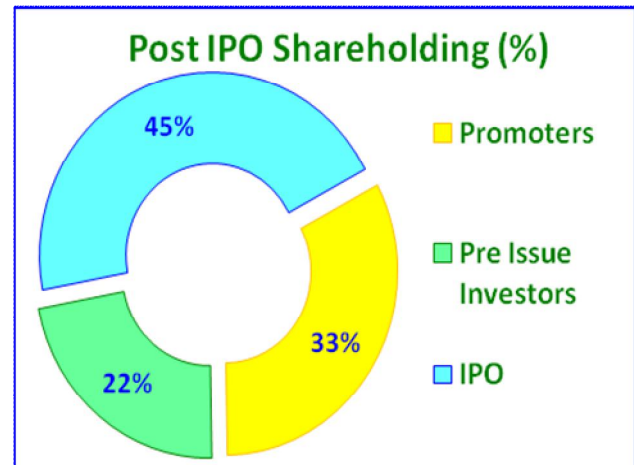




## Future Ventures India Limited (FVIL)

INR 10-11 (FV 10)

Sector	NBFC
Website	www.futureventures.in
Issue Opens	25 April 2011
Issue Closes	28 April 2011
Issue	68.2 Crore Shares
Price Band (Rs.)	10-11
Aggregating	750 Crore
Key Executives	Kishore Biyani, GN Bajpai, Anil Harish Anand Balasundaram, Jagdish Shenoy
Registrar	Link Intime
BRLM	JM Financial, Kotak Capital, ENAM
Post Issue Equity	Rs. 1508 Crore



**Assuming Issue at Rs.11/Share Upper Band**

### Company Background

Incorporated in 1996 as Subhikshith Finance & Investments Limited (and name changed to present FVIL in 2007, upon acquisition by Future group), Future Ventures India Ltd is part of Future Group (Some of the businesses of the group include Future Capital Holdings (FCH), Future Generali Insurance, Future Supply Chain, Future Agrovet, Future Media, Future Brands, Future Bazaar, Pantaloons, Central, Big Bazaar, Food Bazaar, Home Town and E-zone).

It seeks to create, build, acquire, invest in and operate innovative and emerging businesses in growing consumption-led sectors in India, the sectors whose growth and development will be determined primarily by the growing purchasing power of Indian consumers and their changing tastes, lifestyle and spending habits.

Within the consumption-led sectors, Future Ventures has primary focus on opportunities in the business segments of:

- Fashion
- FMCG
- Food Processing
- Home Products
- Rural Distribution and
- Vocational Education

The company has 14 Business Ventures:

#### 6 Subsidiaries:

- Aadhaar Retailing Limited
- Future Consumer Enterprises Limited
- Future Consumer Products Limited
- Indus-League Clothing Limited
- Indus Tree Crafts Private Limited
- Lee Cooper (India) Limited



#### 8 Other Ventures:

- AND Designs India Limited
- BIBA Apparels Private Limited
- Capital Foods Exportts Private Limited
- Holii Accessories Private Limited
- Amar Chitra Katha Private Limited
- SSIPL Retail Limited
- Celio Future Fashion Limited
- Turtle Limited

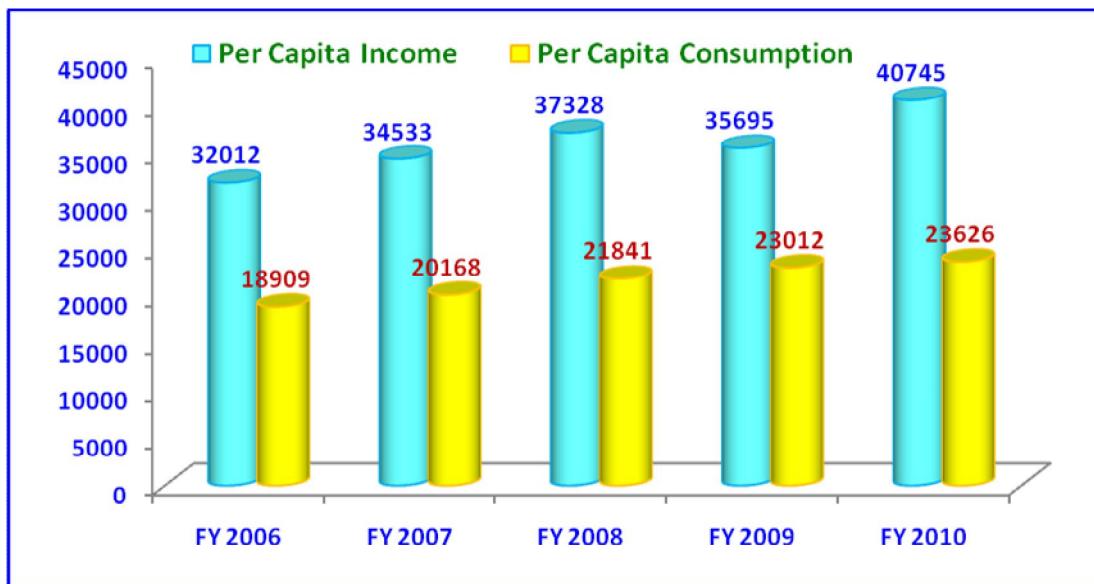
#### Objectives of the Issue

The company is likely to raise Rs.750 Crore through the IPO. It plans to utilize the proceeds as:

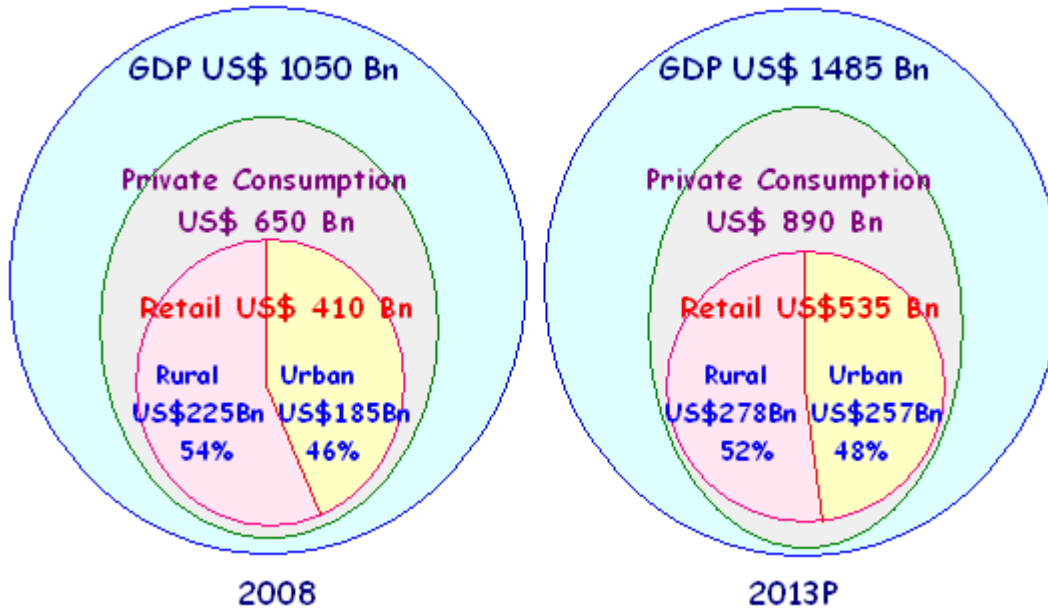
- To create, build, invest in or acquire, and operate Business Ventures;
- For general corporate purposes; and
- To meet the issue expenses and achieve the benefits of listing on the Stock Exchanges.

#### Highlights

- The growth in Indian economy is resulting in Growth of Per capita Income and also Per Capita Expenditure:



- Favorable demography of about  $\frac{3}{4}$  Population below 40 years of age, increasing aspiring middle class, growing literacy are also big triggers for the growth of Consumption led growth of Indian economy.
- Growing urbanization and flow of incomes to rural areas to boost growth simultaneously in Urban & Rural areas:



Source: RHP/Consumer Trends for 2010, and beyond, October 6, 2009, Technopak

- The key consumption categories and the projected growth are as:

CATEGORY	Value in US\$ Bn	
	SIZE 2009	SIZE 2014
Food & Grocery	270	339
Healthcare	36	58
Apparel & Home Textiles	34	45
Housing	33	47
Education	30	47
Telecom	26	42
Jewelry & Watches	26	36
Personal Transport	25	39
Travel & Leisure	13	21
CDIT	12	18
Home -Furniture ,Furnishing	11	15
Personal Care	10	18
Eating Out	5	8
Footwear	4	6
Health & Beauty Services	1	2

- The company aims to expand and grow its operations riding on the retail sector boom in India. Besides, own 6 subsidiaries, it has invested in 8 other ventures.
- Future group has vast experience in Retailing, FMCG etc. sectors that can benefit the company in a big way. The company has good synergies with other Future group entities.
- The 6 main focus areas of company-Fashion, FMCG, Food Processing, Home Products, Rural Distribution and Vocational Education offer the best growth opportunities.



### Financial Highlights (Consolidated)

Crone	FY 10	9 M FY 2011	FY 11 E
Net Sales	154.93	397.24	600.83
Other Income	22.98	2.46	3.50
Total Sales	177.91	399.7	604.33
Operating Expenses	178.54	384.9	576.79
Operating Profits	-0.63	14.80	27.53
Interest	10.42	17.47	24.75
Depreciation	8.62	18.08	25.15
PBT	-19.67	-20.75	-22.37
Adjustments	12.23	7.42	9.50
Tax	1.57	1.34	1.85
Adjustments	0	0	0.00
PAT	-9.01	-14.67	-14.72
Equity (FV 10)	576.24	826.24	1508
EPS (Rs.)	-0.16	-0.18	-0.10
PE @ Rs. 11	-70.35	-61.95	-112.71

### Risks

- The valuations looks stretched, given its mainly an investment company and it's a loss making entity.
- In past (FY 2008) Future group came up with IPO of Rs.490 Crore through Future capital, the investors lost huge amount as the scrip Future Capital is at 164/Share, down by about 80% from its IPO price of Rs.765/Share.
- It has invested in Fashion, Textile etc. sectors where there is increased competition and it may not be able to unlock much value.

### Valuation & Recommendation: Only attraction is Issue Price at Face Value, otherwise Risky IPO

FVIL is in the business of creating, building, acquiring, investing in and operating innovative and emerging businesses in consumption-led sectors in India. Within the consumption-led sectors, the company has primary focus on opportunities in the business segments of Fashion, FMCG, Food Processing, Home Products, Rural Distribution and Vocational Education. CARE has given "3/5" Grade to the issue. The issue is at par with Face Value at lower band and with minor premium on upper band.

However, given the huge Post-IPO equity base the returns will take time to catch up. The company is loss making and the group IPO about 3 years back gave negative returns. **WE FIND THIS TO BE A RISKY PREPOSITION.**

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**Shri Parasram Commodities Pvt. Ltd.**

FMC Regn. No. -NCDEX/TCM/CORP/0572, MCX/TCM/CORP/0828,

For Further Information Please Contact at:

**Parasram House,  
B-7 Nimri Shopping Centre, Bharat Nagar,  
Ashok Vihar IV, Delhi – 110052 (India)  
+91.11.47000000  
Visit us @ [www.parasramindia.com](http://www.parasramindia.com)**