Annual Report 2009-10

Harnessing an opportunity called "India"
to deliver growth and profitability

FCH Future Capital Holdings

CONTENTS

Harnessing an opportunity called "India"

Vibrant. Optimistic. Confident.

That's the spirit that defines the new India. An India driving itself to scale new levels of economic growth, leaving its mark on the global map as the world's fastest recovering economy.

It's an India rooted in deep fundamental strengths and driven by sustained consumption growth and boost in investment.

It's an India propelled by changing demographics in the form of a young, vibrant and rapidly growing population and buoyed by exuberant consumer activity clocking double digit growth.

The opportunity space offered by this India, which is traversing new frontiers of progress and is all set to unfurl unprecedented prosperity, is a compelling story of growth and progress.

2

...India's GDP is expected to reach double digit growth in a short span of 2 years (India's economy is roughly the size of emerging Asia (ex-China) combined

1

...An estimated Rs. 1 trillion capital investment is foreseen by 2030 to meet the projected growth

270

...Nearly 270 million people are expected to be added to the net working population in the next two decades

91

...Nearly 91 million urban households will be middle class, up from 22 million today, making it is an even bigger consumption engine than China by 2030

*(*Source: McKinsey Global Institute's Report on India's urban awakening: Building inclusive cities, sustaining economic growth, April 2010)*

A space that FCH is strategically poised to harness:

• By facilitating consumption and promoting wealth building with appropriate financial products and services.

• By helping entrepreneurs, organisations and corporates realise their dreams and transforming their aspirations into achievable goals through extension of financial credit.

• By leveraging the captive consumer base and ecosystem of the Future Group – a Group that drives the Indian consumption story as much as it is driven by it.

A journey which will enable FCH to unleash a new era of growth and profitability for all its stakeholders in the years to come.

"We are happy to share that your company grew its businesses by 35% and posted a net profit Rs. 593 million, as compared to loss of Rs. 321 million in the previous year."

Dear Stakeholders,

It is my pleasure to present your company's Annual Report for the year 2009-2010. As you must be aware, the first three quarters of the financial year posed an extremely challenging economic environment. We believe we were able to cope with the external environment and we are happy to share that your company grew its businesses by 35% and posted a net profit of Rs. 593 million, as compared to loss of Rs. 321 million in the previous year.

However, the financial numbers present only a vignette of the transformation that your company went through during the year.

The external economic environment provided us an opportunity to introspect and review where our strengths lie and what opportunities we should pursue to deliver more stakeholder value. Based on the recommendations of the Board and the Senior Management, we realigned our businesses with a stronger focus on leveraging the consumption economy in India.

It has been our belief that in India, only those non-banking financial companies that reflected and aligned their business objectives with the needs of the nation at different points of time, were able to deliver superior stakeholder return. Post-independence, as the country geared up to build the necessary industry and infrastructure, non-banking financial companies that focused on areas like infrastructure financing, industrial lending and housing finance were able to achieve disproportionate growth. The financial organisations that are today household names are mostly from these set of non-banking financial companies that focused on the needs of the post-independence period.

The last two decades in India, beginning with the economic liberalisation has transformed our economy. Both the purchasing power as well as the size of the consuming class has increased significantly. Along with this, a younger demographic and increasing urbanisation has resulted in the rise of the consumption economy. The consumption economy in India today contributes over 55% of our gross domestic product, a share that is among the highest among all emerging economies.

Your company was conceived as a non-banking financial company that can leverage upon the growth of India's consumption economy. At Future Group, our retail and allied consumption businesses reaches out to 200 million customers in a year, cutting across all customer demographics, in over 75 cities and 65 rural locations. Continuous market research and focused group studies have consistently thrown up low penetration of financial products; a major part of the section is our customer, who visits our various retail networks.

Letter to Stakeholders

Your company was designed to be built on the foundation and strengths laid down by Future Group. Whether it was through financing consumption needs and desires of Indian households or distribution of investment and savings product, we believed there lied a huge opportunity to add value to customers. In the current financial year, we realigned our organisational strategy to meet these objectives. Along with a set of very experienced professionals, as well as outside talent, we are working towards building what is among India's first consumption-led non-banking financial company.

The realignment of organisational strategy has already started yielding results. Revenues from retail credit business have started gaining momentum. Along with aligning this business with Future Group's reach and distribution, we also focused on appropriate product mix, enhanced efficiency in collections, along with improved risk management processes that has helped this business turn the corner.

Your company's overall credit business, which also includes corporate credit, has grown significantly as well. The credit book grew to Rs.13.94 billion from Rs 6.01 billion. Along with these, the company's investment in the asset management business has started delivering increased value creation. Your company will continue to maintain its focus on improving the value proposition to all its stakeholders in terms of rapid growth and providing best in class products and services. I am sure that with continuous improvements in various systems, processes and structures in your company, we aim to be a leader in the financial services industry.

I would like to thank our board of directors and leadership team for their wise counsel and continued guidance. We acknowledge the contributions of our partners for the success of the company. Most importantly we also acknowledge the immense contribution made by the employees of our company through their dedication and commitment. We are thankful to all our Stakeholders for their enduring confidence reposed in the organisation and we look forward to your continued support and encouragement.

Warm Regards,

Kishore Biyani
Chairman

Retail Financial Services

... A one-stop shop for all financial services

Simple, Easy and Convenient. These three words precisely describe the company's retail financial offerings. The company's products and services are designed to set new standards of excellence in the expanding space of organised retail financial services in India.

Expanding opportunity

The mortgage to GDP ratio in India is at 7%, as compared to most other developing Asian countries, where it is pegged at between 20-25%. The low penetration of mortgages in India represents a huge growth opportunity for the retail financing sector. Over the next 5 years, it is estimated that over 9 million first-time retail customers are likely to buy a financial product.

It's this expanding opportunity space that FCH is well-placed to explore due to the unmatched, extensive reach across the length and breadth of the country leveraged through the eco-system of Future Group. An eco-system nurtured by 35,000 employees, providing direct access to 200 million customer footfalls spanning 75 cities, 65 rural locations across 15 million sq. ft. of retail space spread over 1,000 stores. A synergistic relationship through which FCH services the entire Balance Sheet of the customers, while the Future Group creates formats to service the Profit and Loss items of the customer.

One-stop solution

As consumption levels continue to increase utilisation levels, FCH is well-poised to exploit the unfolding opportunities with its innovative range of financial products and services that are primed to meet the diverse needs of its customers - from fulfilling personal aspirations and family goals to enabling customers build their personal wealth.

The company offers a one-stop solution in retail finance. Whether it's consumption loans, home equity loans, distribution of credit cards or the need for a protective umbrella for insurance or sending money to your near and dear ones through forex

"Finally a house of my own, now I need to get the furniture in place...will I be able to raise a loan for it?"

distribution and remittance overseas – the FCH portfolio of products and services spans the entire range of financial needs of an individual across his life span.

Along with its key consumption loan portfolio, FCH also distributes insurance products of Future Generali (a joint venture between Future Group and Generali Group, Italy-based Insurance Company). In the mutual fund space, the company distributes products of various leading mutual fund companies, including SBI Mutual Fund, LIC Mutual Fund, Kotak, etc., and is continuously expanding the third-party product distribution business to provide the best range of products and improve profitability.

Through its joint ventures, FCH also offers Portfolio Management Services, equity broking, forex and remittance services.

Moving forward

Adding to the current pan-India presence in mass retail space, FCH is targeting deeper penetration and conversion through the Group formats – Big Bazaar, Home Town, Central, Pantaloon, E-Zone - with presence through kiosks, in-store branches to vendor programs and independent presence on high streets. The company is confident of leveraging the Group's access to consumers to further drive growth in the consumption loans that it offers.

With robust systems in place, the company plans to continue to focus on building good quality retail credit assets through tighter control on credit, collections and operations. As a measure of prudency and adequate caution, FCH focuses on asset backed financing and aims to maintain a high secured book as a percentage of the total book size.

Moving forward, the company aims to improve operations, monitoring and relationship-deepening processes through technology improvements in a bid to strive and emerge as a financial supermarket and a leading retailer of financial products and services in India.

"It's my daughter's big day. She's getting married. If only I could find a way to make it memorable for her."

"I want to build homes which middle class families can afford and need strong working capital support. But where can I raise the funds?"

Corporate Lending

Buoyant consumer demand, evident pick-up in the manufacturing sector, blockbuster industrial output and expansion in services sector has accelerated the growth momentum across India's USD 1.2 trillion thriving economy. And it is India's robust financial services sector with timely credit offerings that is scripting the story of an economy that is flourishing, vibrant and prosperous.

India has ambitious plans to overhaul the infrastructure in the country over the next decade. Strong economic fundamentals and policy intervention has already seen strong revival in the realty sector in the last fiscal. Striving to tap the huge opportunity potential across the fast growing infrastructure and realty sectors, along with other promising sectors, FCH has evolved various corporate lending and wholesale credit products.

The company offers credit lines to top tier real estate developers offering senior secured lending against cash flow from identified residential projects and also finances select commercial real estates, leveraging the Future Group's eco-system for collateral valuation, developer integrity and other market intelligence.

FCH also offers credit lines for project finance to operating entities and general corporate loans with adequate security and defined take-out. It also offers corporate loans against pledge of listed shares to borrowers with proven track record.

Targeting every facet of possible corporate and wholesale funding requirement, FCH also provides acquisition finance lending against liquid security, against cash flow monetisation of identified assets, collateral in the form of prime real estate in metro cities and/or liquid securities, etc.

By leveraging on the Future Group eco-system for deal origination, extensive market intelligence and long-standing expertise and experience, FCH is confident of expanding this business segment in years to come.

With the turnaround in the economy and credit growth looking up, FCH, with an appropriate product mix coupled with efficient fund raising capabilities, looks forward to the future confidently.

Trade Finance

The Group's long presence in the organised retail sector has been the source of understanding the continually evolving need of working capital requirement in the retail industry and with this as a base has recently forayed into the fast-growing `Trade Finance' segment, focusing on end-to-end supply chain financing including suppliers credit, short tenor working capital loans, discounting of bills payable and purchase of receivables. The company is uniquely positioned to expand this business segment by leveraging the Group's eco-system.

Asset Management and Advisory

Uncertainty continues to dodge the global markets against the backdrop of the current multiple economic crisis - the Dubai debt default and the grave European crisis. The liquidity crunch on the back of economic slowdown continues to impact the industry. Given the continued global uncertainty accompanied by market volatility, the private equity investors across the globe remained risk averse. Against this volatility, the company's investment advisory business continued to remain disciplined and committed to its original philosophy of creating quality and sustainable value through a long term and differentiated approach.

In the private equity space, the conditions continue to remain challenging. During the year, the company as investment advisors, concentrated on working closely with our investee companies, helping them manage their resources better, revisit and rework growth strategies, assisting them in execution and developing operational efficiencies.

In the real estate advisory business, the company provides full real estate capabilities which include project evaluation, land acquisition, project conceptualisation and design, leasing, property management and exits. During the year, the company focused on timely execution and financial closures to facilitate the implementation and commissioning of ongoing projects.

Even in a challenging business environment which prevailed for a significant period of the last fiscal, FCH sustained its performance in investment advisory segment by remodeling its business approach. Through strategic repositioning, realigning and enhanced focus on efficiencies, the company achieved considerable cost and administrative savings which in turn ensured revenue visibility and sustainability.

With the revival of momentum in the Indian economy and resurgence of traction across sectors, the potential for India as an opportunity has been re-emphasised resulting in the private equity and asset management business segment regaining flavour. It is estimated that private equity investment in Indian companies for the first quarter of 2010 touched a record high clearly dwarfing investments made in the same quarter, in the previous fiscal. Private equity investments, in the country zoomed to USD 630 million in May 2010, nearly three times compared to that clocked a year-ago and therefore providing a strong impetus to the asset management and advisory space.

Within the asset management and advisory space, the company plans to strengthen its presence by offering services like advice and recommendation on investments and exits, mergers and acquisitions, capital restructuring, financial process and systems, treasury management and fund mobilisation.

Corporate Information

BOARD OF DIRECTORS

Chairman
Mr. Kishore Biyani

Vice Chairman
Mr. Sameer Sain

Director & Manager
Mr. Krishan Kant Rathi

Independent Directors
Mr. Gyanendra Nath Bajpai
Mr. Shailesh Haribhakti
Mr. Alok Oberoi

CHIEF FINANCIAL OFFICER
Mr. N. Shridhar

HEAD - LEGAL & SECRETARIAL
Mr. Chetan Gandhi

STATUTORY AUDITORS
S. R. Batliboi & Co.

BANKERS
Andhra Bank
Central Bank of India
Deutsche Bank AG
HDFC Bank Limited
IDBI Bank Limited
Indian Overseas Bank
United Bank of India
The Federal Bank Limited
Yes Bank Limited
State Bank of India

SHARE TRANSFER AGENTS
Link Intime India Private Limited
(Formerly known as Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078.
Tel. No.: +91 22 2596 3838
Fax No.: +91 22 2594 6969

REGISTERED OFFICE
FCH House, Peninsula Corporate Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai - 400 013.
Tel No. : +91 22 6642 3480
Fax No.: +91 22 6642 3401
E-mail: fch.contactus@fch.in
Website: www.fch.in

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Fifth Annual Report of your Company with the audited statement of accounts for the year ended March 31, 2010.

FINANCIAL HIGHLIGHTS

The highlights of the standalone financial results of the Company for the financial years 2009-10 and 2008-09 are as under:

(Rs. In million)

Particulars	Standalone*	
	2009-10	2008-09
Total Income	558.00	1358.00
Total Expenditure	350.00	1259.52
Profit Before Tax	208.00	98.48
Provision For Tax (including Fringe Benefit Tax)	34.82	5.39
Profit After Tax	173.18	93.08
Profit brought forward from previous year / period	146.73	72.26
Less: Adjustment on account of liability in respect of employee benefits, if any	Nil	Nil
Profit available for appropriation	**319.91**	**165.34**
Appropriations:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	34.64	18.61
Proposed Dividend	63.53	Nil
Dividend Tax thereon	10.80	Nil
Balance carried forward to Balance Sheet	210.94	146.73

* The Scheme of Amalgamation and Arrangement *inter alia* providing for transfer of credit business of the Company to Future Capital Financial Services Limited was given effect. Accordingly, the financial parameters of 2009-10 are not comparable with 2008-09.

STANDALONE PERFORMANCE

The standalone total income of the Company decreased 59% during the year. Total income in 2009-10 stood at Rs. 558 million, as compared to Rs. 1358 million in the previous year. The profit after tax showed an increase of 86% which was Rs. 173 million, as compared to Rs. 93 million in the previous year.

Of the above total income, income from Investment Advisory stood at Rs. 131 million and Treasury and Wholesale Credit stood at Rs. 422 million.

An amount of Rs. 35 million was transferred to Reserve Fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

CONSOLIDATED PERFORMANCE

The highlights of the consolidated financial results of the Company for the financial years 2009-10 and 2008-09 are as under:

(Rs. In million)

Particulars	Consolidated	
	2009-10	2008-09
Total Income	2,516.50	1,869.05
Total Expenditure	1,914.85	2,150.32
Profit Before Tax	601.65	(281.27)
Provision For Tax (including Fringe Benefit Tax)	9.00	39.84
Profit After Tax	592.65	(321.11)

The consolidated total income of the Company and its Subsidiaries increased by 35% during the year. Total income in 2009-10 stood at Rs. 2,517 million, as compared to Rs. 1,869 million in the previous year. The profit after tax was Rs. 593 million, as compared to loss of Rs. 321 million in the previous year.

DIVIDEND

Keeping in mind the overall performance and the outlook for your Company, the Directors are pleased to recommend a dividend of Re. 1/- (Rupee One Only) per share i.e. 10% on each Equity Share of Rs. 10/- (Rupees Ten Only). The dividend would be paid to all the shareholders, whose names appear on the Register of Members / Beneficial Holders list on the Book Closure date.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Management Discussion and Analysis of the financial condition and result of consolidated operations of the Company for the year under review, is annexed and forms an integral part of the Directors' Report.

SHARE CAPITAL

During the year under review, there is no change in the issued, subscribed and paid up capital of the Company and the same was Rs. 635.28 million as at the end of the financial year.

Subsequent to the year under review, the Company issued and allotted 50,000 (Fifty Thousand) Equity Shares of Rs. 10/- each, on exercise of Stock Options granted to an employee under FCH Employee Stock Option Scheme – 2008 and consequently, the issued, subscribed and paid-up capital has increased from Rs.635.28 million to Rs.635.78 million.

Directors' Report (Contd.)

SUBSIDIARIES

During the year under review, pursuant to the composite Scheme of Amalgamation and Arrangement (the "Scheme"), under the provisions of Section 391 to 394 of the Companies Act, 1956, sanctioned by Hon'ble High Court of Judicature at Bombay, Future Capital Credit Limited, a Wholly Owned Subsidiary of the Company and a Non Banking Finance Company registered with the Reserve Bank of India, amalgamated with Future Capital Financial Services Limited (FCFSL), another Wholly Owned Subsidiary of the Company and dissolved without being wound-up. Your Directors are pleased to inform that FCFSL is granted Certificate of Registration as a Non Banking Finance Company with effect from January 7, 2010, by the Reserve Bank of India. Considering the size of the assets of FCFSL, FCFSL is qualified as a Systemically Important – Non Deposit Accepting – Non Banking Finance Company under the Reserve Bank of India's Prudential Norms to Non Banking Finance Companies.

During the year under review, the Company and its Subsidiaries viz. Future Capital Investment Advisors Limited and Kshitij Investment Advisory Company Limited entered into appropriate agreements with Everstone Investment Advisors Private Limited, to realign their respective investment advisory activities with a view of having a focused and dedicated approach to the Investment Advisory Business. The realignment of the investment advisory activities of the Company and its certain Subsidiaries has been effective from January 1, 2010.

The Company has received the necessary approval from the Reserve Bank of India and is in the process of obtaining the approval(s) of the foreign regulator(s) for acquiring / setting up a foreign subsidiary, in order to make its foray into investment advisory business for overseas clients through such subsidiary.

In terms of the approval granted by the Ministry of Corporate Affairs (MCA) under Section 212(8) of the Companies Act, 1956, copy of the Balance sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the Subsidiaries of the Company have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any Member of the Company interested in obtaining the same. However, as directed by the MCA, the financial data of the Subsidiaries has been furnished under 'Details of Subsidiaries', forming part of the Audited Accounts. Further, pursuant to Accounting Standard (AS - 21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report includes financial information of its Subsidiaries.

FCH CentrumDirect Limited and FCH Centrum Wealth Managers Limited continue to be Joint Venture(s) of the Company.

SCHEME OF AMALGAMATION AND ARRANGEMENT

In March, 2009, your Directors had approved the carrying out of, a composite Scheme of Amalgamation and Arrangement (the "Scheme"), under the provisions of Section 391 to 394 of the Companies Act, 1956, *inter alia*, providing for:

(i) Transfer of the credit business of the Company (both on account of Retail Credit and Wholesale Credit) to Future Capital Financial Services Limited, a Wholly Owned Subsidiary of the Company.

(ii) Amalgamation of Future Capital Credit Limited, a Wholly Owned Subsidiary of the Company and a Non Banking Finance Company registered with the Reserve Bank of India, with Future Capital Financial Services Limited.

Pursuant to the directions of Hon'ble High Court of Judicature at Bombay, the Scheme was submitted for approval and was approved by the Members of the Company at the Court Convened Meeting held on June 15, 2009.

Your Directors are pleased to inform that having fulfilled all the prescribed conditions to make the Scheme effective, the Company and its Subsidiaries gave effect to the Scheme and the Scheme was made effective on February 1, 2010.

PUBLIC DEPOSITS

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

RBI GUIDELINES

The Company has complied with the Regulations of the Reserve Bank of India as on March 31, 2010, as are applicable to it as a Systemically Important – Non Deposit Accepting – Non Banking Finance Company.

CAPITAL ADEQUACY

The Company's capital adequacy ratio was 28.97% as on March 31, 2010, which is significantly above the threshold limit of 12% as prescribed by the Reserve Bank of India.

CREDIT RATING

During the year under review, Credit Analysis & Research Ltd. (CARE) has assigned the "PR 1+" (pronounced "PR One Plus") Rating (Rating) in respect of the short term borrowing programme of Rs. 4000 million (Rupees Four Thousand Million Only) of the Company. The grade of Rating is the highest Rating issued by CARE for short term debt instruments and indicates strong capacity for timely payment of short term debt obligations and further indicates that the borrowing carries lowest credit risk. The short term borrowing programme of Rs. 4000 million (Rupees Four Thousand Million Only) has been further enhanced to Rs. 6000 million (Rupees Six Thousand Million Only).

RESOURCES AND LIQUIDITY

The Company has raised Rs. 6,000 million during the financial year 2009-10, by issuance of Commercial Paper and Rs. 1,000 million through Banks in the form of Term Loans, Cash Credit and Overdraft

Directors' Report (Contd.)

Facilities.

The Company's debt equity ratio as on March 31, 2010, stands at a level of 1.6:1.

DIRECTORS

On being appointed as the Vice Chairman of the Board of Directors with effect from October 29, 2009, Mr. Sameer Sain became the Vice Chairman & Managing Director. Subsequently, Mr. Sain resigned from the office of the Managing Director of the Company with effect from February 5, 2010. He continues to occupy the office of the Vice Chairman of the Company. In accordance with Sections 255 and 256 of the Companies Act, 1956, read with Article 146 of the Articles of Association of the Company, Mr. Sain, Vice Chairman, retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. Dhanpal Jhaveri resigned as the Executive Director and was also relieved from the responsibilities of the acting Chief Executive Officer of the Company with effect from April 6, 2010. The Directors place on record their appreciation for the guidance and inputs provided by Mr. Jhaveri during his association with the Company.

The Board on the recommendation of the Nomination Committee at its meeting held on April 6, 2010, appointed Mr. Krishan Kant Rathi as an Additional Director and designated him as a Manager within the meaning of the Companies Act, 1956. Pursuant to Section 260 of the Companies Act, 1956, Mr. Rathi holds office as a Director upto the date of the ensuing Annual General Meeting but is eligible to be appointed as a Director. Approval of Members is being sought at the ensuing Annual General Meeting.

Brief resumes of Mr. Sain and Mr. Rathi, nature of their expertise in specific functional areas and names of companies in which they hold directorship and/or membership/chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are annexed and forms part of this Report *(Annexure 1)*.

Based on the confirmations received, none of the Directors are disqualified for appointment under Section 274(1)(g) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i) that in the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.

ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) that the Directors have prepared the annual accounts for the financial year ending March 31, 2010, on a going concern basis.

GROUP

Pursuant to an intimation from the Promoter(s) and in accordance with Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (SEBI Regulations) identification of persons constituting "Group" (within the meaning and as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of the SEBI Regulations is annexed and forms part of this Report *(Annexure 2)*.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard (AS-21) on Consolidated Financial Statements read with Accounting Standard (AS-23) on Accounting for Investments in Associates and Accounting Standard (AS-27) on Financial Reporting of Interest in Joint Ventures, the Audited Consolidated Financial Statements are provided in this Annual Report. These statements have been prepared on the basis of the financial statements received from Subsidiaries and Joint-Ventures, as approved by their respective Board of Directors.

AUDITORS

M/s. S. R. Batliboi & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have expressed their willingness to continue, if so appointed. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained a written confirmation from the Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

A proposal seeking their re-appointment is provided as part of the Notice of the ensuing Annual General Meeting.

PARTICULARS OF EMPLOYEES, EMPLOYEES STOCK OPTION SCHEME AND EMPLOYEES STOCK PURCHASE SCHEME

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of certain employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the

Directors' Report (Contd.)

said Act, the Directors' Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Members who are interested in obtaining such particulars may write to the Company at its Registered Office.

The Members of the Company at the Fourth Annual General Meeting held on August 4, 2009, approved the FCH Employees Stock Option Scheme – 2009 (FCH ESOS – 2009) for the Company, its Holding and Subsidiary Companies. However, the Company has not granted any Options under the FCH ESOS – 2009.

The disclosure(s) as required under the Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, are annexed and forms part of this Report *(Annexure 3)*.

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

The requirements of disclosure with regard to Conservation of Energy in terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable to the Company.

The Company's activities do not require any technology to be absorbed as mentioned in the aforesaid Rules. However the Company makes all efforts towards conservation of energy, protection of environment and ensuring safety.

The details of the earnings and outgo in Foreign Exchange during the year under review are provided as Note No. C15 of the Schedule 16 (Notes to Accounts) of the Balance Sheet as at March 31, 2010. The Members are requested to refer to the said Note for the details in this regard.

CORPORATE GOVERNANCE

Report on Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, forms part of the Annual Report.

A Certificate from the Auditors of the Company, M/s. S. R. Batliboi & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, also forms part of the Annual Report.

HUMAN RESOURCE MANAGEMENT

Skilled and motivated employees are one of the corner stones of our business. We focus on meeting the skill gap and providing skilled manpower wherever required. We ensure a favorable work environment for all our employees. Our recruitment and human resources management set up enables us to attract and retain employees.

ACKNOWLEDGEMENT

We are grateful to the Government of India, concerned regulatory authorities including the Reserve Bank of India, the Securities and Exchange Board of India, the Stock Exchanges and other regulatory authorities for their valuable guidance and support and wish to express our sincere appreciation for their continued co-operation and assistance. We look forward to their continued support in future.

We wish to thank our bankers, rating agencies, customers and all other business associates for their support and trust reposed in us.

Your Directors express their deep sense of appreciation for all the employees whose commitment, co-operation, active participation, dedication and professionalism has made the organisation's growth possible.

Finally, the Directors thank you for your continued trust and support.

On behalf of the Board of Directors

Kishore Biyani
Chairman

Mumbai, May 24, 2010

Annexure 1 to the Directors' Report

I) Mr. Sameer Sain

Mr. Sameer Sain has held the positions of Managing Director & Chief Executive Officer of the Company for around 2 years. He has been on the Board of the Company since April 15, 2006 and presently occupies the office of the Vice Chairman of the Company. Mr. Sain presently is the Co-Founder and Managing Partner of Everstone Capital, a firm specializing in Investment Advisory Business and Alternative Asset Management. Formerly, Mr. Sain spent eleven years at Goldman Sachs where he was the Managing Director within the Investment Management division. He was head of Institutional Wealth Management as well as the Special Investment Group (International) prior to which he managed public market portfolios investing globally and across asset classes.

Mr. Sain is a graduate in Commerce from University of Mumbai 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 the Cornell University.

The details of the directorship and/or membership/ chairmanship of committees of the Board of Mr. Sain (except private companies, Section 25 companies and foreign companies)

Sr. No.	Name of the Company	Committee positions held	
		Chairman	Member
1	VLCC Healthcare Limited	-	-
2	Centrum Capital Ltd.	-	-

Mr. Sain holds 75,28,390 (11.85%) equity shares of the Company as on May 21, 2010.

II) Mr. Krishan Kant Rathi

Mr. Krishan Kant Rathi brings more than 24 years of experience in senior positions at some of India's respected business houses. Mr. Rathi has rich knowledge and competence in business expansions, joint ventures and divestment, financial restructuring and fund raising (domestic and international), system driven operations, risk management and acquisitions.

Prior to joining the Company, Mr. Rathi was the Director of Motilal Oswal Private Equity Advisors Pvt. Ltd. As a Director, Mr. Rathi oversaw both investment as well as post investment monitoring of portfolio companies and execution of the overall private equity strategy.

He has earlier worked with KEC International Limited as the Controller – Corporate Finance for eight years and as the President (Finance) with H & R Johnson (India) Limited (a R. Raheja Group Company) for eight years. He was associated with Future Group between 2005-07 as the Group CFO.

Mr. Rathi is a first class Commerce graduate, a rank-holder Chartered Accountant from The Institute of Chartered Accountants of India and a qualified Company Secretary from The Institute of Company Secretaries of India.

The details of the directorship and/or membership/ chairmanship of committees of the Board of Mr. Rathi (except private companies, Section 25 companies and foreign companies).

Sr. No.	Name of the Company	Committee positions held (excluding in Company)	
		Chairman	Member
1	Future Generali India Life Insurance Company Limited	-	√
2	Future Generali India Insurance Company Limited	-	√
3	Myra Mall Management Company Limited	-	-
4	Future Capital Financial Services Limited	-	√
5	Future Finance Limited	-	√

Mr. Rathi does not hold any shares in the Company.

Annexure 2 to the Directors' Report

Group:

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

1 Pantaloon Retail (India) Limited (Promoter)

2 Mr. Kishore Biyani (Promoter)

3 Mr. Sameer Sain (Promoter)

4 Pingaksh Realty Private Limited (Promoter Group)

5 Mr. Gopikishan Biyani

6 Mr. Laxminarayan Biyani

7 Mr. Vijay Biyani

8 Mr. Sunil Biyani

9 Mr. Anil Biyani

10 Mr. Rakesh Biyani

11 Ms. Ashni Biyani

12 Mr. Vivek Biyani

13 Future Corporate Resources Limited *(formerly known as PFH Entertainment Limited)*

14 Pantaloon Industries Limited

15 Varnish Trading Private Limited

16 Manz Retail Private Limited

17 Erudite Trading Private Limited

18 Chaste Investrade Private Limited

19 Future Value Retail Limited *(formerly known as Pantaloon Future Ventures Limited)*

20 Future Ventures India Limited

21 Future Realtors India Private Limited

22 Future Capital Investment Private Limited

23 Future Ideas Company Limited

24 Akar Estate & Finance Private Limited

Annexure 3 to the Directors' Report

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

(I) FCH EMPLOYEES SHARE PURCHASE SCHEME(S)

The Company has two Employees Share Purchase Schemes viz. FCH Employees Share Purchase Scheme - 2007 (FCH ESPS – 2007) and FCH Employees Share Purchase Scheme – 2008 (FCH ESPS – 2008). The disclosures below are in respect of the year ended March 31, 2010.

Number of Equity Shares issued during the year	During the year, no equity shares were allotted to any employee under the FCH ESPS - 2007 & 2008.
Price at which Equity Shares were issued during the year	N.A.
Employee-wise details of Equity Shares issued during the year to:	
i) Directors and senior managerial employees	Nil
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
Diluted EPS pursuant to issuance of Equity Shares under ESPS during the year	N.A.
Consideration received against the issuance of Equity Shares	Nil

(II) FCH EMPLOYEES STOCK OPTIONS SCHEME(S)

The Stock Options granted to the employees currently operate under two schemes viz. FCH Employees Stock Option Scheme - 2007 (FCH ESOS – 2007) and FCH Employees Stock Option Scheme – 2008 (FCH ESOS – 2008). The disclosures below are in respect of the year ended March 31, 2010.

Options Granted during the year	The Company did not grant any Options during the year.
The pricing formula	N.A.
Options Vested	FCH ESOS – 2007 : 6,56,000 FCH ESOS – 2008 : 7,40,000
Options Exercised	Nil
The total number of shares arising as a result of exercise of option	Nil
Options lapsed/ cancelled/ forfeited	FCH ESOS – 2007 : 3,44,000 FCH ESOS – 2008 : 2,08,500
Variation of terms of options	No variation made in the terms of the Options granted under FCH ESOS – 2007 and FCH ESOS – 2008, except in respect of the Options in force.
Money realized by exercise of options	Nil
Total Number of options in force	FCH ESOS – 2007 : 6,56,000 FCH ESOS – 2008 : 7,40,000
Employee wise details of options granted during the year to:	
i) Directors and senior managerial personnel	The Company did not grant any Options during the year.

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	
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.	
Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 ('Earning Per Share')	Diluted EPS calculated in accordance with AS 20 is Rs. 9.25 (Consolidated) and Rs. 2.70 (Standalone) for the FY 2009-10.
Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	* Had the Company (Consolidated) followed the fair value method for accounting the Stock Options, compensation expense would have been higher by Rs. 49,170,457/- with consequent lower Consolidated profits. On account of the same the diluted EPS of the Company (Consolidated) would have been less by Rs. 8.48 per share.
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Exercise Price FCH ESOS – 2007 : Rs. 178/- FCH ESOS – 2008 : Rs. 102/-
	Weighted Avg. Fair Value FCH ESOS – 2007 : Rs. 9.37/- FCH ESOS – 2008 : Rs. 63/-
A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: i) risk-free interest rate ii) expected life iii) expected volatility iv) expected dividends and v) the price of the underlying shares in market at the time of option grant	N.A.

*Note: Above figures are derived by considering the Options granted to the employees of the Company, its Holding company and its subsidiaries.

Management Discussion and Analysis

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India. Readers are advised that this discussion may contain "Forward-Looking Statements" by Future Capital Holdings Limited (FCH) that is not historical in nature. These forward-looking statements, which may include statements relating to future results of operations, financial conditions, business prospects and projects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates and prognosis of your Directors and Management of FCH about the business, industry and markets in which your Company operates. These statements do not guarantee any future performance and are subject to known and unknown risks, uncertainties and other factors, many of which are beyond FCH's control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements. Such statements are not and should not be construed as a representation of future performance or achievements of FCH nor be regarded as a projection of future performance of FCH. It should be noted that the actual performance or achievements of FCH may vary significantly from such statements and the Company takes no responsibility for any consequences of decisions made which are based on such statements and also holds no obligation to update these in the future. This report should be read in conjunction with the financial statements included herein and the notes thereto.

Economic Overview

Globally, India emerged as one of the fastest recovering economies after the slow down. Improved liquidity from stimulus packages led to faster and stable fiscal recovery. While the global markets remained volatile and risk averse as the European crisis spilled over soon after the default of debt payment by Dubai, the growth in India largely remained insulated from the ravages mainly due to fiscal stimulus and well regulated financial market.

The year began with cherished sentiments of political stability with the mandate going in favour of the Congress lead UPA coalition and on a closing note delivered higher than estimated Gross Domestic Product (GDP) growth rate at 7.4% for the financial year 2009-10. The revival of manufacturing sector was validated by the Index of Industrial Production (IIP) posting double digit growth at 10.4% for the year. Additionally, more-than-expected revenue coming in from the 3G and Wimax auction should now place government in an improved position to handle the fiscal deficit.

The inflationary conditions in India during the year were marked by two distinct phases. The inflation remained moderate/negative during the first half on account of high base of sharp increases in prices recorded a year ago. During the second half, inflationary pressures increased largely by the food inflation caused by the deficit monsoon. Inflation as measured by the Wholesale Price Index increased from a low of -1.0% in June, 2009 to 9.9% in March, 2010. Following the recovery in economic activity and increased inflationary concerns, the Reserve Bank of India (RBI) increased the key policy rates viz. Cash Reserve Ratio, Repo Rate and Reverse Repo rates. These monetary measures were expected to contain inflation expectations while facilitating government borrowing and private sector credit requirements.

The announcement of RBI's intention to give additional banking license in the budget has opened a window for Non-Banking Finance Companies and other private sector players to become part of Indian banking system.

With these various positive developments and the hopes of normal monsoon, it may release the mounting price pressure and further brighten the domestic growth outlook.

India remains a bright spot

India is being viewed as a key contributor to a resurgent Asia fuelling overall demand in the context of riding out the global downturn. Current level of growth is registered on account of high domestic consumption-to-GDP which also makes India an attractive destination for internal and international investors. Rapid urbanization, favorable demography, increasing income levels added with progressive government measures will further unlock potential of domestic consumption.

Reduced tax burden in the current budget has further improved disposable income in individual hands thus increasing avenues for consumption, savings & investments.

Infrastructure investment in India is set to grow dramatically. Pent up investment demand and real estate demand are expected to provide support to domestic growth.

Credit growth has started picking up. Credit off-take rose 16.5% last fiscal to Rs.33.32 lakh crores in Financial Year 2009-10, beating the RBI's projection of 16%. Loan growth is expected to touch 20% in next fiscal with the rising economic activities.

Current state, of low Mortgage to GDP ratio, untapped non urban areas and under penetrated market offers immense potential for growth in the financial sector. Widening geographical coverage through strong network of multiple distribution channels will augment growth in Mutual Fund and Insurance Sector.

FCH is uniquely positioned to leverage Future group's widespread pan India presence, employ its talent to provide innovative capital solutions in the expanding credit space and also contribute by introducing new financial services products to cater to the ever increasing demands from the market place.

Business Review

It was the year of consolidation and growth for FCH. We witnessed signs of global recovery and gradual turn around in Indian economy. We tapped this opportunity by accelerating the lending activities, on both retail and wholesale side of business, combined with improved fund raising capabilities. The Credit Business recorded a book of Rs.13,936 million as compared to Rs.6,014 million in previous year.

Management Discussion and Analysis (Contd.)

The Company during the year consolidated its lending and distribution business to make it more efficient and enhance productivity. This consolidation will synergize both the businesses further and enable improved fund raising abilities.

The Company achieved the highest credit rating during the year for its short term borrowing program, thereby leading to substantial savings in interest costs. The Company was able to reduce the blended average cost of funds by 200 bps during the year.

Retail Financial Services (RFS)

Revenues from RFS, for this year end stood at Rs.1,074 million with a profit of Rs.191 million. The strategy to focus on appropriate product mix, enhanced efficiency in collections, along with improved risk management processes has helped this business to turn the corner. The Company has identified this as a natural growth avenue due to the large footprint it enjoys through its group affiliates.

Product offering in protection and credit widened through new tie ups with leading financial brands. With the help of new systems & technology along with Transunion, credit approvals became faster thereby reducing the disbursal lead time.

Our participation in retail portfolio buyouts on opportunistic basis has contributed significantly. Retail portfolio buyout book stood at Rs.3,640 million on the year end. We will continue to exploit such opportunities with strong first loss coverage from the originators.

Going forward the Company shall focus on leveraging group's retail footprint on one hand and earn higher risk adjusted returns through secured lending i.e., asset backed lending mainly into home equity and consumption loans.

Corporate Lending & Wholesale Credit (CLWC)

Manifold growth in the loan book of CLWC business has grossed revenues of Rs.660 million for the year. The loan book grew from Rs.1,663 million and stands at Rs.7,390 million on the year end.

The Company follows a conservative policy for lending with comfortable collateral cover and clearly identified take outs backed by strong cash flow streams. The strong due diligence & credit evaluation capabilities across asset classes enhances portfolio performance. High emphasis is levied on direct dealing with minimum intermediation.

Rising economic activities will increase the credit growth. Our strong in house capabilities and synergies with Future Group will give us a competitive edge in the industry.

Asset Management & Advisory

As investment advisors, assets close to 1 billion USD are under advise and are operated through two dedicated teams FCPE- Future Capital Private Equity and FCRE- Future Capital Real Estate, which primarily focused on growth capital and controlled / buyout opportunities in companies with a bias towards consumption led sector and real estate investments across three verticals retail, mixed use and logistics, respectively.

In the private equity the conditions continued to remain challenging. During the year there were no new investments made, however we worked closely with the individual investee companies to better manage resources, focus on execution and increase presence within the individual sectors. In the real estate advisory, we continue to focus our efforts on timely completion and commissioning of projects. During the year, Kshitij Venture Capital Fund launched a mall in Indore.

During the year an arrangement of re-alignment of its investment advisory activities was undertaken for better focus and cost savings. The realignment arrangement was effective beginning i.e. January 1, 2010 wherein advisory contracts from subsidiaries were outsourced to Everstone Investment Advisors Private Limited (EIAPL). Further to the realignment arrangement, the economic interest of FCH & its subsidiaries in the form of its share of revenues from management fee and performance fee is appropriately protected.

Trade Finance

Our foray into Trade Finance that was started in this calendar year focuses on end-to-end supply chain financing including suppliers credit, short tenor working capital loans, discounting of bills payable and purchase of receivables.

We provide a wide range of solutions to fulfill customer need through tailor made products. The business is in a nascent stage and we have narrowed our focus on inland transactions which are commercial in nature.

Given our existing due diligence & credit evaluation capabilities, we leverage our current advisory relationships to create appropriate opportunities to cross sell our products to a growing customer base. Also, we are uniquely positioned to enhance our client base by leveraging the Future Group eco-system giving us a competitive edge in the market place.

Consolidated Financial Performance

Uncertainty surrounding the global economic outlook and financial markets constituted the main theme for financial year 2009-10. The financial performance reflects the strength of the Company's ability to navigate through the challenging economic environment.

Significant developments during the financial year 2009-10 are:

- The Consolidated profit touched Rs.593 million from a loss of Rs.321 million in previous year
- The composite Scheme of Amalgamation and Arrangement was approved by the Hon'ble High Court of Judicature at Bombay whereby Credit Business Division of the Company was merged with Future Capital Financial Services Limited (FCFSL), wholly owned subsidiary of the Company.
- RBI has granted the Non-Banking Finance Company (NBFC) license to FCFSL.

Management Discussion and Analysis (Contd.)

- Achieved the highest short term rating of "PR1+" for Rs.6,000 million (enhanced by Rs.2000 million during Q4FY10) which gave us substantial savings of 200 bps reduction in interest cost. This rating was achieved on the back drop of strong management team, operational efficiency, liquidity profile, low leverage, synergy with Future Group and robust advisory income stream.
- ICRA has reaffirmed "LA" for fund based long term loan programme.
- Increased focus on secured lending vis-à-vis unsecured lending.
- Retail credit and distribution business achieved operating cash break even in March, 2010.
- Re-alignment of investment advisory business – Outsourcing of advisory services to EIAPL with effect from January 1, 2010, ensuring that the economic interest of FCH shareholders' is fully protected.
- The Company declared its maiden dividend of 10%

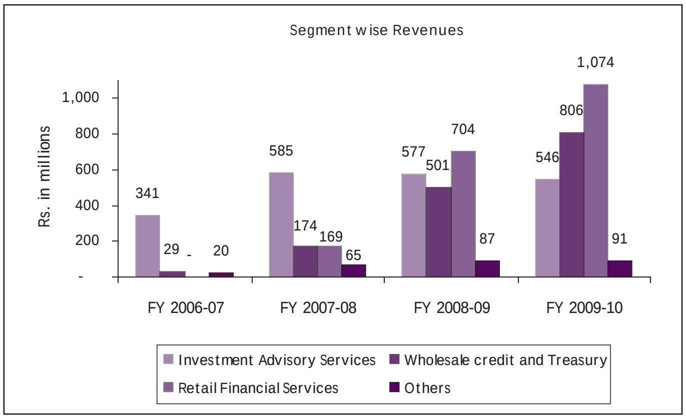
The following table presents our consolidated results of operations for the year ended March 31, 2010:

	Year ended March 31, 2010 (Rs.in Million)	Year ended March 31, 2009 (Rs.in Million)
Income	2,517	1,869
Expenditure	1,915	2,150
Profit /(loss) before tax	602	(281)
Provision for income tax	9	40
Profit /(loss) after tax and minority interest	593	(321)

INCOME

The table below presents a breakdown of our income for the year ended March 31, 2010:

	Year ended March 31, 2010 (Rs.in Million)	Year ended March 31, 2009 (Rs.in Million)
Investment Advisory Fees	546	577
Income from Wholesale Credit and Treasury	806	501
Income from Retail Financial Services	1,074	704
Others	91	87
Total income	**2,517**	**1,869**



Investment Advisory fees

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. For the year ended March 31, 2010 we earned investment & advisory fees of Rs.546 million. This includes a fee of Rs.100 million accrued during the last quarter towards the re-alignment of the Investment Advisory activities.

Income from Wholesale Credit & Treasury

The Wholesale Credit business taps a large and relatively unaddressed market of structured credit including mezzanine, promoter, project and acquisition financing, structured financing, retail portfolio buyouts, other special situations related financing and all other financing which is not directly related to retail consumers. The Treasury operations ensure liquidity for business and manage investment of surplus funds to optimize returns within the approved risk management framework. We recorded Wholesale Credit & Treasury income of Rs.806 million for the year ended March 31, 2010. This represents dividend income of Rs.24 million, interest on loans of Rs.537 milllion,interest on Inter Corporate Deposits (ICD) of Rs.25 million, profit from sale of investments of Rs.82 million, upfront fees of Rs.97 million, interest on investments Rs.15 million and income from Trade Finance business being Rs.26 million.

The overall increase in income is primarily due to increase in the loan book of the wholesale credit business to Rs.7,390 million as at March 31, 2010 from Rs.1,663 million at the beginning of the year.

Income from Retail Financial Services

The RFS offer consumer finance and distribution of financial services products. We currently have 26 Future Money outlets and distribution is done through ~ 150 Future Group outlets across India and employed 421 (including agency staff) personnel. During the year, we had disbursed a loan of Rs.6,600 million. For the year ended March 31, 2010, this business has generated income of Rs.1,074

Management Discussion and Analysis (Contd.)

million which comprises of: interest income of Rs.384 million and processing fees & other fees of Rs.229 million. The increase in income is due to an increase in loan book to Rs.6,546 million as at March 31, 2010 from Rs.4,351 million at the beginning of the year. The portfolio buyouts of Rs.3,640 million during the year contributed Rs.461 million to the income line.

Others

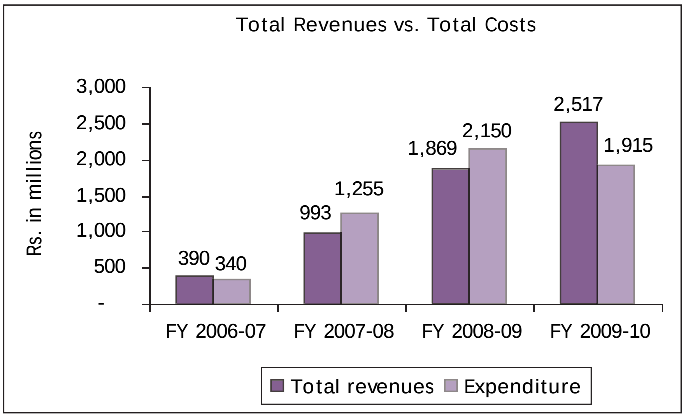
This income primarily consists of rental income we receive for the leasing of space in FCH House in Mumbai. In addition, this income includes income from car leases, interest and dividend income of subsidiaries. For the year ended March 31, 2010, we recorded income of Rs.91 million from the above activity.

Expenditure

We had incurred an expenditure of Rs.1,915 million for the year ended March 31, 2010. Our expenditure comprised mainly of personnel expenses, administration & other expenses and financial expenses. Financial expenses comprised 42% followed by Personnel expenses of 28%, Administration and other expenses of 23% and Depreciation/amortization of 7% of the total expenditure for the year ended March 31, 2010.

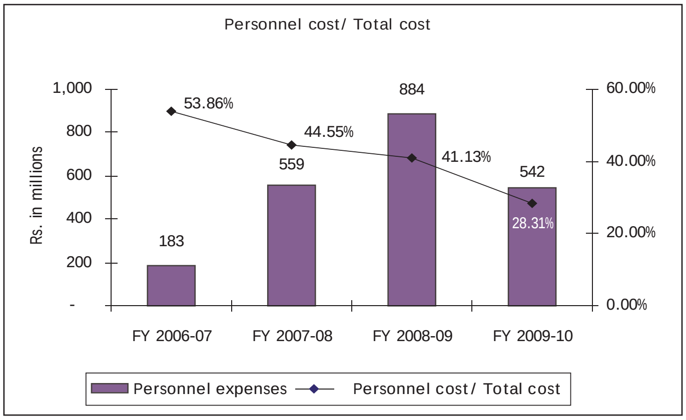
The table below presents a breakdown of our expenditure for the year ended March 31, 2010:

	Year ended March 31, 2010 (Rs.in Million)	Year ended March 31, 2009 (Rs.in Million)
Personnel expenses	542	884
Administration and other expenses	442	852
Depreciation/ amortization	123	67
Financial expenses	808	347
Total expenditure	**1,915**	**2,150**



Personnel expenses

We recorded personnel expenses of Rs.542 million for the year ended March 31, 2010. These expenses primarily included salaries, bonus and other allowances, which accounted for Rs.510 million or 94%, of total personnel expense. The decrease in personnel cost has been primarily due to cost cutting measures for restructuring of RFS business and realignment of Investment Advisory business.



Administration and other expenses

We recorded administration and other expenses of Rs.442 million for the year ended March 31, 2010. This comprised mainly of rent of Rs.84 million, rates and taxes Rs.8 million, advertisement and marketing expenses of Rs.6 million, communication expenses Rs.14 million, provisions & bad debts of Rs.77 million, travel expenses of Rs.18 million, legal and professional charges of Rs.84 million and miscellaneous expenses of Rs.44 million. The decrease in cost was mainly on account of restructuring of RFS business and realignment of Investment Advisory business.

Depreciation and amortization

We recorded depreciation and amortization of Rs.123 million for the year ended March 31, 2010. This included primarily depreciation of building, computers and printers, office equipments, furniture's and fixtures and leasehold improvements. The increase in depreciation is mainly on account of accelerated depreciation provided on assets pertaining to closed branches of RFS business.

Financial Expenses

We recorded financial expenses of Rs.808 million for the year ended March 31, 2010. The expense primarily pertains to the interest cost on funds borrowed for deployment in the credit business and for borrowings taken for purchase of FCH House. We achieved the highest short term rating of "PR1+" for Rs.6,000 million (enhanced by Rs.2000 million during Q4FY10) which gave us substantial saving of 200 bps reduction in interest cost. This rating was achieved on the back drop of strong management team, operational efficiency, liquidity profile, low leverage, synergy with Future Group and robust advisory income stream. The weighted average interest cost for the year ended March 31, 2010 was ~10.35%

Management Discussion and Analysis (Contd.)

Profit (loss) Before Tax

We had a profit before tax of Rs.602 million for the year ended March 31, 2010. The profit primarily reflects increased business in the credit division.

Net Profit after tax and Minority Interest

For the reasons discussed above, we had a net Profit of Rs.593 million for the year ended March 31, 2010.

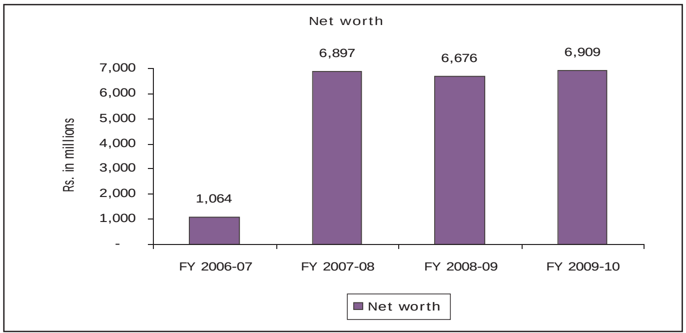
Financial Condition

Sources of Funds

	As at March 31, 2010 (Rs.in Million)	As at March 31, 2009 (Rs.in Million)
Shareholders' funds	6,909	6,676
Loan funds	11,754	4,731
Total	**18,663**	**11,407**

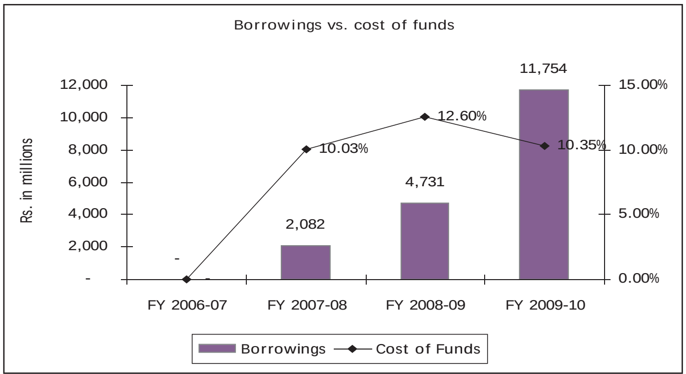
Shareholders' funds

As of March 31, 2010, our shareholders' funds amounted to Rs.6,909 million as compared to Rs.6,676 million as on March 31, 2009. The increase is mainly on account of profit earned in the current year.



Loan funds

The loan funds as on March 31, 2010 are Rs.11,754 million. The borrowings are for deployment in the Credit Business Division and for purchasing FCH House.



Application of funds

The following table sets forth the principal components of our assets, current liabilities and provisions as of March 31, 2010 and March 31, 2009:

	Year ended March 31, 2010 (Rs.in Million)	Year ended March 31, 2009 (Rs.in Million)
Assets		
Goodwill on consolidation	85	85
Fixed assets (net block, including capital work in progress)	809	953
Investments	3,092	5,470
Deferred tax assets	93	12
Sundry debtors	398	148
Cash and bank balances	284	62
Loans and advances	14,962	5,421
Other current assets	90	100
Total assets	**19,813**	**12,251**
Current liabilities and provisions		
Current liabilities	1,070	811
Provisions	80	33
Total Current Liabilities and provisions	**1,150**	**844**
Net Assets	**18,663**	**11,407**

Assets

Goodwill on Consolidation

The amount represents the goodwill paid in earlier years' in connection with investments made in subsidiaries which are strategic in nature and have long term benefits. During the period, we have not acquired any stakes in other companies and so the goodwill figures remain the same for the two periods.

Fixed Assets

We had a fixed asset balance of Rs.809 million as on March 31, 2010. This primarily includes building, furniture and fixtures, computers and printers, office equipments, and Leasehold improvements for the corporate office and various outlets of RFS business.

Investments

We had investments of Rs.3,092 million as on March 31, 2010. This primarily includes investments in mutual funds of Rs.1,985 million, investments in joint venture of Rs.1,000 million and other investment of Rs.107 million. The investment in mutual funds is to ensure optimum utilization of surplus money and give adequate returns along with safety and liquidity.

Management Discussion and Analysis (Contd.)

Sundry debtors

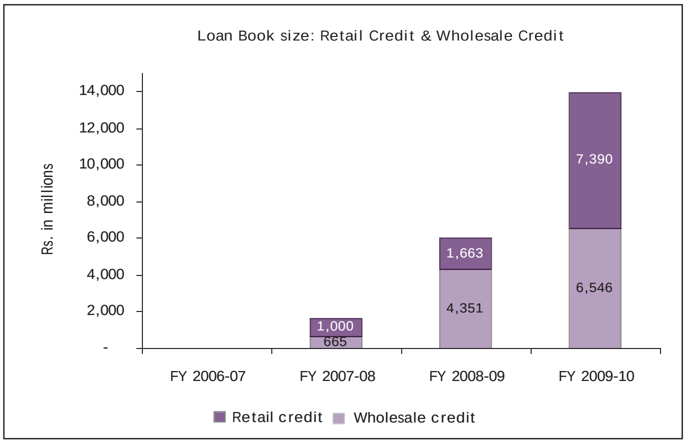
We had sundry debtors balance of Rs.398 million as on March 31, 2010. It primarily represents amount outstanding towards research and advisory services rendered to the onshore and offshore entities of Rs.147 million and dues in RFS business of Rs.246 million.

Cash and bank balances

We had cash and bank balance of Rs.284 million as on March 31, 2010. This primarily comprises of Rs.277 million representing current account balance. There has been increase in current account balance from previous year because of collection of monthly interest and installment on loan book at the year end. The amount in current account will be utilized for deployment in the business and for investment in mutual funds.

Loans and advances & other current assets

We had Rs.14,962 million of loans and advances as on March 31, 2010. It primarily includes loan book of Wholesale Credit of Rs.7,390 million, loan book of RFS of Rs.6,546 million, ICD's Rs.318 million, security deposits kept for office premises and retail financial outlets of Rs.22 million, leased assets of Rs.27 million; advance income tax & fringe benefit tax of Rs.238 million and advance recoverable of Rs.254 million. The other current asset represents unamortized loan origination cost of Rs.16 million, subvention income of Rs.1 million and interest accrued on ICD's Rs.73 million.



Current liabilities & Provisions

We had balance in Current liabilities of Rs.1,070 million as on March 31, 2010. This is primarily on account of sundry creditors of Rs.200 million, book overdraft of Rs.44 million, security deposits Rs.56 million, unamortized processing fees Rs.26 million, cash collaterals against retail portfolio buy outs Rs.713 million and other liabilities of Rs.18 million.

We had a balance in provisions of Rs.80 million as on March 31, 2010. This primarily represents provision for proposed dividend and dividend tax thereon, provision for gratuity and leave encashment.

Internal Control Systems

The Company has in place adequate systems of internal control which commensurate with its size and nature of operations. The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations.

The Company has put in place adequate systems to ensure that assets are safeguarded against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported. The Company also has an appropriate budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

The Company has appointed KPMG as our internal auditors and are empowered to examine the adequacy of and compliance with, policies, plans and statutory requirements. The internal audit function is also responsible for assessing and improving the effectiveness of risk management, control and governance process. The Audit Committee and the Board of Directors review the internal audit reports as well as action taken on the matters reported.

RISK MANAGEMENT

Our risk management strategy is based on a robust process of risk evaluation, assessment and monitoring key metrics aided by appropriate risk mitigation plans.

The primary risks that the Company is exposed to are: Credit risk (Corporate & Retail lending), Market risk (Liquidity and Interest rate risk) and Operational risk. The Company's risk policies outline the products offered, customer and client categories, credit approval processes with limits and risk monitoring and reporting.

Risk management oversight is by the Board of Directors. A Risk Management Committee (RMC) reporting to the Board of Directors comprising senior management of the Company is constituted to facilitate focused oversight on risk. The RMC reviews risk policies from time to time to address strategy and portfolio/balance sheet risks arising from equity investments, credit, liquidity movements and interest rate movements.

The objective of credit risk management is to achieve a trade off between risk and return within the level of risk limits which the organization has set for itself and consistent with strategic objectives. This is achieved through adoption of appropriate standards of loan origination, administration, collateral management, loan delinquency and monitoring. The credit approval process takes into account all qualitative and quantitative factors that impact the credit/risk assessment.

For the CLWC business, an Investment Committee comprising the Chairman, Director & Manager and Head-Corporate Credit has been constituted which evaluates proposals on all aspects

Management Discussion and Analysis (Contd.)

including risk, return and portfolio strategy. Collateral levels are continuously monitored and updated to senior management to ensure that adequate security cover is maintained and business is in constant dialogue with the customer for prompt top ups.

For the RFS business, we have set up elaborate procedures and systems as well as invested in a strong IT backbone to assist in monitoring of the portfolio on a continuous basis. Detailed procedures and policies have been established for underwriting across various product categories based on the credit profile of the customer. This year we have revised and re-aligned credit policies pertaining to unsecured & secured lending to create quality asset book and also reviewed pricing to attract quality customers. Automated scoring model has been developed and introduced for consumption loan customers in this year for better credit quality. As per revised business plan, new book is being created aggressively with secured asset based lending, coupled with stringent underwriting standards.

The Asset Liability Management Committee (ALCO) specifies liquidity and interest rate risk limits, monitors adherence to them, articulates the organizations view on the direction of rates and determines an appropriate funding strategy. In addition to the above the RMC and the ALCO monitors compliance with regulatory policies and procedures.

Operational risks in the Company is managed through a comprehensive internal control framework comprising continuous assessment of risk controls, new product process approval framework, exposure monitoring and reporting and mitigation through process and control enhancement.

HUMAN CAPITAL

Your Company recognises the role of its people in its business. We have talented and experienced pool of professionals with more than 450 employees,across all the facets of financial services as on March 31, 2010.

Regular training and personal development programmes are integral and important part of our Human Resource Policy. The Company treats expenditure on Human Resource as a long-term strategic investment and believes that skilled and motivated employees are vital for success of our business. We believe programmes such as Employees Stock Options Scheme (ESOS) and Employee Stock Purchase Scheme (ESPS) foster a sense of ownership among employees and we will continue to implement the same. While ensuring that our people are adequately rewarded, the Company has also developed an employee friendly social environment among them.

Report on Corporate Governance

Introduction:

Clause 49 of the Listing Agreement executed with the Stock Exchange(s), *inter alia*, lays out several corporate governance related practices and requirements, which listed companies are required to adopt and follow. This Report sets out to define the governance practices followed by the Company in compliance with the said requirements of the Listing Agreement.

Philosophy on Corporate Governance:

The Corporate Governance philosophy of the Company is driven by the following fundamental principles:

- conduct the affairs of the Company in an ethical manner
- ensure transparency in all dealings
- ensure highest level of responsibility and accountability
- ensure compliance with all laws and regulations
- ensure timely dissemination of all price sensitive information and matters of interest to stakeholders

The Company, through effective dissemination of information to the Directors and active interaction of the Board Members with Senior Management ensures effective oversight of the Company's businesses and activities.

Through the Governance mechanism in the Company, the Board alongwith its Committees endeavours to strike the right balance with various stakeholders.

BOARD OF DIRECTORS ("Board")

The Board has been constituted in a manner, which results in an appropriate mix of Non-Executive and Independent Directors to ensure proper governance and management.

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and involved in the Company and that there are ongoing efforts towards better Corporate Governance to mitigate "non business" risks.

The Directors at FCH possess the highest personal and professional ethics, integrity and values and are committed to represent the long-term interest of the stakeholders. The Company's business is conducted by its employees under the direction of the Managing Director & Chief Executive Officer / Manager and the overall supervision of the Board.

The framework of FCH's Corporate Governance is based on active Independent Board Members, separation of Board from the Executive Management, Board's effective supervisory role and constitution of Board Committees for significant and material matters generally comprising majority of Independent Directors, chaired by an Independent Director and also having a blend of Executive Management Members to assist the Committees.

Compositions of the Board

The Board of Directors of the Company has an optimum combination of Promoter, Professional and Independent Directors. As at March 31, 2010, the Board of Directors of the Company consisted of two Promoter Directors, three Independent Directors and one Professional Director who also holds the office of the Manager within the meaning of the Companies Act, 1956.

On being appointed as the Vice Chairman of the Board of Directors with effect from October 29, 2009, Mr. Sameer Sain became the Vice Chairman & Managing Director. Subsequently, Mr. Sain resigned from the office of the Managing Director of the Company with effect from February 5, 2010. He continues to occupy the office of the Vice Chairman of the Board of Directors. Mr. Dhanpal Jhaveri resigned as the Executive Director and was also relieved from the responsibilities of the acting Chief Executive Officer of the Company with effect from April 6, 2010.

The Board on the recommendation of the Nomination Committee at its meeting held on April 6, 2010, appointed Mr. Rathi as an Additional Director and designated him as a Manager within the meaning of the Companies Act, 1956.

The Directors are elected based on their qualifications and experience in related fields of the Company's business needs.

None of the Directors hold directorship in more than fifteen public limited companies, nor is any of them a member of more than ten committees or chairman of more than five committees across all public limited companies in which they are Directors.

During the financial year 2009-10, five meetings of the Board of Directors were held on June 20, 2009, July 29, 2009, October 29, 2009, December 11, 2009 and January 27, 2010, with the time gap between any two consecutive meetings being not more than four months at any point of time.

Report on Corporate Governance (Contd.)

The details of the directorship and or membership / chairmanship of committees of the Board (except private companies, Section 25 companies and foreign companies held by Directors as on March 31, 2010, are given below:

Name of Director	Category	Attendance Particulars			No. of Outside Directorships	No. of Committee positions held (including in Company)	
		Meetings held during tenure of Director	Board Meetings	Last AGM held on 04/08/09		Chairman	Member @
Mr. Kishore Biyani	Non-Executive Chairman / Promoter Director	5	3	Yes	13	Nil	5
Mr. Sameer Sain	Non-Executive Vice Chairman / Promoter Director	5	5	Yes	2	Nil	1
Mr. Dhanpal Jhaveri**	Executive / Non-Independent Director	5	5	Yes	4	Nil	1
Mr. Krishan Kant Rathi ^	Non-Executive / Non-Independent Director	Nil	Nil	-	2	Nil	2
Mr. G.N. Bajpai	Non-Executive / Independent Director	5	5	No	13	4	9
Mr. Shailesh Haribhakti	Non-Executive / Independent Director	5	5	Yes	13	5	10
Mr. Alok Oberoi	Non-Executive / Independent Director	5	2*	No	Nil	Nil	Nil

@ Member includes Chairman. Only membership of Audit Committee and Shareholder's / Investors' Grievances Committee is considered.

* Mr. Alok Oberoi's attendance is considered taking into account his physical presence at two meetings; otherwise Mr. Alok Oberoi has contributed in one other meeting through teleconference.

** Ceased to be a Director with effect from April 6, 2010.

^ Appointed as an Additional Director & Manager with effect from April 6, 2010.

COMMITTEES OF THE BOARD OF DIRECTORS:

The Board has constituted several committees and has delegated powers for different functional areas. The Audit Committee, Shareholders'/Investors' Grievance and Share Transfer Committee and Compensation and Nomination Committee (which is also the ESOS/ESPS/Remuneration Committee) have been constituted pursuant to and in accordance with the provisions of Listing Agreements entered into with the Stock Exchanges, rules & regulations prescribed by the Reserve Bank of India read with requirements of the Companies Act, 1956. The Board has also constituted other committees such as Asset Liability Management Committee (ALCO), Risk Management Committee (RMC) as per the requirements of the Reserve Bank of India applicable to the Company.

AUDIT COMMITTEE

Terms of Reference

In addition to the matters provided in Clause 49 of the Listing Agreement and requirements of Section 292A of the Companies Act, 1956 and the Reserve Bank of India, the Committee reviews the reports of the Internal Auditors, periodically meets Statutory Auditors of the Company and discusses their findings, observations, suggestions, scope of audit etc. and also reviews internal control systems and accounting policies followed by the Company. The Committee also reviews the financial statements with the management, before their submission to the Board.

The terms of reference of the Audit Committee of the Board of Directors of the Company, *inter alia* includes;

a. Overseeing the Company's financial reporting process and reviewing with the management, the financial statements before submission to the Board for approval;

b. Recommending to the Board the appointment, re-appointment and replacement of the Statutory Auditors and fixing their fees;

c. 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;

d. Such other matters as specified in Clause 49 of the Listing Agreement and requirements of Section 292A of the Companies Act, 1956 and the Reserve Bank of India or as may be delegated by the Board of Directors of the Company.

Composition and Attendance of Meeting:

The Audit Committee comprises of three Members, with two of them being Independent Directors. All the Members of the Committee have good experience and knowledge of finance, accounts and company law with the Chairman being an eminent Chartered Accountant, who has accounting, company law and related financial management expertise. The Statutory Auditors, Internal Auditors and Senior Management are invited to attend the meetings of the Committee.

The quorum for the meeting of the Audit Committee is two Members being Independent Directors present at the meeting. The Company Secretary of the Company acts as a Secretary of the Committee.

In view of the appointment of Mr. Krishan Kant Rathi as the Director & Manager within the meaning of the Companies Act, 1956, the Committee was reconstituted by the Board on April 6, 2010. Mr. Kishore Biyani stepped down from the Committee and Mr. Rathi was appointed as a Member of the Committee. The Committee now consists of Mr. Shailesh Haribhakti (Chairman), Mr. G. N. Bajpai and Mr. Rathi.

The details of the composition, categories and attendance during the financial year are as under:

Name	Category	Audit Committee meeting held on			
		20.06.2009	29.07.2009	29.10.2009	27.01.2010
Mr. Shailesh Haribhakti	Chairman	Present	Present	Present	Present
Mr. G. N. Bajpai	Member	Present	Present	Present	Present
Mr. Kishore Biyani	Member	Absent	Present	Present	Present

The minutes of the Audit Committee meetings forms part of the documents placed before the meetings of the Board of Directors. In addition, the Chairman of the Audit Committee appraises the Board Members about the significant discussions at Audit Committee meetings.

COMPENSATION AND NOMINATION COMMITTEE (WHICH IS ALSO THE ESOS/ESPS/ REMUNERATION COMMITTEE)

Considering the composition and scope of reference of the erstwhile Compensation Committee (which was also the ESOS/ ESPS/ Remuneration Committee) and the Nomination Committee in terms of Circular No. DNBS.PD/CC 94/03.10.042/2006-07 dated May 8, 2007, issued by the Reserve Bank of India, the Board of Directors of the Company on April 6, 2010, merged both the aforesaid Committees and constituted a new Committee viz. 'The Compensation and Nomination Committee' which is also the ESOS/ ESPS / Remuneration Committee of the Board of Directors, to carry out the functions of both the Committees.

Terms of reference:

The terms of reference of the newly constituted Compensation and Nomination Committee, broadly include following:

a. Considering all the matters as are required to be considered by the Remuneration Committee pursuant to the requirements of the Companies Act, 1956, including determining the Company's policy on specific remuneration packages for Executive Directors;

b. Performing all 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;

c. Performing all such functions as are required to be performed by the Nomination Committee as per the requirements of the Reserve Bank of India;

d. Such other matters as may be delegated by the Board of Directors of the Company.

Composition and Attendance at Meetings:

The erstwhile Compensation Committee consisted of three Members, all of whom were Non-Executive Independent Directors.

The details of the composition, categories and attendance during the financial year are as under:

Name	Category	Compensation Committee meeting held on		
		20.06.2009	29.10.2009	11.12.2009
Mr. G. N. Bajpai	Member	Present	Present	Present
Mr. Shailesh Haribhakti	Member	Present	Present	Present
Mr. Alok Oberoi	Member	Present	Present	Absent

The minutes of the meetings of Compensation and Nomination Committee forms part of the documents placed before the meetings of the Board of Directors.

Report on Corporate Governance (Contd.)

Remuneration Policy:

The key components of the remuneration policy of the Company are:

- Compensation will be a major driver of performance and contribution.
- Compensation will be based on merit, experience and criticality of the function.
- Compensation will be competitive and benchmarked with a select group of companies from the financial services.
- Compensation will be transparent, fair and simple to administer.
- Compensation will be fully legal and tax compliant.

i) **Non-Executive Directors' Compensation**

The Non-Executive Directors are not paid any remuneration except by way of sitting fees. The Company pays sitting fees of Rs.20,000/- per meeting to the Non-Executive Directors for attending meetings of the Board and/or its Committees. Further, in recognition of the experience, expertise and responsibility of the Non-Executive Director(s), the Company has granted Stock Options to Mr. G. N. Bajpai and Mr. Shailesh Haribhakti, Non-Executive Directors under the Company's Employees Stock Option Scheme(s). No new Grants of Stock Options were made during the financial year under review.

ii) Executive Directors' Compensation

The compensation of the Executive Directors comprises of a fixed component and a performance incentive in the form of Bonus. The compensation was determined based on levels of responsibility, prior experience & remuneration and scales prevailing in the industry.

Remuneration and period of contract of the Manager

The Manager has been appointed for a period of five years effective from April 6, 2010 to April 5, 2015. The Manager is not entitled to any remuneration. The contract may be terminated by either party by giving the other party six months' notice. However, the Company is entitled to discontinue the services of the Manager at any time with six months notice period. There is no separate provision for payment of severance fees.

Details of Equity Shares & Stock Options held and remuneration of Directors for the year ended on March 31, 2010

(Amt. in Rs.)

Name of Director	Equity Shares held	Stock Options held	Sitting Fees	Gross Remuneration	Commission	Total
Mr. Kishore Biyani	37,73,795	-	Rs. 120,000	-	-	Rs. 120,000
Mr. Sameer Sain ^	75,28,390	-	-	Rs. 10,748,802	-	Rs. 10,748,802
Mr. Dhanpal Jhaveri ^ ^	3,00,000*	-	-	Rs. 11,268,501		Rs. 11,268,501
Mr. G. N. Bajpai	-	50,000**	Rs. 240,000	-	-	Rs. 240,000
Mr. Shailesh Haribhakti	10,949	50,000**	Rs. 320,000	-	-	Rs. 320,000
Mr. Alok Oberoi	9,40,000	-	Rs. 80,000	-	-	Rs. 80,000

* Issued under FCH Employee Share Purchase Scheme - 2008.

** In aggregate under the FCH Employees Stock Option Scheme - 2007 and the FCH Employee Stock Option Scheme - 2008.

^ Resigned from the office of Managing Director with effect from February 5, 2010 and thereafter is a Non-Executive Vice Chairman.

^ ^ Resigned on April 6, 2010.

Report on Corporate Governance (Contd.)

SHAREHOLDERS' / INVESTORS' GRIEVANCES AND SHARE TRANSFER COMMITTEE

Terms of reference:

The terms of reference of the Shareholders' / Investors' Grievances and Share Transfer Committee *inter alia* include carrying out such functions for redressal of the 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 Committee also overlooks and approves Transfer / Transmission / Dematerialisation of shares, issue of Duplicate / Consolidated / Split Share Certificate(s) etc.

The Company has appointed M/s. Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited) as the Registrar and Share Transfer Agent. The Shareholders' / Investors' Grievances and Share Transfer Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor services.

Composition:

The Shareholders' / Investors' Grievances and Share Transfer Committee comprises of Mr. G. N. Bajpai, Mr. Kishore Biyani and Mr. Sameer Sain. Mr. G. N. Bajpai is the Chairman of the Committee. Mr. Chetan Gandhi, Head – Legal & Secretarial, acts as a Secretary of the Committee and is also the Compliance Officer of the Company.

The minutes of the Shareholders' / Investors' Grievances and Share Transfer Committee meetings forms part of documents placed before the meetings of the Board of Directors.

After successful completion of the Initial Public Offer (IPO), the equity shares of the Company were listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). Currently the Company has approximately 167,000 shareholders and during the year, the Company has not received any request for transfer of equity shares in the physical form.

At the beginning of the year, 12 complaints/correspondence were pending. During the year under review, the Company and M/s. Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited), Registrar and Share Transfer Agent, received 88 complaints/ correspondence (arising out of IPO). Out of the total complaints, 87 complaints were resolved / replied during the year and 13 Consumer Dispute Redressal Forum cases received during the year are "Subjudice", hence treated as pending.

GENERAL BODY MEETINGS:

During last three years, three Annual General Meetings i.e. second, third and fourth Annual General Meeting of the Company and a Court Convened Meeting of the equity shareholders were held. The details of the same and of the Special Resolutions passed thereat are as follows:

General Meeting	Date, Time and Venue	Special Resolutions passed through Show of Hands
Second Annual General Meeting	September 25, 2007, at 11.00 a.m. at FCH House, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013.	a) Alteration of Main Object clause of the Memorandum of Association of the Company. b) Alteration of Articles of Association c) Appointment and Remuneration of Managing Director & Chief Executive Officer of the Company. d) Issue of 6,68,000 equity shares through Preferential Issue. e) Approval of FCH Employees Stock Options Scheme - 2007 (FCH ESOS - 2007). f) Approval of FCH Employees Stock Options Scheme - 2007 (FCH ESOS - 2007) - Holding and / or Subsidiary Company(ies). g) Issue of 64,22,800 equity shares through Initial Public Offer of the Company. h) Contribution to charitable and other funds.

Report on Corporate Governance (Contd.)

Third Annual General Meeting	August 14, 2008, at 2.30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Prabhadevi, Mumbai – 400 025	a) Appointment and Remuneration of Mr. Dhanpal Jhaveri as a Whole-time Director of the Company Designated as 'Executive Director'. b) Approval of FCH Employees Stock Option Scheme - 2008 (FCH ESOS - 2008). c) Approval of FCH Employees Stock Option Scheme - 2008 (FCH ESOS - 2008) - Holding and/or Subsidiary Company(ies). d) Approval of FCH Employees Stock Purchase Scheme - 2008 (FCH ESPS - 2008) e) Approval of FCH Employees Stock Purchase Scheme - 2008 (FCH ESPS - 2008) - Holding and/or Subsidiary Company(ies) f) Approval to keep the Register of Members etc., at a place other than the Registered Office.
Court Convened Meeting of Equity Shareholders	June 15, 2009, at 3.00 p.m. at Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 023	Resolution with the requisite majority prescribed under Section 391 of the Companies Act, 1956, for approving the composite Scheme of Amalgamation and Arrangement between the Company, Future Capital Financial Services Limited and Future Capital Credit Limited and their respective shareholders and creditors.
Fourth Annual General Meeting	August 4, 2009, at 3.30 p.m. at M. C. Ghia Hall, Bhogilal Harigovinddas Building, 2nd Floor, 18/20, K. Dubash Marg, Kalaghoda, Fort, Mumbai – 400 001	a) Special Resolution under Section 81(1A) of the Companies Act, 1956, for issue and allotment of equity shares through depository receipts in the course of one or more international or domestic public offerings and / private placement basis in domestic and / or one or more international market(s). b) Ratification of pre-IPO FCH Employee Stock Option Scheme – 2007 and modification thereof. c) Ratification of pre-IPO FCH Employee Stock Option Scheme – 2007, in respect of employees of Holding Company and / or Subsidiary Company(ies) and modification thereof. d) Modification of FCH Employees Stock Purchase Scheme – 2008. e) Modification of FCH Employees Stock Purchase Scheme – 2008, in respect of employees of Holding Company and / or Subsidiary Company(ies). f) Modification of FCH Employees Stock Options Scheme – 2008. g) Modification of FCH Employees Stock Options Scheme – 2008, in respect of employees of Holding Company and / or Subsidiary Company(ies). h) Approval for FCH Employees Stock Options Scheme – 2009. i) Approval for FCH Employees Stock Options Scheme – 2009, in respect of employees of Holding Company and / or Subsidiary Company(ies).

No resolutions were passed through postal ballot during the last financial year.

DISCLOSURES:

i) **Related Party Transactions**

The Company has no material significant transactions with its related parties that may have a potential conflict with the interest of the Company. The details of transactions between the Company and the related parties are given for information under **Note C7 of the Schedule 16** of the Balance Sheet as at March 31, 2010.

Report on Corporate Governance (Contd.)

ii) **No Penalty or strictures**

There has been no instance of non-compliance by the Company on any matter relating to the capital markets and accordingly no penalties have been levied or strictures have been passed by the Securities and Exchange Board of India or Stock Exchanges or any other statutory authority.

iii) **Disclosure of accounting treatment**

In the preparation of the financial statements, the Company has followed all the applicable Accounting Standards laid down by the Institute of Chartered Accountants of India.

iv) **Disclosures on Risk Management**

The Company has laid down procedures to inform the Members of the Board about the risk assessment and minimization procedures. A Risk Management Committee consisting of the Directors and the senior executives of the Company reviews these procedures to ensure that executive management controls risk through the means of a properly defined framework. The Company has framed the risk assessment and minimization procedure which is periodically reviewed by the Audit Committee and the Board.

v) **Proceeds from the Initial Public Offer of the Company**

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

vi) **CEO / CFO Certification**

In accordance with Sub-Clause V of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a certificate from the Manager and the Chief Financial Officer was placed before the Board.

vii) **Appointment / Re-appointment of Directors**

The details in respect of the Director proposed to be re-appointed are provided in the Directors' Report.

ix) **Management Discussion and Analysis**

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

MEANS OF COMMUNICATION:

Quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement entered into with the Stock Exchanges and published in a prominent English daily news paper and in a regional language news paper. The quarterly / annual results are also uploaded on the website of the Company, www.fch.in, soon after their declaration.

GENERAL SHAREHOLDER INFORMATION:

1.	Annual General Meeting:		
	-Date and Time	:	Monday, August 9, 2010
	-Venue	:	Mini Theatre, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai – 400 025
2.	Tentative Financial Calendar	:	The financial year of the Company is from April 1 to March 31 of the following year.
	- First Quarter Results	:	Last week of July, 2010
	- Second Quarter Results	:	Last week of October, 2010
	- Third Quarter Results	:	Last week of January, 2010
	- Fourth Quarter Results	:	Mid / Last week of May, 2010
3.	Date of Book Closure	:	July 31, 2010 to August 9, 2010 (Both days inclusive)
4.	Dividend Payment Date (2009-10)	:	On or after August 9, 2010
5.	Listing on Stock Exchanges:	:	Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Plot No.C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
6.	Listing fees	:	Listing fees of both the Stock Exchanges for the year 2009-10 have been paid.

Report on Corporate Governance (Contd.)

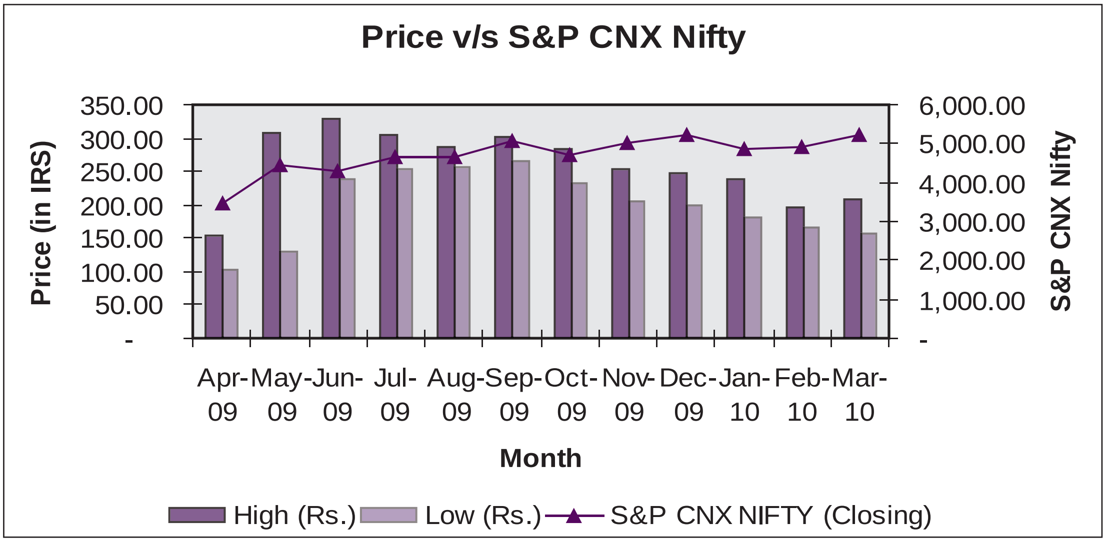
7. Stock Code

- BSE: 532938
- NSE: FCH
- International Securities Identification Number (ISIN) : INE688I01017

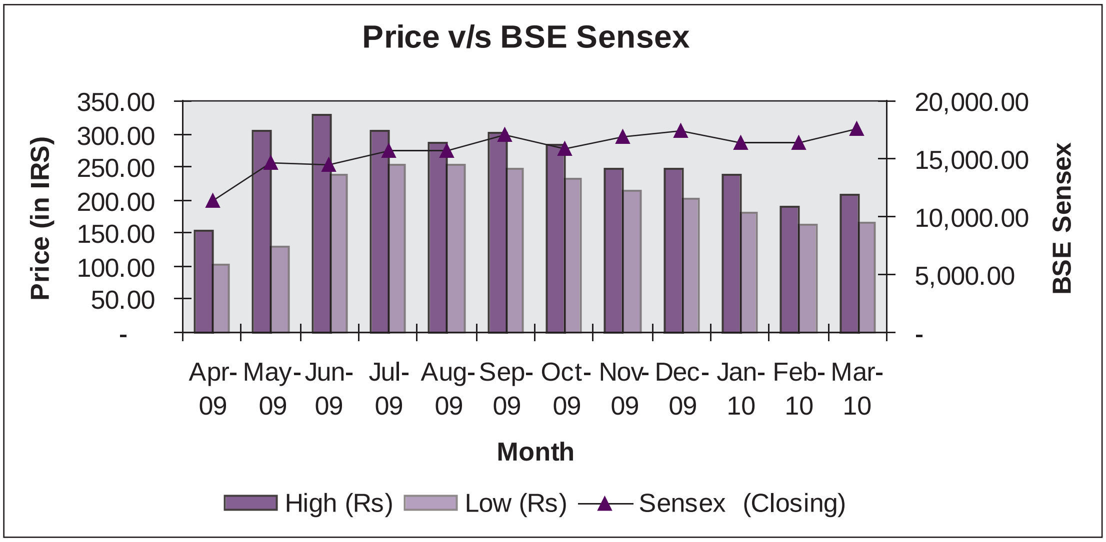
8. **Market Price Data during the financial year ended March 31, 2010**

Month	BSE		NSE	
	High	Low	High	Low
April, 2009	154.25	103.00	153.95	101.90
May, 2009	305.70	129.90	307.10	129.70
June, 2009	327.75	238.00	328.70	238.00
July, 2009	305.00	254.00	305.00	253.05
August, 2009	288.00	254.40	288.00	255.00
September, 2009	302.00	248.80	301.70	264.50
October, 2009	285.00	233.00	285.00	232.50
November, 2009	248.00	213.25	253.70	206.00
December, 2009	246.35	201.00	246.50	200.10
January, 2010	238.90	180.25	238.90	180.00
February, 2010	190.00	163.90	194.80	165.05
March, 2010	208.25	165.00	208.10	158.00

Performance of share price in comparison with broad-based indices, viz. NSE Nifty & BSE Sensex:



Report on Corporate Governance (Contd.)



9. **Distribution of Shareholdings as at March 31, 2010:**

Sr.No.	Shareholding of Nominal Value of			Share Holders		Share Amount	
	Rs.		Rs.	Number	% to Total	In Rs.	% to Total
	(1)			(2)	(3)	(4)	(5)
1	Upto	-	5,000	1,65,320	99.39	2,89,43,200	4.56
2	5,001	-	10,000	513	0.31	39,54,400	0.62
3	10,001	-	20,000	207	0.12	30,04,480	0.47
4	20,001	-	30,000	73	0.04	18,18,270	0.29
5	30,001	-	40,000	33	0.02	11,64,940	0.18
6	40,001	-	50,000	37	0.02	16,97,020	0.27
7	50,001	-	1,00,000	62	0.04	48,12,500	0.76
8	1,00,001 and above			82	0.05	58,98,85,030	92.85
		Total		1,66,327	100.00	63,52,79,840	100.00

10. **Categories of Shareholdings as on March 31, 2010**

Category	No. of Shares	%
Promoters & their relatives	4,67,00,184	73.51
Mutual Funds and UTI	1,234	0.00
Banks, Financial Institutions, Insurance Companies	3,93,185	0.61
Foreign Institutional Investors	14,50,180	2.28
Bodies Corporate	26,56,008	4.18
Indian Public	68,67,091	10.81
Non Resident Individuals/ Overseas Corporate Bodies	50,62,053	7.97
Others	3,98,049	0.63
Total	**6,35,27,984**	**100.00**

Report on Corporate Governance (Contd.)

11.	Registrar and Share Transfer Agents	:	M/s. Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078. Tel. No.: 022-25963838 Fax No.: 022-25672693
12.	Dematerialisation of shares and liquidity:		Equity Shares of the Company are under compulsory demat trading. As on March 31, 2010, a total of 62,047,782 equity shares aggregating to 97.67% of the total issued, subscribed and paid-up equity share capital of the Company, are in dematerialised form.
13.	Outstanding GDRs / ADRs / Warrants or any Convertible instruments	:	NIL
14.	Plant Locations	:	Not Applicable
15.	Address for correspondence	:	Registrar and Share Transfer Agent M/s. Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited) Unit: Future Capital Holdings Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078. Tel. No.: 022-25963838 Fax No.: 022-25672693 Company Mr. Chetan Gandhi Head – Legal & Secretarial Future Capital Holdings Limited FCH House, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013 Tel. No.: 022-6642 3480; Fax No.: 022- 6642 3401
16.	Designated e-mail	:	fch.contactus@fch.in

17. Pursuant to the requirements of the Circular dated April 24, 2009, issued by the Securities and Exchange Board of India ("SEBI") and in accordance with Clause 5A of the Listing Agreement, the aggregate Equity Shares which are unclaimed by the shareholders under the Initial Public Offer are 3080 as on March 31, 2010. The Company has opened a separate demat suspense account and has credited the said unclaimed Equity Shares in compliance with requirements of the said SEBI Circular/Clause 5A of the Listing Agreement.

Report on Corporate Governance (Contd.)

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:

The extent of compliance in respect of non-mandatory requirements is as follows:

i. **Chairman of the Board**

No separate office is maintained for the Non-Executive Chairman. The Company does not reimburse expenses incurred by him in performance of his duties.

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

ii. **Remuneration Committee**

Please refer to the details given under "Compensation and Nomination Committee".

iii. **Shareholders' Rights**

The equity shares of the Company are listed on the Stock Exchanges w.e.f. February 1, 2008. The Company has not yet commenced sending half yearly financial performance to each household of the shareholders.

iv. **Audit Qualifications**

There are no audit qualifications in the financial statements for the year 2009-10. Standard practices and procedures are in place to ensure unqualified financial statements.

v. **Training of Board Members**

The Directors interact with the management in a very free and open manner on information that may be required by them for orientation with the business of the Company.

vi. **Mechanism for evaluating Non-executive Board Members**

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

vii. **Whistle Blower Policy**

The Company has initiated steps to implement a Whistle Blower Policy.

Report on Corporate Governance (Contd.)

CODE OF CONDUCT

The Company has adopted the Code of Conduct and Ethics for Directors and Senior Management (Code). The Code has been circulated to all the Members of the Board and Senior Management and the same has been put on the Company's website, www.fch.in. The Board of Directors and Senior Management have affirmed their compliance with the Code and a declaration signed by the Manager of the Company is given below:

"In accordance with Sub-Clause I(D) of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, I confirm that the Members of the Board of Directors and the Senior Management personnel of the Future Capital Holdings Limited have affirmed compliance with the Company's Code of Conduct for the financial year 2009-10".

For **Future Capital Holdings Limited**

Krishan Kant Rathi
Director & Manager

Mumbai, May 24, 2010

Auditors Report

To

The Members of Future Capital Holdings Limited

1. We have audited the attached Balance Sheet of Future Capital Holdings Limited (the 'Company') as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, read with note A (2) of Schedule – 16 related to the accounting of the effects of the Composite Scheme of Amalgamation & Arrangements (the 'Scheme'), which has been done in accordance with the terms of the Schemes as approved by the High Court;
   v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
      b) in the case of the profit and loss account, of the profit for the year ended on that date; and
      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No.: 42650

Place : Mumbai
Date: May 24, 2010

Annexure to the Auditors Report

Re: Future Capital Holdings Limited ('the Company')

With reference to the Annexure referred to in Paragraph 3 of the report of the Auditor's to the members of Future Capital Holdings Limited for the year ended 31 March 2010, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) Pursuant to the composite Scheme of Amalgamation & Arrangement (the 'Scheme') involving the Company, Future Capital Financial Services Limited ('FCFSL'), Future Capital Credit Limited ('FCCL'), the Company has transferred the fixed assets pertaining to the Credit Business Division of the Company into FCFSL. In our opinion and according to the information and explanations given to us, the aforesaid transfer does not affect the going concern assumption.

(ii) (a) The Company does not have any inventory. Hence, the provisions of Clause 4(ii)(a), (b) and (c) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.

(iii) (a) The Company has granted loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount (including interest thereon) involved during the year was Rs.16.31 Crores and the year- end balance of loans granted to such party was Rs.15 Crores.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) The Company has taken an unsecured loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 25.04 Crores and the year-end balance of the loan taken from such party was Rs. 25 Crores.

(f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(g) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, certain transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time. In respect of certain other transactions, made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty have generally been regularly deposited with the appropriate authorities.

Annexure to the Auditors Report

Further, rules related to the amount of cess under Section 441A of the Act has not been notified by the Central Government of India up to the reporting date and accordingly, as at the reporting date there is no statutory due payable under section 441A of the Act.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	155,983,259	A Y 2007-08	Commissioner of Income Tax (Appeals)

(x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) As informed to us, the Company has not raised any money by way of public issues during the year. Hence, the provision of clause (xx) of the Companies (Auditors' Report) Order, 2003 (as amended) is not applicable to the Company.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No.: 42650

Place : Mumbai
Date: May 24, 2010

Balance Sheet as at March 31, 2010

Amount in Rupees

	Schedules	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	635,279,840	635,279,840
Reserves and surplus	2	6,899,723,850	6,800,869,008
		7,535,003,690	**7,436,148,848**
Loan funds	3		
Secured loans		1,052,949,942	3,305,482,845
Unsecured loans		3,373,874,029	1,426,004,873
		4,426,823,971	**4,731,487,718**
Defered tax liabilities (net) [Refer note C10 of Schedule 16]		1,728,028	1,721,196
Total		**11,963,555,689**	**12,169,357,762**
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross block		43,749,701	251,515,411
Less: Accumulated depreciation/ amortisation		13,895,745	64,053,981
Net Block		29,853,956	187,461,430
Capital work-in-progress (including capital advances)		-	2,814,665
		29,853,956	**190,276,095**
Investments	5	**5,588,303,308**	**6,171,721,979**
Current assets, loans and advances			
Interest accrued on investments		10,353,990	2,895,120
Sundry debtors	6	22,403,433	99,379,259
Cash and bank balances	7	234,230,721	23,022,309
Other current assets	8	30,087,239	193,874,358
Loans and advances	9	6,352,760,694	6,145,192,361
(A)		**6,649,836,077**	**6,464,363,407**
Less: Current liabilities and provisions	10		
Current liabilities		228,794,921	635,627,143
Provisions		75,642,732	21,376,576
(B)		**304,437,653**	**657,003,719**
Net current assets (A-B)		**6,345,398,424**	**5,807,359,688**
Total		**11,963,555,689**	**12,169,357,762**
Notes to Accounts	16		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No. 42650

Place: Mumbai
Date: May 24, 2010

For and on behalf of the Board of Directors of Future Capital Holdings Limited

Kishore Biyani
Chairman

Shailesh Haribhakti
Director

Krishan Kant Rathi
Director & Manager

N. Shridhar
Chief Financial Officer

Chetan Gandhi
Head - Legal & Secretarial

Place: Mumbai
Date: May 24, 2010

Profit and Loss Account for the year ended March 31, 2010

Amount in Rupees

	Schedules	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME			
Income from operations	11	553,783,595	1,306,771,347
Other income	12	4,122,990	51,227,781
Total		**557,906,585**	**1,357,999,128**
EXPENDITURE			
Personnel expenses	13	136,897,217	297,180,088
Administration and other expenses	14	120,494,960	648,883,551
Depreciation/ amortisation	4	4,864,967	47,901,690
Financial expenses	15	87,649,202	265,550,951
Total		**349,906,346**	**1,259,516,280**
Profit before tax		**208,000,239**	**98,482,848**
Provision for tax:			
Current tax		34,814,000	-
Deferred tax		6,832	1,721,196
Fringe benefit tax		-	3,675,329
		34,820,832	**5,396,525**
Profit after tax		**173,179,407**	**93,086,323**
Balance brought forward from previous year		146,725,649	72,256,591
Profit available for appropriation		**319,905,056**	**165,342,914**
Transfer to reserve under section 45 (1C) of the Reserve Bank of India ('RBI') Act, 1934		34,635,881	18,617,265
Proposed dividend		63,527,984	-
Dividend tax thereon		10,796,581	-
Balance carried to Balance Sheet		**210,944,610**	**146,725,649**
Earnings per share: (Refer note C9 of Schedule 16)			
-Basic		2.73	1.47
-Diluted		2.70	1.46
Notes to Accounts	16		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No. 42650

Place: Mumbai
Date: May 24, 2010

For and on behalf of the Board of Directors of Future Capital Holdings Limited

Kishore Biyani
Chairman

Shailesh Haribhakti
Director

Krishan Kant Rathi
Director & Manager

N. Shridhar
Chief Financial Officer

Chetan Gandhi
Head - Legal & Secretarial

Place: Mumbai
Date: May 24, 2010

Cash Flow Statement for the year ended March 31, 2010

Amount in Rupees

			For the year ended March 31, 2010	For the year ended March 31, 2009
A.	**Cash Flow From Operating Activities**			
	Profit Before Tax		208,000,239	98,482,848
	Adjustments for :			
	Depreciation/ amortisation		4,864,967	47,901,690
	Loss/ (Profit) on sale on fixed assets		-	3,261,840
	Write back of provision		-	(31,601,140)
	Provision for Gratuity		(2,192,432)	2,141,965
	Provision for Leave encashment		(1,365,977)	865,654
	Bad debts		-	149,559,403
	Provision for doubtful debts and advances		-	17,210,415
	Unrealised foreign exchange gain		763,840	937,500
			2,070,398	**190,277,327**
	Operating Profit Before Working Capital Changes		**210,070,637**	**288,760,175**
	Adjustment for changes in working capital:			
	(Increase)/ Decrease in Sundry Debtors		1,962,191	34,198,748
	(Increase)/ Decrease in Loans and Advances		(4,356,028,793)	(3,763,980,399)
	(Increase)/ Decrease in Other Current Assets		(400,545)	(113,962,194)
	Increase/ (Decrease) in Current Liabilities		149,821,803	(160,647,982)
	Cash generated from operations		**(3,994,574,707)**	**(3,715,631,652)**
	Taxes Paid/ tax deducted at source (including fringe benefit tax)		(38,919,706)	(97,146,980)
	Net Cash used in Operating Activities	**(A)**	**(4,033,494,413)**	**(3,812,778,632)**
B.	Cash Flow From Investing Activities			
	Purchase of Fixed Assets (including capital advances)		(318,680)	(81,233,212)
	Sale proceeds from fixed assets		-	2,147,584
	Purchase of investments		(19,034,607,259)	(16,277,806,401)
	Sale proceeds from investments		18,761,628,481	16,111,982,232
	Net Cash used in Investing Activities	**(B)**	**(273,297,458)**	**(244,909,797)**
C.	Cash Flow from Financing Activities			
	Proceeds from issue of Equity Share Capital		-	3,000,000
	Proceeds from Securities Premium on issue of Equity Share Capital		-	109,635,000
	Payment of share issue expenses		-	(4,907,892)
	Proceeds from long term borrowings		-	2,200,171,233
	Repayment of long term borrowings		(166,666,668)	(41,666,667)
	Proceeds from short term borrowings		3,488,179,027	4,806,176,106
	Repayment of short term borrowings		-	(3,233,192,954)
	Net Cash From Financing Activities	**(C)**	**3,321,512,359**	**3,839,214,826**
	Net increase in Cash and Cash Equivalents during the year (A+B+C)		**(985,279,512)**	**(218,473,603)**
	Cash and Cash equivalents at beginning of the year		3,047,182,236	3,265,655,839
	Less: Transferred to Credit Business Division (refer Note A2 of Scheule 16)		6,724,503	-
			3,040,457,733	**3,265,655,839**
	Cash and Cash equivalents at the end of the year		**2,055,178,221**	**3,047,182,236**

Cash Flow Statement for the year ended March 31, 2010

Amount in Rupees

	As at March 31, 2010	As at March 31, 2009
Cash and Cash equivalents comprises of :		
Cheques on hand	-	1,205,170
Cash in Hand	39,134	3,914,019
Balance with Banks*	231,879,966	15,436,194
Short term investments in liquid schemes of mutual funds	1,823,259,121	3,026,626,853
Total	**2,055,178,221**	**3,047,182,236**

*Excludes balance of Rs. 2,311,621 (Previous year : Rs. 2,466,926) with a bank for which refund instruments have been issued to the investors but yet to be encashed by the investors.

Notes:

1. Cash and cash equivalents in the balance sheet comprise cash at bank, cash in hand and short term investments with an original maturity of three months or less.
2. During the year, the Company transferred net assets of Rs. 1,629,972,781 to Future Capital Financial Services Limited pursuant to the scheme of demerger in non cash transaction. (See detailed Note A2 of Schedule 16)

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No. 42650

Place: Mumbai
Date: May 24, 2010

For and on behalf of the Board of Directors of Future Capital Holdings Limited

Kishore Biyani
Chairman

Shailesh Haribhakti
Director

Krishan Kant Rathi
Director & Manager

N. Shridhar
Chief Financial Officer

Chetan Gandhi
Head - Legal & Secretarial

Place: Mumbai
Date: May 24, 2010

Schedules forming part of the Balance Sheet

Amount in Rupees

	As at March 31, 2010	As at March 31, 2009
Schedule 1 : Share Capital		
Authorised		
75,000,000 (Previous year: 75,000,000) equity Shares of Rs. 10/- each	750,000,000	750,000,000
	750,000,000	**750,000,000**
Issued, Subscribed & Paid-up		
63,527,984 (Previous year: 63,527,984) equity shares of Rs.10/- each fully paid up. [Out of the above, 34,779,999 (Previous year: 34,779,999) equity shares are held by Pantaloon Retail (India) Limited, the Holding Company].	635,279,840	635,279,840
(For stock options outstanding details refer note C5 of Schedule 16)		
Total	**635,279,840**	**635,279,840**
Schedule 2 : Reserves and surplus		
Reserve under Section 45 (1C) of the RBI Act		
Balance as last Balance Sheet	36,707,464	18,090,199
Add : Transferred from profit and loss account	34,635,881	18,617,265
	71,343,345	**36,707,464**
Securities Premium Account		
Balance as per last Balance Sheet	6,617,435,895	6,518,341,468
Add : Received during the year	-	109,635,000
Less : Share issue expenses	-	(10,540,573)
	6,617,435,895	**6,617,435,895**
Profit and Loss Account		
Balance carried from profit and loss account	210,944,610	146,725,649
Total	**6,899,723,850**	**6,800,869,008**

Schedules forming part of the Balance Sheet

Amount in Rupees

	As at March 31, 2010	As at March 31, 2009
Schedule 3 : Loan Funds		
(Refer note A2 of Schedule 16)		
A. Secured Loans		
Cash Credit/ Overdraft from banks	761,283,277	646,978,279
- Cash credit of Rs. 511,348,003 (Previous year: Rs. Nil) is secured by way of first pari passu charge on receivables, book debts and movable assets of the Company.		
- Cash credit of Rs. 250,000,000 (Previous year: Rs. 500,171,233) is secured by way of first charge on receivables, book debts and movable assets of the Company and further secured by collateral of first pari passu charge on immovable property owned by a subsidiary company.		
- Overdraft of Rs. Nil (Previous year: Rs. 146,807,046) is secured by pledge of mutual fund units. [Includes interest accrued and due Rs. 180,000 (Previous year: Rs. 171,233)]. [Repayable within one year Rs. 761,283,277 (Previous year: Rs. 646,978,279)]		
Term Loans from banks	291,666,665	2,658,504,566
- Term loans of Rs. 291,666,665 (Previous year: Rs. 958,333,333) is secured by way of first pari passu charge on receivables of the Company and further secured by collateral security of immovable property owned by the subsidiary company and corporate guarantee of the subsidiary company to the extent of the realisable value of the collateral security.		
- Term loan of Rs. Nil (Previous year: Rs. 500,000,000) is secured by way of first charge on receivables/ book debts of the Company and further secured by way of collateral security of immovable property owned by the subsidiary company and corporate guarantee of the subsidiary company to the extent of the realisable value of the collateral security.		
- Term loan of Rs. Rs. Nil (Previous year: Rs. 1,200,000,000) is secured by way of hypothecation of underlying assets financed by the Company and receivables on first pari passu basis. [Includes interest accrued and due Rs. Nil (Previous year: Rs. 171,233)] [Repayable within one year Rs. 166,666,665 (Previous year: Rs. 494,444,444)]		
(A)	**1,052,949,942**	**3,305,482,845**
B. Unsecured Loans		
Short term loans		
Commercial Paper	3,123,874,029	1,426,004,873
[Repayable within one year Rs. 3,123,874,029 (Previous year: Rs.1,426,004,873)] Maximum amount outstanding Rs. 3,250,000,000 (Previous year Rs.1,500,000,000)		
Non convertible debenture taken	-	-
Inter corporate deposits taken	250,000,000	-
[Repayable on demand Rs. 250,000,000 (Previous year: Rs. Nil) Maximum amount outstanding Rs. 250,000,000 (Previous year: Rs. Nil)]		
(B)	**3,373,874,029**	**1,426,004,873**
Total (A+B)	**4,426,823,971**	**4,731,487,718**

Schedules forming part of the Balance Sheet

Schedule 4 : Fixed Assets

(Refer note A2 of Schedule 16)

Amount in Rupees

Description	Gross Block				Depreciation/ amortisation				Net Block	
	Balance as on April 1, 2009	Additions during the year	Deletion/ Adjustments during the year*	Balance as on March 31, 2010	Balance as on April 1, 2009	For the year	Adjustments during the year*	Balance as on March 31, 2010	Balance as on March 31, 2010	Balance as on March 31, 2009
Intangible Assets										
Domain Names and Trade Names (Note 1)	1,120,042	-	787,306	**332,736**	405,565	44,859	119,021	**331,403**	**1,333**	714,477
Data Processing Software	16,551,277	-	16,551,277	**-**	4,524,623	-	4,524,623	**-**	**-**	12,026,654
Tangible Assets										
Computers and Printers	72,874,961	-	62,097,254	**10,777,707**	17,852,755	1,735,848	14,966,340	**4,622,263**	**6,155,444**	55,022,206
Office Equipment	22,775,807	204,380	17,892,216	**5,087,971**	2,725,005	246,745	2,191,127	**780,623**	**4,307,348**	20,050,802
Furnitures & Fixtures	36,956,514	114,300	22,387,165	**14,683,649**	11,198,083	995,230	9,199,340	**2,993,973**	**11,689,676**	25,758,431
Electrical Installation	4,049,730	-	-	**4,049,730**	397,886	208,699	-	**606,585**	**3,443,145**	3,651,844
Air Conditioners	13,639,256	-	11,948,220	**1,691,036**	1,417,749	87,146	1,253,626	**251,269**	**1,439,767**	12,221,508
Leasehold Improvements	83,547,824	-	76,420,952	**7,126,872**	25,532,315	1,546,440	22,769,126	**4,309,629**	**2,817,243**	58,015,509
Total	**251,515,411**	**318,680**	**208,084,390**	**43,749,701**	**64,053,981**	**4,864,967**	**55,023,203**	**13,895,745**	**29,853,956**	**187,461,430**
Previous year	**164,849,198**	**93,008,395**	**6,342,182**	**251,515,411**	**17,087,845**	**47,901,690**	**935,554**	**64,053,981**	**187,461,430**	**-**

Notes:

1. The Company has applied for registration of trademark and is awaiting the registration.
2. Assets co-owned with other subsidiary includes gross block Rs. 15,357,178 (Previous year: Rs. 15,285,425), accumulated depreciation Rs. 4,974,444 (Previous year: Rs. 3,355,281) and net block Rs. 10,382,734 (Previous year: Rs. 11,930,144).
3. Assets aggregating gross block Rs. 32,639,258, accumulated depreciation Rs. 8,942,079 and net block Rs. 23,697,179 are in the possession and use by Everstone Investment Advisors Private Limited ('EIAPL')

* Adjustments represents assets pertaining to Future Money Division transferred to Future Capital Financial Services Limited pursuant to the composite Scheme of Amalgamation and Arrangement. Refer note A2 of Schedule 16.

Schedules forming part of the Balance Sheet

Amount in Rupees

	Quantity#	As at March 31, 2010	As at March 31, 2009
Schedule 5 : Investments			
(Refer note A2 of Schedule 16)			
Long term investments (At cost)			
Other than trade (Unquoted)			
Equity Shares of Rs 10 each fully paid up:			
In Subsidiaries (Unquoted)			
Ambit Investment Advisory Company Limited	2,249,994 (2,249,994)	24,499,928	24,499,928
Myra Mall Management Company Limited	1,000,000 (1,000,000)	10,000,000	10,000,000
Kshitij Investment Advisors Company Limited	2,999,994 (2,999,994)	45,879,922	45,879,922
Future Capital Investment Advisors Limited (formerly Indivision Investment Advisors Limited)	2,249,994 (2,249,994)	22,749,937	22,749,937
Future Finance Limited	10,750,000 (10,750,000)	122,437,061	122,437,061
Future Capital Financial Services Limited *	26,124,934 (26,124,934)	2,158,303,208	499,998,740
Future Hospitality Management Limited	49,994 (49,994)	499,940	499,940
Kshitij Property Solutions Private Limited	684,000 (684,000)	30,613,273	30,613,273
Axon development Solutions Limited	49,940 (49,940)	499,400	499,400
Future Capital Credit Limited *	(2,564,800)	-	28,331,689
(I)		**2,415,482,669**	**785,509,890**
* Refer Note A2 of Schedule 16			
Other investments (unquoted)			
6% Unsecured Subordinated Convertible Debentures of Future Capital Financial Services Limited Covertible at par at the end of 5 years from the date of issue (Face Value Rs. 10)	33,000,000 (-)	330,000,000	-
Investment in Pass Through Certificates (Indian Retail ABS Trust 84-ICICI Bank)	-(35)	-	277,482,213
(II)		**330,000,000**	**277,482,213**
Total (A)		**2,745,482,669**	**1,062,992,103**

Schedules forming part of the Balance Sheet

Amount in Rupees

	Quantity#	As at March 31, 2010	As at March 31, 2009
Current Investments			
Investments in Mutual funds (At net asset value) (Unquoted)			
Investment in Mutual Funds units of Rs. 10 each, fully paid-up:			
HDFC Liquid Premium Plan -Dividend Daily Reinvestment	23,686,233 (28,284,948)	290,388,485	346,767,813
Reliance Liquidity Fund-Dividend Daily Reinvestment	11,396,671 (11,001,771)	114,021,416	110,051,821
HDFC Liquid Fund - Premium Plan - Growth	6,332,883 (14,185,604)	116,872,251	250,000,000
Reliance Liquidity Fund-Growth Option	(35,564,763)	-	471,079,013
UTI Liquid Cash Plan Regular - Growth Option	- (335,691)	-	485,386,049
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	-(51,412,579)	-	667,781,374
Birla Sunlife Cash Plus Institutional Premium Growth	-(31,494,767)	-	442,950,800
Birla Sunlife Cash Plus Institutional Premium Dividend Reinvestment	26,131,556 (25,211,835)	261,825,120	252,609,983
JP Morgan India Liquid Fund -Super Institutional Growth	21,020,945 (-)	250,037,838	-
Religare Liquid Fund-Super Institutional Growth	19,783,646 (-)	250,035,610	-
SBI Premier Liquid Fund-Super Institutional Growth	37,334,070 (-)	540,078,401	-
(I)		**1,823,259,121**	**3,026,626,853**
Other investments (At lower of cost or market value) (unquoted)			
Investment in Pass Through Certificates (Indian Retail ABS Trust 84-ICICI Bank)	- (130)	-	1,060,543,489
(II)		-	**1,060,543,489**
In Joint Venture with: (At lower of cost or market value) (unquoted) (Refer Note C17 of Schedule 16)			
Equity Shares of Rs 10 each fully paid up:			
Realterm FCH Logistics Advisors Private Limited	2,000,000 (2,000,000)	20,000,000	20,000,000
FCH Centrum Wealth Managers Limited	1,402,800 (1,405,600)	249,698,400	250,196,800
FCH Centrum Direct Limited	2,952,217 (2,958,121)	749,863,118	751,362,734
(III)		**1,019,561,518**	**1,021,559,534**
Total (B)		**2,842,820,639**	**5,108,729,876**
Grand total (A) + (B)		**5,588,303,308**	**6,171,721,979**
Aggregate amount of quoted investments		-	-
Aggregate amount of unquoted investments		5,588,303,308	6,171,721,979
Net asset value of units in mutual funds		1,823,259,121	3,026,912,672

Includes 65,055,849 (Previous year: Nil) units aggregating Rs. 755,338,894 (Previous year: Rs. Nil) pledged against overdraft of Rs. 597,147,620 (Previous year: Rs. Nil) taken by a subsidiary of the Company.

Schedules forming part of the Balance Sheet

Includes Nil (Previous year: 58,834,069) units aggregating Rs. Nil (Previous year: Rs. 640,497,243) pledged against overdraft of Rs. Nil (Previous year: Rs. 146,807,046) taken from by the Company from a bank.

figures in bracket relates to previous year figures

Amount in Rupees

Details of investments purchased and sold during the year	No. of units*	March 31, 2010	March 31, 2009
ABN AMRO Flexi Debt Fund - Regular-Daily Dividend Reinvestment	- (121,420)	-	1,214,209
ABN AMRO Flexible Short Term Plan Ser A Calendar Qly Dividend Reinvestment	- (111,410)	-	1,114,100
ABN Amro Money Plus-IP	- (20,717,261)	-	207,175,738
Birla Cash Plus - Instl. Prem. - Daily Dividend Reinvestment	- (11,626,934)	-	116,496,072
Birla Cash Plus - Instl. Prem. - Growth	248,589,157 (-)	3,607,400,000	-
Birla Income Plus - Quarterly Dividend Reinvestment	- (427,570)	-	4,655,468
Birla Interval Income-Instl.-Monthly-S2-Dividend Reinvestment	- (124,618)	-	1,246,182
Birla Interval Income-Instl.-Qtly-S3-Dividend Reinvestment	- (202,817)	-	2,028,175
Birla Sun Life Liquid Plus - Institutional. - Daily Dividend Reinvestment	- (61,133,506)	-	611,750,777
BSL Interval Fund - Institutional. Monthly - Series 1 Dividend Reinvestment	- (15,470,776)	-	154,707,766
DBS Chola Interval Income Fund - QPC-Institutional Dividend	- (2748,71)	-	2,750,663
DWS Liquid Plus Fund -Institutional Daily Dividend	- (20,123,942)	-	201,541,288
HDFC Liquid Fund - Premium Plan - Growth	87,580,152 (-)	1,583,981,490	-
HDFC Liquid Premium Plan - Daily Dividend Reinvestment	8,321,643 (-)	10,202,162	-
ICICI Prudential - Flexible Income Plan Dividend - Daily-Reinvestment Dividend	- (26,609,009)	-	281,350,365
ICICI Prudential Income Fund	- (1,582,853)	-	18,011,493
ICICI Prudential Institutional Income Plan Dividend Quarterly-Reinvest Dividend	- (275,700)	-	2,898,076
ICICI Prudential Institutional Liquid Plan - Super Institutional	123,935,755 (68,081,271)	3,956,247,596	680,846,752
JM Interval Fund - Quarterly Plan 3 - Institutional Dividend Plan	- (96,858)	-	968,583
JM Money Manager Fund Super Plus Plan -Daily Dividend (171)	- (15,111,696)	-	151,178,923
JP Morgan India Liquid Plus Fund - Dividend Plan - Reinvestment	- (29,122,926)	-	291,474,430

Schedules forming part of the Balance Sheet

Amount in Rupees

Details of investments purchased and sold during the year	No. of units*	March 31, 2010	March 31, 2009
LIC MF Interval Fund Monthly Plan Series -1	- (40,848,187)	-	408,481,876
LIC MF Liquid Fund Growth Fund	- (88,692,534)	-	984,296,773
LIC MF Liquid Plus Fund - Dividend Plan	- (14,782,501)	-	147,825,015
LIC MF Liquid Plus Fund- Daily Dividend Plan	- (108,283,71)	-	1,082,837,127
Mirae Asset Liquid Plus Fund - Super Inst - Dividend Plan	- (503,673)	-	504,207,164
Principal Cash Management Fund-Liquid Option Institutional Premium Plan - Dividend Reinvestment Daily	- (20,001,957)	-	200,033,576
Principal Liquid Plus Fund	- (20,267,157)	-	203,076,919
Prudential ICICI - Interval Fund	- (66,229)	-	663,012
Reliance Fixed Horizon Funds - VIII - Series 11	- (15,000,000)	-	150,000,000
Reliance Liquid Fund Cash Plan	- (34,051,295)	-	379,382,508
Reliance Liquid Plus Fund Institutional Option	- (60,049)	-	60,117,262
Reliance Liquid Plus Fund-Institutional Option - Daily Dividend Plan	- (251,113)	-	251,398,417
Reliance Liquity Fund-Growth	271,214,831 (65,040,013)	3,686,400,000	650,601,764
Reliance Medium Term Fund	- (29,527,381)	-	504,785,345
SBI Debt Fund Series 23 - 90 days	- (15,332,671)	-	153,330,518
SBI Liquid Plus	- (37,595,546)	-	376,143,438
SBI Magnum Insta Cash Fund	- (17,948,403)	-	300,641,151
SBI Premier Liquid Fund - Institutional - Daily Dividend	24,892,650 (17,446,334)	360,028,376	175,030,351
Sundaram BNP Paribas Money Fund Super Inst.Daily Dividend Reinvestment	- (39,990,854)	-	402,301,280
TATA Dynamic Bond Fund Option A	- (114,733)	-	1,206,194
Templeton India Income Builder Account Plan A - Monthly	- (567,558)	-	6,912,884
Templeton India TM -SIP - Dly Div	- (294,933)	-	295,046,497
Templeton Ultra Short Term Fund	- (29,662,828)	-	297,185,942
UTI Liquid Cash Plan Institutional	2,349,140 (347,626)	3,495,500,002	354,386,049
UTI Liquid Cash Plan Institutional Daily Income Option Reinvestment	- (490,824)	-	500,368,445

* Figures in bracket relate to previous year

Schedules forming part of the Balance Sheet

Amount in Rupees

	As at March 31, 2010	As at March 31, 2009
Schedule 6 : Sundry Debtors		
(Refer note A2 of Schedule 16)		
(Unsecured, considered good)		
Debts outstanding for a year exceeding six months	-	1,206,106
Other debts	22,403,433	98,173,153
Total	**22,403,433**	**99,379,259**
Includes dues from companies under same management		
Home Solutions Retial (India) Limited	-	1,907,359
(Maximum outstanding Rs. Nil; Previous year : Rs. 5,550,801)		
Pantaloon Retail (India) Limited	-	202,003
(Maximum outstanding Rs. Nil; Previous year : Rs. 1,289,496)		
Schedule 7 : Cash and Bank Balances		
(Refer note A2 of Schedule 16)		
Cash on hand	39,134	3,914,019
Cheques on hand	-	1,205,170
Balance with scheduled banks:		
- on current account *	234,191,587	17,903,120
Total	**234,230,721**	**23,022,309**
* Includes balance of Rs. 2,311,621 (Previous year: Rs. 2,466,926) with a bank for which refund instruments have been issued to the investors but yet to be encashed by the investors.		
Schedule 8 : Other Current Assets		
(Refer note A2 of Schedule 16)		
Unamortised loan origination cost	-	88,035,466
(Refer note C16 of Schedule 16)		
Unrealised discount on Pass Through Certificates	-	23,377,908
Interest accrued but not due	30,087,239	81,883,319
Subvention income receivable	-	577,665
Total	**30,087,239**	**193,874,358**
Schedule 9 : Loans and Advances		
(Refer Note C12 of Schedule 16 and note A2 of Schedule 16)		
Secured, considered good		
Loans to body corporates	5,668,833,338	1,663,000,000
Retail loans	-	585,085,964
Unsecured, considered good		
Loans / Inter corporate deposits to subsidiaries	26,700,000	832,579,637
Inter corporate deposits to other body corporates	318,000,000	150,000,000
Advance taxes (net of provision for tax)	136,718,454	139,944,880
Fringe benefit tax (net of provision for fringe benefit tax)	328,305	19,195
Security deposits	35,485,000	101,697,301
Advances recoverable in cash or in kind or for value to be received	-	
- Considered good *	166,695,597	244,826,339
- Considered doubtful	-	710,415
Less: Provision for doubtful advances	-	(710,415)
[*Includes Rs. Nil (Previous year Rs. 14,220,038) advance paid to the Executive Director against remuneration pending approval from Central Government]		
Retail loans	-	2,428,039,046
Total	**6,352,760,694**	**6,145,192,361**

Schedules forming part of the Balance Sheet

Amount in Rupees

	As at March 31, 2010	As at March 31, 2009
Schedule 10 : Current Liabilities and Provisions		
(Refer note A2 of Schedule 16)		
(A) Current Liabilities		
Sundry creditors		
(Refer note C2 of Schedule 16)		
- Due to micro and small enterprises	-	-
- Due other than micro and small enterprises	50,577,391	176,908,673
Overdrawn book balance	-	16,957,687
Fees received in advance	-	385,917,688
(Refer note C3 of Schedule 16)		
Advance from customers	-	1,745,617
Unamortised income from customers/dealers	-	36,529,371
(Refer note C16 of Schedule 16)		
Interest accrued but not due on loans	64,726	-
Amount due to subsidiary companies	173,571,163	-
Unpaid Share Application Money *	2,311,621	2,466,926
Other liabilities	2,270,020	15,101,181
Total	**228,794,921**	**635,627,143**
* Represents refund instruments issued to the investors but yet to be encashed by the investors. This does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund.		
(B) Provisions		
Proposed dividend	63,527,984	-
Dividend tax thereon	10,796,581	-
For standard assets	-	16,500,000
For Gratuity	1,151,698	3,344,130
For Leave encashment	166,469	1,532,446
Total	**75,642,732**	**21,376,576**

Schedules forming part of the Profit and Loss Account

Amount in Rupees

	For the year ended March 31, 2010	For the year ended March 31, 2009
Schedule 11 : Income from operations		
Investment advisory fees	131,727,150	94,889,421
Upfront fees	59,600,000	25,000,000
(TDS: Rs. 6,357,579 ; Previous year: Rs. 5,305,386)		
Interest on loans and advances	267,965,763	359,127,747
(TDS: Rs. 41,204,773 ; Previous year: Rs. 81,313,868)		
Dividend from mutual fund units	23,367,537	130,092,449
Profit on sale of investments	56,553,830	28,448,820
Interest on Investments	14,569,315	48,917,888
(TDS: Rs. 1,417,517; Previous year: Rs. Nil)		
Amortisation of discount on Pass Through Certificates	-	25,114,003
Interest on fixed deposits	-	843,835
(TDS: Rs. Nil; Previous year: Rs. 192,414)		
Interest Income on retail loans	-	531,397,705
Processing fees and other charges	-	24,945,996
(Refer note C16 of Schedule 16)		
Bounced Cheque / Foreclosure Charges	-	3,790,687
Subvention income	-	9,622,100
Sourcing fees	-	2,662,000
Income from Sharing of Spends	-	3,658,746
Income from advertisement and promotional activities	-	18,259,950
(TDS Rs. Nil ; Previous year: Rs. 401,898)		
Total	**553,783,595**	**1,306,771,347**
Schedule 12 : Other Income		
Foreign exchange gain (net)	-	17,317,162
Other income	4,122,990	2,309,479
(TDS: Rs. 13,330 ; Previous year: Rs. 76,264)		
Write back of excess provision	-	31,601,140
Total	**4,122,990**	**51,227,781**
Schedule 13 : Personnel expenses		
Salaries, wages and allowances	129,634,305	285,704,649
Contribution to provident and other funds	5,312,876	7,275,345
Gratuity expenses (Refer note C4 of Schedule 16)	(1,143,297)	2,297,536
Staff welfare	3,093,333	1,902,558
Total	**136,897,217**	**297,180,088**

Schedules forming part of the Profit and Loss Account

Amount in Rupees

	For the year ended March 31, 2010	For the year ended March 31, 2009
Schedule 14 : Administrative and other expenses		
Rent	44,185,570	171,998,363
Rates and taxes	2,219,044	5,846,897
Licence fees	-	30,000,000
Insurance charges	250,043	1,593,516
Repairs and maintenance - Others	4,244,024	6,218,696
Business promotion expenses	732,134	1,094,747
Commission and brokerage	210,014	27,195,507
Traveling expenses	7,555,164	14,119,961
Communication expenses	3,856,736	30,328,164
Printing and stationery	4,841,970	7,108,799
Legal and professional	33,178,271	65,789,496
Recruitment expenses	26,191	5,462,760
Membership and subscription	829,645	1,007,365
Advertisement, publicity and sales promotion expenses	3,065,370	30,145,729
Auditor's Remuneration		
Audit fees	1,200,000	1,150,000
Other certification matters	87,033	-
Out of pocket expenses	26,002	58,818
Electricity charges	2,235,210	12,754,251
Amortised loan origination cost	-	41,756,743
Conference expenses	219,351	319,689
Directors sitting fees	940,000	820,000
Loss on sale of fixed assets	-	3,261,840
Foreign exchange losses (net)	5,312,868	
Software license fees	532,501	1,979,963
Provision for doubtful debts and advances	-	17,210,415
Bad debts written off (net of recovery)	-	149,559,403
Miscellaneous expenses	4,747,819	22,102,429
Total	**120,494,960**	**648,883,551**
Schedule 15 : Finance Charges		
Amortisation of discount on issue of commercial paper	28,738,278	92,265,530
Interest paid to banks	56,112,361	148,800,326
(Includes interest on term loans Rs. 48,830,125 ; Previous year : Rs. 121,188,911)		
Interest paid to others	76,981	4,641,096
Bank charges and loan processing fees	2,721,582	19,843,999
Total	**87,649,202**	**265,550,951**

A. NATURE OF OPERATIONS

1. Future Capital Holdings Limited (the 'Company') is a Non Banking Financial Company. The Company was incorporated on October 18, 2005 and has received a Certificate of Registration from the Reserve Bank of India ('RBI') on April 10, 2006 to commence / carry on the business of Non-Banking Financial Institution without accepting public deposits. Pursuant to the demerger scheme the Company is engaged into two major business verticals: investments advisory and wholesale credit and treasury services.

2. Significant changes in the operations of the Company:

The Company was engaged in the businesses of Investment Advisory Services, Wholesale Credit and Treasury activities and Retail Financial Services. The Wholesale Credit business and the Retail Financial Services comprised "The Credit Business Division ('CBD')".

The Board of Directors of the Company at their meeting held on 31st March, 2009, approved a composite Scheme of Amalgamation & Arrangement (the 'Scheme') involving Future Capital Holdings Limited ('FCH'), Future Capital Financial Services Limited (FCFSL) and Future Capital Credit Limited (FCCL), in terms of which Credit Business Division of the Company has been de-merged and vested with FCFSL. The Scheme also provided for the Amalgamation of FCC into FCFSL. The Scheme has been approved by the Shareholders of the Company on June 15, 2009 and by the Hon'ble High Court of Judicature at Bombay vide its order dated September 2, 2009. The Company has filed the court order approving the Scheme with the Registrar of Companies ('ROC') on February 1, 2010, Mumbai as required under section 391 of the Companies Act. The said scheme became effective from February 1, 2010 but operative with retrospective effect from April 1, 2009, the Appointed date. Pursuant to the Scheme:

a. the business and operations of the demerged CBD have been vested with FCFSL with effect from April 1, 2009. Consequently,

   - the related assets and liabilities of the CBD, including those specifically identified in the Scheme, at the close of business hours on March 31, 2009, have been transferred to FCFSL on April 1, 2009;
   - Pending the scheme becoming effective the Company has, in trust, carried on the business of the CBD, from April 1, 2009 to January 31, 2010.

b. the said transfer and vesting of the assets of the CBD is deemed to be on a going concern basis.

c. Since FCFSL is a wholly owned subsidiary of the Company, no consideration has been received against the assets and liabilities transferred.

The details of the assets and liabilities transferred and vested with FCFSL as at April 1, 2009 is as follows:

		Credit Business Division
Fixed Assets (Net block)		155,875,852
Investments		1,338,025,702
Current assets, loans and advances		
Sundry debtors		74,249,795
Cash and bank balances		6,724,503
Other current assets		164,187,665
Loans and advances		4,082,584,091
	(A)	**4,327,746,053**
Less: Current liabilities and provisions		
Current liabilities		547,840,972
Provisions		17,828,981
	(B)	**565,669,953**
Net current assets	(A-B)	**3,762,076,100**
Total Assets		**5,255,977,654**
Loan funds		3,626,004,873
Total Liabilities		**3,626,004,873**
Net assets transferred		**1,629,972,781**

Schedule 16 Notes to Accounts (Contd.)

The accounting treatment as prescribed under the Scheme in respect of the net assets transferred aggregating Rs. 1,629,972,781 is represented by increase in the value of investment in Future Capital Financial Services Limited.

On amalgamation of FCC with FCFSL the investment held by the Company in FCC stands reduced and correspondingly investment value of FCFSL is increased by Rs. 28,331,689.

In terms of Accounting Standard AS-24 Discontinuing Operations, notified by the Companies Accounting Standards Rules, 2006, additional information with respect to the demeger of credit business division of the Company is as under:

Particulars	Year ended March 31, 2010		Year ended March 31, 2009	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations
Total Assets	12,267,993,341	9,227,429,177	7,004,713,873	5,821,647,608
Total Liabilities	4,732,989,652	7,705,681,843	1,198,537,807	4,191,674,826
Income	557,906,585	1,463,708,005	495,397,170	862,601,958
Expenditure	349,906,346	1,404,008,643	391,752,318	867,763,962
Profit/ (Loss) before tax	208,000,239	59,699,362	103,644,852	(5,162,004)
Net cash Flow from/ (used in):				
a. Operating activities	(4,033,494,413)	(1,679,659,945)	(15,204,064)	(3,826,023,388)
b. Investing activities	(273,297,458)	1,425,740,873	1,193,448,503	(1,409,909,480)
c. Financing activities	3,321,512,359	246,953,746	(1,401,039,385)	5,240,254,211

Re-alignment of investment advisory business

The Board of Directors at their meeting held on December 11, 2009, approved the realignment of the investment advisory activities of the Company. The Company has entered into appropriate agreements with Everstone Investment Advisors Private Limited ('EIAPL'), to realign its investment advisory activities with a view to having a focused and dedicated approach to the investment advisory business.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standard by Companies Accounting Standards Rules, 2006 except for the accounting of the effects of the Scheme, which has been done in accordance with the terms of the Scheme as approved by the High Court and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis, except for dividend from mutual fund units recognised on receipt basis and valuation of unquoted units of mutual funds at net asset value, which is in accordance with Non-Banking Financial (Non-deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Direction 2007 ('NBFC Regulation'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. **Fixed assets and Depreciation**

Tangible Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any other directly attributable costs of bringing the asset to its working condition for its intended use.

Leasehold improvements are depreciated on straight line basis over primary period of lease agreements.

Intangible Assets

Intangible assets include domain names, trademarks, copyrights and computer software, which are acquired, capitalized and amortized on a straight-line basis over the estimated useful lives, of 5 years.

Depreciation

Depreciation is provided using Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

Tangible assets and intangible assets costing Rs 5,000 or less individually are fully depreciated / amortized in the year of purchase.

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 asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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 year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

5. **Provisions**

A 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 and other employee benefits**

(i) The Company's employee benefits cover provident fund, gratuity and leave encashment.

(ii) Provident fund is a defined contribution scheme and the Company has no further obligation beyond the contributions made to provident fund authorities. Contributions are charged to the profit and loss account in the year in which they accrue.

Schedule 16 Notes to Accounts (Contd.)

(iii) Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the financial 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 charged to the profit and loss account and are not deferred.

(iv) The Company has provided for leave encashment liability at year end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

7. **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.

8. **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.

Unquoted investments in units of mutual funds are stated at net asset value.

9. **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 and Advisory fees

Revenue from research and advisory services are recognised on pro-rata basis over the period of contract as and when services are rendered or in accordance with the arrangements entered into with the parties receiving such research and advisory services.

Interest income

Interest income is recognised on the time proportionate basis. 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.

Pre EMI interest received from customers is recognised as income on accrual basis.

In case of non performing assets interest income is recognised on receipt basis as per NBFC Prudential norms.

Income on discounted instruments

Income on discounted instruments is recognised over the tenor of the instrument on straight line basis. The unamortised income is netted against unrealized discount on such instrument and is disclosed under loans and advances.

Interest income on discounted instruments is recognised on a time proportion accrual basis.

Sourcing fees

Sourcing fees is recognised based on the co –branded credit cards sourced by the Company.

Income from sharing of spends

Income from sharing of spends is recognised on an accrual basis as a percentage of expenditure incurred by the holders of Company's co-branded credit card.

Upfront fees on loans

Upfront fees on loans are recognised as and when they are due.

Schedule 16 Notes to Accounts (Contd.)

Dividend income

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 on receipt basis in accordance with the NBFC Regulation.

Processing fees, Subvention income (net of service tax)

Processing fees received from customers and Subvention income received from manufacturers and dealers is recognised as income over the tenor of the loan agreements . The unamortized balance is being disclosed as part of current liabilities. However, if the agreement is foreclosed, balance of processing fees and subvention income is recognised as income at the time of such foreclosure.

Income from advertisement and promotional activities

Income from advertisement and promotional activities are accounted for in accordance with the terms of agreement and completion of services.

Profit/ Loss on sale of investments

Profit or loss on sale of investments is determined on the basis of the weighted average cost method.

10. **Charge off and provisions policy**

The Company has transferred the retail loans pursuant to the Scheme of Arrangement and Amalgamation to FCFSL. Till March 31, 2009 the Company provided for overdue retail loans as under:

Consumption Loans and Personal Loans

Loss Assets	-	100% write off
180 days overdue	-	100% write off

Loans against Property

Loss Assets	-	100% write off
180 days overdue	-	10% provision
720 days overdue	-	20% provision
1080 Days	-	100% write off

Provision on non performing assets

Provision in respect of other non performing assets is made in accordance with the NBFC Regulations.

11. **Loan origination costs**

Loan acquisition costs such as credit verification, front end sales and processing cost, agreement stamping, dealer / agent commission, are recognised as expense over the average tenor of the loan agreements. Full month's amortization is done in the month of booking of loan. The unamortized balance is being disclosed as part of loans and advances. However, if the case is foreclosed, the unamortised portion of the loan acquisition costs is recognised as charge to the Profit and Loss Account at the time of such foreclosure.

12. **Borrowing costs**

Borrowing costs consists of interest and other cost that an entity incurs in connection with borrowing of funds. Borrowing costs are recognized as an expense in the period in which these are incurred.

13. **Commercial Papers**

Commercial paper is recognised at redemption value net of unamortized finance charges. The difference between redemption value and issue value is amortised on a time basis and is disclosed separately under finance charges.

14. **Income taxes**

Income tax comprises of current and deferred tax. Current income tax is 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.

Schedule 16 Notes to Accounts (Contd.)

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. In situation where the Company has unabsorbed depreciation and carry forward 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.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

15. **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.

16. **Employee Stock Option Scheme ('ESOS')**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on "Accounting for Employee Share-based Payments" issued by The Institute of the Chartered Accountants of India ('ICAI'). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortised over the vesting period of the option on a straight line basis.

17. **Segment Reporting Policies**

Identification of segments

The Company has organized its operations into two major businesses: Investment Advisory, Wholesale credit and Treasury services. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

It includes income and expense items which are not allocated to any business segment.

C NOTES ON ACCOUNTS

1. **Contingent liabilities and commitments**

a. Contingent Liabilities not provided for in respect of:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Guarantees given by banks on behalf of the Company	Nil	24,567,210
Guarantees given by the Company on behalf of a subsidiary company	6,730,224,621	Nil
Income-tax matters under dispute	4,520,786	Nil

b. Capital commitments:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil

2. **Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006**

The Company did not have any transactions with Small, Micro and Medium Enterprises as defined under "Micro, Small and Medium Enterprises Development Act, 2006" and hence there are no amounts due to such undertakings. The identification of units is based on the management's knowledge of their status.

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

3. **Fees received in advance**

In the earlier years, the Company had entered into an agreement with ICICI Bank Limited for distribution of co-branded credit cards. The Company had received an amount of Rs. 440,000,000 (inclusive of service tax Rs. 48,401,566) as advance towards account set up fees payable by ICICI Bank Limited to the Company. Balance amount of Rs. 385,917,688 (net of service tax, sourcing fees and spends income) had been shown as 'fees received in advance' under the head 'Current Liabilities' for the year ended March 31, 2009. Subsequently the same has been transferred to Future Capital Financial Services ('FCFSL') pursuant to the Scheme of de-merger. For details refer Note A2 above.

4. **Gratuity and other post-employment benefit plans:**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service. Gratuity expense has been included in Salaries, wages and allowances under Personnel expenses.

The following table summaries the components of net benefit expense recognized in the profit and loss account and amounts recognized in the balance sheet for the respective plans.

Schedule 16 Notes to Accounts (Contd.)

A. Change in Present Value of Obligation

(Amount in Rs.)

Particulars	Gratuity (Unfunded)	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Present Value of the Obligation as at the beginning of the year	3,344,130	1,202,165
Less: Transferred pursuant to the Scheme of demerger (Refer Note A2 of Schedule 16)	792,528	-
Interest Cost	178,612	79,602
Current Service Cost	535,854	1,751,833
Benefit Paid	256,607	(155,571)
Actuarial (gain)/ loss on obligations	(1,857,763)	466,101
Present Value of the Obligation as at the end of the year	1,151,698	3,344,130

B. Amount recognised in the Balance Sheet

(Amount in Rs.)

Particulars	Gratuity (Unfunded)	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Present Value of the Obligation as at the end of the year	1,151,698	3,344,130
Fair Value of Plan Assets as on the end of the year	-	-

C. Amount recognised in the Profit and Loss Account

(Amount in Rs.)

Particulars	Gratuity (Unfunded)	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Interest Cost	178,612	79,602
Current Service Cost	535,854	1,751,833
Expected Return on Plan Assets	-	-
Actuarial (gain)/ loss on obligations	(1,857,763)	466,101
Total expense recognised in the Profit and Loss Account	(1,143,297)	2,297,536

D. Reconciliation of Balance Sheet

(Amount in Rs.)

Particulars	Gratuity (Unfunded)	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Present Value of the Obligation as at the beginning of the year	3,344,130	1,202,165
Less: Transferred pursuant to the Scheme of demerger (Refer Note A2 of Schedule 16)	792,528	
Total expense recognised in the Profit and Loss Account	(1,143,297)	2,297,536
Benefits paid	256,607	(155,571)
Present Value of the Obligation as on the end of the year	1,151,698	3,344,130

The principal assumptions used in determining obligations for the Company's plans are shown below:

Assumptions	Gratuity (Unfunded)	
	March 31, 2010	March 31, 2009
Discount rate	7%	7%
Increase in compensation cost	5%	5%
Employee turnover	2%	2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Since the Company has not funded its gratuity liability and leave encashment there are no returns on the planned assets and hence the details related to changes in fair value of assets have not been given.

5. **Employee Stock Option Scheme ('ESOS')**

ESOS 2007

Pursuant to ESOS 2007 Scheme approved vide Board Resolution dated August 23, 2007 and approved in the Annual General Meeting dated September 25, 2007, the Company had granted options in respect of 1,000,000 equity shares to the eligible employees at an exercise price of Rs. 178. The original vesting period for the options was three years from the date of grant i.e. vesting in October/ November 2010. During the year, the remuneration committee vide its meeting held on December 11, 2009 modified the vesting period to December 15, 2009. Details of activity in respect of ESOS 2007 are as follows:

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Options outstanding as at the beginning of the year	698,000	1,000,000
Granted during the year	-	-
Forfeited during the year	-	-
Lapsed during the year	42,000	302,000
Exercised/ Allotted during the year	-	-
Outstanding as at the end of the year	656,000	698,000
Exercisable at the end of the year	-	-
Weighted average remaining contractual life (in years)	0.66	2.50
Weighted average fair value of options granted	Rs. 9.37	Rs. 9.37

ESOS 2008

Pursuant to ESOS 2008 Scheme Board Resolution dated June 16, 2008 and approved in the Annual General Meeting dated August 14, 2009, the Company had granted options in respect of 948,500 equity shares to the eligible employees at an exercise price of Rs. 102. The vesting period for options is three years from the date of grant i.e. vesting on March 31, 2012. During the year, the remuneration committees vide its meeting held on December 11, 2009 modified the vesting period to March 31, 2010. Details of activity in respect of ESOS 2008 are as follows:

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Options outstanding as at the beginning of the year	948,500	-
Granted during the year	-	948,500
Forfeited during the year	-	-
Lapsed during the year	208,500	-
Exercised/ Allotted during the year	-	-
Outstanding as at the end of the year	740,000	948,500
Exercisable at the end of the year	740,000	-
Weighted average remaining contractual life (in years)	4	7
Weighted average fair value of options granted	Rs. 63	Rs. 63

Schedule 16 Notes to Accounts (Contd.)

Proforma Accounting

Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Net Profit after tax as reported	173,179,407	93,086,323
Less: Employee stock compensation under fair value method	49,170,457	2,007,273
Total	**124,008,950**	**91,079,050**
Basic earnings per share as reported	2.73	1.47
Proforma Basic earnings per share	1.95	1.44
Diluted earnings per share as reported	2.70	1.46
Proforma Diluted earnings per share	1.94	1.43

6. **Segmental Reporting**

Pursuant to the Scheme the Company has organized its operations into two major business verticals: Investment Advisory and Wholesale credit services. A description of the types of products and services provided by each reportable segment is as follows:

Investment Advisory:

The Company provides investment advisory services to onshore and offshore clients. These investment advisory services include investment analysis, research and investment recommendations. The in-house research team assists the process of value creation for private equity and real estate advisory businesses through macro economic analysis, survey based field work, in-house data and real time business experience.

Wholesale credit and Treasury:

The wholesale credit business uses our proprietary balance sheet to build a unique structured credit business that focuses on mezzanine, promoter, project and acquisition financing as well other special situations related financing. The treasury operations ensure liquidity for business and manage investment of surplus funds to optimize returns within the approved risk management framework.

Geographical Segments :

The Company has identified geographical segments as within India and outside India.

For Segment Information - Refer Annexure 1

7. **Related Party Disclosure:**

Names of related parties where control exists irrespective of whether transactions have occurred or not

Relationship	**Name of the Party**
Holding Company	Pantaloon Retail (India) Limited
Subsidiaries	Kshitij Investment Advisory Company Limited
	Ambit Investment Advisory Company Limited
	Myra Mall Management Company Limited
	Future Capital Financial Services Limited
	Future Hospitality Management Limited
	Future Capital Investment Advisors Limited (formerly Indivision Investment Advisors Limited)
	Future Finance Limited
	Kshitij Property Solutions Private Limited
	Axon Development Solutions Limited
	Future Capital Credit Limited (merged with Future Capital Financial Services Limited w.e.f. April 1, 2009)
	FCH CentrumDirect Limited (upto June 15, 2009)
	FCH Centrum Wealth Managers Limited (upto June 12, 2009)

Schedule 16 Notes to Accounts (Contd.)

Joint Ventures	Realterm FCH Logistics Advisors Private Limited FCH CentrumDirect Limited (w.e.f. June 16, 2009) FCH Centrum Wealth Managers Limited (w.e.f. June 13, 2009)

Names of other related parties with whom transactions have taken place during the year

Relationship	Name of the Party
Fellow subsidiaries	Home Solutions Retail (India) Limited Future Media India Limited Pantaloon Future Ventures Limited Future bazaar India Limited Future Ventures India Limited
Associates	Future Ideas Company Limited Idiom Design and Consulting Limited Pingaksh Realty Private Limited Everstone Investment Advisors Private Limited (formerly New Edge Investment Advisors Limited) (upto December 31, 2009) Future E-commerce Infrastructure Limited
Key Management Personnel	Sameer Sain, Vice Chairman and Managing Director (upto February 5, 2010) Dhanpal Jhaveri, Whole time Director designated as Executive Director (upto April 6, 2010) Krishan Kant Rathi, Whole time Director (w.e.f. April 6, 2010)

Refer Annexure 2 and 2A for the transactions with related parties.

8. **Operating Leases**

The Company's significant leasing arrangements are in respect of operating leases are for premises (residential and office) and vehicle which are renewable on mutual consent at agreed terms. The aggregate lease rentals payable are charged to the profit and loss account.

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Lease payments recognised in the profit and loss account	44,185,570	171,998,363

Details of non-cancellable leases are as follows:

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Minimum Lease Payments:		
Not later than one year	-	38,633,571
Later than one year but not later than five years	-	16,586,372
Later than five years	-	-

Schedule 16 Notes to Accounts (Contd.)

The Company's sub leasing arrangements are in respect of operating leases for office premises which are renewable on mutual consent at agreed terms. The aggregate lease rental income recognized in the profit and loss account is as follows:

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Lease income recognised in the profit and loss account	-	300,000

9. **Earnings Per Share ('EPS')**

Basic and diluted EPS has been computed by dividing the net profit after tax for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Net profit considered for basic EPS calculation	173,179,407	93,086,323
Weighted average number of equity shares for calculating basic EPS	63,527,984	63,402,231
Nominal value per share	Rs. 10	Rs. 10
Basic EPS	2.73	1.47
Net profit considered for diluted EPS calculation	173,179,407	93,086,323
Weighted average number of equity shares used for calculating basic EPS	63,527,984	63,402,231
Add : Weighted average number of equity shares under options	554,251	278,430
Weighted average number of equity shares in calculating diluted EPS	64,082,235	63,680,661
Nominal value per share	Rs. 10	Rs. 10
Diluted EPS	2.70	1.46

10. **Deferred Tax Liabilities/ Assets**

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred Tax Liability		
On depreciation	2,165,923	7,959,573
On Unamortised loan origination cost	-	29,923,255
Sub-Total	**2,165,923**	**37,882,828**
Deferred Tax Asset		
On provision for gratuity and leave encashment	437,895	1,657,548
Unamortised processing fees and subvention income	-	12,416,333
On unabsorbed losses	-	22,087,751
Sub-Total	**437,895**	**36,161,632**
Deferred tax (assets)/ liabilities (net)	**1,728,028**	**1,721,196**

Schedule 16 Notes to Accounts (Contd.)

11. **Joint Venture Disclosures:**

i) Jointly Controlled Entity by the Company:

Name of the Entity	Country of incorporation	% Holding	
		March 31, 2010	March 31, 2009
Kshitij Property Solutions Private Limited	India	Nil	50%
Realterm FCH Logistics Advisors Private Limited	India	50%	50%
FCH CentrumDirect Limited	India	50%	Not Applicable
FCH Centrum Wealth Managers Limited	India	50%	Not Applicable

ii) Company's share of in the Assets, Liabilities, Income and Expenses with respect to jointly controlled entities are as follows:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Assets	997,697,863	20,440,238
Liabilities	308,720,667	7,151,844
Revenue	226,403,392	40,670,842
Depreciation/ amortization	15,407,076	187,115
Other expenses	271,082,606	34,626,613
Profit/ (Loss) before tax	(60,086,290)	5,857,114
Capital Commitments	-	-
Contingent Liabilities	-	-

12. **Included in Loans and Advances are:**

Loans and advances granted to companies under same management pursuant to Section 370(1B) of the Companies Act, 1956, associates and companies in which directors are interested pursuant to and Clause 32 is as under:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Due from subsidiaries		
Ambit Investment Advisory Company Limited (Maximum amount outstanding during the year Rs. 83,102,959 (Previous year Rs. Nil)]	26,700,000	-
Myra Mall Management Company Limited (Maximum amount outstanding during the year Rs. 635,022,583 (Previous year Rs. 643,331,691)]	38,600,000	635,022,583
Kshitij Investment Advisory Company Limited (Maximum amount outstanding during the year Rs. 2,265,081 (Previous year Rs. 4,900,256)]	72,876	992,251
Future Capital Investment Advisors Limited (Maximum amount outstanding during the year Rs. 5,405,516 (Previous year Rs. 16,954,169)]	130,992	5,405,516
Future Finance Limited (Maximum amount outstanding during the year Rs. 1,196,509 (Previous year Rs. 578,051)]	-	395,232
Future Capital Financial Services Limited (Maximum amount outstanding during the year Rs. 330,000,000 (Previous year Rs. 271,467,166)]	-	254,035,446
Kshitij Property Solutions Private Limited (Maximum amount outstanding during the year Rs. 101,590 (Previous year Rs. 146,377)]	-	60,382

Schedule 16 Notes to Accounts (Contd.)

Due from companies under same management

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Everstone Investment Advisors Private Limited (ceased to be a company under same management w.e.f. January 1, 2010) (Maximum amount outstanding during the year Rs. 101,110 (Previous year Rs. 77,945)]	-	200
Pantaloon Retail (India) Limited (Maximum amount outstanding during the year Rs. 5,673,783 (Previous year Rs. 5,698,595)]	-	5,673,783
Future Ventures India Limited (Maximum amount outstanding during the year Rs. 523,897 (Previous year Rs. 540,654)]	-	523,897
Pan India Foods Solutions Private Limited (Maximum amount outstanding during the year Rs. 51,467,341 (Previous year Rs. 51,467,341)]	-	520,833
Future Generali India Insurance Company Limited (Maximum amount outstanding during the year Rs. 500,000 (Previous year Rs. 500,000)]	-	500,000
Future Generali India Life Insurance Company Limited (Maximum amount outstanding during the year Rs. 967,624 (Previous year Rs. 9,667,624)]	-	967,624
Home Solutions Retail (India) Limited (Maximum amount outstanding during the year Rs. 257,268,991(Previous year Rs. Nil)]	80,000,000	-
Due from directors of the Company (Maximum amount outstanding during the year Rs. 14,220,038 (Previous year Rs. 14,220,038)]	-	14,220,038
Due from officers of the Company (Maximum amount outstanding during the year Rs. 1,500,000 (Previous year Rs. 1,543,593)]	-	1,500,000

13. **Managerial Remuneration:**

Particulars of remuneration and other benefits provided to Directors

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Salaries and Allowances	12,209,416	24,847,283
Contribution to provident and other funds	375,000	375,000
Perquisites	10,212,251	50,953
Total	**22,796,667**	**25,273,236**

Notes:

a. Remuneration paid to the Directors exceeds the limit prescribed under Schedule XIII to the Companies Act, 1956 for which the Company has received approval from the Central Government.

b. In the previous year, the Company had applied to the Central Government for remuneration paid to executive director of the Company. During the year, the Company has received the approval from the Central Government to pay remuneration to executive director upto February 19, 2010. Accordingly remuneration has been paid till the date of approval.

c. Costs pertaining to group medical and group life insurance cover and contribution towards benefit in respect of gratuity are being funded on an overall Company basis and accordingly have not been considered in the above information.

14. **Details of utilisation of proceeds raised through public issue**

The Company had raised Rs. 4,913,442,000 during its Initial Public Offer (IPO) in the earlier years'. The amount raised through public issue has been utilized as follows:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Share issue expenses	-	298,265,649
Towards general corporate purpose	-	309,224,134
Towards retail financial services	-	4,305,952,217
Total	**-**	**4,913,442,000**

15. **Foreign Currency**

(Amount in Rs.)

Earnings in foreign currency (Accrual basis)	For the year ended March 31, 2010	For the year ended March 31, 2009
Research and Advisory fees	130,297,150	94,889,421
Total	**130,297,150**	**94,889,421**

(Amount in Rs.)

Expenditure in foreign currency (Accrual basis)	For the year ended March 31, 2010	For the year ended March 31, 2009
Travelling	1,971,216	727,621
Conference and seminars	185,214	95,135
Others	-	29,173
Total	**2,156,430**	**851,929**

16. **Deferment of loan origination cost, processing fees and subvention income**

The Company had deferred the loan origination cost and processing fees income over the average tenor of the respective loan agreement. Pursuant to the Scheme of de-merger the same has been transferred to Future Capital Financial Services ('FCFSL'). For details refer Note A2 above.

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Total loan origination cost deferred	-	104,436,773
Cost amortised and charged to profit and loss account during the year	-	41,756,743
Unamortised cost shown into balance sheet	-	88,035,466

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Total unamortised income from processing fees/ subvention income	-	59,947,665
Income amortised and credited to profit and loss account during the year	-	34,568,096
Unamortised processing fees/ subvention income shown into balance sheet	-	36,529,371

Schedule 16 Notes to Accounts (Contd.)

17. The Company had acquired 50.10% each in FCH CentrumDirect Limited ('FCDL') and FCH Centrum Wealth Managers Limited ('FCWML') respectively on March 12, 2008. Accordingly, these investments were classified as investment in subsidiary companies till March 31, 2009. During the year, the Company has sold 0.10% each in FCDL and FCWML. Consequently the same has been classified as joint ventures of the Company. These investments were acquired on a temporary basis with an intention to sale in the near future.

    Pursuant to Memorandum of Understanding ('MOU') entered with Everstone Investment Advisors Private Limited ('EIAPL') the Company has agreed to sell its 50% stake in Realterm FCH Logistics Advisors Private Limited to EIAPL at book value after obtaining necessary approvals.

18. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of part II of the Schedule VI to the Companies Act, 1956 have been given to the extent applicable and necessary.

19. Additional information as per guidelines issued by the Reserve Bank of India is respect of Non-Banking Financial (Non-deposit accepting or holding) Systemically Important (NBFC-ND-SI) is given in Annexure 3.

20. Pursuant to change in the operations of the Company as detailed in Note A2 above, current year figures exclude the credit businesses and hence they are not strictly comparable with that of the previous year. Prior period figures have been reclassified/ regrouped to confirm with the current year's presentation, wherever applicable.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No. 42650

Place: Mumbai
Date: May 24, 2010

For and on behalf of the Board of Directors of Future Capital Holdings Limited

Kishore Biyani
Chairman

Shailesh Haribhakti
Director

Krishan Kant Rathi
Director & Manager

N. Shridhar
Chief Financial Officer

Chetan Gandhi
Head - Legal & Secretarial

Place: Mumbai
Date: May 24, 2010

Schedule 16 Notes to Accounts (Contd.)

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

I REGISTRATION DETAILS

Registration No.	11-15679 5	State Code	11
Balance Sheet Date	Date: 31, Month: 03, Year: 2010		

II CAPITAL RAISED DURING THE YEAR (Amt. in Rs. Thousands)

Public Issue	NIL	Right Issue : .	NIL
Bonus Issue	NIL	Private Placement :	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amt. in Rs. Thousands)

Total Liabilities (including shareholder's funds)	12267993	Total Assets	12267993

Sources of Funds

Paid up Capital	635280	Reserve & Surplus	6899724
Secured Loans	1052950	Unsecured Loans	3373874
Deferred Tax liability	1728		

APPLICATION OF FUNDS

Net Fixed Assets (Please tick appropriate box + for Positive, - for Negative)	+ ✓ 29854	Investments	5588303
Net Current Assets	6345399	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

IV PERFORMANCE OF COMPANY (Amt. in Rs. Thousands)

Turnover (including other income)	557906	Total Expenditure	349906
(Please tick appropriate box + for Positive, - for Loss) Profit / Loss Before Tax	+ ✓ 208000	Profit / Loss After Tax	173179
(Please tick appropriate box + for Positive, - for Negative) Earning Per Share in Rs.	+ ✓ 2.73	Dividend Rate %	10

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary TERMS)

Item Code No. (ITC Code)	Product Description
Not Applicable	Non Banking Financial Company

For and on behalf of the Board of Directors of Future Capital Holdings Limited

Kishore Biyani Chairman	**Shailesh Haribhakti** Director	**Krishan Kant Rathi** Director & Manager
N. Shridhar Chief Financial Officer	**Chetan Gandhi** Head - Legal & Secretarial	

Place: Mumbai
Date: May 24, 2010

Schedule 16 Notes to Accounts (Contd.)

Annexure 1 to Note C 6 of the Schedule 16 of Notes to Accounts

Information about segment

(Amount in Rs.)

Particulars	Investment Advisory		Wholesale Credit and Treasury *		Retail Financial Services *		Unallocated		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
I. Primary Segment-Business										
Revenue										
Income from external operations	130,797,150	112,550,626	422,056,445	543,512,851	-	699,970,216	5,052,990	1,965,435	557,906,585	1,357,999,128
Inter segment revenue	-	-	-	-	-	-	-	-	-	-
Total	**130,797,150**	**112,550,626**	**422,056,445**	**543,512,851**	**-**	**699,970,216**	**5,052,990**	**1,965,435**	**557,906,585**	**1,357,999,128**
Segment result	**29,777,176**	**(37,594,442)**	**226,044,991**	**132,677,261**	**-**	**1,434,594**	**5,052,990**	**1,965,435**	**260,875,157**	**98,482,848**
Unallocated corporate expenses							(52,874,918)	-	(52,874,918)	-
Income taxes (Current tax, Fringe benefit tax and deferred tax)							(34,820,832)	(5,396,525)	(34,820,832)	(5,396,525)
Net Profit after tax									**173,179,407**	**93,086,323**
Other Information										
Segment assets	55,865,332	183,696,077	8,640,037,063	7,672,490,802	-	4,830,210,528	-	-	8,695,902,395	12,686,397,406
Other unallocated assets	-	-	-	-	-	-	3,572,090,946	139,964,075	3,572,090,946	139,964,075
Total Assets	**55,865,332**	**183,696,077**	**8,640,037,063**	**7,672,490,802**	**-**	**4,830,210,528**	**3,572,090,946**	**139,964,075**	**12,267,993,341**	**12,826,361,481**
Segment liabilities	-	59,226,674	4,656,937,059	3,332,381,059	-	1,996,883,705	-	-	4,656,937,059	5,388,491,437
Other unallocated liabilities	-	-	-	-	-	-	76,052,593	1,721,196	76,052,593	1,721,196
Total Liabilities	**-**	**59,226,674**	**4,656,937,059**	**3,332,381,059**	**-**	**1,996,883,705**	**76,052,593**	**1,721,196**	**4,732,989,652**	**5,390,212,633**
Capital Expenditure	-	1,699,389	318,680	1,699,389	-	77,831,637	-	-	318,680	81,230,414
Depreciation/ amortisation	2,432,483	2,263,805	2,432,484	2,263,805	-	43,374,080	-	-	4,864,967	47,901,690
Other non-cash expenses	-	-	-	-		17,210,415	-	-	-	17,210,415
II. Secondary Segment-Geographical										
Revenue										
Domestic	500,000	-	422,056,445	543,512,851	-	699,970,216	5,052,990	1,965,435	427,609,435	1,245,448,502
Exports	130,297,150	112,550,626	-	-	-	-	-	-	130,297,150	112,550,626
Total	**130,797,150**	**112,550,626**	**422,056,445**	**543,512,851**	**-**	**699,970,216**	**5,052,990**	**1,965,435**	**557,906,585**	**1,357,999,128**

* During the year, the Company has discontinued retail financial operations and certain activities of wholesale credit division. Refer note A2 of Schedule 16

All assets of the Company are situated in India

Annexure 2 to Note C 7 of the Schedule 16 of Notes to Accounts

Transactions with Related parties

(Amount in Rs.)

Relationship	Holding Company		Subsidiaries		Joint Ventures		Fellow Subsidiaries		Associate Companies		Key Management Personnel	
Year	**2009-2010**	**2008-2009**	**2009-2010**	**2008-2009**	**2009-2010**	**2008-2009**	**2009-2010**	**2008-2009**	**2009-2010**	**2008-2009**	**2009-2010**	**2008-2009**
Purchase of Goods/Services	778,340	278,955	34,025	219,955	-	-	-	748,104	-	1,873,320	-	-
DSA Commision	-	-	-	116,244,005	-	-	-	-	-	-	-	-
Marketing and Advertising	-	-	-	-	-	-	-	-	-	49,339,526	-	-
Loans taken	250,000,000	-	-	-	-	-	-	-	-	-		
Deposit Given	-	892,500	-	9,000,000	-	-	-	-	-	1,467,624	-	-
Loans Given	-	-	280,270,000	861,300,000	2,500,000	25,000,000	560,000,000	-	-	-	-	-
Loans Repayment received	-	-	1,092,670,000	160,462,879	2,500,000	25,000,000	480,000,000	-	-	80,000,000	-	-
Interest received	-	-	53,980,705	40,287,100	9,589	1,288,377	44,486,301	-	-	6,128,501	-	-
Interest paid	71,918	-	-	-	-	-	-	-	-	-		
Rent Received		-	-	-	-	-	-	-	-	337,080	-	-
Rent/ Lease Rent Paid	-	40,873,739	33,742,183	49,463,097	-	-	-	-	-	1,220,287	-	-
Subvention Income Received	-	1,765,744	-	-	-	-	-	4,182,083	-	-	-	-
Commission Received	-		-	61,078,692	-	-	-	-	-	-	-	-
Operating expenses incurred by the Company on behalf of the Party	-	46,900	88,868,840	-	171,015	4,337,472	-	4,744,048	124,199	1,410,765	-	-
Fixed assets / Intangible assets Purchased	-	-	-	-	-	-	-	298,000	-	443,532	-	-
Fixed assets / Intangible assets Sold	-	-	-	246,909	-	-	-	-	-	373,540	-	-
Operating expenses incurred by the Party on behalf of the Company	-	240,926	1,654,532	13,812,117	-	10,368	-	-	-	7,178	-	-
Investments made	-	-	330,000,000	28,112,673	-	-	-	-	-	-	-	-
Equity Shares issued	-	-	-	-	-	-	-	-	-	-	-	112,635,000
License Fees	-	30,000,000	-	-	-	-	-	-	-	-	-	-
Directors Remuneration	-	-	-	-	-	-	-	-	-	-	22,796,667	25,273,236
Net assets transferred pursuant to the Scheme of demerger	-	-	1,629,972,781	-	-	-	-	-	-	-	-	-
Closing Balances : Receivable / (Payable)												
Inter corporate deposits granted/ (taken)	(250,000,000)	-	26,700,000	853,909,766	-	-	80,000,000	-	-	-	-	-
Advances recoverable in cash or kind/ Sundry creditors (net)	(5,673,783)	(25,291,121)	(168,767,295)	11,360,253	-	(10,228)	-	2,909,902	(3,660)	(9,639,045)	-	(47,744)
Security deposits	-	-	34,000,000	34,000,000	-	-	-	-	-	-	-	-

Schedule 16 Notes to Accounts (Contd.)

Annexure 2A to Note C 7 of the Schedule 16 of Notes to Accounts

Transactions with Related parties

Disclosures of Related party transactions more than 10% (Amount in Rs.)

Name of the Party	For the year ended March 31, 2010	For the year ended March 31, 2009
Purchase of Goods/services		
Future Media India Limited	-	523,104
Future Generali India Life Insurance Company Limited	-	781,091
Staples Future Office Products Pvt Ltd	-	777,943
Pantaloon Retail (India) Limited	778,340	-
DSA Commission		
Future Capital Financial Services Limited	-	116,244,005
Marketing & Advertising		
Future Knowledge Resources Limited (formerly PFH Entertainment Limited)	-	49,339,526
Deposit Given		
Myra Mall Management Company Limited	-	9,000,000
Loans Given		
Myra Mall Management Company Limited	-	489,000,000
Future Capital Financial Services Limited	197,770,000	345,200,000
Pantaloon Industries Limited	150,000,000	-
Home Solutions Retail (India) Limited	410,000,000	-
Loan Repaid		
Future Capital Financial Services Limited	435,470,000	107,500,000
Pantaloon Industries Limited	150,000,000	300,000,000
Myra Mall Management Company Limited	600,000,000	-
Home Solutions Retail (India) Limited	330,000,000	-
Inter corporate deposits		
Pantaloon Retail (India) Limited	250,000,000	-
Interest received		
Myra Mall Management Company Limited	18,377,704	20,507,011
Future Capital Financial Services Limited	31,844,059	19,636,910
Pantaloon Industries Limited	18,000,000	17,416,438
Home Solutions Retail (India) Limited	26,486,301	-
Interest paid		
Pantaloon Retail (India) Limited	71,918	-
Rent Received		
Future Ventures India Limited	-	337,080
Rent/ Lease Rent Paid		
Pantaloon Retail (India) Limited	-	40,873,739
Myra Mall Management Company Limited	27,373,743	40,946,824
Future Finance Limited	6,368,440	-
Subvention Income Received		
Pantaloon Retail (India) Limited	-	1,744,140
Home Solutions Retail (India) Limited	-	4,182,083

Schedule 16 Notes to Accounts (Contd.)

Annexure 2A to Note C 7 of the Schedule 16 of Notes to Accounts

(Amount in Rs.)

Name of the Party	For the year ended March 31, 2010	For the year ended March 31, 2009
Operating expenses incurred by the Company on behalf of the Party		
Future Capital Financial Services Limited.	77,058,215	47,705,501
Fixed assets / Intangible assets Purchased		
Home Solutions Retail (India) Limited	-	298,000
Idiom Designs & Consulting Limited	-	300,000
Asian Retail Lighting Limited	-	186,006
Fixed assets / Intangible assets Sold		
Future Capital Investments Advisors Limited	-	246,909
Future Education Limited	-	373,540
Operating expenses reimbursed by these Company		
Future Capital Financial Services Limited	-	11,622,430
Future Capital Investments Advisors Limited	1,561,170	-
Investments made		
Kshitij Property Solutions Private Limited	-	5,613,273
Future Capital Credit Limited	-	22,000,000
Future Capital Financial Services Limited	330,000,000	-
Net assets transferred pursuant to the Scheme of demerger		
Future Capital Financial Services Limited	1,629,972,781	-
Equity Shares issued		
Dhanpal Jhaveri, Executive Director	-	112,635,000
License Fees		
Pantaloon Retail (India) Limited	-	30,000,000
Directors Remuneration		
Sameer Sain, Vice Chairman and Managing Director	11,609,611	13,941,670
Dhanpal Jhaveri, Executive Director	11,187,056	11,331,566
Closing Balances:		
Loans/ Inter corporate deposits granted/ (taken)		
Myra Mall Management Company Limited	-	601,022,583
Future Capital Financial Services Limited	-	252,887,183
Pantaloon Retail (India) Limited	(250,000,000)	-
Home Solutions Retail (India) Limited	80,000,000	-
Ambit Investment Advisory Company Limited	26,700,000	-
Security deposits		
Myra Mall Management Company Limited	34,000,000	34,000,000
Investments		
Future Capital Financial Services Limited	330,000,000	-
Advances recoverable in cash or kind/ Sundry creditors (net)		
Pantaloon Retail (India) Limited	-	(25,291,121)
Future Capital Financial Services Limited	(173,571,163)	4,010,976
Future Capital Investments Advisors Limited	-	5,505,516
Realterm FCH Logistics Advisors Private Limited	-	(10,228)
Pantaloon Future Ventures Limited	-	312,273
Home Solutions Retail (India) Limited	-	2,597,629
PFH Entertainment Limited	-	(11,391,059)

Schedule 16 Notes to Accounts (Contd.)

[Schedule to the Balance Sheet of a Non Banking Financial Company as required in terms of paragraph 13 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

(Amount in Rs.)

LIABILITIES SIDE			
1	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:**	**Amount Outstanding**	**Amount Overdue**
a.	Debentures (other than falling within the meaning of public deposits)		
	- Secured	-	-
	- Unsecured	-	-
b.	Deferred Credits	-	-
c.	Term Loans	291,666,665	-
d.	Inter-corporate loans and borrowings	250,000,000	-
e.	Commercial Paper	3,123,874,029	-
f.	Public Deposits (Refer note 1 below)	-	-
g.	Other Loans-Cash credit	761,283,277	-
2	**Break up of 1(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
a.	In the form of unsecured debentures	-	-
b.	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
c.	Other public deposits	-	-
ASSET SIDE			
3	**Break up of Loans and Advances including bills receivables [other than those included in(4) below]:**		**Amount Outstanding**
a.	Secured		5,668,833,338
b.	Unsecured		546,880,597
4	**Break up of Leased Assets and stocks on hire and other assets counting towards AFC activities**		**Amount Outstanding**
i.	Lease Assets including lease rentals under sundry debtors:		
	a. Finance Lease		-
	b. Operating Lease		-
ii.	Stocks on hire including hire charges under sundry debtors:		
	a. Assets on hire		-
	b. Repossessed Assets		-
iii.	Other Loans counting towards AFC activities:		
	a. Loans where assets have been repossessed		-
	b. Loans other than (a) above		-
5	**Break up of Investments:**		**Amount**
	Current Investments		
	1. Quoted		
	i. Shares - Equity		-
	- Preference		-
	ii. Debentures and Bonds		-
	iii. Units of mutual funds		
	iv. Government Securities		-
	v. Others		-
	2. Unquoted		
	i. Shares - Equity		1,019,561,518
	- Preference		-
	ii. Debentures and Bonds		
	iii. Units of mutual funds		1,823,259,121
	iv. Government Securities		-
	v. Others		-

Schedule 16 Notes to Accounts (Contd.)

	Long Term Investments	
	1. Quoted	
	i. Shares - Equity	-
	- Preference	-
	ii. Debentures and Bonds	-
	iii. Units of mutual funds	-
	iv. Government Securities	-
	v. Others	-
	2. Unquoted	
	i. Shares - Equity	2,415,482,669
	- Preference	-
	ii. Debentures and Bonds	330,000,000
	iii. Units of mutual funds	-
	iv. Government Securities	-
	v. Others	-

6	**Borrower group-wise classification of all leased assets, stock on hire and loans and advances (Refer note 2 below):**			
	Category			**Amount net of provision**
		Secured	**Unsecured**	**Total**
1	Related Parties**			
	a. Subsidiaries	-	31,503,868	31,503,868
	b. Companies in the same group	-	80,000,000	80,000,000
	c. Other than related parties	5,668,833,338	435,376,729	6,104,210,067
	Total	**5,668,833,338**	**546,880,597**	**6,215,713,935**

7	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (Refer note 3 below)**		
	Category	**Market Value/ Break up of fair value or NAV**	**Book Value (Net of Provisions)**
1	Related Parties**		
	a. Subsidiaries	1,705,249,850	2,745,482,669
	b. Companies in the same group	564,327,338	1,019,561,518
	c. Other than related parties	1,823,259,121	1,823,259,121
	Total	**4,092,836,309**	**5,588,303,308**

** As per Accounting Standard issued by the Institute of Chartered Accountants of India ('ICAI').

8	**Other information**	**Amount**
i.	Gross Non-Performing Assets	
	a. Related Parties	-
	b. Other than related parties	-
ii.	Net Non-Performing Assets	
	a. Related Parties	-
	b. Other than related parties	-
iii.	Assets acquired in satisfaction of debt	-

Notes:

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
3. All Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India ('ICAI') are applicable including for calculation of investments and other assets as also assets acquired in satisfaction of debts.

Schedule 16 Notes to Accounts (Contd.)

Annexure 3 of the Note C19 to the Schedule 16 of Notes to Accounts Schedule to the Balance Sheet of a Non Banking Financial Company

A. Capital to Risk Asset Ratio (CRAR)

Sr.	Items	Current Year	Previous Year
i)	CRAR (%)	28.97%	50.35 %
ii)	CRAR - Tier I capital (%)	28.97%	50.35 %
iii)	CRAR - Tier II Capital (%)	-	-

B. Exposures to real estate sector, both direct and indirect

Amount in Rs.

Sr.	Items	Current Year	Previous Year
a)	**Direct exposure**		
	(i) Residential Mortgages –		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	-	-
	(ii) Commercial Real Estate –		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	1,243,000,005	702,115,828
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	a. Residential,	-	-
	b. Commercial Real Estate.	-	-
b)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

C. Maturity pattern of asset and liabilities

(Amount in Rs.)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year
Liabilities					
Borrowings from banks	761,283,277	-	41,666,667	41,666,667	83,333,333
	(500,342,466)	(-)	(86,111,111)	(288,473,713)	(283,333,333)
Market borrowings	250,000,000	347,540,316	245,615,724	1,116,061,643	1,414,656,346
	(-)	(-)	(-)	1,426,004,873	(-)
Assets					
Advances *	275,166,667	72,966,667	97,366,667	2,499,000,003	1,149,277,780
	(83,427,802)	(233,979,449)	(83,248,135)	(1,049,116,046)	(1,044,373,124)
Investments	1,823,259,122	-		-	-
	(3,166,494,082)	(137,669,990)	(135,286,527)	(384,318,552)	(540,883,405)

	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities				
Borrowings from banks	124,999,998	-	-	1,052,949,942
	(2,091,666,6676)	(55,555,556)	(-)	(3,305,482,845)
Market borrowings	-	-	-	3,373,874,029
	(-)	(-)	(-)	(1,426,004,873)
Assets				
Advances *	1,919,755,554	-	-	6,013,533,338
	(2,000,449,689)	(101,599,668)	(1,062,510,734)	(5,658,704,646)
Investments	-	-	3,765,044,186	5,588,303,308
	(-)	(-)	(1,807,069,423)	(6,171,721,979)

* Represents interest bearing loans and inter corporate deposits.

Figures in bracket relate to previous year.

Information on the financials of the subsidiary companies for the year ended March 31, 2010

[Prepared in compliance with the requirements of the exemption letter(s) of the Ministry of Corporate Affairs, Government of India]

(Amount in Rupees)

Name of the Subsidiary Company	Ambit Investment Advisory Company Limited	Myra Mall Management Company Limited	Future Hospitality Management Limited	Kshitij Investment Advisory Company Limited	Future Capital Investment Advisors Limited (Formerly Indivision Investment Advisors Limited)	Future Finance Limited	Future Captial Financial Services Limtied	Kshitij Property Solutions Private Limited	Axon Development Solutions Limited
The financial year of subsidiary ended on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
Capital	22,500,000	10,000,000	500,000	30,000,000	22,500,000	107,500,000	261,250,000	6,840,000	500,000
Reserves	(4,149,420)	29,541,676	(339,227)	123,616,124	92,467,028	17,474,852	987,554,293	(1,990,490)	(514,987)
Total assets	46,993,426	842,067,662	216,163	170,508,642	124,034,481	125,480,438	9,068,687,873	9,661,749	40,204
Total liabilities	46,993,426	842,067,662	216,163	170,508,642	124,034,481	125,480,438	9,068,687,873	9,661,749	40,204
Investments (except in case of investment in subsidiaries)	46,903,194	60,000,000	-	65,018,945	58,987,755	17,409,912	7,876,802	-	-
Turnover	1,239,381	122,386,148	-	237,232,429	139,388,545	12,283,640	1,511,858,550	7,646,169	-
Profit before tax	(2,937,591)	47,087,384	(74,418)	106,150,001	53,245,775	11,070,393	173,212,863	(1,744,116)	(75,624)
Provision for tax	1,369,564	(6,790,361)	-	35,679,661	14,378,683	3,319,579	(75,813,278)	-	-
Profit after tax	(4,307,155)	53,877,745	(74,418)	70,470,340	38,867,092	7,750,814	249,026,141	(1,744,116)	(75,624)
Proposed dividend	-	-	-	-	-	-	-	-	-

Notes :

1. The Ministry of Corporate Affairs has vide its letter(s) bearing No. 47/25/2010-CL-III dated January 13, 2010 exempted the Company from attaching to its Balance Sheet, certain information in respect of its subsidiaries specified in Section 212(1) of the Companies Act, 1956.
2. The annual accounts of the subsidiary companies are avaliable for inspection at the Registered Office of the Company.

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Auditors' Report on the Consolidated Financial Statements

The Board of Directors of
Future Capital Holding Limited

We have audited the attached consolidated balance sheet of Future Capital Holdings Limited and its subsidiaries and joint ventures (Collectively referred as 'Group'), as at March 31, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and dis¬closures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, AS 27, Financial Reporting of Interests in Joint Ventures, notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended),

Further, attention is drawn to the Note 2 of Schedule – 17 related to the accounting of the effects of the Composite Scheme of Amalgamation & Arrangements (the 'Scheme'), which has been done in accordance with the terms of the Schemes as approved by the High Court.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements, read together with Note 2 of Schedule – 17, give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2010;

(b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No.: 42650

Place : Mumbai
Date : May 24, 2010

Consolidated Balance Sheet as at March 31, 2010

Amount in Rupees

		Schedules	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS				
Shareholders' funds				
Share capital		1	635,279,840	635,279,840
Reserves and surplus		2	6,742,148,724	6,656,157,452
			7,377,428,564	**7,291,437,292**
Loan funds		3		
Secured loans			6,434,819,782	3,305,482,845
Unsecured loans			5,319,376,430	1,426,004,873
			11,754,196,212	**4,731,487,718**
Total			**19,131,624,776**	**12,022,925,010**
APPLICATION OF FUNDS				
Goodwill on consolidation (Refer note 5 of Schedule 17)			**85,403,976**	**85,403,976**
Fixed Assets		4		
Gross block			1,028,873,260	1,058,042,918
Less: Accumulated depreciation/amortisation			221,655,150	108,331,703
Net block			807,218,110	949,711,215
Capital work-in-progress (including capital advances)			2,077,158	3,488,665
			809,295,268	**953,199,880**
Investments		5	**3,091,881,560**	**5,469,654,512**
Deferred tax assets (net) [Refer note B11 of Schedule 17]			92,723,846	11,693,189
Current assets, loans and advances				
Interest accrued on investments			-	2,895,120
Sundry debtors		6	397,721,480	148,107,365
Cash and bank balances		7	283,999,387	62,014,471
Other current assets		8	90,267,731	96,896,366
Loans and advances		9	14,961,956,732	5,421,455,642
	(A)		**15,733,945,330**	**5,731,368,964**
Less: Current liabilities and provisions		10		
Current liabilities			1,070,019,791	810,478,172
Provisions			80,036,002	32,996,327
	(B)		**1,150,055,793**	**843,474,499**
Net current assets	(A-B)		**14,583,889,537**	**4,887,894,465**
Profit and Loss Account		11	468,430,589	615,078,988
Total			**19,131,624,776**	**12,022,925,010**
Notes to Accounts		17		

The schedules referred to above and notes to accounts form an integral part of the Consolidation Balance Sheet

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No. 42650

Place: Mumbai
Date: May 24, 2010

For and on behalf of the Board of Directors of Future Capital Holdings Limited

Kishore Biyani
Chairman

Shailesh Haribhakti
Director

Krishan Kant Rathi
Director & Manager

N. Shridhar
Chief Financial Officer

Chetan Gandhi
Head - Legal & Secretarial

Place: Mumbai
Date: May 24, 2010

Consolidated Profit and Loss Account for the year ended March 31, 2010

Amount in Rupees

	Schedules	For the year ended March 31, 2010	For the year ended March 31, 2009
Income			
Income from operations	12	2,363,683,344	1,798,640,705
Other income	13	152,813,064	68,581,440
Total		**2,516,496,408**	**1,867,222,145**
Expenditure			
Personnel expenses	14	542,013,018	884,438,190
Administration and other expenses	15	442,671,735	852,187,199
Financial expenses	16	807,533,233	346,729,877
Depreciation/ amortisation	4	122,627,684	66,878,749
Preliminary expenses written off		-	79,544
Total		**1,914,845,670**	**2,150,313,559**
Profit/ (Loss) before tax and before prior period items		601,650,738	(283,091,414)
Add/ (Less) : Prior period items (net)		-	1,824,615
Profit/ (Loss) before tax and after prior period items		**601,650,738**	**(281,266,799)**
Provision for tax:			
- Current tax		117,546,184	31,694,934
Less : MAT credit entitlement		(27,520,143)	(57,000)
- Deferred tax (net)		(81,030,653)	566,959
[(Including share in deferred tax of joint ventures Rs. 2,630,991; Previous year Rs. (2,945,048)]			
- Fringe benefit tax		-	7,632,354
[(Including share in fringe benefit tax of joint ventures Rs. Nil; Previous year Rs. 220,000]			
		8,995,388	39,837,247
Profit/ (Loss) after tax		**592,655,350**	**(321,104,046)**
Balance brought forward from Previous year		(615,078,988)	(271,858,513)
Less: Adjustment on account of subsidiary excluded from consolidation		-	2,237,368
Profit/ (Loss) available for appropriation		**(22,423,638)**	**(595,199,927)**
Appropriations:			
Transfer to reserve under Section 45 (1C) of the Reserve Bank of India, ('RBI') Act, 1934		85,991,272	19,879,061
Proposed dividend		63,527,984	-
Dividend tax thereon		10,796,581	-
Balance carried to consolidated balance sheet		**(182,739,475)**	**(615,078,988)**
Earnings per share: (Refer note B10 of Schedule 17)			
-Basic		9.33	(5.06)
-Diluted		9.25	(5.04)
Notes to Accounts	17		

The schedules referred to above and notes to accounts form an integral part of the Consolidation Profit and Loss Account

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No. 42650

Place: Mumbai
Date: May 24, 2010

For and on behalf of the Board of Directors of Future Capital Holdings Limited

Kishore Biyani
Chairman

Shailesh Haribhakti
Director

Krishan Kant Rathi
Director & Manager

N. Shridhar
Chief Financial Officer

Chetan Gandhi
Head - Legal & Secretarial

Place: Mumbai
Date: May 24, 2010

Consolidated Cash Flow Statement for the year ended March 31, 2010

Amount in Rupees

		For the year ended March 31, 2010	For the year ended March 31, 2009
A. Cash Flow From Operating Activities			
Profit/(Loss) before tax		601,650,738	(281,266,799)
Adjustments for :			
Depreciation/ amortisation		122,627,684	66,878,749
Preliminary expenses written off		-	79,544
Bad debts		3,403,193	150,462,532
Provision for doubtful debts		73,727,274	17,173,313
Loss on sale of fixed assets		18,967,147	3,367,390
Profit on sale of investments		(82,458,141)	(28,448,820)
Write back of provision		-	(31,601,140)
Provision for gratuity and leave encashment		(10,784,890)	4,469,953
Sundry balances written off		1,544,812	-
Expenses charged to general reserve		(285,691,114)	-
Exchange fluctuation		763,840	937,500
		(157,900,195)	**183,319,021**
Operating Profit Before Working Capital Changes		443,750,543	(97,947,778)
Adjustment for changes in working capital:			
(Increase)/ Decrease in sundry debtors		(250,377,955)	33,658,608
(Increase)/ Decrease in other current assets		9,523,755	-
(Increase)/ Decrease in loans and advances		(9,661,365,034)	(3,103,070,523)
Increase/ (Decrease) in current liabilities		243,196,924	(155,450,418)
Cash generated from operations		(9,215,271,767)	(3,322,810,111)
Preliminary expenses paid		-	(79,544)
Taxes Paid/ tax deducted at source (including fringe benefit tax)		(47,837,381)	(163,361,045)
Net Cash used in Operating Activities	**(A)**	**(9,263,109,148)**	**(3,486,250,700)**
B. Cash Flow From Investing Activities			
Purchase of fixed assets (including capital advance)		(9,992,679)	(92,419,782)
Goodwill		-	(1,856,383)
Sale of fixed assets		12,302,461	4,074,918
Sale of investments		18,923,876,450	16,780,456,456
Purchase of investments		(17,504,874,264)	(16,773,239,585)
Net Cash used in Investing Activities	**(B)**	**1,421,311,968**	**(82,984,376)**
C. Cash Flow from Financing Activities			
Proceeds from issue of equity share capital		-	3,000,000
Proceeds from securities premium on issue of equity share capital		-	109,635,000
Payment of share issue expenses		-	(10,540,574)
Proceeds from borrowings		11,028,599,048	7,951,228,648
Repayment of borrowings		(4,005,890,553)	(4,773,793,677)
Net Cash From Financing Activities	**(C)**	**7,022,708,495**	**3,279,529,397**

Consolidated Cash Flow Statement for the year ended March 31, 2010

Amount in Rupees

	For the year ended March 31, 2010	For the year ended March 31, 2009
Net increase in Cash and Cash Equivalents during the year (A+B+C)	**(819,088,685)**	**(289,705,679)**
Cash and Cash equivalents at beginning of the year	3,086,174,399	3,504,762,264
Less: Balance of subsidiary excluded from consolidation	-	(128,882,186)
	3,086,174,399	3,375,880,078
Cash and Cash equivalents at the end of the year	**2,267,085,714**	**3,086,174,399**
Cash and Cash equivalents comprises of :	**As at March 31, 2010**	**As at March 31, 2009**
Cheques on hand	-	1,205,170
Cash in Hand	5,325,210	4,141,553
Balance with Banks*		
- on current account*	274,740,932	25,882,685
- on fixed deposit account	200,000	26,484,283
Share in cash and bank balances of joint ventures	1,421,624	1,833,854
Short term investments in liquid schemes of mutual funds	1,985,397,948	3,026,626,854
Total	**2,267,085,714**	**3,086,174,399**

*Excludes balance of Rs. 2,311,621 (Previous year: Rs. 2,466,926) with a bank for which refund instruments have been issued to the investors but yet to be encashed by the investors.

Notes:
Cash and cash equivalents in the balance sheet comprise cash at bank, cash in hand and short term investments with an original maturiy of three months or less.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No. 42650

Place: Mumbai
Date: May 24, 2010

For and on behalf of the Board of Directors of Future Capital Holdings Limited

Kishore Biyani
Chairman

Shailesh Haribhakti
Director

Krishan Kant Rathi
Director & Manager

N. Shridhar
Chief Financial Officer

Chetan Gandhi
Head - Legal & Secretarial

Place: Mumbai
Date: May 24, 2010

Schedules forming part of the Consolidated Balance Sheet

Amount in Rupees

	As at March 31, 2010	As at March 31, 2009
Schedule 1 : Share Capital		
Authorised		
75,000,000 (Previous year: 75,000,000) equity shares of Rs. 10/- each	750,000,000	750,000,000
	750,000,000	**750,000,000**
Issued, Subscribed and Paid-up		
63,527,984 (Previous year: 63,527,984) equity shares of Rs.10/- each fully paid up. [Out of the above, 34,779,999 (Previous year: 34,779,999) equity shares are held by Pantaloon Retail (India) Limited, the Holding Company].	635,279,840	635,279,840
(For stock options outstanding details refer note B5 of Schedule 17)		
Total	**635,279,840**	**635,279,840**
Schedule 2 : Reserves and surplus		
Reserve under Section 45 (1C) of the RBI Act, 1934		
Balance as per last balance sheet	38,721,558	18,664,708
Add: Addition on acquisition of subsidiary	-	177,789
	38,721,558	18,842,497
Add : Transferred from consolidated profit and loss account	85,991,272	19,879,061
	124,712,830	**38,721,558**
Securities Premium Account		
Balance as last balance sheet	6,617,435,894	6,518,341,468
Add : Received during the year	-	109,635,000
Less : Utilised for share issue expenses	-	(10,540,574)
	6,617,435,894	**6,617,435,894**
Total	**6,742,148,724**	**6,656,157,452**

Schedules forming part of the Consolidated Balance Sheet

Amount in Rupees

	As at March 31, 2010	As at March 31, 2009
Schedule 3 : Loan Funds		
Secured Loans		
Term Loans from banks	5,076,388,885	2,658,504,566
- Term loans of Rs. 291,666,665 (Previous year: Rs. 458,333,333) is secured by first pari passu charge on receivables of the Company and further secured by collateral security of immovable property owned by the subsidiary company and corporate guarantee of the subsidiary company.		
- Term loan of Rs. 3,500,000,000 (Previous year: Rs. 1,000,000,000) is secured by way of first charge on receivables/ book debts of the Company and further secured by way of collateral security of immovable property owned by the subsidiary company.		
- Term loan of Rs. 1,284,722,220 (Previous year: Rs. 1,200,000,000) is secured by hypothecation of underlying assets financed by the Company and receivables of first pari passu basis.		
[Includes interest accrued and due Rs. Nil (Previous year: Rs. 171,233)] [Repayable on demand Rs. 1,000,000,000 (Previous year: Rs. 494,444,444)]		
Cash Credit/ Overdraft from banks	**1,358,430,897**	**646,978,279**
Cash credit of Rs. 761,283,277 (Previous year: Rs. 500,171,233) is secured by of first charge on receivables, book debts and movable assets of the Company. Further secured by collateral of first pari passu charge on immovable property owned by a subsidiary company. Overdraft of Rs. 597,147,620 (Previous year: Rs. 146,807,046) is secured by pledge of mutual fund units. [Includes interest accrued and due Rs. 180,000 (Previous year: Rs. 171,233 (Previous year: Rs. Nil)]. [Repayable on demand Rs. 1,358,430,897 (Previous year: Rs. 646,978,279)]		
	6,434,819,782	**3,305,482,845**
Unsecured loans		
Short term loans		
Commercial Paper	5,069,376,430	1,426,004,873
[Repayable within one year Rs. 5,069,376,430 (Previous year: Rs. 1,426,004,873)] Maximum amount outstanding Rs. 5,500,000,000 (Previous year: Rs. 1,500,000,000)		
Others		
From other body corporate	250,000,000	-
[Repayable within one year Rs. 250,000,000 (Previous year: Rs. Nil) Maximum amount outstanding Rs. 250,000,000 (Previous year: Rs. Nil)]		
	5,319,376,430	**1,426,004,873**
Total	**11,754,196,212**	**4,731,487,718**

Schedule 4 : Fixed Assets

(Amount in Rupees)

	Gross Block						Depreciation/ amortisation						Net Block	
Description	Balance as on April 1, 2009	Opening Gross block on acquisition of subsidiary	Adjustment on account of exclusion of subsidiary	Additions during the year	Deletion/ Adjustments during year	Balance as on March 31, 2010	Balance as on April 1, 2009	Opening Accumulated Depreciation on acquisition of subsidiary	Adjustment on account of exclusion of subsidiary	For the year	Adjustments during the year	Balance as on March 31, 2010	Balance as on March 31, 2010	Balance as on March 31, 2009
Intangible Assets														
Domain and Trade Names	1,120,042	-	-	450,000	-	1,570,042	405,565	-	-	278,434	-	683,999	886,043	714,477
(Refer Note 1)														
Data Processing Software	16,727,230	-	-	3,821,581	-	20,548,811	4,676,635	-	-	3,872,923	-	8,549,559	11,999,252	12,050,595
Tangible Assets														
Building	751,763,459	-	-	-	-	751,763,459	29,253,327	-	-	12,253,744	-	41,507,072	710,256,387	722,510,132
Computers and printers**	93,403,524	-	-	565,255	8,275,941	85,692,838	25,108,302	-	-	37,936,050	2,597,801	60,446,552	25,246,286	68,295,222
Office equipment*	31,898,564	-	-	680,414	5,135,965	27,443,012	5,289,703	-	-	12,964,966	1,557,859	16,696,810	10,746,201	26,608,861
Furniture and fixtures*	48,844,467	-	-	784,625	6,141,838	43,487,253	13,061,936	-	-	10,311,129	1,950,560	21,422,505	22,064,748	35,782,531
Electrical installation	6,991,662	-	-	-	-	6,991,662	723,512	-	-	365,817	-	1,089,329	5,902,333	6,268,150
Air conditioners*	14,359,594	-	-	1,060,014	6,225,474	9,194,135	1,490,776	-	-	4,012,074	246,030	5,256,819	3,937,316	12,868,818
Leasehold improvements**	86,337,099	-	-	2,524,999	12,551,702	76,310,395	26,786,980	-	-	40,002,399	2,559,987	64,229,392	12,081,003	59,550,119
Vehicles	2,516,451	-	-	-	453,287	2,063,164	912,247	-	-	212,726	148,653	976,319	1,086,845	1,604,204
Hard furnishings	641,537	-	-	-	367,484	274,053	263,939	-	-	123,356	242,524	144,771	129,283	377,598
Generator set	1,564,974	-	-	-	-	1,564,974	152,949	-	-	74,336	-	227,285	1,337,689	1,412,025
Share in fixed assets of joint venture	1,874,315	-	-	105,791	10,645	1,969,462	205,832	-	-	219,730	824	424.738	1,544,724	1,668,483
Total	**1,058,042,918**	**-**	**-**	**9,992,679**	**39,162,336**	**1,028,873,260**	**108,331,703**	**-**	**-**	**122,627,684**	**9,304,238**	**221,655,150**	**807,218,110**	**949,711,215**
Previous Year	**1,114,772,960**	**4,680,366**	**150,983,575**	**101,150,955**	**11,577,788**	**1,058,042,918**	**64,052,651**	**993,612**	**21,302,554**	**66,878,749**	**2,290,755**	**108,331,703**	**949,711,215**	**-**

Notes:

1. The Company has applied for registration of trademark and is awaiting the registration.
2. Assets co-owned with other subsidiary includes gross block Rs. 15,357,178 (Previous year: Rs. 15,285,425), accumulated depreciation Rs. 4,974,444 (Previous year: Rs. 3,355,281) and net block Rs. 10,382,734 (Previoys year : Rs. 11,930,044).

   * Includes assets held for sale valued at estimated net realisable value aggregating Rs. Nil (Previous year : Rs.1,631,628)

   ** Depreciation for the year includes accelerated depreciation aggregating Rs. Nil (Previous year: Rs. 8,616,007)
3. Tangible assets, aggregating gross block of Rs.66,374,303, accumulated depreciation of Rs.21,509,731, net block of Rs.44,864,572, are used by Everstone Investment Advisors Private Limited

Schedules forming part of the Consolidated Balance Sheet

Amount in Rupees

	Quantity*	As at March 31, 2010	As at March 31,2009
Schedule 5 : Investments			
Long term investments (At cost)			
Other than trade (Unquoted)			
Government securities			
Government of India bonds (Face value of Rs.100 each fully paid up) [310, GOI 2014 - 10% bonds; (Previous year: 10,GOI 2009- 7% bonds; 310, GOI 2014 - 10% bonds)]		18,900	19,450
	(I)	**18,900**	**19,450**
Other than trade (Quoted)			
Investment in equity shares of Rs. 10 each, fully paid-up, unless otherwise stated			
Siyaram Silk Mills Limited	- (30,853)	-	7,259,085
AllCargo Global Logistics Limited (Face Value of Rs. 2 fully paid up)	300,000 (-)	46,903,194	-
Other investments (Unquoted)			
Investment in Pass Through Certificates	- (35)	-	277,482,213
(Indian Retail ABS Trust 84-ICICI Bank)			
Equity shares of Ayati Investment Advisors Private Limited (Face Value Rs. 100 fully paid up)	600,000 (-)	60,000,000	-
	(II)	**106,903,194**	**284,741,298**
	Sub-Total A (I+II)	**106,922,094**	**284,760,748**
Current Investments (At lower of cost or net realisable value) (Non-trade) (Unquoted)			
Investments in Mutual funds (face value of Rs. 10 each, fully paid, unless otherwise stated):			
Birla Cash Plus - Instl. Prem. - Daily Dividend -Reinvestment	26,131,556 (25,211,835)	261,825,120	252,609,980
Birla Income Plus - Growth	- (844,220)	-	9,119,513
Birla Sunlife Cash Plus Institutional Premium Growth	- (31,494,767)	-	442,950,800
HDFC Income Fund - Growth	- (3,724,606)	-	39,164,685
HDFC Liquid Fund - Premium Plan - Growth	6,332,883 (14,185,604)	116,872,251	250,000,000
HDFC Cash Management Fund-Savings Plan-Daily Dividend Reinvestment	6,112,871 (-)	65,018,945	-
HDFC Liquid Premium Plan -Dividend Daily Reinvestment	23,686,233 (28,284,948)	290,388,485	346,767,813
ICICI Prudential Equity & Derivatives Fund - Income Optimiser - Institutional Dividend-Pay Dividend	- (2,755,345)	-	27,554,837
ICICI Prudential Institutional Income Plan Dividend Quarterly- Reinvest Dividend	173,872 (519,113)	17,391,012	5,191,386
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend	485,738 (453,321)	48,584,490	4,533,438
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	- (51,412,579)	-	667,781,374

Schedules forming part of the Consolidated Balance Sheet

Amount in Rupees

	Quantity*	As at March 31, 2010	As at March 31,2009
JP Morgan India Liquid Fund -Super Institutional Growth	21,020,945 (-)	250,037,838	-
Reliance Liquid Plus Fund- Daily Dividend Plan	1,195,768 (529,591)	18,280,067	8,095,966
Reliance Liquidity Fund-Dividend Daily Reinvestment	11,396,671 (11,001,771)	114,021,416	110,051,823
Reliance Liquidity Fund-Growth Option	- (35,564,763)	-	471,079,013
Religare Liquid Fund-Super Institutional Growth	19,783,646 (-)	250,035,611	-
SBI Premier Liquid Fund-Super Institutional Growth	37,334,070 (-)	540,078,401	-
UTI Liquid Cash Plan Regular - Growth Option	- (335,691)	-	485,386,050
Share in investments of joint ventures	2,564,784 (780,780)	12,864,312	2,504,063
	(I)	**1,985,397,948**	**3,122,790,741**
Shares (Unquoted)			
Equity Shares of Rs. 10 each, fully paid-up			
In Joint Ventures with: (Refer Note B15 of Schedule 17)			
FCH Centrum Wealth Managers Limited	1,402,800 (1,405,600)	249,698,400	250,196,800
FCH CentrumDirect Limited	2,952,217 (2,958,121)	749,863,118	751,362,734
	(II)	**999,561,518**	**1,001,559,534**
Other investments (Unquoted)			
Investment in Pass Through Certificates (Indian Retail ABS Trust 84-ICICI Bank)	- (130)	-	1,060,543,489
	(III)	**-**	**1,060,543,489**
	Sub-Total B (I+II+III)	**2,984,959,466**	**5,184,893,764**
Total	**(A+B)**	**3,091,881,560**	**5,469,654,512**
Aggregate amount of quoted investments		46,903,194	7,259,085
Aggregate amount of unquoted investments		3,044,978,366	5,462,395,427
Aggregate market value value of the quoted investments		55,785,000	1,578,314
Net Asset Value of units in mutual funds		1,985,397,950	3,122,790,742
Includes 65,055,849 (Previous year: Nil) units aggregating Rs. 755,338,894 (Previous year: Rs. Nil) pledged against overdraft of Rs. 597,147,620 (Previous year: Rs. Nil) taken by a subsidiary of the Company.			
Includes Nil (Previous year: 58,834,069) units aggregating Rs. Nil (Previous year: Rs. 640,497,243) pledged against overdraft of Rs. Nil (Previous year: Rs. 146,807,046) taken from a bank			
*figures in bracket relates to Previous year figures			

Schedules forming part of the Consolidated Balance Sheet

Amount in Rupees

	As at March 31, 2010	As at March 31, 2009
Schedule 6 : Sundry Debtors		
(Secured considered good)		
Debts outstanding for a period exceeding six months		
-considered good	997,756	-
-considered doubtful	110,862	-
	1,108,618	-
Less: Provision for doubtful debts	110,862	-
	997,756	
Other debts	2,822,570	-
(Unsecured considered good)		
Debts outstanding for a period exceeding six months		
-considered good	138,705,972	8,193,197
-considered doubtful	67,524,218	-
	206,230,190	8,193,197
Less: Provision for doubtful debts	71,919,046	-
	134,311,144	**8,193,197**
Other debts	259,359,810	132,878,491
Share in debtors of joint ventures	230,200	7,035,677
Total	**397,721,480**	**148,107,365**

	As at March 31, 2010	As at March 31, 2009
Schedule 7 : Cash and bank balances		
Cheques on hand	-	1,205,170
Cash on hand	5,325,210	4,141,553
Balance with scheduled banks:		
- on current account*	277,052,553	28,349,611
- on fixed deposit account	200,000	26,484,283
Share in cash and bank balances of joint ventures	1,421,624	1,833,854
* Includes balance of Rs. 2,311,621 (Previous year: Rs. 2,466,926) with a bank for which refund instruments have been issued to the investors but yet to be encashed by the investors.		
Total	**283,999,387**	**62,014,471**

	As at March 31, 2010	As at March 31, 2009
Schedule 8 : Other Current Assets		
Interest accrued but not due	72,573,944	61,109,422
Unamortised loan origination cost (Refer note B13 of Schedule 17)	15,894,313	11,831,371
Unrealised discount on Pass Through Certificates	-	23,377,908
Unbilled subvention income	1,799,474	577,665
Total	**90,267,731**	**96,896,366**

Schedules forming part of the Consolidated Balance Sheet

Amount in Rupees

	As at March 31, 2010	As at March 31, 2009
Schedule 9 : Loans and advances		
(Secured considered good)		
Loans to body corporates	8,078,498,756	1,663,000,000
Retail loans		
-Considered Good	810,244,145	585,085,964
-Considered Doubtful	58,561,443	-
	868,805,588	585,085,964
- Less : Provision for dobtful retail loans	5,856,144	-
	862,949,444	**585,085,964**
(Unsecured considered good)		
Inter corporate deposits	318,000,000	151,993,643
Advances recoverable in cash or in kind or for value to be received		
-considered good *	253,915,174	284,682,102
-considered doubtful	8,423,786	710,415
	262,338,960	285,392,517
Less: Provision for doubtful advances	8,423,786	710,415
	253,915,174	**284,682,102**
[* Includes Rs. Nil (Previous year Rs. 14,220,038) advance paid to the Directors against remuneration pending approval from Central Government]		
Security Deposits		
- Considered Good	21,738,468	82,862,130
- Considered Doubtful	4,257,682	-
	25,996,150	82,862,130
Less : Provision for doubtful security deposits	4,257,682	-
	21,738,468	**82,862,130**
Leased assets	27,265,927	30,876,707
Retail loans		
- Considered Good	5,080,518,362	2,428,039,046
- Considered Doubtful	316,298,955	-
	5,396,817,317	2,428,039,046
- Less : Provision for dobtful retail loans	243,859,720	-
	5,152,957,597	**2,428,039,046**
Advance income tax (net of provision for tax)	211,260,184	189,981,414
Fringe Benefit Tax (net of provision for tax)	1,455,273	424,522
MAT credit receivable	25,584,860	57,000
Share in loans and advances of joint ventures	8,331,049	4,453,114
Total	**14,961,956,732**	**5,421,455,642**

Schedules forming part of the Consolidated Balance Sheet

Amount in Rupees

	As at March 31, 2010	As at March 31, 2009
Schedule 10 : Current Liabilities and Provisions		
(A) Current Liabilities		
Sundry creditors		
- Due to micro and small enterprises	-	-
- Due other than micro and small enterprises	198,838,774	266,273,150
Overdrawn book balance	43,541,345	18,534,114
Cash Collateral against Retail Loans	712,875,795	
Security deposits	56,031,615	52,385,535
Fees received in advance	-	385,917,688
(Refer note B3 of Schedule 17)		
Advance from customers	5,216,796	1,745,617
Unamortised processing fees/ subvention income (Refer note B13 of Schedule 17)	25,944,942	36,529,371
Unpaid share application money *	2,311,621	2,466,926
Interest accrued but not due	64,720	-
Other liabilities	20,051,615	39,917,098
Share in current liabilities of joint ventures	5,142,568	6,708,673
Total	**1,070,019,791**	**810,478,172**
* Represents refund instruments issued to the investors but yet to be encashed by the investors. This does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund.		
(B) Provisions		
For proposed dividend	63,527,984	-
For dividend tax thereon	10,796,581	-
For standard assets	-	16,500,000
For Gratuity	4,020,242	9,489,932
For Leave encashment	1,101,313	6,563,224
Share in provisions of joint ventures	589,882	443,171
Total	**80,036,002**	**32,996,327**
Schedule 11 : Profit and Loss Account		
Profit and Loss Account		
(Refer Note 2 of Schedule 17)		
Loss carried from consolidated profit and loss account	182,739,475	615,078,988
Add: Amounts charged to reserves pursuant to the Scheme	285,691,114	-
Total	**468,430,589**	**615,078,988**

Schedules forming part of the Consolidated Profit and Loss Account

Amount in Rupees

	For the year ended March 31, 2010	For the year ended March 31, 2009
Schedule 12 : Income from Operations		
Amenities charge	30,455,124	26,376,014
[TDS Rs. 258,516 (Previous year : Rs. 3,602,123)]		
Less: Service Tax	4,433,031	4,524,603
Net Revenue from Amenities	**26,022,093**	**21,851,411**
Lease rentals	49,253,266	41,842,970
[TDS: Rs. 1,687,734 (Previous year: Rs. 7,775,412)]		
Less: Service Tax	8,298,235	9,532,139
Net Revenue from lease rentals	**40,955,031**	**32,310,831**
Research and Advisory fees	412,383,536	602,569,796
Less: Service Tax	9,760,913	86,446,774
Net Revenue from research and advisory fees	**402,622,623**	**516,123,022**
[TDS: Rs. 10,444,597 (Previous year: Rs. 11,340,511)]		
Mall Management Fees	8,408,851	11,946,622
[TDS: Rs. 984,301 (Previous year: Rs. 1,388,479)]		
Less: Service Tax	788,034	1,308,687
Net Revenue from Amenities	**7,620,817**	**10,637,935**
Interest on loans and inter corporate deposits	600,975,041	318,584,380
[TDS: Rs. 96,290,218 (Previous year: Rs. 83,054,599)]		
Dividend from mutual fund units	23,640,324	130,092,449
Profit on sale of investments	82,458,141	28,448,820
Interest on fixed deposits	-	3,127,803
[TDS: Rs. Nil (Previous year: Rs. 192,414)]		
Interest Income on retail loans	743,377,152	531,397,705
Processing fees and other charges	27,132,378	27,607,996
(Refer note B13 of Schedule 17)		
Subvention income (Refer note B13 of Schedule 17)	6,045,523	9,622,100
[(TDS Rs. 2,340,085; (Previous year: Rs. Nil)]		
Income from advertisement and promotional activities	-	18,259,950
[(TDS Rs. Nil; (Previous year: Rs. 401,898)]		
Upfront fees	114,763,010	25,000,000
[TDS: Rs. 12,859,106; (Previous year: Rs. 5,305,386)]		
Interest on Investments	86,008,848	48,917,888
[(TDS Rs. 1,487,953; (Previous year: Rs. Nil)]		
Amortisation of discount on Pass Through Certificates	51,454,261	25,114,003
Bounced Cheque / Foreclosure Charges / Overdue charges	6,272,195	3,790,687
Sourcing fees	-	-
Income from sharing of spends	-	3,658,746
Profit on sale of leased assets	86,588	143,875
Commission, brokerage and fees	99,628,314	3,595,864
[TDS Rs. 3,062,698; (Previous year: Rs. 8,445,028)]		
Share in income from operations of joint ventures	44,621,005	40,355,240
Total	**2,363,683,344**	**1,798,640,705**

Schedules forming part of the Consolidated Profit and Loss Account

Amount in Rupees

	For the year ended March 31, 2010	For the year ended March 31, 2009
Schedule 13 : Other Income		
Foreign exchange gain (net)	-	20,822,248
Sale of rights under realignment agreement	100,000,000	-
(Refer note B14 of Schedule 17)		
Interest on income tax refund	973,718	-
Other income (TDS: Rs. 93,804; Previous year: Rs. 514,129)	50,702,636	16,158,052
Write back of excess provision	-	31,601,140
Share in other income from operations of joint ventures	1,136,710	-
Total	**152,813,064**	**68,581,440**
Schedule 14 : Personnel expenses		
Salaries, wages and allowances	494,629,150	827,867,853
Contribution to provident fund	15,563,578	24,298,001
Staff welfare	7,343,871	11,218,958
Share in personnel expenses of joint ventures	24,476,419	21,053,378
Total	**542,013,018**	**884,438,190**
Schedule 15 : Administrative and other expenses		
Rent	84,166,681	181,726,985
Rates and Taxes	8,438,726	9,963,181
Insurance charges	1,290,197	2,530,217
Repairs and maintenance - Building	1,501,466	2,313,848
- Others	19,318,875	13,994,002
Business promotion expenses	1,503,263	2,441,369
Advertisement and marketing expenses	6,189,235	63,153,246
Commission and brokerage	242,014	66,755,987
Traveling and conveyance expenses	17,829,654	36,346,468
Communication expenses	13,914,425	42,351,289
Printing and stationery	6,559,665	15,803,661
Legal and professional	83,566,616	95,641,568
Foreign exchange losses (net)	6,780,870	-
Recruitment and training expenses	1,803,080	24,537,167
Membership and subscription	3,098,887	4,830,841
Amortised loan origination cost	12,653,865	16,763,923
License fees	-	30,000,000
Software and computer expenses	6,811,091	5,711,993

Schedules forming part of the Consolidated Profit and Loss Account

Amount in Rupees

	For the year ended March 31, 2010	For the year ended March 31, 2009
Electricity charges	6,750,303	16,468,577
Directors sitting fees	1,060,000	860,000
Auditors Remuneration	-	-
- As auditors	3,573,378	2,675,520
- Other certification matters	87,033	-
- Out of pocket expenses	83,393	102,157
Credit card conversion cost	-	3,870,000
Bad debts written off (net of recovery)	3,403,193	150,462,532
Provision for doubtful debts and advances	73,727,274	17,173,313
Loss on sale of fixed assets	18,967,147	3,367,390
Loss on sale of repossessed assets	-	31,698
Loss on assignments of loan	-	57,158
Sundry balances written off	1,544,812	121,485
Miscellaneous expenses	44,493,940	28,912,852
Share in administrative and other expenses of joint ventures	13,312,652	13,218,772
Total	**442,671,735**	**852,187,199**

Schedule 16 : Financial Expenses

Amortisation of Discount on issue of commercial paper	165,640,557	92,265,530
Interest on loans:		
- Banks	568,802,809	148,800,326
- Others	63,694,047	85,038,977
Bank charges and loan processing fees	8,570,820	19,979,031
Debenture issue expenses	825,000	
Share in financial expenses of joint ventures	-	646,013
Total	**807,533,233**	**346,729,877**

Schedule 17 : Notes to Accounts

1. The consolidated financial statements of Future Capital Holdings Limited (the 'Company') and its subsidiary companies (hereinafter collectively referred to as (the 'Group') are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956 (the 'Act').

2. **Composite scheme of Arrangement and Amalgamation ('Scheme')**

   The Company is engaged in the business of Investment Advisory Services, Wholesale Credit and Treasury activities and Retail Financial Services. The Wholesale Credit business and the Retail Financial Services comprised "The Credit Business Division".

   The Board of Directors at their meeting held on 31st March, 2009, had approved a composite Scheme of Amalgamation & Arrangement (the Scheme) involving Future Capital Holdings Limited ('the Company'), Future Capital Financial Services Limited (FCFSL) and Future Capital Credit Limited (FCCL), in terms of which Credit Business Division of the Company will be de-merged and will be vested with FCFSL. The Scheme also provides for the Amalgamation of FCC into FCFSL. The Scheme has been approved by the Shareholders of the Company on June 15, 2009 and by the Hon'ble High Court of Judicature at Bombay vide its order dated September 2, 2009. The Company has made an application to the Registrar of Companies ("ROC"), Mumbai as required under section 391 of the Companies Act. The said scheme became effective from February 1, 2010 but operative with retrospective effect from April 1, 2009, the Appointed date.

   a. the business and operations of the demerged CBD were deemed to have been vested with FCFSL with effect from April 1, 2009. Consequently,

      - the related assets and liabilities of the CBD, including those specifically identified in the scheme, at the close of business on March 31, 2009 were deemed to have been transferred to FCFSL on April 1, 2009;
      - the Company, in trust, carried on the business of the CBD for the FCFSL, from 1st April 2009 to January 31, 2010 pending the scheme becoming effective.

   b. the said transfer and vesting of the assets of the CBD was deemed to be on a going concern basis.

   c. all the assets and liabilities of FCC will become assets and liabilities of FCFSL.

      Pursuant to the accounting treatment prescribed by the Scheme and sanctioned by the Hon'ble High Court of Judicature at Bombay, the Group has charged the following amounts against General Reserve of the subsidiary:

      - Bad Debts (net of recovery) and Provision for doubtful retail loans amounting to Rs. 269,563,458
      - Loan origination cost of Rs. 11,831,365
      - Expenses incurred on the scheme amounting to Rs. 4,296,291

        Had the Group followed the accounting treatment prescribed under generally accepted accounting principles in India:

      - Bad Debts (net of recovery) and Provision for doubtful retail loans amounting to Rs. 269,563,458 would have been charged to the consolidated Profit and Loss Account.
      - Amortisation of loan origination cost of Rs. 6,135,360 would have been charged to the consolidated Profit and Loss Account.
      - Expenses incurred on the scheme amounting to Rs. 4,296,291 would have been charged to the consolidated Profit and Loss Account.

3. **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" 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 Notified Accounting Standard by Companies Accounting Standards Rules, 2006 except for the accounting of the effects of the Scheme, which has been done in accordance with the terms of the Scheme as approved by the High Court and the relevant provisions of the Companies Act, 1956 ('the Act'). The consolidated financial statements have been prepared under the historical cost convention on an accrual basis except for dividend from

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

mutual fund units and valuation of unquoted units of mutual funds, which is in accordance with Non-Banking Financial (Non-deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Direction 2007 ('NBFC Regulation'). The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

4. **Principles of consolidation**

a. The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Intra group balances, intra group transactions and unrealized profits/losses have been fully eliminated.

b. Interests in joint ventures are accounted for using proportionate consolidation method.

c. The subsidiary companies and joint ventures considered in the presentation of the consolidated financial statements are:

	Particulars	Country of incorporation	Proportion of ownership interest as at March 31, 2010	Proportion of ownership interest as at March 31, 2009	Financial year ends on
a)	Subsidiaries :				
	Kshitij Investment Advisory Company Limited	India	100%	100%	31.03.2010
	Future Capital Investment Advisors Limited (formerly Indivision Investment Advisors Limited)	India	100%	100%	31.03.2010
	Myra Mall Management Company Limited	India	100%	100%	31.03.2010
	Ambit Investment Advisory Company Limited	India	100%	100%	31.03.2010
	Future Capital Financial Services Limited	India	100%	100%	31.03.2010
	Future Hospitality Management Limited	India	100%	100%	31.03.2010
	Future Finance Limited	India	100%	100%	31.03.2010
	Kshitij Property Solutions Private Limited	India	100%	100%	31.03.2010
	Axon Development Solutions Limited	India	100%	100%	31.03.2010

	Particulars	Country of incorporation	Proportion of ownership interest as at March 31, 2010	Proportion of ownership interest as at March 31, 2009	Financial year ends on
b)	Joint ventures:				
	Realterm FCH Logistics Advisors Private Limited	India	50%	50%	31.03.2010
	FCH CentrumDirect Limited *	India	50%	50.10%	31.03.2010
	FCH Centrum Wealth Managers Limited *	India	50%	50.10%	31.03.2010

* The Company had acquired 50.10% each in FCH CentrumDirect Limited ('FCDL') and FCH Centrum Wealth Managers Limited ('FCWML') respectively on March 12, 2008. Accordingly, these investments were classified as investment in subsidiary companies till March 31, 2009. During the year, the Company has sold 0.10% each in FCDL and FCWML. Consequently the same has been classified as joint ventures of the Company. These investments were acquired on a temporary basis with an intention to sale in the near future and hence they have not been consolidated with the Groups' financial statements for the year ended March 31, 2010.

For the purpose of consolidated financial statements, the results of FCH and its subsidiaries for the year ended March 31, 2010 have been derived from the respective company's audited financials of the year ended March 31, 2010.

5. **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/ capital reserve. 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.

A. SIGNIFICANT ACCOUNTING POLICIES

1. **Fixed assets and Depreciation**

Tangible Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any other directly attributable costs of bringing the asset to its working condition for its intended use.

Leasehold improvements are depreciated on straight line basis over primary period of lease agreements.

Intangible Assets

Intangible assets include domain names, trademarks, copyrights and computer software, which are acquired, capitalized and amortized on a straight-line basis over the estimated useful lives ranging from 5-10 years.

Depreciation

Depreciation is provided using Straight Line Method as per the useful lives of the assets estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956, which ever is higher.

Tangible assets and intangible assets costing Rs 5,000 or less individually are fully depreciated / amortized in the year of purchase.

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 asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

2. **Borrowing costs**

Borrowing costs consists of interest and other cost that an entity incurs in connection with borrowing of funds. Borrowing costs are recognized as an expense in the period in which these are incurred.

3. **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.

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

(iii) *Exchange Differences*

Exchange differences arising on the settlement of monetary items or on reporting Group'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.

4. **Provisions**

Provision is recognised 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.

5. **Retirement and other employee benefits**

i) The Group's employee benefits cover provident fund, gratuity and leave encashment.

(ii) Provident fund is a defined contribution scheme and the Group has no further obligation beyond the contributions made to provident fund authorities. Contributions are charged to the profit and loss account in the year in which they accrue.

(iii) Gratuity Liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the financial 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 charged to the profit and loss account and are not deferred.

(iv) The Group has provided for leave encashment liability at year end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

6. **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.

Finance Lease

Where the Group is the lessee

Finance leases, which effectively transfer to the Group 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.

7. **Preliminary Expenses**

Preliminary expenses are charged to profit and loss account in the year in which it is incurred.

8. **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. Unquoted investments in units of mutual funds are stated at net asset value.

9. **Loans granted**

Loans given are stated at agreement values as reduced by instalments received up to the end of the financial year, unmatured finance charges and unmatured insurance charges.

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.

Fees and commission income

Fees and commission income is booked as and when they are due. Income from loan acquisition is booked on the basis of total loans sanctioned during the previous year

Income from distribution of products

Income from distribution on various products is accounted on the basis of procurements undertaken during the period with a reasonable estimate towards the trial fees.

Income from Research and advisory services

Revenue from research and advisory services are recognised on pro-rata basis over the period of contract as and when services are rendered or in accordance with the arrangements entered into with the parties receiving such research and advisory services.

Income from other financial and advisory services is accounted on the completion of transaction.

Interest income from retail financial 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.

Pre EMI interest received from customers is recognised as income on accrual basis.

In case of non performing assets interest income is recognised on receipt basis as per NBFC Prudential norms.

Income on discounted instruments

Income on discounted instruments is recognised over the tenor of the instrument on straight line basis. The unamortised income is netted against unrealized discount on such instrument and is disclosed under loans and advances.

Interest income on discounted instruments is recognised on a time proportion accrual basis.

Other interest income

Other interest income is recognized on time proportion basis.

Sourcing fees

Sourcing fees is recognised based on the co –branded credit cards sourced by the Company.

Income from sharing of spends

Income from sharing of spends is recognised on an accrual basis as a percentage of expenditure incurred by the holders of Company’s co-branded credit card.

Upfront fees on loans

Upfront fees on loans are recognised as and when they are due.

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

Dividend income

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.

Processing fees, Subvention income (net of service tax)

Processing fees received from customers and Subvention income received from manufacturers and dealers is recognised as income over the tenor of the loan agreements. The unamortized balance is being disclosed as part of current liabilities. However, if the agreement is foreclosed, balance of processing fees and subvention income is recognised as income at the time of such foreclosure.

Income from advertisement and promotional activities

Income from advertisement and promotional activities are accounted for in accordance with the terms of agreement and completion of services.

Income from brokerage and commission:

The income from Brokerage fees and commission is net of service tax.

Lease Rental and Amenities

Lease rentals are recognized as an income in the profit and loss account on a straight line basis over the primary lease period, net of service tax.

Amenities charges are recognized in accordance with the arrangements entered into with the lessees, net of service tax.

Profit/ Loss on sale of investments

Profit or loss on sale of investments is determined on the basis of the weighted average cost method.

11. **Charge off and provisions policy**

After taking into account the time lag between an account becoming non performing, its recognition as such and realization of available security, provisions and write off are made against overdue retail loans. During the year, the Group has changed its policy of providing for overdue retail loans as under:

Particulars	2009-2010	2008-2009
Consumption Loans and Personal Loans		
Loss Assets	100% write off	100% write off
180 days overdue	33%	100%
360 days overdue	66%	NA
540 days overdue	100%	NA
Loans against Property		
Loss Assets	100% write off	100% write off
180 days overdue	10%	10%
720 days overdue	20%	20%
1080 days overdue	50%	100%
1800 days overdue	100%	NA

Wholesale Loans

Provision in respect of other non performing assets is made in accordance with the NBFC Regulations.

12. **Loan origination cost**

Loan acquisition costs such as credit verification, front end sales and processing cost, agreement stamping, dealer / agent commission, are recognised as expense over the average tenor of the loan agreements. Full month's amortization is done in the month of booking of loan. The unamortized balance is being disclosed as part of loans and advances. However, if the case is foreclosed, the unamortised portion of the loan acquisition costs is recognised as charge to the Profit and Loss Account at the time of such foreclosure.

13. **Commercial Papers**

Commercial paper is recognised at redemption value net of unamortized finance charges. The difference between redemption value and issue value is amortised on a time basis and is disclosed separately under finance charges.

14. **Income taxes**

Income tax comprises of current and deferred tax. Current income tax is 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. In situation where the Group has unabsorbed depreciation and carry forward 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 Group 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.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

15. **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.

16. **Employee Stock Option Scheme ('ESOS') / Employee Share Purchase Scheme ('ESPS')**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on "Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India ('ICAI'). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortised over the vesting period of the option on a straight line basis.

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

17. **Segment Reporting Policies**

Identification of segments

The Group has organized its operations into four major businesses: Investments Advisory activities, Wholesale credit and treasury activities, Retail Financial Services and Others. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operates.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

It includes income and expense items which are not allocated to any business segment.

B NOTES ON ACCOUNTS

1. **Included in Loans and Advances are:**

Loans and advances granted to companies under same management pursuant to Section 370(1B) of the Companies Act, 1956, associates and companies in which directors are interested pursuant to and Clause 32 is as under:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Due from companies under same management		
Everstone Investment Advisors Private Limited (formerly New Edge Investment Advisors Limited) (Maximum amount outstanding during the year Rs. 101,110 (Previous year Rs. 77,945)]	-	200
Pantaloon Retail (India) Limited (Maximum amount outstanding during the year Rs. 5,673,783 (Previous year Rs. 5,698,595)]	-	5,673,783
Future Ventures India Limited (Maximum amount outstanding during the year Rs. 523,897 (Previous year Rs. 540,654)]	-	523,897
Pan India Foods Solutions Private Limited (Maximum amount outstanding during the year Rs. 51,467,341 (Previous year Rs. 51,467,341)]	-	520,833
Future Generali India Insurance Company Limited (Maximum amount outstanding during the year Rs. 500,000 (Previous year Rs. 500,000)]	-	500,000
Future Generali India Life Insurance Company Limited (Maximum amount outstanding during the year Rs. 967,624 (Previous year Rs. 9,67,624)]	-	967,624
Due from directors of the Company (Maximum amount outstanding during the year Rs. 14,220,038 (Previous year Rs. 14,220,038)]	-	14,220,038
Due from officers of the Company (Maximum amount outstanding during the year Rs. 1,500,000 (Previous year Rs. 1,543,593)]	-	1,500,000

2. **Contingent Liabilities and Commitments**

a. Contingent Liabilities

(Amount in Rs.

	As at March 31, 2010	As at March 31, 2009
Guarantees given by Banks on behalf of the Company	200,000	24,567,210
Guarantee given by subsidiary on behalf of holding company	-	1,458,333,333
Guarantee given by the Company on behalf of a subsidiary	6,730,224,621	-
Income tax matters under dispute	4,868,082	-

b. Capital commitments:

(Amount in Rs.)

	As at March 31, 2010	As at March 31, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for	78,300	-

3. **Fees received in advance**

In the earlier years' the Group had entered into an agreement with ICICI Bank Limited for distribution of co-branded credit cards and had received an amount of Rs. 440,000,000 (inclusive of service tax Rs. 48,401,566) as advance towards account set up fees payable by ICICI Bank Limited. Due to economic slowdown and stringent card acceptance terms it was not feasible to source card as per agreed terms in the agreement. Hence the Group has entered in one time settlement of advance with ICICI for an amount of Rs. 396,000,000. The Group has received Rs. 44,000,000 towards reimbursement of sales, marketing and promotional expenses. The Group has accounted an income of 37,634,704 net of sourcing and sharing of spends accrued in previous year and same is shown as part of other income during the current year.

4. **Gratuity and other post-employment benefit plans:**

The Group has a defined benefit gratuity plan. The following table summaries the components of net benefit expense recognized in the profit and loss account and amounts recognized in the balance sheet for the respective plans. Gratuity expense has been included in Salaries, wages and allowances under Personnel expenses.

A. Change in Present Value of Obligation

(Amount in Rs.)

	Year ended March 31, 2010	Year ended March 31, 2009
	Gratuity (Unfunded)	
Present Value of the Obligation as at the beginning of the year	5,604,349	5,359,398
Interest Cost	338,644	377,985
Current Service Cost	2,005,189	5,240,904
Benefit Paid	(1,580,251)	(1,012,894)
Actuarial (gain)/ loss on obligations	(2,014,132)	(253,692)
Present Value of the Obligation as at the end of the year	4,353,799	9,711,701

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

B. Fair Value of Plan Assets

(Amount in Rs.)

	Year ended March 31, 2010	Year ended March 31, 2009
	Gratuity (Unfunded)	
Fair Value of the Plan Assets as at the beginning of the year	-	
Expected return on Plan Assets	-	
Benefits paid	-	
Actuarial gain/ (loss) on Plan Assets	2,014,132	253,692

Actual return on plan assets

(Amount in Rs.)

	Year ended March 31,2010	Year ended March 31,2009
	Gratuity (Unfunded)	
Expected return on Plan Assets	-	-
Actuarial gain/ (loss) on Plan Assets	-	-
Actual return on Plan Assets	-	-

C. Amount recognised in the Balance Sheet

(Amount in Rs.)

	Year ended March 31,2010	Year ended March 31,2009
	Gratuity (Unfunded)	
Present Value of the Obligation as at the end of the year	4,353,799	9,711,701
Fair Value of Plan Assets as at the end of the year	-	-

D. Amount recognised in the Profit and Loss Account

(Amount in Rs.)

	Year ended March 31, 2010	Year ended March 31,2009
	Gratuity (Unfunded)	
Interest Cost	338,644	377,985
Current Service Cost	2,005,189	5,240,904
Expected Return on Plan Assets	-	-
Benefit Paid	-	-
Actuarial (gain)/ loss on obligations	(2,014,132)	(253,692)
Total expense recognised in the Profit and Loss Account	329,701	5,365,197

E. Reconciliation of Balance Sheet

(Amount in Rs.)

	Year ended March 31, 2010	Year ended March 31,2009
	Gratuity (Unfunded)	
Present Value of the Obligation as at the beginning of the year	5,604,349	5,359,398
Total expense recognised in the Profit and Loss Account	329,701	5,365,197
Employer's Contribution	(1,580,251)	(1,012,894)
Present Value of the Obligation as at the end of the year	4,353,799	9,711,701

The principal assumptions used in determining obligations for the Group's plans are shown below:

Assumptions	Gratuity (Unfunded)	
	March 31, 2010	March 31, 2009
Discount rate	7%	7%
Increase in compensation cost	5%	5%
Employee turnover	1% - 2%	1% - 2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

5. **Employee Stock Option Scheme (ESOS)**

ESOS 2007

Pursuant to ESOS 2007 Scheme approved vide Board Resolution dated August 23, 2007 and approved in the Annual General Meeting dated September 25, 2007, the Company had granted options in respect of 1,000,000 equity shares to the eligible employees at an exercise price of Rs. 178. The original vesting period for the options was three years from the date of grant i.e. vesting in October/November 2010. During the year, the remuneration committee vide its meeting held on December 11, 2009 modified the vesting period to December 15, 2009. Details of activity in respect of ESOS 2007 are as follows:

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Options outstanding as at the beginning of the year	698,000	1,000,000
Granted during the year	-	-
Forfeited during the year	-	-
Lapsed during the year	42,000	302,000
Exercised/ Allotted during the year	-	-
Outstanding as at the end of the year	656,000	698,000
Exercisable at the end of the year	-	-
Weighted average remaining contractual life (in years)	0.66	2.50
Weighted average fair value of options granted	Rs. 9.37	Rs. 9.37

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

ESOS 2008

Pursuant to ESOS 2008 Scheme Board Resolution dated June 16, 2008 and approved in the Annual General Meeting dated August 14, 2009, the Company had granted options in respect of 948,500 equity shares to the eligible employees at an exercise price of Rs. 102. The vesting period for options is three years from the date of grant i.e. vesting on March 31, 2012. During the year, the remuneration committees vide its meeting held on December 11, 2009 modified the vesting period to March 31, 2010. Details of activity in respect of ESOS 2008 are as follows:

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Options outstanding as at the beginning of the year	948,500	-
Granted during the year	-	948,500
Forfeited during the year	-	-
Lapsed during the year	208,500	-
Exercised/ Allotted during the year	-	-
Outstanding as at the end of the year	740,000	948,500
Exercisable at the end of the year	740,000	-
Weighted average remaining contractual life (in years)	4	7
Weighted average fair value of options granted	Rs. 63	Rs. 63

Proforma Accounting

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

(Amount in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Net Profit/ (Loss) after tax as reported	592,655,350	(321,104,046)
Less: Employee stock compensation under fair value method	49,170,457	2,007,273
Total	543,484,893	(323,111,319)
Basic earnings per share as reported	9.33	(5.06)
Proforma Basic earnings per share	8.56	(5.10)
Diluted earnings per share as reported	9.25	(5.04)
Proforma Diluted earnings per share	8.48	(5.07)

6. **Segmental Reporting**

The Group has organized its operations into four major businesses: Investments Advisory activities, Treasury and wholesale credit activities, Retail Financial Services and Others. A description of the types of products and services provided by each reportable segment is as follows:

Investment Advisory:

The Group provides investment advisory services to onshore and offshore clients. These investment advisory services include investment analysis, research and investment recommendations. The in-house research team assists the process of value creation for private equity and real estate advisory businesses through macro economic analysis, survey based field work, in-house data and real time business experience.

Wholesale credit and Treasury:

The wholesale credit business uses our proprietary balance sheet to build a unique structured credit business that focuses on mezzanine, promoter, project and acquisition financing as well other special situations related financing. The treasury operations ensure liquidity for business and manages investment of surplus funds to optimize returns within the approved risk management framework.

Retail Financial Services:

Under the retail financial service category, the Group provides (i) consumption loans which are loans to finance the purchase of durables, furniture and other personal goods, (ii) personal loans which are unsecured credit lines to individual customers and (iii) home equity loans (iv) distribution of financials products and services.

Others:

This includes property leasing and management services, vehicle leasing & financing and mall management activities.

Geographical Segments :

The Group has identified geographical segments as within India and outside India.

For Segment Information - Refer Annexure 1

7. **Related Party Disclosure:**

Names of related parties where control exists irrespective of whether transactions have occurred or not

Relationship	**Name of the Party**
Holding Company	Pantaloon Retail (India) Limited
Joint Ventures	FCH CentrumDirect Limited (w.e.f. June 16, 2009)
	FCH Centrum Wealth Managers Limited (w.e.f. June 13, 2009)
Names of other related parties with whom transactions have taken place during the year	
Relationship	Name of the Party
Fellow subsidiaries	Home Solutions Retail (India) Limited
	Future Media India Limited
	Pantaloon Future Ventures Limited
	Future bazaar India Limited
Associates	Future Ideas Company Limited
	Home Solutions (Retail) India Limited
	Pingaksh Realty Private Limited
	Everstone Investment Advisors Private Limited (formerly New Edge Investment Advisors Limited((upto December 31, 2009)
	Future E-commerce Infrastructure Limited
Key Management Personnel	Sameer Sain, Vice Chairman and Managing Director (upto February 5, 2010)
	Dhanpal Jhaveri, Whole time Director designated as Executive Director (upto April 6, 2010)
	Krishan Kant Rathi, Whole time Director (w.e.f. April 6, 2010)

Refer Annexure 2 and 2A for the transactions with related parties.

8. **Finance Leases:**

(Amount in Rs.)

Particulars	**Future Minimum Lease Payments As at March 31, 2010**	**Present Value of Minimum Lease Payments As at March 31, 2010**	**Finance Charges**
Not later than one year	11,069,735 (10,378,788)	7,536,725 (6,372,148)	3,533,010 (4,006,640)
Later than one year and not later than five years	26,848,342 (33,648,198)	22,676,127 (27,175,626)	4,172,215 (6,472,572)
Later than five years	- (-)	- (-)	- (-)
Total	**37,918,077 (44,026,986)**	**30,212,852 (33,547,774)**	**7,705,225 (10,479,212)**

Note: Brackets denote previous year's figures.

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

General description of significant financial leasing arrangement

The Group has leasing arrangements for finance lease for Motor Cars.

9. **Operating Leases**

a. *Payments*

The Group's significant leasing arrangements in respect of operating leases are for premises (residential and office) and vehicle which are renewable on mutual consent at agreed terms. The aggregate lease rentals payable are charged to the profit and loss account.

(Amount in Rs.)

Particulars	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**
Lease payments recognised in the profit and loss account	145,750,931	200,456,835

Details of non-cancellable leases are as follows:

(Amount in Rs.)

Particulars	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**
Minimum Lease Payments:		
Not later than one year	7,174,397	80,369,844
Later than one year but not later than five years	-	112,772,603
Later than five years	-	-

b. *Receipts*

The Group owns immovable property at Mumbai, which has been given to various lessees on a leave and license basis. Primary lease in respect of these arrangements is of 60 months, subject to mutual agreement between the Lessor and the Company.

(Amount in Rs.)

Particulars	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**
Lease income recognised in the profit and loss account	83,901,024	34,401,820
Minimum Lease Payments:		
Not later than one year	87,431,984	40,955,379
Later than one year but not later than five years	207,503,916	63,305,909
Later than five years	-	-

c. *Sub-lease*

The Group's sub leasing arrangements in respect of operating leases for office premises which are renewable on mutual consent at agreed terms. The aggregate lease rental income recognized in the profit and loss account is as follows:

(Amount in Rs.)

Particulars	**For the year ended March 31, 2010**	**For the year ended March 31, 2009**
Lease income recognised in the profit and loss account	480,000	300,000

10. **Earnings Per Share ('EPS')**

Basic and diluted EPS has been computed by dividing the net profit after tax for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Net profit/ (loss) considered for basic EPS calculation	592,655,350	(321,104,046)
Weighted average number of equity shares for calculating basic EPS	63,527,984	63,402,231
Nominal value per share	Rs. 10	Rs. 10
Basic EPS	9.33	(5.06)
Net profit/ (loss) considered for diluted EPS calculation	592,655,350	(321,104,046)
Weighted average number of equity shares used for calculating basic EPS	63,527,984	63,402,231
Add : Weighted average number of equity shares (on exercise of options granted under ESOS)	554,251	278,430
Weighted average number of equity shares in calculating diluted EPS	64,082,235	63,680,661
Nominal value per share	Rs. 10	Rs. 10
Diluted EPS	9.25	(5.04)

11. **Deferred Tax Liabilities/ Assets**

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred Tax Liability		
On depreciation	-	24,494,797
On unamortised loan origination cost	-	29,923,255
Share of jointly controlled entities	246,794	208,138
Sub-Total	**246,794**	**54,626,190**
Deferred Tax Asset		
On depreciation	69,263,210	-
On provision for gratuity and leave encashment	1,615,459	5,217,082
On unamortized processing fees	-	12,416,333
On expenses disallowed u/s. 43B and 40a(ia) of Income Tax Act, 1961	71,376	239,385
On carry forward losses and unabsorbed depreciation	18,367,086	45,170,789
On preliminary expenditure	88,389	122,604
On provision for doubtful advances	3,004,269	-
Share of jointly controlled entities	560,851	3,153,186
Sub-Total	**92,970,640**	**66,319,379**
Deferred tax (assets)/ liabilities (net)	**(92,723,846)**	**(11,693,189)**

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

12. **Joint Venture Disclosure:**

i) Jointly Controlled Entity by the Company:

Name of the Entity	Country of Incorporation	Holding as at March 31, 2010	Holding as at March 31, 2009
Realterm FCH Logistics Advisors Private Limited	India	50%	50%
FCH CentrumDirect Limited	India	50%	50.10%
FCH Centrum Wealth Managers Limited	India	50%	50.10%

ii) Company's share of each of the Assets, Liabilities, Income and Expenses with respect to jointly controlled entities are as follows:

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Assets	997,697,863	20,440,238
Liabilities	308,720,667	7,151,844
Revenue	226,403,392	40,670,842
Depreciation/ amortization	15,407,076	187,115
Other expenses	271,082,606	34,626,613
Profit/ (Loss) before tax	(60,086,290)	5,857,114
Capital Commitments	-	-
Contingent Liabilities	-	-

13. **Deferment of loan origination cost, processing fees and subvention income**

During the year, the Company has deferred the loan origination cost and processing fees income over the average tenor of the respective loan agreement.

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Total loan origination cost deferred	19,151,279	28,595,294
Cost amortised and charged to profit and loss account during the year	3,256,964	16,763,923
Unamortised cost shown into balance sheet	15,894,313	11,831,371

(Amount in Rs.)

Particulars	As at March 31, 2010	As at March 31, 2009
Total unamortised income from customers/dealers	22,355,906	59,947,665
Income amortised and credited to profit and loss account during the year	32,616,244	34,568,096
Unamortised income shown into balance sheet	26,627,549	36,529,371

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

14. The Board of Directors at their meeting held on December 11, 2009, approved the realignment of the investment advisory activities of the Company. The Company and its certain subsidiaries have entered into appropriate agreements with Everstone Investment Advisors Private Limited ('EIAPL'), to realign their respective investment advisory activities with a view to having a focused and dedicated approach to the investment advisory business. The realignment agreement is effective from January 1, 2010 wherein, EIAPL shall, in place of the Company and its subsidiaries:

    a. render all the investment advisory services to Kshitij Venture Capital Fund Fund ('KVCF'), Horizon Development LLC ('HDM'), Indivision Capital Management ('ICM') and Indus

    b. enjoy all the rights in term of the Investment Advisory Agreement ('IAA') entered into with KVCF, HDM, ICM and Indus;

    c. assume, agrees and fulfill all duties and obligations conferred or imposed under the terms of IAA

    d. Pursuant to the above agreement the Company and its subsidiaries shall receive a consideration of Rs. 100,000,000.

15. The Company had acquired 50.10% each in FCH CentrumDirect Limited ('FCDL') and FCH Centrum Wealth Managers Limited ('FCWML') respectively on March 12, 2008. Accordingly, these investments were classified as investment in subsidiary companies till March 31, 2009. During the year, the Company has sold 0.10% each in FCDL and FCWML. Consequently the same has been classified as joint ventures of the Company. These investments were acquired on a temporary basis with an intention to sale in the near future.

    Pursuant to Memorandum of Understanding ('MOU') entered with Everstone Investment Advisors Private Limited ('EIAPL') the Company has agreed to sell its 50% stake in Realterm FCH Logistics Advisors Private Limited to EIAPL at book value after obtaining necessary approvals.

16. Previous years' figures have been reclassified/ regrouped to conform with the current year's presentation, wherever applicable.

As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership No. 42650

Place: Mumbai
Date: May 24, 2010

For and on behalf of the Board of Directors of Future Capital Holdings Limited

Kishore Biyani
Chairman

Shailesh Haribhakti
Director

Krishan Kant Rathi
Director & Manager

N. Shridhar
Chief Financial Officer

Chetan Gandhi
Head - Legal & Secretarial

Place: Mumbai
Date: May 24, 2010

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

Annexure 1 to Note B 6 of the Schedule 17 of Consolidated Notes to Accounts

(Amount in Rs.)

Particulars	Investment Advisory Services		Wholesale Credit and Treasury		Retail Financial Services		Others		Unallocated		Eliminations		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
I. Primary Segment-Business														
Revenue														
External revenue	546,213,628	577,650,016	806,229,171	502,581,562	1,073,640,720	703,566,080	74,684,530	66,655,809	15,728,359	18,593,293	-	-	2,516,496,408	1,869,046,760
Inter segment revenue	-	-	54,045,105	40,931,289	-	104,087,134	65,157,651	66,442,632	-	-	119,202,756	211,461,055	119,202,756	211,461,055
Total Reveue	**546,213,628**	**577,650,016**	**860,274,275**	**543,512,851**	**1,073,640,720**	**807,653,214**	**139,842,181**	**133,098,441**	**15,728,359**	**18,593,293**	**119,202,756**	**211,461,055**	**2,635,699,164**	**2,080,507,815**
Segment result	232,577,764	95,557,444	201,672,691	105,163,934	190,775,112	(449,177,580)	13,827,589	(51,255,669)	15,728,359	18,593,293	-	-	654,581,515	(281,118,579)
Interest	-	-	-	-	-	-	-	-	(55,859)	(148,220)	-	-	(55,859)	(148,220)
Unallocated expense (net)	-	-	-	-	-	-	-	-	-	-	-	-	(52,874,918)	-
Income taxes (Current tax, fringe benefit tax and deferred tax)	-	-	-	-	-	-	-	-	(8,995,388)	(39,837,247)	-	-	(8,995,388)	(39,837,247)
Net Profit/(Loss) after tax													**592,655,350**	**(321,104,046)**
Other Information														
Segment assets	228,490,615	307,944,545	10,649,912,084	5,990,826,736	6,485,167,969	4,787,884,062	783,783,721	782,095,317	-	-	-	-	18,147,354,389	11,868,750,659
Other unallocated assets	-	-	-	-	-	-	-	-	1,665,895,591	382,569,862	-	-	1,665,895,591	382,569,862
Total Assets	**228,490,615**	**307,944,545**	**10,649,912,084**	**5,990,826,736**	**6,485,167,969**	**4,787,884,062**	**783,783,721**	**782,095,317**	**1,665,895,591**	**382,569,862**	**-**	**-**	**19,813,249,980**	**12,251,320,521**
Segment liabilities	31,543,745	103,957,324	8,011,427,064	3,332,319,274	4,121,361,864	2,042,185,210	665,405,874	57,657,739	-	-	-	-	12,829,738,547	5,536,119,547
Other unallocated liabilities	-	-	-	-	-	-	-	-	74,513,458	38,842,670	-	-	74,513,458	38,842,670
Total Liabilities	**31,543,745**	**103,957,324**	**8,011,427,064**	**3,332,319,274**	**4,121,361,864**	**2,042,185,210**	**665,405,874**	**57,657,739**	**74,513,458**	**38,842,670**	**-**	**-**	**12,904,252,005**	**5,574,962,217**
Capital Expenditure	2,644,169	7,326,830	-	1,699,389	7,303,957	77,831,637	44,553	1,623,176	-	-	-	-	9,992,679	88,481,031
Depreciation/ amortisation	8,101,398	8,050,462	2,432,484	2,263,805	98,951,595	43,376,613	13,142,207	13,187,869	-	-	-	-	122,627,684	66,878,749
Other non-cash expenses	-	-	-	-	73,727,274	17,173,313	-	-	-	-	-	-	73,727,274	17,173,313
II. Secondary Segment-Geographical														
Domestic	1,429,999	90,392,352	860,274,275	543,512,851	1,073,640,720	807,653,214	139,842,181	133,098,441	15,728,359	18,593,293	-	-	2,090,915,535	1,593,250,151
Export	544,783,629	487,257,664	-	-	-	-	-	-	-	-	-	-	544,783,629	487,257,664
Total	**546,213,628**	**577,650,016**	**860,274,275**	**543,512,851**	**1,073,640,720**	**807,653,214**	**139,842,181**	**133,098,441**	**15,728,359**	**18,593,293**	**-**	**-**	**2,635,699,164**	**2,080,507,815**

Annexure 2 to Note B 7 of the Schedule 17 of Consolidated Notes to Accounts

(Amount in Rs.)

Transactions with Related parties

Particulars	Holding Company		Fellow Subsidiaries		Associate Companies		Key Management Personnel	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Purchase of Goods/ services	778,340	278,955	1,857,506	968,059	-	102,500	-	-
Marketing and Advertising	-	71,211	503,650	15,195,515	-	104,400	-	-
Loan Taken	250,000,000	-	-	-	-			
Deposit Given	-	892,500	-	-	-	-	-	-
Loans Given	-	-	560,000,000	-	42,000,000	6,300,000	-	-
Loan Repaid	-	-	480,000,000	-	-	6,300,000	-	-
Interest received	-	-	44,486,301	-	230,137	-	-	-
Interest Paid	71,918	-	-	-	-			
Rent Received	-	-	-	-	-	337,080	-	-
Rent Paid	1,933,508	42,589,665	3,600,000	-	-	-	-	-
Subvention Income Received	442,358	1,765,744	3,039,306	4,182,083	-	-	-	-
Commision Income	70,000,000	-	-	-	-	-	-	-
Operating expenses incurred by the Company on behalf of the Party	33,049	303,090	-	4,744,048	537,504	959,459	-	-
Fixed assets / Intangible assets Purchased	-	-	-	449,650	-	-	-	-
Fixed assets / Intangible assets Sold	-	-	65,000	-	-	-	-	-
Operating expenses incurred by the Party on behalf of the Company	285,000	1,059,080	-	-	-	7,178	-	-
Equity Shares issued	-	-	-	-	-	-	-	112,635,000
License Fees	-	30,000,000	-	-	-	-	-	-
Directors Remuneration	-	-	-	-	-	-	22,796,667	29,028,236
Closing Balances								
Loan Account	(250,000,000)	-	80,000,000	-	-	-	-	-
Debtor/ (Creditor)	70,591,126	(2,073,279)	(337,137)	2,909,902	(3,660)	524,097	-	-
Other balances	26,648	(21,288,998)	152,225	-	1,157,740	-	-	(47,744)

Schedules forming part of the Consolidated Notes to Accounts (Contd.)

Annexure 2A to Note B 7 of the Schedule 17 of Consolidated Notes to Accounts

Disclosure of related party transactions more than 10% (Amount in Rs.)

Particulars	Transaction Value 2009-2010	Transaction Value 2008-2009
Purchase of Goods/services		
Pantaloon Retail (India) Limited	778,340	266,879
Future Knowledge Services Ltd.	1,857,506	-
Future Media India Limited	-	523,104
Future Bazar India Limited	-	225,000
FCH CentrumDirect Limited	-	219,955
Marketing & Advertising		
Future Media (India) Limited	165,450	15,182,515
Future E- Commerce Infrastructure Limited	338,200	-
Loan Taken		
Pantaloon Retail (India) Limited	250,000,000	-
Deposit Given	250,000,000	-
Pantaloon Retail (India) Limited	-	892,500
Loans Given		
Future Venture India Limited	-	6,300,000
Home Solutions Retail (India) Limited	410,000,000	-
Pantaloon Industries Limited	150,000,000	-
Loan Repaid		
Future Venture India Limited	-	6,300,000
Home Solutions Retail (India) Limited	330,000,000	-
Pantaloon Industries Limited	150,000,000	-
Interest received		
Home Solutions Retail (India) Limited	26,486,301	-
Pantaloon Industries Limited	18,000,000	-
Interest Paid		
Pantaloon Retail (India) Limited	71,918	-
Rent Received		
Future Venture India Limited	-	337,080
Rent Paid		
Pantaloon Retail (India) Limited	1,933,508	42,589,655
Home Solutions Retail (India) Limited	3,600,000	-
Subvention Income Received		
Pantaloon Retail (India) Limited	442,358	1,765,744
Home Solutions Retail (India) Limited	2,894,259	4,182,083

Annexure 2A to Note B 7 of the Schedule 17 of Consolidated Notes to Accounts

(Amount in Rs.)

	Transaction Value 2009-2010	Transaction Value 2008-2009
Commision Income		
Pantaloon Retail (India) Limited	70,000,000	-
Operating expenses incurred by the Company on behalf of the Party		
New Edge Investments Advisors Ltd	124,199	-
Home Solutions Retail (India) Limited	-	4,744,048
Future Ventures India Limited	413,305	902,716
Fixed assets / Intangible assets Purchased		
Home Solutions Retail (India) Limited	-	298,000
Future Bazar India Limited	-	75,825
Fixed assets / Intangible assets Sold		
Pantaloon Future Ventures Limited	65,000	-
Operating expenses incurred by the Party on behalf of the Company		
Pantaloon Retail (India) Limited	285,000	1,059,080
Equity Shares issued		
Dhanpal Jhaveri, Executive Director	-	112,635,000
License Fees		
Pantaloon Retail (India) Limited	-	30,000,000
Director's Remuneration		
Mr. Sameer Sain, Managing Director & CEO	11,609,611	13,941,670
Mr. Dhanpal Jhaveri, Executive Director	11,187,056	11,331,566
Loan/ ICD Account		
Pantaloon Retail (India) Limited	(250,000,000)	-
Home Solutions Retail (India) Limited	80,000,000	-
Debtors/ (Creditor)		
Home Solutions Retail (India) Limited	-	2,597,629
Pantaloon Retail (India) Limited	70,591,126	(21,288,998)
Other balances		
Future Value Retail Limited	145,047	-
Pantaloon Futue Ventures Limited	-	312,273
Future Ventures India Limited	1,157,740	523,897

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Future Capital Holdings

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