



Future Ready

FUTURE VENTURES INDIA LTD. - ANNUAL REPORT 2011 - 12



future ready

We are investing across the value chain in food and fashion consumption through mentoring and partnering with Indian entrepreneurs. Along with the winning entrepreneurs, we are co-creating brands, building infrastructure and creating capacities to drive growth in consumption of food and fashion. In order to capture tomorrow's consumption by the Indian middle class, we are Future Ready.

corporate information

BOARD OF DIRECTORS

CHAIRMAN

Mr. G.N. Bajpai

MANAGING DIRECTOR

Mr. Kishore Biyani

DIRECTORS

Mr. Anil Harish

Mr. B. Anand

Mr. Gaurav Burman

Mr. Jagdish Shenoy

Ms. Vibha Rishi (Appointed as an Additional
Director w.e.f 14th February, 2012)

CHIEF EXECUTIVE OFFICER

Mr. Krishan Kant Rathi

VICE PRESIDENT, FINANCE

Mr. Gopal Bihani

COMPANY SECRETARY & HEAD-LEGAL

Mr. Manoj Gagvani

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells

BANKERS

HDFC Bank Limited

YES Bank Limited

Allahabad Bank

REGISTERED OFFICE

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

Tel No.: +91 22 3084 1300

Fax No.: +91 22 6644 2201

CORPORATE OFFICE

247 Park, Tower 'C'
LBS Marg, Vikhroli (West),
Mumbai - 400 083

Tel No.: +91 22 6199 4111

Fax No.: +91 22 6199 5391

REGISTRAR & SHARE TRANSFER AGENTS

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

Tel No.: +91 22 2594 6970

Fax No.: +91 22 2594 6969



contents

Corporate Highlights	4
Directors' Report	8
Management Discussion and Analysis	14
Corporate Governance Report	35
Auditors' Report	45
Balance Sheet	48
Statement of Profit and Loss	49
Cash Flow Statement	50
Significant Accounting Policies and Notes to Accounts	51
Auditors' Report on Consolidated Accounts	75
Consolidated Balance Sheet	76
Consolidated Statement of Profit and Loss	77
Consolidated Cash Flow Statement	78
Significant Accounting Policies and Notes to Consolidated Accounts	80
Financial Information on Subsidiary Companies	111

from the managing director

With our support and involvement, we firmly believe that most of our business ventures will become the leading consumer companies and brands in India.

Dear Stakeholders,

We are pleased to share with you the Annual Report of Future Ventures India Limited (Future Ventures) for the financial year 2011-12.

Future Ventures is focused on investing in and building the value chain in food and fashion categories that attract the highest share of Indian consumers' wallet. These are also the categories that are going through the maximum amount of change as Indian consumers demand more value-added, branded and aspirational products. At Future Group, we now have over a decade of experience in retailing and distribution of consumer goods to Indian consumers. We believe, that during this period we have gathered some valuable insights, knowledge and expertise on the consumption categories and brands in India. At Future Ventures, we are using these insights and knowledge to build businesses across the value chain of fashion and food categories. We are investing in Indian entrepreneurs, who we believe have built credible brands and businesses and mentoring them in areas like strategy, brand development, consumer insights and use of technology and supply chain. With our support and involvement, we firmly believe that most of these businesses will become the leading consumer companies and brands in India.

It has been an eventful year at Future Ventures. Your trust and belief in our vision enabled us to successfully complete the Initial Public Offering of Future Ventures. Future Ventures today has a networth of ₹ 1,438 crore with investments in 15 fast growing businesses. During the year under review, Future Ventures made fresh investments of ₹ 99 crore in fashion business, ₹ 108 crore in the food and distribution business and ₹ 67 crore in increasing our stake in the company that owns iconic Indian brands like Amar Chitra Katha, Tinkle and Karadi Tales.

Despite the difficult market environment in the fashion and apparel category, your Company's fashion business grew by 62%. This was led by the flagship company, Indus League Clothing that posted a consolidated turnover on economic interest basis of ₹ 572 crore. Your Company has a 95.29% stake in this company.

BIBA is one of India's most popular women's wear brands. Led by a mother and son duo of Meena and Siddharth Bindra, the company has grown at a rapid pace and now has 87 exclusive outlets and a presence in 199 multi-brand outlets. A firm focus in driving an efficient growth strategy in the business helped the company increase its operating margins by 56% on a turnover of ₹ 169 crore. Future Ventures has increased its stake to 28.30% in the company.

Anita Dongre, a noted fashion designer in the Country who has been able to build a scalable fashion business operates the retail chain AND. The company also recently launched a new chain, GlobalDesi, focusing on fusion wear. The chain has gained immense popularity in a short period of time. AND Designs now has 73 exclusive outlets and a presence in 241 multi-brand outlets. During the year under review, the company crossed the ₹ 100 crore turnover mark and also managed to grow its operating profit by 58%.

Future Ventures is leading a similar phase of growth within its other businesses as well, including Turtle, Lee Cooper, Holii, IndusTree and its joint venture with French brand Cello. During the year under review, Future Ventures also invested into a joint venture with UK based globally renowned footwear brand Clarks. Within nine months of operations, the company has opened 15 exclusive outlets and established a point of presence in 152 multibrand outlets.



Food as a category attracts almost 60% of the total consumption expenditure of Indian consumers. However, the nature and composition of this consumption is undergoing a rapid change, as Indian consumers demand more value-added, processed and packaged food. However, despite the huge potential, food processing remains a small and fragmented industry in India, primarily due to the lack of investments and infrastructure in the sector. Buoyed by a new Government policy by the Ministry of Food Processing Industries, Future Ventures has started investing in the first integrated food park in the Country. The investment is being made through Capital Foods, wherein Future Ventures has a 43.76% stake. Located near Tumkur, Karnataka, the project aims at developing food processing infrastructure, with the objective of integrating “farm to plate” supply chain. We are working with a number of domestic and foreign food companies to set up their sourcing, processing and packaging facilities within the food park. The planned outlay for this project is ₹ 144 crore and is expected to generate business to the tune of over ₹ 1500 crore once it goes on-stream. We have taken over 110 acres of land and the development work at the park is in progress in full swing and it is expected to be operational in another 12-15 months; eventually becoming a ‘State of the art’ infrastructure to support growing food processing sector in India. Simultaneously your Company is scouting for similar opportunities in other parts of the Country.

The rural consumption market provides large untapped opportunities. However, distribution through traditional channel continues to be fraught with challenges due to the dispersed nature of the market and high costs. In order to convert this into an opportunity, Aadhaar Retailing Limited (Aadhaar) is piloting a unique model of building wholesale and distribution hubs in large towns, coupled with franchised stores that extend into villages in and around the town. Aadhaar has set up the first pilot wholesale market at Kalol in Gujarat and has received an encouraging response from rural retailers to manage franchise stores and source their merchandise from the Aadhaar wholesale market. On completion of the pilot phase, Aadhaar intends to extend this within and outside the state. Aadhaar continues to operate 35 other retail outlets in Punjab, Haryana and Gujarat.

Our business ventures engaged in packaged and branded

food business continues to grow with brands like Ching’s Secret, Smith & Jones, Fresh & Pure, Premium Harvest, Sach, Caremate and Cleanmate. While the food business has grown by 26%, the continued focus on the working capital management has resulted in further improvement in Net Working Capital cycle by 13 days.

Future Ventures has made a strategic investment to revive and contemporize some of India’s oldest iconic brands – Amar Chitra Katha, Tinkle and Karadi Tales and has a 65.84% in Amar Chitra Katha Private Limited (ACK). The company has started converting some of its products on digital platforms, offering merchandizing and licensing rights and strengthening its books and magazine distribution business. In a first, the company will launch its movie based on one of its most popular titles and produced in association with a leading children’s television network. The company has also acquired the rights to publish and distribute international magazine ‘National Geographic’ and ‘NG Traveller’. Both the magazine’s India avatar is expected to hit the stands in July’ 12.

As you would appreciate, building new businesses demands patience, perseverance and belief. My own journey as an entrepreneur involved as much joy from experiencing a new idea unfold into a successful business, as was frustration and eventual learning from making mistakes. While realizing mistakes is a part of the entrepreneurial journey, it is my belief that appropriate mentoring of the new businesses that we hold through Future Ventures can help many of these new businesses and entrepreneurs go through the learning curve faster and avoid many of the mistakes we may have made in our existing businesses. Few can doubt the potential of the consumption industry in India, and at Future Ventures we are here to indentify the best businesses and best entrepreneurs who can make the most of the consumption opportunities Indian consumers will provide in the near future.

Thank you for your continued trust, belief and patience in helping us realize our dream.

Rewrite Rules, Retain Values

Kishore Biyani

corporate highlights

During the year under review, Future Ventures sharpened its focus on investing in the value chain in food and fashion by helping the entrepreneurs and management of investee companies in strategy development, brand creation and exploring new market opportunities. It also supported the creation of India's first Integrated Food Park in Tumkur, Karnataka, and also made fresh investments in companies like Indus League, BIBA and Holii. It has also invested in one new Business Venture, Clarks Future Footwear Limited, a joint venture with marquee British footwear brand, Clarks.

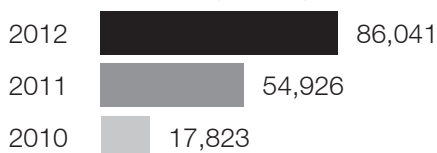
57%

INCREASE IN CONSOLIDATED
TOTAL INCOME IN FY 11-12

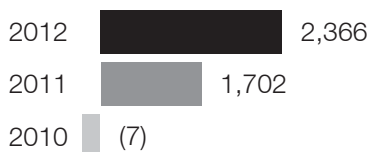
37.50%

INCREASE IN EBIDTA IN FY 11-12

TOTAL INCOME (₹ lakhs)



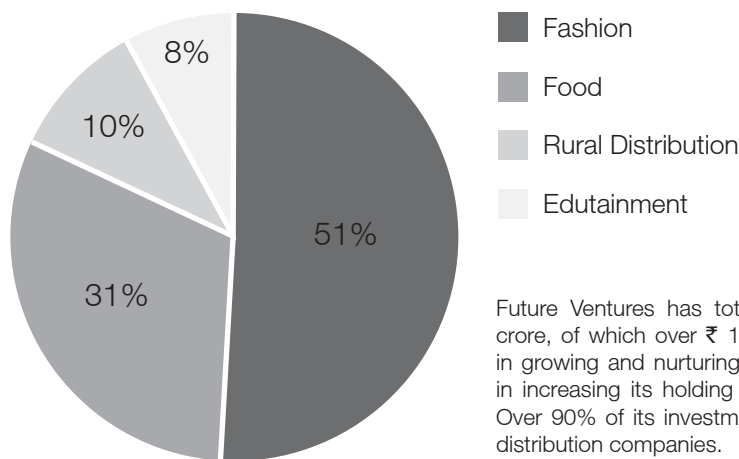
EBITDA (₹ lakhs)





investment portfolio

SECTOR PORTFOLIO



Future Ventures has total equity capital of ₹ 1,576 crore, of which over ₹ 1000 crore has been invested in growing and nurturing these businesses as well as in increasing its holding in the promising companies. Over 90% of its investments are in fashion, food and distribution companies.

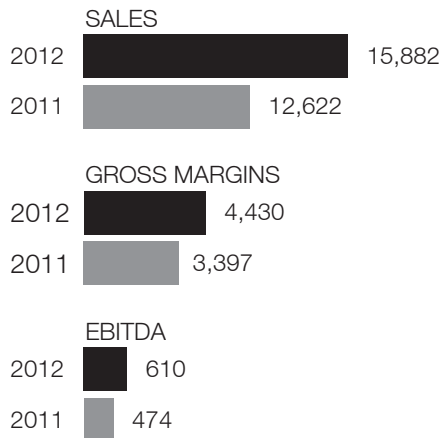
BRAND PORTFOLIO

INDIGO NATION YOUNG LIKE THAT	SCULLERS	Lee Cooper	celio* *French fashion for men	DANIEL HECHTER PARIS	JEALOUS 21
URBANA THE MASTERPIECE	BIBA	AND	global desi	mother earth	Clarks
holii	TURTLE MENSWEAR + ACCESSORIES	Ching's SECRET	SMITH & JONES	care mate BUILT FOR YOUR MOUTH	FRESH PURE
CLEAN MATE	aadhaar आधर	AMAR CHITRA KATHA	Sach BY SACHIN TENDULKAR	Premium harvest	URBAN yoga

food

EARNINGS SNAPSHOT (₹ lakhs)

Economic Interest Basis



KEY HIGHLIGHTS

Food and FMCG business turnover went up by 26% and net working capital cycle reduced by 13 days.

Raised its stake in Capital Foods Exportts Private Limited from 40.81% to 43.76% by investing ₹ 36 crore.

Company's Integrated Food Park at Tumkur, Karnataka is progressing well. The Food Park near Bangalore is expected to be fully operational in the next 15-18 months.

Your Company is exploring possibilities to invest in such Food Parks in the West, East and North of India. Your Company is also exploring investment opportunities in different food and distribution companies to strengthen its product and brand portfolio.

company stake

43.76%

CAPITAL FOODS EXPORTTS PRIVATE LTD

100%

FUTURE CONSUMER ENTERPRISES LTD

90%

FUTURE CONSUMER PRODUCTS LTD

**INTEGRATED FOOD PARK
PRIVATE LTD.**

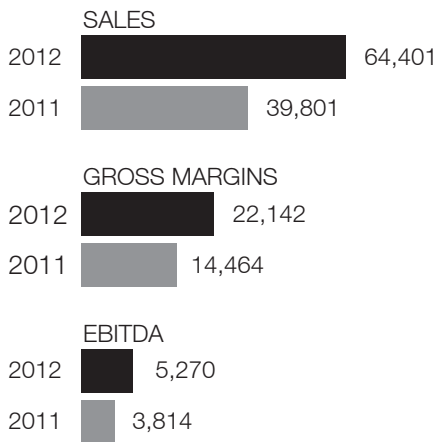
(INVESTMENT THROUGH CAPITAL FOODS.)



fashion

EARNINGS SNAPSHOT (₹ lakhs)

Economic Interest Basis



KEY HIGHLIGHTS

Fashion Business turnover went up by 62% and net working capital cycle reduced by 28 days.

Invested in a Joint Venture with UK based globally known footwear brand "Clarks". The Company has invested ₹ 23.30 crore in Clarks Future Footwear Limited.

Your Company has also raised its stake in Indus-League Clothing Limited, BIBA Apparels Private Limited and Indus Tree Crafts Private Limited by investing ₹ 74.71 crore.

Your Company has invested ₹ 1 crore in Holi Accessories Private Limited to support the growth of business.

company stake

95.29%
INDUS-LEAGUE CLOTHING LTD.

49.99%
CELIO FUTURE FASHION LTD
(JOINT VENTURE OF INDUS LEAGUE)

100%
LEE COOPER (INDIA) LTD
(SUBSIDIARY OF INDUS LEAGUE)

26%
TURTLE LTD
(ASSOCIATE OF INDUS LEAGUE)

22.86%
AND DESIGNS INDIA LTD.

28.30%
BIBA APPARELS PRIVATE LTD.

50%
HOLII ACCESSORIES PRIVATE LTD.

63.34%
INDUS TREE CRAFTS PRIVATE LTD.

50%
CLARKS FUTURE FOOTWEAR LTD.