535 of 2005 before the Bombay High Court against PRIL seeking to restrain it from using the trademark "BEAUTYCALE" in respect of bed-sheets, textiles and other fabrics. The complainant has alleged that the packaging and advertising material represented in the artistic label bears a colour scheme, logo, font of writing, lay-out, get-up, style and representation identical with and/or is substantially similar to the colour scheme, logo, font of writing, lay-out, get-up, style and representation of the complainant's label "BEAUCALE". The complainant has sought damages for an amount aggregating approximately Rs. 500 lacs as well as interest at the rate of 21 per cent per annum from the date of filing of the suit till the date of payment. It also moved the Court by notice of motion No. 1642 of 2005 for interim relief. The Court passed an ad-interim order dated June 15, 2005 restraining PRIL from using the impugned mark pending the hearing and final disposal of the suit. The Court Receiver has submitted its report after conducting its inventory of the goods as directed by the Court. Our Company and Bombay Dyeing & Manufacturing Co. Ltd. have entered into negotiation and decided to settle the matter. The consent terms agreed between parties has been sent to the counter party for signature.

3. Original Suit No. 1050, 1051, 1052 and 1053 of 2005 have been filed before the Civil Judge (Junior Division) at Agra against PRIL and four others for alleged non transfer of shares in petitioner's name. As his signatures on share transfer form did not match, the shares were not transferred in his name by PRIL's registrars. PRIL filed written statement on December 4, 2006. The Civil Judge (Junior Division) has fixed the next hearing of the matter for January 15, 2008.

4. Disney Enterprises Inc filed a case bearing number I.A.No.7737/2007in CS(OS) No.1254/2007, before the High court Delhi for restraining PRIL from using Disney's Trademarks. The High court of Delhi passed an ad interim injunction against PRIL restraining the use of Disney's Trademarks. After the negotiation, parties have decided to settle the matter and to file. PRIL has entered into a Licensing Agreement with Disney and has requested Disney to withdraw the case. The final settlement of the case is pending.

5. Collector of Stamp, Kanpur filed cases, No. 520 to 528 and 627 of 2007, for recovery of a total sum of Rs. 24,57,38,400 as stamp duty on the properties situated at Saharagunj - Lucknow, Saibabad - Gaziabad, Shipra Mall - Indirapuram, MMX Mall - Gaziabad, MRG Developers Agra, Unitach - Noida, EDM - Kaushambi – Gaziabad and Rave Multiplex VIP Road, at Kanpur. PRIL filed for a stay on these orders in the High Court of Allahabad and the

same was duly granted. The stay has been vacated by the High Court and given direction to go before the Chief Controlling Revenue Authority to resolve the issue in question. The High Court has directed to file an appeal before Chief Controlling Revenue Authority, Allahabad. The matter is now pending for hearing.

6. Title Suit no. 1809/2005 was filed in the City Civil Court Kolkata by Vishal Chappria on December 4, 2005 for non transfer of 100 shares and for mandatory and permanent injunction for not transferring the same in any other name. The injunction matter is fixed for November 16, 2007 and the service matter is fixed for January 4, 2008. The injunction petition of the plaintiff was rejected. The matter is pending disposal.

7. Complaint I.A.66/2007 in UTPE No.148 of 2007 under Section 36B and application under section 12A and 12B of MRTP Act, 1969 is filed by S.Sunita against PRIL, Kishore Biyani in the capacity of the Managing Director of PRIL and Big Bazaar at Sahara Mall, Mehrauli, Gurgaon. The complainant has prayed to the MRTP Commisssion, New Delhi to inquire into the Monopolistic and Unfair Trade Practices relating to affixing bar code showing maximum retail price on goods of lesser value and overcharging consumers for unlawful gains. The complainant has prayed to the MRTP commission to restrain PRIL from using "Isse Sasta Aur Achaa Kahin Nahin" on print and electronic media in respect of goods sold by them and not to claim "Isse Sasta Aur Achaa Kahin Nahin" in respect of goods sold by PRIL as it is contended by the complainant that PRIL charges the maximum retail price for the goods sold at its Big Bazaar stores. The complaint has been listed for hearing on February 27, 2008.

Consumer cases

1. A complaint No. 229 of 2004 has been filed by Akshay Thakker before the District Consumer Disputes Redressal Forum at Bandra, Mumbai against PRIL and M/s. Tops Detective and Security Services. The complainant claimed compensation for an amount aggregating to Rs. 5 lacs with interest at the rate of 18 per cent per annum for the loss of his laptop on September 6, 2003 from the Big Bazaar outlet operated by PRIL in Mumbai. The complainant alleged deficiency in the services of safe custody provided by PRIL and M/s. Tops Detective and Security Services which lead to the loss. PRIL has filed its reply. The matter is pending for hearing.

2. A compliant No. 47 of 2005 has been filed before the District Consumer Redressal Forum, Ahmedabad, against Cadbury India Ltd. and PRIL claiming compensation of a sum of Rs. 5 lacs for the mental agony, health problems, costs and other expenses incurred by him in respect of a bar of chocolate manufactured by Cadbury India Ltd. and sold by PRIL which allegedly contained a live worm and cobwebs. Both Cadbury India Limited and PRIL have filed their respective replies and the matter is pending disposal.

3. A complaint No. 370 of 2006 has been filed before the District Consumer Forum Lucknow, for the defect found in the refrigerator of Godrej Company bought from Big Bazaar. The date for filing of written statement fixed on January 15, 2008. The matter is pending disposal.

4. A complaint No. 530/2006 filed has been filed before the Thane Consumer Forum for the defect found in the Motorola cell phone purchased from Big Bazaar at Thane and the matter is adjourned to March 12, 2007 for filing of the rejoinder by PRIL and service of notice. The matter was scheduled for filing of evidence by both the parties on November 1, 2007. The Court adjourned the matter for February 13, 2008 and is pending for disposal.

5. A complaint No. 192 of 2006 dated before The District Consumer Forum Lucknow, for not selling fresh and packed DVD but instead of selling old DVD.The matter is scheduled for January 15, 2008 for filing written statement by PRIL. The matter is pending disposal.

6. A complaint No. 23 of 2007 dated has been filed before the Redressal forum at CBD Belapur complaint for twice swiping of debit card and thus twice the same amount is debited from complainant's bank account. Reply was filed by PRIL on June 20, 2007 and the matter came up for hearing on September 7, 2007. It was prayed that prima facie there was no case against PRIL. The learned President asked PRIL to make State Bank of India a necessary party to the

case. On October 19, 2007, the complainant moved an application for the amendment of the complaint so as to implead State Bank of India as necessary party to the litigation and the same was allowed by the Redressal Forum. The Redressal Forum asked the Complainant to file duly amended copy of the complaint and also directed the complainant to intimate PRIL in writing as to the next date of hearing after the service of summons on State Bank of India.

7. A suit no. 70 of 2006 dated March 27, 2006 filed in the Court of Civil Judge South (JD) Lucknow by Rohit Chandra against PRIL for carrying out unfair trade practices by selling the goods at the lesser prices and thereby trying to create monopoly & the foreign goods which was sold are without having price tags on the same. PRIL filed a written statement on May 3, 2007 for praying for the rejection of the plaint has been filed and the case was fixed on August 22, 2007 for hearing. The matter has been fixed for next hearing on January 22, 2008.

Tax proceedings

1. The Additional Commissioner of Income Tax passed an order against PRIL requiring it to pay income tax of an amount aggregating approximately Rs. 0.7 lacs in respect of assessment year 1998-1999. PRIL has filed an appeal dated February 13, 2001 against the order before the Commissioner of Income Tax (Appeals), Mumbai in respect of an amount aggregating approximately Rs. 1.9 lacs on the grounds that a portion of the capital issue expenses and preliminary expenditure incurred as well as interest paid on fixed deposits accepted had been wrongly disallowed. The matter is pending disposal.

2. The Deputy Commissioner of Income Tax passed an order against PRIL requiring it to pay income tax of an amount aggregating approximately Rs. 18.3 lacs in respect of assessment year 2001-2002. PRIL filed an appeal against the order before the Commissioner of Income Tax (Appeals), Mumbai disputing the tax amount of Rs. 18.3 lacs which was disposed partly in favour of PRIL vide order passed by the Commissioner of Income Tax (Appeals) dated November 19, 2004. The Deputy Commissioner of Income Tax and PRIL have appealed against the above order on March 11, 2005 and January 20, 2005 respectively before the Income Tax Appellate Tribunal, Mumbai. The matter is pending disposal.

Cases against our Promoter Group

1) Suit No. 2178 of 2007 filed against Home Solutions Retail (India) Limited by Asian Paints Limited in the High Court of Mumbai praying for grant of ad interim injunction against Home Solutions Retail (India) Limited from using the trademark "Home Solutions" or deceptively similar trademark till the final disposal of present suit. The High Court rejected the plea of Asian Paints Limited for the ad interim injunction on September 18, 2007. The matter is pending for disposal. The matter has been adjourned for final hearing on November 26, 2007. A writ of summons to answer the plaint was received by defendant and the matter is kept for filing the written statement is pending for disposal.

2) Suit number 2135 of 2006 was filed by Indus Clothing Limited against Indus–League Clothing Limited and Lee Cooper International Limited before the Delhi High Court praying for grant of permanent injunction restraining Indus-League Clothing Limited for using the trademark Indus Clothing Limited with a view to pass of and for restraining Lee Cooper International Limited to enter into Joint Venture in the similar field with Indus-League Clothing Limited. Along with the suit, an application was filed by Indus Clothing Ltd claiming grant of an exparte ad-interim injunction restraining Indus-League Clothing Limited and Lee Cooper International Limited from entering into any agreement and or enforcing any commercial arrangement resembling similarity in name Indus Clothing Limited, with a view to pass off the name till the final diposal of the Suit no 2135 of 2006. In respect to the application, the Delhi High Court passed an order dated August 14, 2007 holding that Indus-League Clothing Limited has entered into joint venture /shareholders agreement with Lee Cooper on August 14, 2006 and September 14, 2006, prior to the filing of the above said application and therefore since the Joint venture /shareholder agreement stood already entered, prayer made in the above said application became infructuous. The prayer mentioned in the application was therefore dismissed. The suit is pending for hearing and the date of hearing has not been fixed by the High Court.

3) Case vide O.S No. 156 of 2007 filed by Kalanjali Arts & Crafts against Indus-League Clothing Limited with the First Senior Civil Judge, City Civil Court, Hyderabad where in the plaintiff made a claim of Rs. 68,561. The Company has applied for dismissal of the suit on the grounds that the case is barred under limitation as the claim arose in December 31, 2002. The matter is pending for disposal.

Material Developments

In the opinion of our Board of the Company, there have not arisen, since the date of the last audited financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability on a consolidated basis or the value of our consolidated assets or our ability to pay our material liabilities within the next twelve months.

GOVERNMENT APPROVALS

We have received all the necessary consents, licenses, permissions and approvals from the government and various government agencies/ private certification bodies for its present businesses and further approvals are required for carrying on the present businesses except as stated in this Red Herring Prospectus.

Registrations/ Approvals obtained by FCH:

Approvals for the Issue

1. The Board of Directors has, pursuant to a resolution dated August 23, 2007, authorised the Issue;

2. The shareholders of our Company have, pursuant to a resolution dated September 25, 2007 under Section 81(1A) of the Companies Act, authorised the Issue;

3. In-principle approval from the BSE dated September 25, 2007;

4. In-principle approval from the NSE dated September 30, 2007; and

5. We have received approval of the FIPB No. FC.II.69(2007)/38(2007) dated October 24, 2007, for eligible non-resident investors, i.e. FIIs, NRIs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions and other eligible foreign investors to participate in this Issue subject to the condition that the total foreign ownership in the company post the Issue does not exceed 20.34% of the paid-up capital of the Company.

Approvals for the business

1. Approval dated October 8, 2007 from RBI for the issuance of a co-branded credit card in conjunction with ICICI Bank Limited. This approval is valid for a period of 2 years.

2. Incorporation: FCH was incorporated on October 18, 2005 as KB Infin Private Limited under the Companies Act, 1956 and holds Incorporation Certificate number U29120MH2005PTC156795. A fresh certificate of Incorporation was issued on the change of name to KB Infin Limited on August 31, 2006. Another fresh certificate of Incorporation was issued on the change of name to Future Capital Holdings Limited on December 21, 2006.

3. FCH was granted Certificate of Registration, bearing Registration No: N-13.01827, dated April 10, 2006 by the RBI under Section 451A of RBI Act, 1934 to commence/ carry on the business of a NBFC without accepting public deposits. The Reserve Bank of India does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for discharge of liability by the Company. Neither is there any provision in law to keep, nor does the Company keep any part of the deposits with the Reserve Bank and by issuing the Certificate of Registration to the Company, the Reserve Bank neither accepts any responsibility nor guarantee for the payment of the deposit amount to any depositor.

4. Permanent Account Number (PAN) of FCH as issued by the Income Tax Department is AACCK6863C.

5. Tax Deduction Number (TAN) of FCH as issued by the Income Tax Department is MUMK15637G.

6. Registration No: PT/ R/ 1/ 1/ 28/ 14686 dated September 15, 2006 under sub section (1) of Section 5 of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975, for registration as an employer.

7. Registration No: PT/ E/ 1/ 1/ 28/ 18/ 4308 dated September 14, 2006 under sub section (1) of Section 5 of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975, for registration as a company.

8. Registration No: MH/ BAN/ 48511 under the Employees' Provident Funds and Miscellaneous Provisions Act 1952, dated November 14, 2006.

9. Registered under the Bombay Shops and Establishments Act, 1948 vide Registration No: 760003258 on March 26, 2007. The certificate is valid till December 16, 2009.

10. FIPB approval vide letter NO. FC.II.: 69(2007)/ 38(2007) dated March 28, 2007 issued by the FIPB Unit Department of Economic Affairs, Ministry of Finance, Government of India allowing for foreign equity participation of 10.9% by M/ s Oz Management LLC, USA in FCH, by way of issuing 5,500,000 equity shares of Rs. 10/ - each, of the post-issue equity capital of FCH, on preferential allotment basis to OZ or affiliate investment fund by Oz including but without limitation AMIF I Limited or AMIF II Limited.

Registrations/ Approvals obtained by our subsidiaries for carrying out their businesses.

1) Indivision Investment Advisors Limited ("IIAL")

1. Incorporation: IIAL was incorporated on November 21, 2005 under the Companies Act, 1956 and holds Incorporation Certificate number U67190MH2005PLC157444. The Certificate for Commencement of Business was issued on December 27, 2005.

2. Tax Deduction Number (TAN) of IIAL as issued by the Income Tax Department is MUMI06948E.

3. Permanent Account Number (PAN) of IIAL as issued by the Income Tax Department is AABCI4445D.

4. Registered under the Bombay Shops and Establishments Act, 1948 vide Registration No: 760003270 on March 26, 2007. The certificate is valid till December 31, 2009.

5. Registration No: MH/ BAN/ 48509 under the Employees' Provident Funds and Miscellaneous Provisions Act 1952, dated November 14, 2006.

6. Registration No: PT/ E/ 1/ 1/ 28/ 18/ 4309 dated September 14, 2006 under the Maharashtra State Tax on Professions, Trades, Callings and Employments for registration as a company.

7. Registration No: PT/ R/ 1/ 1/ 28/ 14680" dated September 15, 2006 under the Maharashtra State Tax on Professions, Trades, Callings and Employments for registration as an employer.

2) Myra Mall Management Company Limited ("MMMCL")

1) Incorporation: MMMCL was incorporated on March 9, 2006 under the Companies Act, 1956 and holds Incorporation Certificate number U52190MH2006PTC160415. 2) Tax Deduction Number (TAN) of MMMCL as issued by the Income Tax Department is MUMM29153F.

2) Permanent Account Number (PAN) of MMMCL as issued by the Income Tax Department is AAECM5896K.

3) Registered under the Bombay Shops and Establishments Act, 1948 vide Registration No: 760019873 dated August 29, 2007. The certificate is valid till December 31, 2008.

3) Ambit Investment Advisory Company Limited ("AIACL")

1) Incorporation: AIAC was incorporated on August 3, 2005 under the Companies Act, 1956 and holds Incorporation Certificate number U67190MH2005PTC155095. The Certificate for Commencement of Business was issued on August 3, 2005.

2) Tax Deduction Number (TAN) of AIAC as issued by the Income Tax Department is MUMA27380D.

3) Permanent Account Number (PAN) of AIAC as issued by the Income Tax Department is AAFCA5692N.

4) Registered under the Bombay Shops and Establishments Act, 1948 vide Registration No: 760019871 dated August 29, 2007. The certificate is valid till December 31, 2008.

4) Kshitij Investment Advisory Company Limited ("KIACL")

1) Incorporation: KIACL was incorporated on December 31, 2004 as PFH Investment Advisory Company Limited, under the Companies Act, 1956 and holds Incorporation Certificate number U67190MH2004PLC150329. A fresh certificate of incorporation was issued on the change of name to KIACL on April 19, 2006. The Certificate for Commencement of Business was issued on December 31, 2004.

2) Tax Deduction Number (TAN) of KIACL as issued by the Income Tax Department is MUMP19586A.

3) Permanent Account Number (PAN) of KIACL as issued by the Income Tax Department is AADCP4737B.

4) Registered under the Bombay Shops and Establishments Act, 1948 vide Registration No: HE-II/ 005219 on August 1, 2006. The certificate is valid till December 31, 2007. We are in the process of applying for the renewal of the same.

6) Registration No: MH/ 93831 under the Employees' Provident Funds and Miscellaneous Provisions Act 1952, dated September 16, 2005.

7) Registration No PT/E/1/29/18/7746 dated February 18, 2005 under the Maharashtra State Tax on Professions, Trades, Callings and Employments as a company.

8) Registration No PT/ E/ 1/ 1/ 29/ 18/ 7746 dated February 18, 2005 under the Maharashtra State Tax on Professions, Trades, Callings and Employments as an employer.

5) Future Finmart Limited ("FFL")

1) Incorporation: FFL was incorporated on January 25, 2007 under the Companies Act, 1956 and holds a Corporate Identification Number U52599MH200PLC167292. The Certificate for Commencement of Business was issued on January 25, 2007.

2) Tax Deduction Number (TAN) of FFL as issued by the Income Tax Department is not applied for.

3) Permanent Account Number (PAN) of FFL as issued by the Income Tax Department is AABCF1177B.

4) Registered under the Bombay Shops and Establishments Act, 1948 vide Registration No: 760019874 dated August 29, 2007. The certificate is valid till December 31, 2008.

6) Future Finance Limited ("Future Finance")

1) Incorporation: Future Finance was incorporated on October 14, 1999 as Sivagami Financial and Investment Private Limited under the Companies Act, 1956 and holds Incorporation Certificate number 59-00771 of 1991. A fresh certificate of Incorporation was issued on the change of name to SFIL on June 27, 1995. A fresh certificate of incorporation was issued on October 18, 2007 upon the change of name to Future Finance Limited. Certificate of commencement of business was issued on October 14, 1991. The Corporate Identification Number of this Company is U65933TN1994PLC029643.

2) Tax Deduction Number (TAN) as issued by the Income Tax Department is CHES02882F.

3) Permanent Account Number (PAN) as issued by the Income Tax Department is AABCS1872N.

4) Certificate of Registration, bearing Registration No: 07.00387, dated December 7, 1998 by the RBI under Section 451A of RBI Act, 1934 to commence/ carry on the business of a NBFC without accepting public deposits.

7) Future Hospitality Management Limited ("FHML")

1) Incorporation: FHML was incorporated on March 31, 2007 under the Companies Act, 1956 and holds Incorporation Certificate number U85110MH2007PLC169493. The Certificate for Commencement of Business was issued on March 31, 2007.

2) Permanent Account Number (PAN) of FHML as issued by the Income Tax Department is AABCF1221C.

3) Registered under the Bombay Shops and Establishments Act, 1948 vide Registration No: 760019852 dated August 29, 2007. The certificate is valid till December 31, 2008.

Pending Approvals:

The Company:

The following trademark applications have been made by the Company:

a. The following applications have been made class 42 in respect of legal services, scientific and industrial research, computer programming, services that cannot be placed in other classes, providing of food and drink, temporary accommodation, medical, hygienic and beauty care, veterinary and agricultural services.

S.No.	Trademark applied for	Application number	Date of Application
1.	Future money (Your Financial Supermarket)	1556763	May 9, 2007
2.	FUTUREMONEY	01538105	March 8, 2007
3.	Future Capital Holdings	01585786	July 31, 2007
4.	FCH Ideas. Investments. Enterprise	01585782	July 31, 2007
5.	Future Capital Holdings Limited	01576050	July 5, 2007
6.	FCH	01576054	July 5, 2007
7.	FCH Future Capital Holdings Limited	01576058	July 5, 2007
8.	FCH Future Capital Holdings Limited Ideas. Investments. Enterprise	1585775	July 31, 2007
9.	Future Purse	1513577	December 15, 2006
10.	Future Wallet	1513581	December 15, 2006
11.	Future Safe	1513582	December 15, 2006

S.No.	Trademark applied for	Application number	Date of Application
12.	Money Mart	1513578	December 15, 2006
13.	Money Bazar	1513579	December 15, 2006
14.	Money Market	1513580	December 15, 2006

b. The following applications have been made for registration under class 39 in respect of transport, travel arrangements, packaging and storage of goods:

S.No.	Trademark applied for	Application number	Date of Application
1.	Future money (Your Financial Supermarket)	1556762	May 9, 2007
2.	FUTUREMONEY	01538104	March 8, 2007
3.	Future Purse	1513576	December 15, 2006
4.	Future Wallet	1513574	December 15, 2006
5.	Future Safe	1513572	December 15, 2006
6.	Money Mart	1513571	December 15, 2006
7.	Money Bazar	1513575	December 15, 2006
8.	Money Market	1513573	December 15, 2006

c. The following application have been made for registration under class 36 in respect of services relating to lending against or without security, consultancy/ brokerage of all types of shares and securities, fund investments and insurance; issuance of credit, debt, loyalty, privilege and discount cards and all services related thereto; money exchanging; issuing of travelers cheques; fund transfer; fund raising; financial evaluation/ management/ sponsorship/ consultancy; fund investments:

S.No.	Trademark applied for	Application number	Date of Application
1.	Future money (Your Financial Supermarket)	01565676	May 9, 2007
2.	FUTUREMONEY	01538103	March 8, 2007
3.	Future Capital Holdings	01585785	July 31, 2007
4.	FCH Ideas. Investments. Enterprise	01585781	July 31, 2007
5.	Future Capital Holdings Limited	01576049	July 5, 2007
6.	FCH	01576053	July 5, 2007
7.	FCH Future Capital Holdings Limited	01576057	July 5, 2007
8.	Future Purse	1513570	December 15, 2006
9.	Future Wallet	1513566	December 15, 2006
10.	Future Safe	1513565	December 15, 2006
11.	Money Mart	1513569	December 15, 2006
12.	Money Bazar	1513568	December 15, 2006
13.	Money Market	1513567	December 15, 2006

d. The following applications have been made for registration under class 35 in respect of advertising, business management, business administration and office function:

S.No.	Trademark applied for	Application number	Date of Application
1.	Future money (Your Financial Supermarket)	1556761	May 9, 2007
2.	FUTUREMONEY	01538102	March 8, 2007
3.	Future Capital Holdings	01585784	July 31, 2007
4.	FCH Ideas. Investments. Enterprise	01585779	July 31, 2007
5.	Future Capital Holdings Limited	01576048	July 5, 2007
6.	FCH	01576052	July 5, 2007
7.	FCH Future Capital Holdings Limited	01576056	July 5, 2007
8.	FCH Future Capital Holdings Limited Ideas. Investments. Enterprise	1585776	July 31, 2007
9.	Future Purse	1513564	December 15, 2006
10.	Future Wallet	1513560	December 15, 2006
11.	Future Safe	1513559	December 15, 2006
12.	Money Mart	1513563	December 15, 2006
13.	Money Bazar	1513562	December 15, 2006
14.	Money Market	1513561	December 15, 2006

e. The following applications have been made for registration under class 16 in respect of paper, cardboard and goods made from these materials, not included in other classes; printed matter, artists' materials, printers' type, photographs, stationary, bookbinding material, adhesives for stationary or household purposes, paint brushes, typewriters and office requisites (except apparatus), plastic materials for packaging (not included in other classes), playing cards, and printing blocks:

S.No.	Trademark applied for	Application number	Date of Application
1.	Future money (Your Financial Supermarket)	1556760	May 9, 2007
2.	FUTUREMONEY	01538101	March 8, 2007
3.	Future Capital Holdings	01585783	July 31, 2007
4.	FCH Ideas. Investments. Enterprise	01585778	July 31, 2007
5.	Future Capital Holdings Limited	01576047	July 5, 2007
6.	FCH	01576051	July 5, 2007
7.	FCH Future Capital Holdings Limited		July 5, 2007
8.	FCH Future Capital Holdings Limited Ideas. Investments. Enterprise	01576055	July 31, 2007
9.	Future Purse	1513558	December 15, 2006
10.	Future Wallet	1513554	December 15, 2006
11.	Future Safe	1513553	December 15, 2006
12.	Money Mart	1513557	December 15, 2006
13.	Money Bazar	1513556	December 15, 2006
14.	Money Market	1513555	December 15, 2006

Future Finance Limited:

An application has been filed by our subsidiary Future Finance, dated November 6, 2006 and September 11, 2007 with RBI, seeking approval to invest in Keystone Company Limited, a company incorporated under the laws of Mauritius, and to convert it to Future Finance's subsidiary by acquisition of 100% of its equity shares.

RBI vide its letter dated November 9, 2007, raised queries with regard to Future Finance that included net owned funds, CRAR, proposed consideration and expenses for the proposed acquisition as well as the rationale for this application being pursued through Future Finance, and not the Company. This was replied to vide letter dated November 22, 2007 by Future Finance.

The RBI vide its letter dated December 13, 2007, has raised queries seeking details on the financials of Keystone and its subsidiaries, copy of the approvals received by Keystone from overseas regulatory agencies, business plan, purchase consideration and the business pattern between Future Finance, FCH and Keystone.

We are in the process of submitting the reply to above-mentioned queries.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board has, pursuant to resolution passed at its meeting held on August 23, 2007 authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act.

The shareholders have authorised the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Extra-Ordinary General Meeting of the Company held on September 25, 2007.

Prohibition by SEBI

The Company, its Directors, the Promoters and Promoter group companies, Directors or the person(s) in control of the Promoters, the Company's subsidiaries and companies with which the Directors are associated with as directors have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Further, our Directors, our Promoters, and Promoter group entities have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under Clause 2.2.2 of the SEBI Guidelines which states as follows:

"*2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:*

(a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

OR

(a) (ii) The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

AND

(b) (i) The minimum post-issue face value capital of the company shall be Rs. 10 crore.

OR

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares , subject to the following:

(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;

(b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;

(c) *The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)*"

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions detailed in clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Issue are proposed to be Allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.
- We are complying with the second proviso to Clause 11.3.5(i) of the SEBI Guidelines and Non-Institutional Bidders and Retail Individual Bidders will be allocated not less than 10% and 30% of the Issue respectively.
- We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-issue face value capital of the Company shall be Rs. 63.22 crore which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Further, the Issue is subject to the fulfilment of the following conditions as required by Rule 19(2)(b) SCRR:

- 6,422,800 Equity Shares are being offered to the public in this Issue;
- The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 100 crore; and
- The Issue is made through the Book Building method with allocation of 60% of the Issue size to QIBs as specified by SEBI.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, ENAM SECURITIES PRIVATE LIMITED, JM FINANCIAL CONSULTANTS PRIVATE LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, ENAM SECURITIES PRIVATE LIMITED, JM FINANCIAL CONSULTANTS PRIVATE

LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 28, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS, MORE PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

(III) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(V) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of section 60B of the Companies Act. All legal requirements pertaining to the issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act.

The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 and section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Manager and any irregularities or lapses in the Red Herring Prospectus.

Disclaimer from the Company and the BRLMs

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules,

The Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.fch.in, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and the Company dated September 27, 2007 and the Underwriting Agreement to be entered into among the Underwriters and the Company.

All information shall be made available by the Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India) and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including Eligible NRIs, FIIs and eligible foreign investors. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that the Red Herring Prospectus had been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be Issued or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

We have not been registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), and the Equity Shares have not been or will not be registered under the U.S. Securities Act. Accordingly, the Equity Shares are being offered and sold only to (i) non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act and (ii) institutions in the United States that are both (A) "qualified institutional buyers" as defined in Rule 144A and (B) "qualified purchasers" as defined in the Investment Company Act and related rules and that agree to comply with the transfer restrictions set forth herein. Prospective purchasers in the United States are hereby notified that the sellers of Equity Shares

offered hereby may be relying on the exemption from the registration requirements under Section 5 of the Securities Act provided by Rule 144A and that we are relying on the exemption[s] set forth in Section[s] [3(c)(1) and] 3(c)(7) of the Investment Company Act and related rules.

Disclaimer clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated October 25, 2007, permission to us to use BSE's name in the Red Herring Prospectus as one of the stock exchanges on which our securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given in its letter dated October 30, 2007, permission to us to use NSE's name in the Red Herring Prospectus as one of the stock exchanges on which our securities are proposed to be listed. The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company.

Every Person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus will be filed with SEBI at SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration with RoC situated at Mumbai.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being issued through this Red Herring Prospectus.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/ Issue Closing Date, whichever is earlier), then the Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) **Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**

(b) **Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name**

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Issue; and (b) the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Banks, IPO Grading Agency and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, S.R. Batliboi & Co, Chartered Accountants, the Company's Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

ICRA Limited, the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent to the inclusion of their name and reference to its report in the form and context in which it appears in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Designated Stock Exchange.

Expert Opinion

We have not obtained any expert opinions, except for the opinion of ICRA Limited, being the IPO grading agency.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as Rs. [•] lacs.

The break up of the estimated issue related expenses are as follows:

Activity	Estimated Expense (in Rs. lacs)*
Lead management fee, underwriting and selling commission	[•]
Advertising and marketing expenses	[•]
Printing and stationery	[•]
Others (IPO Grading fees, Registrars fee, legal fee, listing fee etc.)	[•]
Total estimated issue expenses	**[•]**

**To be included once the Issue Price is finalised*

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Member (including underwriting commission and selling commission) will be as stated in the Engagement Letters with the BRLMs, a copy of which is available for inspection at the registered office of the Company**.**

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the registered office of the Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

IPO Grading

This Issue has been graded by ICRA Limited and has been assigned a grade of 3, indicating "average fundamentals", through its letter dated December 26, 2007. For details in relation to the Report of the Grading Agency, refer to "Annexures" beginning on page 356.

Disclaimer of ICRA: Notwithstanding anything to the contrary: An ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

Particulars regarding Public or Rights Issues during the Last Five Years

We have not made any public or rights issues during the last five years.

Issues otherwise than for Cash

Except as stated in the section entitled "Capital Structure" on page 25 of this Red Herring Prospectus and "History and Certain Corporate Matters" on page 73 of this Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Equity Shares

Since this is the initial public issue of the Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the Company's inception.

Companies under the Same Management

There is no other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, other than the subsidiaries, joint ventures, associates, Promoters and Promoter group companies, details of which companies are provided in the sections entitled "History and Certain Corporate Matters" and "Our Promoters" beginning on pages 73 and 106 of this Red Herring Prospectus.

Promise vs. Performance – Last Issue of Group Companies

- PRIL made an initial public offer of its equity shares during the fiscal 1993. The company issued 2,550,500 equity shares of Rs. 10 each for cash at a price of Rs. 10 per equity share. The proceeds of the issue were applied for the objects of the issue as disclosed in the prospectus for the issue, i.e. setting up of new stores/ retail outlets, upgrading/ modernisation of the existing stores, Expansion/ upgradation of warehouses and information technology/ supply chain infrastructure and setting up of new offices and training centres.

  The details of promise versus performance are as follows:

	Promise	Performance
Opening up of retail stores	To open 7 retail stores	• 2 retail stores were opened within the time frame promised in the prospectus • Five additional retail stores were opened with a delay of 9 months
Estimated turnover of 1992-1993	Rs. 1,160 lacs	Rs. 480.8 lacs
Future prospects	Expected to generate adequate profits and declare dividends from 1992-1993 onwards	No dividend declared in 1992-1993

  PRIL had made a rights issue of equity shares having a face value of Rs. 10 each that took place in December, 2005.A total of 4,481,180 equity shares were issued as part of the rights issue and the issue price was Rs. 500 per equity share. The proceeds of the issue were applied for the objects of the issue as disclosed in the offer document; i.e. setting up of new stores/ retail outlets, upgrading/ modernisation of the existing stores, expansion/ upgradation of warehouses and information technology/ supply chain infrastructure; setting up of new offices, training centre and other strategic investments. There were no deviations from the objects on which the issue proceeds were utilized.

  PRIL has also made a Qualified Institutional Placement in December 2006 of 6,265,060 of Rs. 2 each at a price of Rs. 415 per Equity Share, including a premium of Rs.413 per Equity Share, aggregating Rs. 260 crore. No promise was made in the Qualified Institutional Placement.

- Galaxy Entertainment Corporation Limited made an initial public offering of equity shares of having a face value of Rs. 10 each that took place in 1987. The details of the same are not available with this company.

- Softbpo Global Solutions Limited made an initial public offering of equity shares, the details of which are not available with this company.

- Pantaloon Industries Limited got delisted from the Bombay Stock Exchange on April 3, 2007.

Outstanding Debentures or Bonds

The Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

The Company does not have any outstanding preference shares other than those mentioned in the section titled "Capital Structure" beginning on page 25 in this Red Herring Prospectus.

Stock Market Data of our Equity Shares

This being an initial public issue of the Company, the Equity Shares are not listed on any stock exchange.

Purchase of Property

Except as stated in the "Objects of Issue" in this Red Herring Prospectus, and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or

- The amount of the purchase money is not material.

Except as stated in this Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/ or Directors, have any direct or indirect interest in any payment made thereunder.

The Company has leased property of 1,148 sq. feet at Ahmedabad City Mall, Rajpur-Hirpur (sim), Ahmedabad 380 007 from KB Mall Management Company Limited for a period of 9 years for a consideration of Rs. 105,160 per month. Kishore Biyani holds 1.48% equity shares in KB Mall Management Company Limited. Further, KB Mall Management Company Limited has entered into a leave and license agreement, licensing the property to PRIL.Accordingly, we are required to make the payments of license fees to PRIL. Kishore Biyani is a promoter of PRIL.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue, and the Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances by the Company

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be ten working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed R. J. Doshi, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Future Capital Holdings Limited
FCH House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400013
India
Tel:+ 91 22 4043 6000
Fax:+ 91 22 4043 6068
E-mail: fch.legal@fch.in

Changes in Auditors

The following are the changes in the auditors of the Company since incorporation:

Name of the Auditor	Date of Board of Director's approval	Date of Shareholder's approval	Reason
M/s Sanjay Toshniwal and Associates	October 18, 2005	-	Appointment till the next AGM
M/s Sanjay Toshniwal and Associates	September 5, 2006	September 30, 2006	Reappointment
M/s S.R. Batliboi and Company	January 3, 2006	January 15, 2007	Appointment
M/s S.R. Batliboi and Company	August 23, 2007	September 25, 2007	Reappointed

Capitalisation of Reserves or Profits

Except as disclosed in this Red Herring Prospectus, we have not capitalised our reserves or profits at any time during the last five years.

Revaluation of Assets

We have not undertaken any revaluation of assets at any time during the last five years.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, the RoC, the RBI, the FIPB and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Board have, pursuant to resolution passed at its meeting held on August 23, 2007 and September 27, 2007, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act.

The shareholders have authorised the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Annual General Meeting of the Company held on September 25, 2007.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees under this Issue will be entitled to dividends or any other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission and/ or consolidation/ splitting, please refer to the section titled "Main Provisions of Our Articles of Association" on page 306 of the Red Herring Prospectus.

Market Lot and Trading Lot

As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of 1 Equity Share subject to a minimum Allotment of 8 Equity Shares.

Where two or more persons are registered as the holders of the Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/ authorities in Mumbai, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or
b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/ Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

If at least 60% of the Issue cannot be allocated to QIBs, the entire application money will be refunded.

Further in terms of Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of allottees i.e. persons to whom Equity Shares will be allotted shall not be less than 1,000.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

ISSUE STRUCTURE

The present Issue of 6,422,800 Equity Shares Rs. 10 each, at a price of Rs. [●] for cash aggregating Rs. [●] lacs is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least 3,853,680 Equity Shares	Not less than 642,280 Equity Shares or Issue Size less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 1,926,840 Equity Shares or Issue Size less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for allotment/ allocation	At least 60% of Issue Size being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 10% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows: (a) 192,684 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 3,660,996 Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	8 Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	8 Equity Shares in multiples of 8 Equity Shares	8 Equity Shares in multiples of 8 Equity Shares	8 Equity Shares in multiples of 8 Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI,	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 lacs and pension funds with minimum corpus of Rs. 2,500 lacs in accordance with applicable law.	institutions societies and trusts.	100,000 in value.
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be Allocated to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company in consultation with the BRLMs, and the Designated Stock Exchange.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid/ Issue Closing Date but prior to Allotment, without assigning any reason therefore.

Bidding/ Issue Programme

BID/ ISSUE OPENS ON	**: JANUARY 11, 2008**
BID/ ISSUE CLOSES ON	**: JANUARY 16, 2008**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid / Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/ Issue Closing Date. Bidders are cautioned that due to the crowding of Bids on the Bid/ Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded. Such Bids that cannot be uploaded will not be considered for allocation under the Issue and the Issuer, BRLMs and the Syndicate Members will not be responsible for such Bids not being uploaded. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchange within half an hour of such closure. The Company reserves the right to revise the Price Band during the Bidding/ Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid/ Issue Opening Date.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs, and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital of the Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be procured by and submitted only through Syndicate Members. QIB bids cannot be submitted through brokers/ sub-agents except for Syndicate Members. In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject the Bids only on technical grounds.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public, NRIs applying on a non repatriation basis	White
Non-Residents, Eligible NRIs, FVCIs, FIIs registered with SEBI, multilateral and bilateral development financial institutions and other eligible foreign investors applying on a repatriation basis	Blue

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/ legal guardian, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies and corporate bodies registered under the applicable laws in India and authorised to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable;
- Venture Capital Funds registered with SEBI;

- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ societies and who are authorised under their constitution to hold and invest in equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- FII registered with SEBI, on a repatriation basis;
- Scientific and/ or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- As permitted by the applicable laws, Provident Funds with minimum corpus of Rs. 2,500 lacs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 2,500 lacs and who are authorised under their constitution to hold and invest in equity shares; and
- Multilateral and Bilateral Development Financial Institutions.

As per existing RBI regulations, OCBs are prohibited from investing in this Issue.

Note: The BRLMs and Syndicate Member shall not be entitled to participate to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

The information below is given for the benefit of the Bidders. The Company, the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Mutual Funds

(a) An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 192,684 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

(b) *As per the current regulations, the following restrictions are applicable for investments by mutual funds:*

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by eligible non residents – FIIs, NRIs, FVCIs, etc.

In terms of the approval of the FIPB dated October 24, 2007, the total foreign equity ownership percentage in our Company post IPO cannot exceed 20.34%.

Bids by NRIs

(a) Bid cum application forms have been made available for NRIs at our registered / corporate office, members of the Syndicate to the Issue.

(b) NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians. (white in colour)

Bids by FIIs

(a) *As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital Equity Shares. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

(b) Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 8 Equity Shares and in multiples of 8 Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the

Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 8 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 1,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

(c) Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

(a) The Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/ Issue Opening Date.

(b) The Company, the BRLMs shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Marathi). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/ CFD/ DIL/ DIP/ 14/ 2005/ 25/ 1 dated January 25, 2005.

(c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(d) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate and should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their bids.

(e) The Members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.

(f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

(g) The Bidding/ Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in three national newspapers (one each in English and Hindi) and one Marathi newspaper and the Bidding/ Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days.

(h) The Price Band has been fixed at Rs. 700 to Rs. 765 per Equity Share of Rs. 10 each, Rs. 700 being the lower end of the Price Band and Rs. 765 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re. 1 (One).

(i) The Company in consultation with the BRLMs reserve the right to revise the Price Band, during the Bidding Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

(j) Any revision in the Price Band and the revised, the Bidding/ Issue Period, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Marathi newspaper, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

(k) The Company in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

(a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page 284 within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 284.

(c) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(d) During the Bidding/ Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/ investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 290.

Bids at Different Price Levels and Revision of Bids

(a) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB, Non-Institutional Bidders and such Bids shall be rejected.

(b) Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account, or the Refund Account, as the case may be.

(c) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 1,00,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, such Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price or the Refund Account, as the case may be.

(d) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 8 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(f) During the Bidding/ Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(g) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(h) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(i) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(k) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.** Bids and revisions of Bids must be:

(l) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (White colour for Resident Indians, Blue colour for non residents and applying on repatriation basis).

(m) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(n) For Retail Individual Bidders, the Bid must be for a minimum of 8 Equity Shares and in multiples of 8 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

(o) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds Rs. 100,000 and in multiples of 8 Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(p) NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 8 Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.

(q) Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, multilateral and bilateral development financial institutions or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

(r) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(s) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Electronic Registration of Bids

(a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding/ Issue Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid/ Issue Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of bids typically experienced on the last day of bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded may not be considered for allocation.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand

and price would be made available at the bidding centres during the Bidding/ Issue Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the bidder
- Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund etc.
- Numbers of Equity Shares bid for.
- Bid price.
- Bid cum Application Form number.
- Whether Margin Amount, as applicable, has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except for grounds listed on page 293.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/ or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, our Promoter, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Only bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment. In case of discrepancy of data entered in the electronic books vis-à-vis the date contained in the physical bid form for a particular bidding the details as per physical application form of that bidder may be taken as the final date for the purpose of Allotment.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply;

(b) Read all the instructions carefully and complete the applicable Bid cum Application Form;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;

(d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(e) Ensure that you have been given a TRS for all your Bid options;

(f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(g) Each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act;

(h) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects;

(i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders);

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/ or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the Registrar or the Escrow Collection Banks nor the

Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/ Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion into foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

a. In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/ or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

b. In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

c. In case of Bids made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

d. In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

e. In case of Bids made by provident funds with minimum corpus of Rs. 2,500 lacs (subject to applicable law) and pension funds with minimum corpus of Rs. 2,500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

f. The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that the Company and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The Company, and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, and the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms.

a. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders Retail Individual Bidders, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 277 of the Red Herring Prospectus. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

b. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/ allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

c. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   - In case of Resident QIB Bidders: "Escrow Account - FCH Public Issue – QIB Resident"
   - In case of non-resident QIB Bidders: "Escrow Account - FCH Public Issue – QIB NR"
   - In case of Resident Bidders: "Escrow Account - FCH Public Issue – Resident"
   - In case of Non Resident Bidders: "Escrow Account - FCH Public Issue – NR"

d. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

e. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

f. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated\ will be refunded to the Bidder from the Refund Account.

g. On the Designated Date and no later than 15 days from the Bid/ Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/ Allotment to the

Bidders.

h. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications are electronically strung on first name, address (1^{st} line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications.

2. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.

3. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

In cases where more than one investor has a common address, the Company may in its sole discretion, decide to review such applications in greater detail to ensure that such applicants' are not multiple applications. In such a situation, the Company will keep in abeyance the Allotment to such applicants pending the confirmation of the Know Your Customers norms by the depositories where such investors' depository accounts are maintained.

Permanent Account Number or PAN

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**. In case the Sole/ First Bidder and Joint Bidder(s) is/ are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/ or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/ First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

UNIQUE IDENTIFICATION NUMBER - MAPIN

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/ quote UIN under the SEBI MAPIN Regulations/ Circulars vide its circular MAPIN/ Cir-13/ 2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

GROUNDS FOR REJECTIONS

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company have a right to reject Bids based on technical grounds.

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

- PAN not stated or Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given along with Bid;

- GIR number furnished instead of PAN;

- Bids for lower number of Equity Shares than specified for that category of investors;

- Bids at a price less than lower end of the Price Band;

- Bids at a price more than the higher end of the Price Band;

- Bids at Cut Off Price by Non-Institutional and QIB Bidders bidding in excess of Rs. 100,000

- Bids for number of Equity Shares which are not in multiples of 8 Equity Shares;

- Category not ticked;

- Multiple Bids as defined in this Red Herring Prospectus;

- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

- Bids accompanied by Stockinvest/ money order/ postal order/ cash;

- Signature of sole and/ or joint Bidders missing;

- Bid cum Application Forms does not have the stamp of the BRLMs, or Syndicate Members;

- Bid cum Application Forms does not have Bidder's depository account details;

- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;

- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

- Bids in respect whereof the Bid cum Application Forms do not reach the Registrar prior to finalisation of the basis of Allotment;

- Bids where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);

- Bids by QIBs not submitted through members of the Syndicate;

- Bids by OCBs;

- Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act; and

- Bids not duly signed by the sole/ joint Bidders;

- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.

- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

- Bids or revisions thereof by QIB Bidders, Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000, uploaded after 5.00 pm on the Bid/ Issue Closing Date.

- Bids not uploaded on the electronic book shall be rejected.

Price Discovery and Allocation

(a) After the Bid/ Issue Closing Date, the BRLMs will analyse the demand generated at various price levels.

(b) The Company in consultation with the BRLMs shall finalise the "Issue Price".

(c) The allocation to QIBs will be at least 60% of the Issue and allocation to Non-Institutional and Retail Individual Bidders will be not less than 10% and 30% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.

(d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of the Company and the in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 192,684 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded.

(e) Allocation to Eligible NRIs, FIIs, and foreign venture capital funds registered with SEBI applying on repatriation basis, multilateral and bilateral development financial institutions and other eligible foreign investors to participate in this Issue subject to the condition that the total foreign ownership in the company post the Issue does not exceed 20.34% of the paid-up capital of the Company will be subject applicable law and the terms and conditions stipulated by the RBI.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) / Allotment to the Bidders.

(b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

(c) The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

(d) The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/ Allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/ Allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

(d) The Issuance of CAN is 'Subject to "Allotment Reconciliation and Revised CANs" as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/ Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received. Based on the electronic book, QIBs will be sent a CAN on or prior to January 31, 2008, indicating the number of Equity Shares that may be Allotted to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/ Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued, and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 1,926,840 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than 1,926,840 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum 8 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 642,280 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 642,280 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 8 Equity Shares. For the method of proportionate Basis of Allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

(ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs shall be determined as follows:

(i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall not be less than 3,853,680 Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 crores equity shares
2	Allocation to QIB (50%)	100 crores equity shares
	Of which:	
	a. Allocation to MF (5%)	5 crores equity shares
	b. Balance for all QIBs including MFs	95 crores equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 crores equity shares

B. Details Of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in crores)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

 # A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

Number of equity shares in crores

Type of QIB bidders	Shares bid for	Allocation of 5 crores Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 crores Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1.2	7.48	8.48
MF2	40	1.2	7.48	8.48
MF3	80	2.4	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	**5**	**95**	**42.42**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 277.

2. Out of 100 crore Equity Shares allocated to QIBs, 5 crores (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.

3. The balance 95 crore Equity Shares (i.e. 100 - 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 1,140 lacs Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

    - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 95 / 495

    - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495

    - The numerator and denominator for arriving at allocation of 1,140 lacs shares to the 10 QIBs are reduced by 5 crore shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than 8 Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of 8 Equity Shares; and

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e) If the proportionate Allotment to a Bidder is a number that is more than 8 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 10 lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency, else payments of refunds will be made through any other modes as discussed in the section

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. Applicants residing at 15 centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. We shall ensure despatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/ Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Bid/ Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/ Issue Closing Date;

- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/ or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an

Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company ensures dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/ Issue Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/ Issue Closing Date would be ensured; and

- The Company shall pay interest at 15% per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/ 8/ S/ 79 dated July 31, 1983, as amended by their letter No. F/ 14/ SE/ 85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

UNDERTAKINGS BY OUR COMPANY

We undertake the following:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously;

- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;

- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

- That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time; and

- That no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue proceeds

Our Board certifies that:

- All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;

- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;

Withdrawal of the Issue

The Company in consultation with the BRLMs reserve the right not to proceed with the Issue at anytime including after the Bid/ Issue Opening Date, without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

a) Agreement dated October 3, 2007 with NSDL, the Company and the Registrar to the Issue;

b) Agreement dated September 27, 2007 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Investors may note that, post Allotment in the Issue, they may convert dematerialized shares to physical certificates in compliance with the Articles of Association, the Depositories Act and the Companies Act. However, please take note clause (h) above.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, FDI in the NBFC sector is put on automatic route subject to compliance with guidelines of the RBI in this regard.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI.

Subscription by foreign investors (NRIs/ FIIs)

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, "US persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) within the United States to "qualified institutional buyers", in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to non-US persons in offshore transactions in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the Securities Act) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The Company, the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

SHARE CAPITAL

1. Authorised Capital

The authorised Capital of the Company is as defined in Clause V of the Memorandum of Association including amendments thereto, if any. The paid-up share capital of the Company shall be a minimum of Rs. 5,00,000 (Rupees Five Lac only).

2. Increase of Capital by the Company and how carried into effect

The Company in General Meeting may, from time to time by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Any shares of the original or increased Capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meeting of the Company in conformity with Sections 87 and 88 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

The Company may, subject to provisions of these Articles, the Act and Rules made thereunder as may be in force, from time to time, issue shares and other securities under Employees Stock Options and/or by way of Sweat Equity.

3. New capital same as existing Capital

Except so far as otherwise provided by the conditions of issue of these presents, any capital raised by the creation of new shares shall be considered as part of the Original Capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

4. Redeemable Preference Shares

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares, which are or at the option of the Company liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

5. Voting rights of preference shareholders

The holder of preference Shares shall have a right to vote only on resolutions, which directly affect the shares attached to his preference Shares. The preference shareholders shall also be entitled to vote on every kind of resolution placed before the Company at any Meeting until and then only for so long as their dividend are more than 2 years in arrears preceding the date thereof.

6. Provisions to apply on issue of Redeemable Preference Shares

On the issue of redeemable preference Shares under the provisions of Article 4 hereof the following provisions shall take effect:

(a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;

(b) no such shares shall be redeemed unless they are fully paid;

(c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;

(d) Where any such shares are redeemed otherwise than out of the proceeds of fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the Share Capital of the company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up share capital of the Company.

7. Issue of Shares at Discount

With the previous authority of the Company in General Meeting and the sanction of the Central Government and upon otherwise complying with Section 79 of the Act (or any amendment thereof) the Board may issue at a discount shares of a class already issued.

8. Instalments on shares to be duly paid

If by the conditions of any allotment of any shares the whole or any part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the shares or his legal representatives, and shall for the purpose of these Articles be deemed to be payable on the date fixed for payment and in the case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and the like and all the other relevant provisions of the Articles apply as if such instalments were a call duly made and notified as hereby provided.

9. The Board may issue shares as fully paid up

Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the Capital of the Company as payment of any property sold or transferred or for service rendered to the Company in the conduct of its business or in satisfaction of any outstanding debt or obligation of the Company and any shares which may be so issued shall be deemed to be fully paid-up shares.

10. Reduction of Capital

The Company may (subject to the provisions of Sections 78, 80, 100 to 105 inclusive of the Act) from time to time by Special Resolution, reduce its Capital, any Capital Redemption Reserve Account and Share Premium Account in any manner for the time being authorised by law, and in particular Capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

11. Buy Back

Subject to the provisions of Section 77A, 77AA and 77B of the Act, the Rules made thereunder and any statutory modifications thereof, the Company may Buy Back its own Shares or other specified securities from time to time.

12. Sub-division, consolidation and cancellation of Shares

Subject to the provisions of Section 94 of the Act the Company in General Meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend capital or otherwise over or as compared with the others or other. Subject as aforesaid, the Company in General Meeting may also cancel Shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

13. Whenever the Company shall do any one or more of the things as aforesaid, the Company shall within 30 days thereafter give notice thereof to the Registrar as required under Section 95 of the Act, specifying, as the case may be the shares consolidated, divided, sub-divided or cancelled.

14. Modification of Rights

Whenever the Capital, by reason of the issue of preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Section 106 and 107 of the Act be modified, commuted, affected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of the shares of that class.

This Article is not be derogate from any power the Company would have if it were omitted.

15. Shares with differential rights

Subject to the provisions of Section 86 of the Act and other applicable statutory provisions, the Company shall have the power to issue equity shares with voting rights or with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed.

16. Issue of "Hybrid" or other security

Subject to the Act and rules made thereunder, from time to time, the Company shall be entitled to issue Hybrid or other security.

SHARES AND CERTIFICATES

17. Register and Index of Members

The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members resident in that State or country.

18. Shares to be numbered progressively and no share to be sub-divided

The Shares in the Capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned no share shall be sub- -divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

19. Further issue of Capital

(a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then (i) such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at that date; (ii) such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined; (iii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice as aforesaid shall contain a statement of this right; provided that the directors may decline, giving reasons for refusal to allot any shares to any person in whose favour any member may renounce the shares offered to him; (iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

(b) Notwithstanding anything contained in the preceding sub-clause, the Company may:

(i) by a Special Resolution; or

(ii) where no such Special Resolution is passed, if the votes cast (whether or a show of hands or on a poll as the case may be) in favour of the proposal contained in the Resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so do to, vote in person, or where Proxies are allowed, by Proxy, exceed the votes, if any cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

Offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company;

(c) Nothing in sub-clause (iii) of (a) hereof shall be deemed:

(i) to extend the time within which the offer should be accepted; or

(ii) to authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(d) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to Section 81 (3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to debentures issued or loans raised by the Company, to convert such debentures or loans into shares, or to subscribe for shares in the Company.

20. Shares under Control of Directors

Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased Capital of the Company) shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit and may issue and allot shares in the capital of the Company on payment in full or in part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid shares and if so issued, shall be deemed to be fully paid shares. Provided that the option or right of call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting. The Board shall cause to be filed the return as to allotment provided for in Section 75 of the Act.

21. Power to issue shares Company in General Meeting

In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 18 and 19, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original Capital or of any increased Capital of the Company) shall be offered to such person (whether a Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78, 79 and 86 of the Act) at a premium or at par or a discount or shares with voting rights or with differential rights as to dividend, voting or otherwise as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

22. Acceptance of Shares

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus of otherwise accepts any shares and whose name is on the Register shall, for the purposes of these Articles, be a Member.

23. Deposit and call to be debt payable immediately

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

24. Liability of Members

Every member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

25. Share Certificates

(a) Every member or allottee of shares shall be entitled without payment, to receive one or more certificate in marketable lots for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon payment of such fees as the Directors may, from time to time, determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions for issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares, as the case may be. Every such certificate shall be issued under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid thereon and shall be in such form as the Directors may prescribe and approve.

Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue. For any further certificate the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.

(b) Any two or more joint allottees of a share shall, for the purpose of this Article be treated as a single Member, and the Certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them;

(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

RENEWAL OF SHARE CERTIFICATES

26. Renewal

(a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated in replacement of those which are defaced, torn or old, decrepit worn out, or where the cages on the reverse for recording transfer have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the Company.

Provided that no fees shall be charged for issue of new certificates in replacement of these which are old, decrepit or worn out of where the pages on the reverse for recording transfers have been fully utilised.

(b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Issued in lieu of share certificate No.______________sub-divided/replaced/or consolidation of shares".

(c) If a share certificate is lost or destroyed or is otherwise defaced, torn, damaged or decrepit, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity and as to the payment of out of pocket expenses incurred by the company in investigating evidence, as the Board thinks fit;

(d) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of share certificate No.______." The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

(e) Where a new share certificate has been issued in pursuance of clause (a) or (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register of Members by suitable cross references in the "Remarks" column.

(f) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks engravings, facsimiles and hues relating to the printing of such forms shall be kept in the safe custody of the Secretary or of such other person as the Board may appoint for the purpose, and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(g) The Managing Director of the Company for the time being or, if the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in sub-Article (f).

(h) All books referred to in sub-Article (g) shall be preserved in good order permanently.

(i) Notwithstanding what is stated above, the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or Rules made under the Act or Rules made under the Securities Contract (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.

(j) The provisions of this Article shall apply mutatis mutandis to debentures of the Company.

27. The First name of joint holders deemed sole holder

If any share stands in the names of two or more persons, the person first named in the Register shall as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at Meetings, and the transfer of the shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share and for all incidents thereof according to the Company's regulation.

28. Company not bound to recognise any interest in shares other than of registered holder

Except as ordered by a Court of Competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto; in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

28A. Dematerialisation of Securities

(a) For the purpose of this Article:

"**SEBI**" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"**Depositories Act**" means the Depositories Act, 1996, including any statutory modifications thereof for the time being in force.

"**Depository**" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section 1A of Section 12 of the Securities and Exchange Board of India Act, 1992.

"**Bye-laws**" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"**Beneficial Owner**" means a person whose name is recorded as such with a depository.

"**Member**" means the duly registered holder of from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Company.

"**Participant**" means a person registered as such under Section 12 A of the Securities and Exchange Board of India Act, 1992.

“**Records**” includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by the SEBI in relation to the Depositories Act.

“**Regulations**” means the regulations made by SEBI.

“**Security**” means such security as may be specified by SEBI.

Words imparting the singular number only include the plural number and vice-versa.

Words imparting persons include corporations.

Words and expressions used but not defined in the Act but defined in the Depositories Act, shall have the same meanings respectively assigned to them in that Act.

(b) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificate in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or r-enactment thereof.

(c) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/ or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(d) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.

(e) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

(f) (i) Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(iii) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

(g) Except as ordered by any Court of competent jurisdiction or as required by any law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holders of any share or where the name appears as the Beneficial Owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivors or survivors of them.

(h) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

(i) Upon receipt of certificates of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

(j) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

(k) Notwithstanding anything in the Act, or these Articles, to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(l) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.

(m) Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

(n) The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinabove mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

(o) The Company shall cause to keep a Register and Index of Members and Register and Index of Debentureholders in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, shall be deemed to be Register and Index of Members and Register and Index of Debentureholders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

UNDERWRITING AND BROKERAGE

29. Commission may be paid

Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely, or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued and in the case of debentures two and a half percent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

30. Brokerage

The Company may also, on any issue of share or debentures, pay such brokerage as may be lawful.

INTEREST OUT OF CAPITAL

31. Interest may be paid out of capital

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the company may pay interest on so much of that share capital as is for time being up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS

32. Directors may make calls

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a Resolution passed at a meeting of the Board (and not by circular Resolution) make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares whether on account of nominal value of the shares or by way of premium held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by instalments.

33. Notice of calls

Fourteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

34. Sub-division and payment of call money

Where calls are made on partly paid up shares :-

(i) Call notice shall be sub-divided into smaller units when so required by the registered shareholders and duplicate call notices shall be issued at the request of the persons beneficially entitled on production of satisfactory evidence that they are so beneficially entitled.

(ii) Payment of call moneys shall be accepted from the beneficial holders on production of sub-divided or duplicate call notices without insisting that the shares in respect of which these call monies are paid shall be transferred into the names of the beneficial holders.

(iii) The surrender of call money receipts shall be accepted when allotment letters are presented to the Company to be exchanged for share certificates regardless of the persons in whose favour the receipts have been made out and the Board shall not require the surrender of any receipts from the registered shareholder(s) of the issue of discharge or indemnity from him or them before issuing the share certificate(s).

35. Call to date from Resolution

A call shall be deemed to have been made at the time when the Resolution authorising such call was passed at a meeting of the Board.

36. Call may be revoked or postponed

A call may be revoked or postponed at the discretion of the Board.

37. Liability of Joint-holders

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

38. Directors may extend time

The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time to all or any of the Members, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.

39. Calls to carry interest

If any member fails to pay any call or instalment due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this Article shall render it obligatory for the Board or demand or recover any interest from any such member.

40. Sums deemed to be calls

Any sums, which by the terms of issue of a share becomes payable on allotment or any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same become payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

41. Proof on trial of suit for money due on shares

On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the company in respect of his shares, it shall be sufficient to prove that the name of the Members in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequently to the date at which the money sought to be recovered as alleged to have become due on the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the Minute Book, and that notice of such call was duly given to the Member or his representatives so sued in pursuance of these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

42. Partial payment not to preclude forfeiture

Neither a judgement nor decree in favour of the Company for calls or moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

43. Payment in anticipation of calls may carry interest

(a) The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits.

(b) No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

43A The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

LIEN

43B Fully paid Shares free from lien

The fully paid Shares shall be free from all lien and in case of party paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such Shares.

44. Company to have lien on shares/debentures

The Company shall have a first and paramount lien upon all the shares and/or debentures (other than fully paid-up shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that this Article is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien, if any, on such shares/debentures.

The Directors may, at any time, declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

45. As to enforcing lien by sale

For the purpose of enforcing such lien the Board may sell the shares subject thereof in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfilment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

46. Application of proceeds of sale

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.

FORFEITURE OF SHARES

47. If money payable on share not paid, notice to be given to Member

If any member fails to any call or instalment of call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board at any time thereafter, during such time as the call or instalment remains unpaid, given notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

48. Form of Notice

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place to places on and at which such call or instalment and such interest thereof at such rate as the Board of Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.

49. If default of payment, shares to be forfeited

If the requirements of any such notice as aforesaid shall not be complied with, every or any shares in respect of which, such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include dividends declare or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

50. Notice of forfeiture to a Member

When any share shall have been so forfeited notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

51. Forfeited share to be property of the Company and may be sold

Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

52. Member still liable to pay money owing at time of forfeiture and interest.

Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, if it thinks fit but shall not be under any obligation to do so.

53. Effect of Forfeiture

The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

54. Evidence of forfeiture

A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a dated stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

55. Validity of sale under Articles 43 and 49

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

56. Cancellation of share certificates in respect of forfeited shares

Upon any sale, re-allotment or other disposal under the provision of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

57. Power to annul forfeiture

The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

58. Surrender of shares

The directors may, subject to the provisions of the Act, accept surrender of any shares from or for any members desirous of surrendering on such terms as they may think fit.

58A. Articles 49 to 60 shall mutatis mutandis apply to the forfeiture of debentures.

TRANSFER AND TRANSMISSION OF SHARES

59. Register of Transfer

The Company shall keep a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

60. Form of Transfer

The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereto.

61. Transfer form to be completed and presented to the Company

The Instrument of Transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the company in accordance with the provisions of the Act. The instrument of the Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the register of a transfer the certificate or certificates of the share must be delivered to the Company.

62. Transfer Books and Register of Members when closed

The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Books, the Register of Members or Register of Debenture holders, at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

63. Directors may refuse to register Transfers

Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may, refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by the operation of law of, the right to any Shares or any interest of a member in the debentures of the Company. The Company shall, within one month from the date on which the instrument of transfer was delivered to the Company, send to the Transferee and the Transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any person or persons indebted to the Company on any account whatsoever except where the Company has a lien on the shares.

64. Notice of application when to be given

Where, in the case of partly paid shares, an application for registration is made by the Transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

65. Nomination and Transmission of Shares

Every holder of shares, in or holder of debentures or other securities of the Company may at any time, nominate in the prescribed form, pursuant to Section 109-A of the Act and the Rules made thereunder, any person to whom his shares debentures or other securities shall vest in the event of his death.

Any person who becomes a nominee as above, shall, in accordance with and subject to Section 109-B of the Act, and upon such evidence as may be required by the Board elect either.

(a) to be registered himself as holder of the share or debenture or other security, as the case may be, or

(b) to make such transfer of the share or debenture or other security, as the case may be as the deceased holder, debenture holder or the holder of such other security could have made.

66. Refusal to register a nominee

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

67. Death of one or more joint-holders of shares

In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by `taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

68. Title to shares of deceased Member.

Where a shareholder, debenture holder or the holder of other security has not nominated any other person pursuant to Section 109 A of the Act, the executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one of two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares, debenture or other securities registered in the name of such person, and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased Member as a Member.

69. No transfer to infant

No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind.

70. Registration of persons entitled to shares otherwise than by Transfer.

Subject to the provisions of the Act and Articles 63 and 64 any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or by any lawful means other than by a Transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of shares or elect to have some person nominated by him and approved by the board registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the such shares.

71. Persons entitled may receive dividend without being registered as Members

Subject to the provisions of the Act, a person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give a discharge, for any dividends for other moneys payable in respect of the shares.

72. Fee on transfer or transmission

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letter of administration, certificate of death or marriage, power of attorney or similar other documents.

73. Company not liable for disregard of a notice prohibiting registration of a transfer.

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Member) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever or refusing or neglecting so to do, through it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereof if the Board shall so think fit.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

74. Copies of Memorandum and Articles of Association to be sent by the Company.

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every Member at his request within seven days of the request on payment of the sum of Rupee One for each copy.

BORROWING POWERS

75. Power of Borrow

Subject to the provision of Sections 58 A, 292 and 293 of the Act the Board may, from time at its discretion by a resolution passed at a meeting of the Board accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.

76. Payment or Repayment of Moneys borrowed

Subject to the provisions of the Act and Articles hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the General Meeting Resolution shall prescribe including by the issue of debentures of debentures stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

77. Terms of issue of Debentures

Any debentures, debenture-stock or Hybrid or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise, Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution.

78. Register of Mortgages to be kept

The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company and shall cause the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with, so far they fail to be complied with by the Board.

79. Register and Index of Debenture Holders

The Board shall, if at any time it issued debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any state or country outside India a Branch Register of Debenture holders resident in that State or Country.

SHARE WARRANTS

80. Power to issue share warrants

The Company may issue share warrants subject to, and in accordance with the provisions of Section 114 and 115, and accordingly the Board may in its discretion, with respect to any share which is fully paid, upon application in writing signed by the person, registered as holder of the share, and unauthenticated by such evidence (if any) a the Board may, from time to time, require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

81. Deposit of share warrant

(1) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the Warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a Meeting of the Company, and of attending, and voting and exercising the other privileges of a Member at any Meeting held after the expiry of two clear days from the time of deposit as if his name were inserted in the Register of Members as the holder of the share included in the deposited warrant.

(2) Not more than one person shall be recognised as depositor of the share warrant.

(3) The Company shall, on two days written notice, return the deposited share warrant to the depositor.

82. Privileges and disabilities of the Holders of Share Warrant

(1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a Meeting of the Company, or attending, or vote or exercise any other privileges of a Member at a Meeting of the Company, or be entitled to receive any notice from the Company.

(2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the share included in the Warrant, and he shall be a Member of the Company.

83. Issue of new share warrant or coupon

The Board may, from time to time, make rules as to the terms and on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

84. Shares may be converted into stock

The Company in General Meeting may convert any paid up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interests, in the same manner and subject to the same regulations, as and subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

85. Right of Stock holders

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at Meetings of the Company, and other matters, as if they held the shares from which the stock arose, but no such privileges or advantage (except participation in the dividends and profits of the Company and in the assets of winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

86. Regulations applicable to Stock and share warrants

Such of the regulations of the Company as are applicable to paid up shares shall apply to stock and the words “Share” and Shareholder” in these regulations shall include “Stock” and Stockholder’ respectively.

MEETINGS OF MEMBERS

87. Statutory Meeting

The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act, within a period of not less than one month and not more then six months from the date on which the Company shall be entitled to commence business.

88. Annual General Meeting

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meetings in that year. All General Meetings other than Annual General Meetings shall be called Extra Ordinary General Meetings. The First Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the Financial Year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each Financial Year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under provisions of Section 166 (1) of the Act to extend the time within which any Annual General Meeting may be held.

Every Annual General Meeting shall be called at a time during business hours, on a day, that is not a public holiday and shall be held at there registered office of the Company or at some other place within the city in, which the registered office of the Company is situated as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every Member of the Company shall be entitled to attend either in person or by Proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting, which he attends on any part of the business, which concerns him as Auditors. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report (if not already incorporated in the Audited statement of Accounts), the proxy Register with proxies and the Register of Directors' Shareholding which later Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 150, 161 and 220 of the Act.

89. Extraordinary General Meeting

The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.

90. Requisition of Members to state object of Meeting

Any valid requisition so made by Members must state the object or objects of the Meeting proposed to be called and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

91. On receipt of requisition Directors to call Meeting and in default requisitionists may do so

Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty one days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than forty five days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one tenth of such of the paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

92. Meeting called by Requisitionists

Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

93. Twenty One Days Notice of Meeting to be given

At least Twenty-One Clear days' notice at least of every General Meeting, Annual or General, and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted three at, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting within the consent of any other Meeting, the consent of members holding not less then 95% of such part of the paid-up share capital of the company as gives a right to vote at the meeting, a meeting may be converted by a shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted and in case of any other meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any therein of every Director, and the Manager (if any). Where any such item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director and the Manager, if any, of the Company shall also set out in the statement if the extent of such shareholding interest is not less than 20 per cent of the paid up share capital of that other Company. Where any item of business consists of according of approval to any document by meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

94. Omission to give notice not to invalidate a resolution passed

The accidental omission to give any such notice as aforesaid to any of the Members, or the non-receipt thereof, shall not invalidate any resolution passed at any such Meeting.

95. Meeting not to transact business not mentioned in notice

No General Meeting, Annual or Extraordinary, shall be competent or enter upon discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

96. Resolutions requiring special notice

The Company shall comply with the provisions of Section 190 of the Act relating to resolutions requiring special notice.

97. Quorum at General Meeting

Five Members present in person shall be a quorum for a General Meeting.

98. Body Corporate deemed to be personally present

A Body Corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

99. If quorum not present, Meeting to be dissolved or adjourned

If, at the expiration of half an hour from the time appointed for holding Meeting of the Company, a quorum is not present, the Meeting if convened by or upon the requisition of Members, shall stand dissolved, but in any other case the meeting shall stand dissolved, but in any other case the Meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such day and at such other time and place in the city or town in which the office of the Company is for the time being situated, as the Board may determine, and if at such adjourned Meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.

100. Chairman of General Meeting

The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such Meeting of if he is unable or unwilling to take the chair, then the members present shall elect another Director as Chairman and if no Director be present or if at all the Directors present decline to take the chair, then the Members present shall elect one of their number to be Chairman.

101. Business confined to election of Chairman whilst chair vacant

No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is Vacant.

102. Chairman with consent may adjourn meeting

The Chairman with the consent of the Members may adjourn any meeting from time to time and place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

103. Question at General Meeting how decided

At any General Meeting before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand in that behalf by at least five members having the right to vote on the resolution and present in person or by proxy or by any member or members present in person or by proxy and holding shares in the Company which confer a power of vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than one tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid. The demand for a poll may be withdrawn at any time by the person or perosns who make the demand.

104. Chairman's Casting Vote

In the case of an equality of votes, except for in relation to the matters set forth in Article 232, the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

105. Poll to be taken if demanded

If a poll is demanded as aforesaid the same shall subject to Article 107 be taken at such time (not later than forty eight hours from the time when the demand was made) and place in the city town in the Office of the Company is for the time being situated, and either by open voting to by ballot, as the chairman shall direct, and either at once or after the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

106. Scrutineers at poll

Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the votes on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an office or employee of the Company) present at the meeting, provided such a Member is available and willing to be appointed. The chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineers arising from such removal or from any other cause.

107. In what case poll taken without adjournment

Any poll duly demanded on the election of a chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.

108. Demand for poll not to prevent, transaction of other business

The demand for a poll except on the questions of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

109. Members in arrears not to vote

No member shall be entitled to vote either personally or by Proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, exercised any right of lien.

110. Number of Votes to which Members entitled

Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by to speak and vote at such Meeting, and on a show of hands every Member present in person (or being a body corporate present by a representative duly authorised) shall have one vote and upon a poll the voting right of every Member present in person (including a body corporate by a duly authorised representative) or by an agent duly authorised by a power of attorney or by Proxy shall be in proportion to his share of the paid-up equity share capital of the Company.

Provided, however, if any, preference shares holder be present at any Meeting of the Company, save as provided in clause (b) of Sub-Section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

Provided further that holders of Shares issued pursuant to Article 15 with differential voting rights, shall have rights to voting as per the terms and conditions of the said issue.

111. Casting of Votes by a Member entitled to more than one vote

On a poll being taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

112. How Members non-composement is and minor may vote

A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may on a poll vote by proxy, if any Member is a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the chairman of the Meeting.

113. Votes of Joint Members

If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any meeting, that one of the said persons so present whose name stands higher on the Register shall alone entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

114. A body corporate (whether a Company within the meaning of the Act is not) may, if it is member of creditor of the Company (including a holder of debentures), authorise such person as it thinks fit, by a resolution of it Board of Directors as its representative at any meeting of the creditors of the Company or debenture holders of the Company. The person authorised by

resolution or its applicable internal resolution a aforesaid shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he presents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company. The production of a copy of the resolution, certified by a Director or the Secretary or other officer of such body corporate before the commencement of the meeting shall be accepted by the Company and sufficient evidence of the validity of the said representative appointment and his right to vote thereat. A representative so appointed shall not be deemed to be a proxy.

115. Voting in person or by Proxy

Subject to the provisions of these Articles votes may be given either personally or by Proxy. A body corporate being a Member may vote either by a Proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.

116. Votes in respect of shares of deceased and insolvent Member

Any person entitled under Article 68 to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting as, the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may requires or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

117. Appointment of Proxy

Every Proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate under the common seal or such corporation, or be signed by an officer or by any attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the Meetings.

118. Proxy either for specified meetings or for a period

A proxy may be appointed by an instrument of proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or may be appointed for the purpose of every meeting of the company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

119. Proxy to vote only on a poll

A Member present by proxy shall be entitled to vote only on a poll.

120. Deposit of Instrument of Appointment.

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarised certified copy of that power or authority, shall be deposited at the office not later than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument appointing of proxy shall not be treated as valid.

121. Form of Proxy

Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule-IX of the Act and signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate be under the seal or be signed by any officer or attorney duly authorised by it.

122. Validity of votes given by proxy notwithstanding death of member

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.

123. Time for objections to votes

No objection shall be made to the validity of any vote, except at any meeting or poll, at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

124. Chairman of the Meeting to be the judge of the validity of every vote

The chairman of any meeting shall be sole judge of the validity of every vote tendered at such meeting. The chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

125. Minutes of General Meeting and Inspection thereof by Members

(1) The Company shall cause minutes of the proceedings of every General Meeting to be kept by making thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability, of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

(3) In no case of minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(4) The minutes of each Meeting shall contain a fair and correct summary of the proceedings threat.

(5) All appointments of Officers made at any of the meeting shall be included in the minutes of the meeting.

(6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting (a) is or could reasonably be regarded as, defamatory of any person, or (b) is irrelevant or immaterial of the proceedings, or (c) is detrimental to the interest of the company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

(7) Any such minutes shall be evidence of the proceedings recorded therein.

(8) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge.

DIRECTORS

126. Number of Directors

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (excluding Debentures and Alternate Directors) shall not be less than three and more than twelve.

127. Appointment of Alternate Director

The Board may appoint an Alternate Director to act for a director (hereinafter called the "Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director is determined before he so returns to that State, any provisions in the Act or in these Article for the automatic re-appointment of retiring Director in default or another appointment, shall apply to the Original Director and not to the Alternate Director.

128. Director's power to add to the Board

Subject to the provisions of Sections 260, 261 and 264, the Board shall have power at any time and from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 126. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting but shall be eligible for election at such meeting subject to the provisions of the Act.

129. Director's power to fill casual vacancy

Subject to the provisions of Sections 261, 264 and 284(6), the Board shall have Power, at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date which the Director in whose place is appointed would have held office if it had not been vacated by him.

130. Qualification of Directors

A Director shall not be required to hold any share qualification.

131. Remuneration of Directors

(1) Subject to the provisions of the Act, a Managing Director or Managing Directors and any other Director/s who is/are in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way or partly by the other provided that the remuneration paid to such director or where there are more than one such director, to all of them together, shall not exceed the maximum amount permissible under the law.

(2) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either.

(i) By way of monthly, quarterly or annual payment with the approval of the Central Government, or

(ii) By way of commission, if the Company by Special Resolution authorised such payment.

(3) The fees payable to a Director (Other than Managing/whole-time Director/s) for attending a meeting of the Board or Committee thereof shall be such sum as may be

determined by the Board of Directors within the limits as prescribed by Central Government from time to time.

132. Travelling Expenses incurred by Director not a bonafide resident or by Director going out on Company's business

The Board may allow and pay to any Director, who is not a bonafide resident of place where meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for travelling, boarding, lodging and other expenses, in addition to his fee of attending such meeting as above specified; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repair any reimbursed any travelling or other expenses incurred in connection with business of the Company.

133. Extra remuneration to Directors for special work

Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a member of any committee formed by the Director a Orin relation to signing share certificates) or to make special extensions in going or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company shall remunerate the Director so doing either by a fixed sum or otherwise as may be, either in addition to or in substitution for his share in the remuneration above provided.

134. Directors may act notwithstanding any vacancy

The continuing Director may act notwithstanding any vacancy in their body, but if so long as their number is reduced below the minimum number fixed by Article 126 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting but for no other purpose.

135. Disqualification of Directors

A person shall not be capable of being appointed as a Director of the Company, if-

(a) he has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;

(b) he is an undischarged insolvent;

(c) he has applied to be adjudged an insolvent and his application is pending;

(d) he has been convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;

(e) he has not paid any call in respect of shares in the Company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call; or

(f) an order disqualifying him for appointment as Director has been passed by a court in pursuance of Section 203 of the Act and is in force, unless the leave of the court has been obtained for his appointment in pursuance of the Section.

136. When office of Directors to become vacant

Subject to Section 283 (2) of the Act, the Office of a Director shall become vacant if:

(a) he is found to be unsound mind by a Court of competent jurisdiction; or

(b) he applies to be adjudicated an insolvent; or

(c) he is adjudged an insolvent; or

(d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or

(e) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is larger, without leave of absence form the Board; or

(f) he becomes disqualified by an order of the Court under Section 203 of the Act; or

(g) he is removed in pursuance of Section 284; or

(h) he (whether by himself or by any other person for his benefit on or on his account) or any firm in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan; from the company in contravention of Section 295 of the Act; or

(i) he acts in contravention of section 299 of the Act; or

(j) he is convicted by a Court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or

(k) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the company; or

(l) he resigns his office by a notice in writing addressed to the Company.

137. Directors may hold office or place of profit under a contract with the Company.

Subject to compliance with the provision, if any, of the Act and save as therein provided no Director shall be disqualified by his office from holding any office or place of profit under the Company or under any company in which this Company shall be a shareholder or otherwise interested or from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any arrangement entered into by or on behalf of the Company in which any Director shall be in anyway interested be avoided, nor shall any Director be liable to account to the Company for profit arising from any such contract or any arrangement entered into by or on behalf of the Company in which any Director shall be in anyway interested be avoided, by reason only of such Director holding that office or of the fiduciary relation thereby established.

138. Directors may contract with Company

(1) A Director or his relative, firm in which such Director or relative is a partner, or any other partner in such firm or a private company of which the Director is a Member or Director may enter into any Contract with the Company for the sale, purchase or supply of any goods, material or services or for underwriting the subscription of any shares in or debentures of the Company, provided that the sanction of the Board is obtained before of within three months of the date on which the contract is entered into in accordance with Section 297 of the Act.

(2) No sanction shall, however, be necessary for:

(a) Any purchase of goods and materials from the Company, or the sale of goods or materials to the Company, by any such Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or

(b) Any contract or contracts between the Company on one side and any such director, relative, firm, partner or private company on the other for sale, purchase supply of any goods, materials and services in which either the Company or the Director's relative, firm, partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs.5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or private company as aforesaid may, without obtaining the consent of the Board enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds Rs.5,000/- in the aggregate in any year comprised in the period of the contract, provided the consent of the Board is obtained to such contractor contracts at a meeting within three months of the date on which the contract was entered into.

139. Disclosure of Interest

A Director of the Company who is in any way, whether directly or indirectly concerned or interest in a Contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act; provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement enter into or to be entered into with any other company where any of the directors of the company or two or more of them together holds or hold not more than two percent of the paid-up share capital in any such other company.

140. General Notice of Interest

A General Meeting given to the Board of Director, to the effect that he is a Director or Member of a specified body corporate or is a partner of specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given by may be renewed for a further period of one Financial Year at a time by a fresh notice given in the last month of the Financial Year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board of the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

141. Interested Director not to participate

No Director shall as a Director, take any part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or behalf of the company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his shall be void; provided, however, that nothing herein contained shall apply to :

(a) any contract or indemnity against any loss which the Directors or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;

(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;

(i) in his being :-

(a) a Director of such Company, and

(b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the Company; or

(ii) in his being a member holding not more than 2 percent of its paid-up share capital.

142. Register of Contracts in which Director are interested.

The company shall keep a Register in accordance with Section 301 (1) and shall within the time specified in Section 301 (2) enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company the names of the bodies corporate and firms of which notice has been given by him under Article 140. The Register shall be kept at the office of the Company and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

143. Directors may be Directors of Companies promoted by the Company

A Director may be or become a Director of any Company promoted by the Company, or in which it may be interested as a Vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as Director or Shareholder of such Company except in so far as Section 309 (6) or Section 314 of the Act may be applicable.

144. Retirement and Rotation of Directors

At every Annual General Meeting of the Company, one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one third shall retire from office.

145. Ascertainment of Directors retiring by rotation and filling of vacancies

Subject to Section 256 (2) of the Act, the Directors to retire by rotation under Article 144 at every Annual General Meeting shall be those who have longest in office since their last appointment, but as between persons who become Directors on the same day, those two are to retire, shall, in default of and subject to any agreement among themselves, be determined by lot.

146. Eligibility for re-election

A retiring Director shall be eligible for re-election.

147. Company to Appoint successors

Subject to Section 258 and 261 of the Act, the Company at the General Meeting at which a Director retires in a manner aforesaid may fill up the vacated office by electing a person thereto.

148. Provision in default of appointment

(a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

(b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and that Meeting also has not been expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been reappointed at the adjourned meeting unless -

i) at that Meeting or at the previous Meeting resolution for the re-appointment of such Director has been put to the Meeting and lost;

ii) The retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so re-appointed

iii) he is not qualified or is disqualified for appointment;

iv) a special resolution is required for the appointment or re-appointment by virtue of any provisions of the Act and such resolution could not be passed; or

v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

149. Company may increase or reduce the number of Directors

Subject to section 259 of the Act, the Company may, be Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

150. Notice of candidate for office of director except in certain cases

(1) No person not being a Retiring Director, shall be eligible for appointment to the Office of Directors at any General Meeting unless he or some member intending to propose him has, not less than fourteen days before the Meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to prosecute him as a candidate for the office along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such member if the person succeeds in getting elected as a Director.

(2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of the Director) proposed as a candidate for the office of a Director shall sign and file with the Company, the consent in writing to act as a Director, if appointed.

(3) A person other than a Director re-appointed after retirement by rotation or immediately on expiry of his term of office, or an Additional or Alternate Director or a person filling casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an Additional or Alternate Director, immediately on the expiry of his term of office shall not act as a Director of the Company, unless he has within thirty days of appointment signed and filed with the Registrar his consent in writing to act as such Director.

151. Register of Directors and Notification of charge to Registrar

(a) The Company shall keep at its office a Register containing the particulars of its Directors and other persons mentioned in Section 303 of the Act and shall otherwise comply with the provisions of the said Section in all respects.

(b) Register of Shares or debentures held by Directors.
The company shall in respect of each of its Directors also keep at its office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said section in all respects.

152. Disclosure by director of appointment to any other body corporate

Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall within twenty days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in other body corporate which are required to be specified under Section (1) of Section 303 of the Act.

153. Disclosure by a Director of his holdings of shares and debentures of the Company

Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section.

MANAGING DIRECTOR

154. Board may appoint Managing Director or Managing Directors or whole time Director or Directors.
Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its number as Managing Director or Managing Directors or whole time Director or directors of the Company for a fixed terms not exceeding five years at a time and upon such terms and conditions as the Board think fit, and subject to the provisions of Article 156, the Board may by Resolution vest with such Managing Director or Managing Directors or whole time Director or Directors such of the powers hereby vested with the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act.

155. Provisions to which Managing Director and Whole time Director would be subject to

Subject to the provisions of the Act and these Articles, the Managing Director and/or the Whole time director shall not while he continues to hold that office, be subject to retire by rotation. He shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as may be applicable to the other Directors of the company and he shall ipso facto and immediately cease to be a Managing Director or Whole-time Director, as the case may be, if he ceases to hold the office of Director for any reason.

Provided that if at any time the total number of Directors (including Managing Director and Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of Directors for the time being, then such of the Managing Directors or Whole-time Directors or two or more of them as the Directors may from time to time determine shall be liable to retirement by rotation in accordance with the provisions of these Articles to the intent that the total number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of directors for the time being.

156. Restriction on Management

The Managing Director shall not exercise the power to:-

(a) make calls in shareholders in respect of money unpaid on the shares in the Company;

(b) issue debentures, and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the powers to

(i) borrow moneys, otherwise than or debentures,

(ii) invest the funds of the Company; and

(iii) make loans.

157. Certain Persons not to be appointed Managing Director/s

The Company shall not appoint or employ or continue the appointment or employment of a person as its Managing or Whole time Director who:

(a) is an undischarged insolvent, or has at any time been adjudged an insolvent:

(b) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made, a composition with them; or

(c) is or has at any time been convicted by a Court of an offence involving moral turpitude.

158. Special Position of Managing Director

A Managing Director shall not while he continues to hold that office, be subject to retirement by rotation, in accordance with Article 144. If he cease to hold the office of Director he shall ipso- facto and immediately cease to be the Managing Director.

PROCEEDINGS OF THE BOARD OF DIRECTORS

159. Meetings of Directors

The Directors may meet together as a Board for the dispatch of business from time to time and shall also meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

160. Notice of Meetings

Notice of every meeting of the Board shall be given in writing to every Director for the time being in India, and at his usual address in India, to every other Director.

161. Quorum

Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one third being rounded off as one), or two Directors whichever is higher. Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength the number of the remaining Directors, that is to say, the number of Directors who are interested, present at the meeting, being not less than two shall be the quorum during such time. Provided that until the occurrence of an IPO, in the event of any matter set forth in Section 229, the quorum shall necessarily include the Investor Director.

162. Adjournment of Meeting for want of Quorum

If a meeting of the Board could not be held for want of a quorum then, the meeting shall automatically stand adjourned to such other date and time (if any) as may be fixed by the Chairman not being later than seven days from the date originally fixed for the meeting.

163. When Meeting to be convened

The Secretary shall, as and when directed by the Directors to do so, convene a meeting of the Board by giving a notice in writing to every Director.

164. Chairman

The Directors from time to time may elect from among their number, a Chairman of the Board and determine the period for which he is to hold office of Chairman of Board of Directors. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may chose one of their number to be Chairman of the meeting.

165. Questions of Board Meetings how decided

Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of equality of votes, the Chairman shall have second or a casting vote.

166. Powers of the Board

A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

167. Directors may appoint Committee

Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to Committees of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purpose, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointments but not otherwise, shall have the like force and effect as if done by the Board.

168. Quorum for Committee Meetings

The quorum for meeting of the Committee shall be two persons present in person.

169. Meeting of Committee how to be governed

The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

170. Resolution by Circulation

A resolution passed by circulation, without a meeting of the Board or of a Committee shall, subject to the provisions of the Act, be as valid and effectual as a resolution duly passed at a meeting of the Board or Committee duly called and held. However, no resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated, in draft, together with the necessary papers, if any, to all the directors, or to all the members of the Committee then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee, at their usual address in India and has been approved by such of the Directors or Members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the Resolution.

171. Acts of Board or Committee valid notwithstanding informal Appointment

All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defects in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have determined.

172. Proceedings of meetings of the Board and its Committees

(1) The Company shall causes minutes of all proceedings of every meetings of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by passing or otherwise.

(4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(5) All appointments of officers made at any of the meeting aforesaid shall be included in the minutes of the meeting.

(6) The minutes shall also contain

(a) The names of the Directors present at the meetings;

(b) all resolutions and proceedings of the meeting of the Board; and

(c) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring in the resolution.

(7) Nothing contained in sub-clause (1) to (5) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting:-

(a) is, or could reasonably be regarded, as defamatory of any person;

(b) is irrelevant or immaterial to the proceedings; or

(c) is detrimental to the interests of the Company.

(8) The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the sub-clause.

(9) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded herein.

173. Powers of Directors

The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting only, subject nevertheless to these Articles, to the provisions, of the Act, or any other act and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the company in General Meeting; but no regulation made by the Company in general Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting:

(a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking;

(b) remit, or give time for the repayment of, any debt due by a Director;

(c) invest otherwise than in trust securities the amount of compensation received by the company in respect of the compulsory acquisition of any such undertakings as its referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on only with difficulty or only after a considerable time;

(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the company and its free reserve that is to say reserves not set apart for any specific purpose. Provided further that the powers specified in Section 292 of the Act shall subject to these Articles, be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any Financial Year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Section 350 of the Act during the three Financial Years immediately preceding, whichever is greater.

174. Certain Powers of the Board

Without prejudice to the General powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:

(1) To pay cost, charge and expenses preliminary and incidental to the promotion, formation, establishment registration of the Company.

(2) to pay and charge to the capital account of the Company any commission or interest lawfully payable thereat under the provisions of Sections 76 and 208 of the Act;

(3) subject to Section 292 and 297 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions they may think fit; and in any such purchase or other acquisition to accept

such title as the Directors may believe or may be advised to be reasonably satisfactory;

(4) At their discretion and subject to the provisions of the Act to pay for property, rights or privileges acquired by or services rendered to the company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully, paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgage or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

(5) To secure the fulfilment of any contract or enlargement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner, as they may think fit;

(6) To accept from any member, as far as may be permissible by law, a surrender of his shares, or any part thereof, on such terms and conditions as shall be agreed;

(7) To appoint any person to accept and hold in trust for the company and property belonging to the Company, in which it is interested, or for any other purposes, and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees;

(8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demand by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon;

(9) To act on behalf of the Company in all matters relating to bankrupts and insolvency;

(10) To make and give receipts, release and other discharges for moneys payable to the company and for the claims and demands of the Company;

(11) Subject to the provisions of Section 292, 295 and 372-A of the Act, to invest and deal with any moneys of the company not immediately required for the purposes thereof upon such security (not being shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investment. Save as provided in section 49 of the Act, all investments shall be made and held in the Company's own name;

(12) To execute in the name and on behalf of the company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety for the benefit of the Company such mortgages of the Company's property (present and future) as they thin fit and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;

(14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as part of the working expenses of the Company.

(15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident funds and associations, institutions or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise.

(16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation to Depreciation Fund, or to an Insurance Fund to meet contingencies or to repay debentures, or debenture stock or redeemable preference shares or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may, in their absolute discretion think conducive to the interest of the Company and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the company, in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the company, notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof may be matters to or upon which the Capital moneys of the company might rightly be applied or expended and to divide the Reserve Fund into such special funds as the Board may think fit, with power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds, including the Depreciation fund, in the business of the Company or in the purpose or repayment of Debentures or debenture-stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the board at their discretion to pay or allow to the credit of such funds interests at such rate as the Board may think proper;

(17) To appoint and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit, and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause;

(18) To comply with the requirements of any local law which in their opinion it shall in the interests of the Company be necessary or expedient to comply with;

(19) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Local Boards, and to fix their remuneration;

(20) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities, and discretions for the time being vested in the Board, other than their power to make calls or to make loans or

borrow moneys, and to authorise the Members for the time being of any such Local Board or any of them, to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed, and may annual or vary any such delegation;

(21) At any time and from time to time by Power of Attorney under the seal of the Company to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointment may (if the Board thinks fit) be made in favour of the Members or any of the members of any Local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain power enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;

(22) Subject to Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Companies they may consider expedient;

(23) From time to time to make, vary and repeal byelaws for the regulation of the business of the Company its officers and servants.

MANAGEMENT

175. Prohibition of simultaneous appointment of different categories of managerial personnel.
The Company shall not appoint or employ at the same time the following categories of managerial personnel viz.:

(a) Managing Director, and

(b) Manager

176. Secretary

The Directors may from time to time appoint, and at their discretion, remove any individual (hereinafter called the "Secretary") to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other purely ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the Registers required to be kept by the Company.

177. The Seal, its Custody and use

(a) The Board shall provide a Common Seal for the purposes of the Company and shall have power from time to time to destroyed the same and substitute a new seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used, except by the authority of the Board or a Committee of the Board previously given.

(b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

178. Deeds How Executed

Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall unless the same is executed by a duly constituted Attorney be signed by one Director or the Secretary or some other person authorised or appointed by the Board for the purpose. Provided that in respect of the Share Certificate the Seal shall be affixed in accordance with the Article 25.

DIVIDENDS

179. Division of profits

The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of capital paid-up or credited as paid up the shares held by them respectively.

180. The Company in General Meeting may declare a Dividend

The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board

181. Dividends only to be paid out of profits

(1) No dividend shall be declare or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 205 and 205 A of the Act or part of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that:

(a) If the Company has not provided for depreciation for any previous Financial year or years it shall, before declaring or paying a dividend for any Financial Year, provide for such depreciation out of the profits of the Financial Year or out of the profits of any other previous Financial Year or Financial Years.

(b) If the company has incurred any loss in any previous Financial Year or Financial Years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

(2) Notwithstanding anything contained in sub-clause (1) hereof no dividend shall be declared or paid by the company for any financial year out of the profits of the company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (1) hereof except after the transfer to the reserves of the Company of such percentage of its profits for that year not exceeding 10% as may be prescribed.

Provided that nothing in this clause shall be deemed to prohibit the voluntary transfer by a Company of a higher percentage of its profits to the reserves in accordance with such rules as may be made by the Central Government in this behalf.

(3) Where owing to inadequacy or absence of profits in any year, the Company proposes to declare dividend out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in his behalf and whereby any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.

182. Interim Dividend

Subject to the provisions of the Act, the Board may, from time to time pay to the Members such interim dividend as in their judgment the position of the Company justifies.

183. Capital paid up in advance at interest not to earn dividend

Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.

184. Dividends in proportion to amount paid-up

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the share during any portion or portions of the period in respect of which the dividends is paid, but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such share shall rank for dividend accordingly.

185. Dividend to joint holders

Any one of the several persons who are registered as the joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other payable in respect of such shares.

186. No member to receive dividend whilst indebted to the Company and Company's right to reimbursement thereof.

No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company, in respect of any share or shares or otherwise, howsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any member all sums of money so due from his to the Company.

187. Transfer of Shares must be registered

A Transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

188. Dividends how remitted

Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip or receipt or any other approved mode having the force of a cheque or warrant sent through the post of the registered address of the member or person entitled or in case of joint holders to that one of them first named in the register in respect of the joint holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transaction, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt of the fraudulent recovery of the dividend by any other means. The remittance of dividend shall be made in accordance with the provisions of Section 205 of the Companies Act, 1956.

189. Unclaimed Dividend

Dividends unclaimed will be dealt with according to the provisions of Sections 205-A, 205B, 205C of the Act, 1956.

190. No interest on Dividend

Subject to the provisions of the Act, no dividend shall bear interest as against the Company.

191. Unpaid Dividend

Where a dividend has been declared by the Company but has not been paid or claimed within 30 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days to a special account to be opened by the Company in that behalf in any Scheduled Bank to be called " – the Unpaid Dividend Account".

Any money transferred to the unpaid dividend account of any company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as the Investor Protection Fund established under section 205C of the Act.

No claimed or unpaid dividend shall be forfeited by the Board.

192. Capitalisation

(a) The Company in General Meeting may resolve that any moneys, investment or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any capital Redemption Reserve Account or in the hands of the Company and available for dividend (or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture-stock of the company which shall be distributed according or in or towards payment of the uncalled liability on any issued shares, debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalisation sum. Provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purpose of this article, only be applied in the paying of any unissued shares to be issued to members of the Company so fully paid bonus shares.

(b) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to change for Income-tax be distributed among the members on the footing that they receive the same as capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fractions of less value than Rs.10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalised fund as may seem expedient to the Board. Where requisite a proper contract shall be delivered to the

Registrar for registration in accordance with the provisions of Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

(d) Whenever such a resolution as aforesaid shall have been passed, the Board shall-

i. make all appropriations of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares; and

ii. generally do all acts and things required to give effect thereto.

(e) The Board shall have full power-

i. to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions; and also

ii. to authorise any person to enter on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as the case may required) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts of any part of amounts remaining unpaid on their existing shares.

(f) Any agreement made under such authority shall be effective and binding on all such Members.

(g) For the purpose of giving effect to any resolution, under the preceding clause of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new quality shares and fractional certificates as they think fit.

ACCOUNTS

193. Directors to keep true Accounts

The Company shall keep at the office or at such other place in India as the Board thinks fit, proper Books of Account in accordance with Section 209 of the Act with respect to:

(a) all sums of money received and expected by the Company and the matters in respect of which the receipts and expenditure take place;

(b) all sales and purchases of goods by the Company;

(c) the assets and liabilities of the Company where the Board decides to keep all or any of the Books of Account at any place other than the Office of the Company, the Company shall within seven days of the decision file with the Register a notice in writing giving the full address of that other place.

The company shall preserve in good order the Books of Accounts relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such books of accounts.

Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up to date at intervals of not more than three months are sent by the branch office to the Company at its office or other place in India, at which the Company's Books of Accounts are kept as aforesaid.

The Books of Account and other books and papers shall be open to inspection by any Director during business hours.

194. As to inspection of accounts or books by Members

The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

195. Statement of Accounts to be furnished at General Meeting

The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216, and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Accounts and Reports as are required by these Sections.

196. Copies shall be sent to each Member

A copy of every such Balance Sheet (including the Profit and Loss Account), the Auditors' Report and every other document required by law to be annexed or attached, as the case may be, the Balance Sheet, which is to be laid before the Company in General Meeting, shall be made available for inspection at the Registered Office of the Company during working hours for a period of twenty-one days before the date of the Meeting.

A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit, will be sent to every members of the company and to every Trustee for the holders of any debentures issued by the Company, not less than twenty one days before the date of the Meeting.

AUDITORS

197. Accounts to be audited

Auditors shall be appointed and their rights and duties regulated in accordance with Sections 24 to 233 of the Act.

DOCUMENTS AND NOTICES

198. Service of Documents or Notice on Members by Company

(1) A document or notice may be served or given by the Company on any Member either personally or by sending it by Post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents notice to him.

(2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be affected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document to notice shall not be deemed to be effected unless it is sent in the manner intimated by the Members, and such service shall be deemed to have been effected in the case of a notice of a Meeting, at the expiry of forty-eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

199. By Advertisement

A document or notice advertised in a newspaper circulating in the neighbourhood of the Registrar office of the Company shall be deemed to be duly served or sent on the day on which the advertisement appears, on every Member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notice to him.

200. On Joint Holders

A document or notice may be served or given by the Company on or to the joint holders of a share by serving or giving the document or notice on or to the joint holder named first in the Register of Members in respect of the share.

201. On Personal representatives, etc.

A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through post in prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

202. To whom documents or notices must be served or given

Documents or notices of every General Meeting shall be served or given in some manner hereinbefore authorised on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member and, (c) the Auditor or Auditors for the time being of the Company.

203. Members bound by documents or notices served on or given to previous address

Every person who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of members, shall have been duly served on or given to the person from whom he derives his title to such share.

204. Document or notice by Company and signature thereto

Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed lithographed.

205. Service of document or notice by Member

All documents or notices to be served or given by members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or officer at the Office by post under Certificate of posting or by registered post, or by leaving it at the office.

WINDING UP

206. Distribution of assets on winding up

(a) If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may, the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding-up, on the shares held by them respectively.

(b) If on the winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding-up, the excess shall be distributed amongst the members (other than those not entitled to a share in the excess) in proportion to the capital at the commencement of the winding-up, or which ought have been paid up on the shares held by them respectively.

(c) This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

207. Distribution in specie or in kind of assets on winding up

(a) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the sanction, shall think fit.

(b) In case any share to be divided as aforesaid involve a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.

208. Right of shareholders in case of sale

A special resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidator be distributed amongst the members as may be provided therein, and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said sanction.

INDEMNITY AND RESPONSIBILITY

209. Indemnity to directors & others

(a) Save and except so far as the provisions of this Article shall be avoided by Section 201 of the Act, the Board of Directors, Managing Director, Managers, Secretary and other officers or other employees for the time being of the Company, Auditor and the Trustees, if any, for the time being acting in relation to any of the affairs of the Company, and every one of them and every one of their heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from the against all actions, costs, charges, losses, damages and expenses which they or any of them, or their or any of their executors or administrators shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, their respective offices or trusts, except such, if any, as they shall incur or sustain through or by their own wilful neglect or default respectively.

(b) Save and except so far as the provisions of this Articles shall be avoided by Section 201 of the Act, none of them shall be answerable for the acts, receipts, neglects, defaults of the others of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts or in relation thereto, except when the same shall happen by or through their own dishonesty wilful neglect or default respectively.

210. Directors etc not responsible for acts of others

Subject to the provisions of Section 201 of the Act, no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by error of judgement, omission default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen by or through his own wilful neglect or default.

SECRECY CLAUSE

211. Secrecy Clause

(a) Every Director, Manager, Secretary, Auditor, Treasurer, Trustee Member of a Committee, Officer, servant, agent, accountant or any other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matter relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to so do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

(b) No member shall be entitled to visit or inspect any works of the company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of trade, secret, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors would be inexpedient in the interest of the Company to disclose.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been attached to the copy of this Red Herring Prospectus delivered to the Registrar of Companies, Maharashtra at Mumbai for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of the Company located at Mumbai from 11.00 a.m. to 4.00 p.m. on working days from the date of this Red Herring Prospectus until the date of closure of the Issue.

Material Contracts

1. Engagement Letters for appointment of Kotak Mahindra Capital Company Limited dated September 18, 2007, Enam Securities Private Limited dated September 24, 2007, JM Financial Consultants Private Limited dated September 24, 2007 and UBS Securities India Private Limited dated September 27, 2007 as BRLMs.
2. Memorandum of Understanding dated September 27, 2007 among the Company and the BRLMs.
3. Memorandum of Understanding with Intime Spectrum Registry Limited as the Registrar to the Issue dated September 27, 2007.
4. Letter terminating the shareholders agreement between the Promoters and the Company dated September 27, 2007.
5. Shareholders Agreement between the Company, the Promoters and AMIF I Limited, dated June 25, 2007 and Supplemental Agreement between the Company, the Promoters and AMIF I Limited dated September 25, 2007.
6. Share Purchase Agreement between the Company, Sivagami Holdings Private Limited, the sellers and Sivagami Finance and Investments Limited dated May 1, 2007.
7. Investment Advisory Agreement between Indivision Capital Management and Indivision Investment Advisors Limited dated July 6, 2006.
8. Investment Advisory Agreement between Horizon Development Management and Kshitij Investment Advisory Company Limited dated March 2, 2007.
9. Investment Advisory Agreement between Kshitij Venture Capital Fund and Kshitij Investment Advisory Company Limited dated April 14, 2005.
10. Investment Advisory Agreement between the Company and FHL Developments Company LLC dated September 27, 2007.
11. Joint Venture Agreement with Capitaland Retail India Pte Limited and Future Capital Holdings Limited dated January 31, 2007.
12. Exclusivity Agreement entered into with Pantaloon Retail (India) Limited dated April 2, 2007.
13. Credit Card Agreement between ICICI Bank and the Company dated May 16, 2007.
14. Letter from FICL granting FCH the right to use the trademark and the brand of “Future” group dated September 21, 2007.
15. Services Agreement between the Company and Keystone Company Limited dated September 14, 2007.
16. Joint venture Agreement entered into with Aeroterm Mauritius Limited and Realterm FCH Logistics Advisors Private Limited dated September 21, 2007.
17. Managing Director Agreement dated September 27, 2007.

Material Documents

1. The Company's Memorandum and Articles of Association, as amended from time to time.

2. The Company's certification of incorporation, amended for change of name

3. Resolutions of the Board dated August 23, 2007 and September 27, 2007 and the Shareholders' resolution dated September 25, 2007, authorising the Issue.

4. Report of the Auditors, S.R. Batliboi & Co., Chartered Accountants, mentioned in this Red Herring Prospectus.

5. Copies of annual reports of the Company and its subsidiaries.

6. General powers of attorney executed by the Directors in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.

7. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, IPO Grading Agency, Domestic Legal Counsel to the Issue, International Legal Counsel to the BRLMs, Directors, Vice President Legal and Company Secretary as referred to, in their respective capacities.

8. FIBP approval No. FC.II.69(2007)/38(2007) dated October 24, 2007.

9. Applications dated October 9, 2007 for in-principle listing approval from the BSE and the NSE.

10. In-principle listing approval dated October 25, 2007 and October 30, 2007 from the BSE and the NSE respectively.

11. Agreement between NSDL, the Company and the Registrar to the Issue dated October 3, 2007.

12. Agreement between CDSL, the Company and the Registrar to the Issue dated September 27, 2007.

13. IPO Grading report dated December 26, 2007 by ICRA Limited.

14. Due diligence certificate dated September 28, 2007 issued to SEBI from Kotak Mahindra Capital Company Limited, Enam Securities Private Limited, JM Financial Consultants Private Limited and UBS Securities India Private Limited.

15. Statement of General Tax Benefits from PricewaterhouseCoopers (P) Ltd. dated September 28, 2007 on the possible general tax benefits available to the Company and its shareholders.

16. SEBI observation letter no. CFD/DIL/ISSUES/NB/EB/11697/2007 dated December 24, 2007.

17. The Employee Stock Purchase Scheme of the Company as approved by our shareholders in a general meeting held on March 19, 2007.

18. The Employee Stock Option Scheme of the Company as approved by our shareholders in our Annual General Meeting held on September 25, 2007.

19. Escrow Agreement dated [•]

20. Syndicate Agreement dated [•]

21. Underwriting Agreement dated [•]

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, hereby declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or Rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Kishore Biyani (Chairman)

Sameer Sain (Managing Director and Chief Executive Officer)

G.N. Bajpai

Shailesh Haribhakti

Alok Oberoi*

**through his constituted attorney*

SIGNED BY MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Sameer Sain

SIGNED BY THE CHIEF FINANCIAL OFFICER

N. Shridhar

Date: January 1, 2008
Place: Mumbai

ANNEXURE

(IPO GRADING REPORT BY ICRA LIMITED)

FUTURE CAPITAL HOLDINGS LIMITED

Issue Details

Future Capital Holdings Limited is proposing to come out with an Initial Public Offer of 6.4 million shares of face value Rs. 10 each, through the book building route. Of the total issue, 60%` is reserved for QIBs, 10% for non-institutional investors and 30% for the retail investors. Post the IPO, the shares will be listed on the National Stock Exchange and Bombay Stock Exchange

Proposed Use of IPO Proceeds

The primary use of the issue proceeds are:-

- To augment the capital base to meet future capital requirements for expansion of the retail financial services business and for other general corporate purposes

IPO Grading

ICRA has assigned an IPO Grade 3 indicating average fundamentals, to the proposed initial public offering of Future Capital Holdings Limited (FCH). ICRA assigns IPO gradings on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include inter alia business and competitive position, financial position and prospects, management quality, corporate governance and history of compliance and litigation.

Disclaimer: Notwithstanding anything to the contrary: An ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

Strengths

- Good understanding of retail consumption and also the related commercial real estate sector
- Strong group synergies that can be leveraged
- Experienced and "well connected" senior management team

Concerns

- Limited track record in most businesses
- Likely volatility in revenues as portion of fee income is based on performance of the underlying funds
- Relatively high dependency on Pantaloon Retail India Limited
- Ability to compete and scale up in the intensely competitive retail financial services and advisory business

Grading Rationale

The IPO Grading factors in FCH's ability to leverage on the synergy with other Future Group companies, the exclusive agreements with Pantaloon Retail and its group companies to distribute financial services products within their outlets, the group's knowledge & understanding of the Indian retail sector and a strong and experienced management. The strong economic growth and the rising consumption levels provide FCH with opportunities to leverage the groups franchise and build on its business volumes. The investment advisory business is currently the main revenue generating business for FCH, leveraging on the track record and the experience of its senior executives. Within two years of operations, FCH has over US$1.5 billion assets under advice/management. The key executives of FCH come with a rich experience that can be leveraged to grow the business volumes. Also the large operating team at FCH provides them with ability to better service their clients – investment managers of various funds. The grading is constrained by the limited operating track record.

Entity Profile

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 with a wide footprint across the country. The group plans to use FCH as a vehicle to expand its financial service businesses namely investment advisory and asset management, retail financial services and research. FCH currently advises over US$1.5 billion worth of assets invested in real estate, hospitality and logistics sectors. Apart from investment advisory, FCH also has made a foray into retail financial services targeting the large customer base of the Future Group under the brand name of "Future Money". The retail finance business was launched in June 2007 and is now offered at more than 80 Future Group retail outlets. These business groups are well supported by a strong research team engaged in macroeconomic and thematic research for identifying investment and business opportunities for the company and its clients.

Promoters and Management

FCH was incorporated in 2005 as KB Infin Private Limited as a private company and obtained certificate of registration from the Reserve Bank of India to function as a NBFC[1]. The name was changed to Future Capital Holdings Limited in December 2006 after its conversion into a public company in August 2006. The company is promoted by Pantaloon Retail India Ltd (PRIL), the flagship company of the Future Group (61.23% stake), chairman - Kishore Biyani (6.64% stake) and its Managing Director & CEO - Sameer Sain (15.01%), a former Managing Director at Goldman Sachs International. OZ Capital Management Group, a leading private equity firm, has a 8.68% stake in FCH while Mr. Mankekar and his family hold 3.72% of the equity share capital. 1% of the shares is held by Quantum (M) Limited and the balance are with employees of the company. Post IPO, the promoter and promoter group shareholding of FCHL would reduce to 75.44% from 82.88%[2] as indicated below.

	Pre-Issue		Post-Issue*	
	Number of Equity Shares	Percentage of Equity Share capital	Number of Equity Shares	Percentage of Equity Share capital
Promoters				
PRIL	34,779,999	61.23%	34,779,999	55.01%
Kishore Biyani	3,773,795	6.64%	3,773,795	5.97%
Sameer Sain	8,528,390	15.01%	8,528,390	13.49%
Sub Total (A)	***47,082,184***	82.88%	***47,082,184***	74.46%
Promoter Group				
Pingaksh Realty Private Limited	618,000	1.09%	618,000	0.98%
Sub Total (B)	***618,000***	1.09%	***618,000***	0.98%
Non-Promoter Group				

[1] Non-Banking Finance Company
[2] Assuming that the promoters and promoter group shareholders do not apply for and are not allotted any shares through the IPO

	Pre-Issue		Post-Issue*	
	Number of Equity Shares	Percentage of Equity Share capital	Number of Equity Shares	Percentage of Equity Share capital
AMIF I Limited	4,931,949	8.68%	4,931,949	7.80%
Quantum (M) Limited**	568,051	1.00%	568,051	0.90%
Laxmi Shivanand Mankekar	1,083,000	1.91%	1,083,000	1.71%
Shivanand Shankar Mankekar	941,000	1.66%	941,000	1.49%
Alok Oberoi	940,000	1.65%	940,000	1.49%
Employees (pursuant to ESPS)	500,000	0.88%	500,000	0.79%
Kedar Shivanand Mankekar	91,000	0.16%	91,000	0.14%
Shishir Baijal	50,000	0.09%	50,000	0.08%
Sub Total (C)	***9,105,000***	16.03%	***9,105,000***	14.40%
Public (pursuant to the Issue (D)	-	-	6,422,800	10.16%
Total share capital (A+B+C+D)	**56,805,184**	**100.00%**	**63,227,984**	**100.00%**

** Assuming that the non-promoter group shareholders do not apply for, and are not Allotted, Equity Shares in this Issue.*
*** On November17, 2007, AMIF I Limited transferred 568,051Equity Shares to Quantum (M) Limited*

Board of Directors:

Mr. Kishore Biyani	Chairman
Mr. Sameer Sain	MD & CEO
Mr. Shailesh Haribhakti	Independent Director
Mr. G N Bajpai	Independent Director
Mr. Alok Oberoi	Independent Director

Strong and Experienced Core Management Team
The core management team of FCH's various divisions has been recruited from leading investment banks and retail financiers and is vastly experienced. While the company is young and is a startup venture, FCH has been able to retain its experience and talent with no attrition since the start of operations. Nevertheless, given the people-centric nature of its business activities, the ability of FCH to acquire and retain the best available talent would be crucial for its operations.

Business and competitive position

The Future Group possesses a good understanding of the retail consumption sector…
The Future Group enjoys a first mover advantage in the organised retail format segment in India. The group also has a good understanding of the retail consumption sector in India as a result of experience of more than a decade. The exclusive 20-year rights to sell financial products at the retail outlets of PRIL and its subsidiaries ensures stable business volumes to FCH, but is directly proportional to the ability of the parent to continue to expand its store space and grow its sales volumes. While FCH has access to PRIL's customers and would have minimal customer acquisition costs, the ability of FCH to expand its customer base to cross-sell its personal loans apart from the consumption loans is yet to be demonstrated. The expansion of its existing customer base also depends on the Group's ability to grow "foot-falls" at its retail outlets.

... however, the limited track record in retail financing is a challenge
FCH is the company's first venture into retail financing, and as such the limited track record of the entity is a challenge. FCH made its foray into consumption finance and unsecured retail loans, targeting

the existing customer base of the Future Group under the brand name of “Future Money” in July 2007. Future Money products is now offered at more than 80 Future Group retail outlets and has an outstanding credit exposure of around Rs 50 million as on date. While we take into account the experience of the core management team recruited from leading retail financiers operating in the country, the high dependence on PRIL for business volumes and customer acquisition and the limited track record in the financing business are negatives as on date. The success of this unique business model wherein the financier is present at the point of consumption is yet to be seen. At the same time, ICRA also factors the positives from the exclusivity agreement with the PRIL group to distribute financial products (consumption/personal loans, credit card and insurance) within their outlets, which provides FCH a significant benefit on infrastructure overheads and customer acquisition costs. FCH’s ability to grow business volumes profitably while maintaining asset quality (especially in the current scenario of a sharp rise in retail delinquency levels across the system) remains to be seen.

Retail finance market expanding, but tight interest margins due to intense competition
ICRA also factors in the head-start that PRIL has in large-scale organised retailing but also notes the announcements of large business houses (with deep pockets) to enter organised retailing and retail financing business either on their own or though tie-ups segment and also tie-ups with established retail financiers. Also, existing players, with better access to funds at competitive rates and existing distribution networks have been increasingly focussing on retail finance. The ability of FCH / PRIL to grow its franchise and business volumes profitably while maintaining asset quality while the competitors scale up their operations remains to be seen.

Strong advisory business built within two years; But revenues could be volatile as portion of fee is based on performance of the underlying funds
Majority of the investments advised / managed by FCH currently are highly dependent on the real estate and the hospitality sectors, which are highly cyclical in nature, though it has now also been mandated to advice a fund dedicated towards developing and operating industrial warehouses. FCH also mentors the companies in which the funds invest, by providing strategic and managerial assistance and access to Future Group resources such that the investor benefits. Asset management and advisory is a core business for FCH but its revenues is expected to be volatile as in addition to the minimum agreed fees that FCH earns for advising the underlying funds, it may also receive performance fees subject to the achievement of a certain minimum return. This performance fees is largely dependent on returns realised by the funds during their investment exits, which in turn is affected by timing of such exits and market factors, including capital markets and market volatility. We also note that the Indian capital markets have been quite benign in the last two years.

While FCH has increased its assets under advice to over US$ 1.5 billion in under two years, its ability to grow the business under changing operating environment and increasing competition, remains to be seen. This would be crucial, as FCH has recruited its key executives for this business at attractive compensation structure and would have to grow its franchise and business volumes else it could adversely affect its profitability indicators. The people-centric investment advisory business segment, is being run by people with more than 10 years of experience in the investment banking business, and ICRA expects FCH expects to attract investors through the relationships built by the senior management team. ICRA also maintains a favorable view on the current economic scenario and consequently FCH’s ability to leverage its existing team of over 125 people spread across the entire scope of functions such as legal, financial, technical and operations to grow the advisory / investment management business.

Financial position

Profitability driven by fee advisory and investment advice operations
The advisory and investment management business was the key revenue driver in 2006-07. The overall profitability remained low on account of the large expenses related to the employee compensation and operation expenses. The current net worth has increased in the current year with capital infusion and is currently around Rs 2.50 billion.

Rs. million	**2006-07**
Income	389.92
Employee Expense	183.16
Other Operating Expense	157.39
Profit Before Tax	49.37
Tax	2.54
Profit After Tax	46.83
Share Capital	444.45
Net Worth	1,064.97
Borrowings	554.66
Liabilities & Provision	170.81
Total Liabilities	**1,790.43**
Fixed Assets	882.80
Investments	535.48
Loans & Advances	177.90
Current Assets	186.54
Deferred Tax Assets	7.71
Total Assets	**1,790.43**

Adequate capitalisation levels

Of the existing business lines, retail financing segments is the one to consume capital as the other businesses are fee-based activities. With the upcoming IPO, the capitalisation level is likely to get strengthened and should take care for the capital needs at least for the medium term.

Compliance and Litigation History

FCH being a relatively new company, there are no outstanding litigations against the company. However, there are a number of cases pending against its promoters, mainly related to the use of trademarks and a few labour related issues. However, there seem to be no material litigation, which could impact the operations of FCH.

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