

Mr. Gopal Bihani
Vice President Finance
Future Ventures India Ltd.
Equinox Business Park (Peninsula Techno Park).
"A" Wing, 5th Floor, Off Bandra Kurla Complex
LBS Marg, Kurla West
Mumbai - 400070

February 15, 2011

Confidential

Dear Sir,

IPO Grading

Please refer to your letter dated February 10, 2011 for grading of your Initial Public Offering (IPO).


2. CARE has assigned a '**CARE IPO Grade 3**' [**Grade Three**] to the proposed IPO issue of Future Ventures India Ltd. (FVIL). **CARE IPO Grade 3** indicates **average fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever '**CARE IPO Grade 3**' [**Grade Three**] appears, it should invariably be followed by the definition '**CARE IPO Grade 3** [**Grade Three**] indicates 'average fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in Annexure 1. The rationale for this grading will be communicated to you separately.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.
6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.

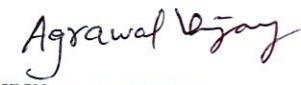
AKP

7. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings. As such, in the absence of any request for review of rating within a week of this letter, CARE will disclose this IPO grading to the public.
8. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.
9. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,


[Ashvini Patil]
Sr. Manager


[Vijay Agarwal]
Jt.Gen Manager

Encl : As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure 1

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

ARF

Mr. Gopal Bihani
Vice President Finance
Future Ventures India Ltd.
Equinox Business Park (Peninsula Techno Park).
"A" Wing, 5th Floor, Off Bandra Kurla Complex
LBS Marg, Kurla West
Mumbai – 400070

April 15, 2011

Confidential

Dear Sir,

IPO Grading

Please refer to our IPO Grading letter dated February 15, 2011 and your subsequent letter dated April 11, 2011 requesting us to revalidate the grading assigned to your Initial Public Offering (IPO).

2. It has been decided to reaffirm the grading of 'CARE IPO Grade 3' [Grade Three] to the proposed IPO issue of Future Ventures India Ltd. (FVIL). CARE IPO Grade 3 indicates **average fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever 'CARE IPO Grade 3' [Grade Three] appears, it should invariably be followed by the definition 'CARE IPO Grade 3 [Grade Three] indicates average fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in Annexure 1.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.

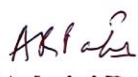
AKP

6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
7. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings.
8. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.
9. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,


[Geeta Chainani]
Deputy Manager


[Ashvini Patil]
Senior Manager

Encl : As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure 1

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

ARP

Mr. Gopal Bihani
Vice President Finance
Future Ventures India Ltd.
Equinox Business Park (Peninsula Techno Park).
"A" Wing, 5th Floor, Off Bandra Kurla Complex
LBS Marg, Kurla West
Mumbai – 400070

4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022, INDIA.
☎ : 67543456 Fax : (022) 67543457
E-mail : care@careratings.com
www.careratings.com

March 7, 2011

CONFIDENTIAL

Dear Sir,

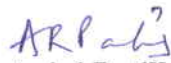
IPO Grading


Please refer to our rating letter for the above mentioned subject.

2. We enclose herewith our final rationale and press release for the rating assigned as **Annexure I & Annexure II**. The rationale is proposed to be included in our quarterly journal 'CAREVIEW' and the press release is proposed to be issued to the press shortly.
3. If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,


[Ashvini Patil]
Sr.Manager


[Vijay Agrawal]
Jt.Gen.Mgr

Encl: A/a

Annexure I
Grading Rationale
Future Ventures India Limited (FVIL)

Grading Assigned

Particulars	Amt of Issue	Grading ¹	Remarks
IPO Grading	Rs.750 crore through 100% book building process	'CARE IPO Grade 3' [Three]	Assigned

CARE has assigned a **'CARE IPO Grade 3'** to the proposed IPO of FVIL. **'CARE IPO Grade 3'** indicates **average fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.

FVIL proposes an initial public offering of Rs.750 crore through 100% book building process, representing 90.36% of the tangible Networth (as on September 30,2010) of the company.

Grading Rationale

The grading factors in Future group's established track record in the organized retail business in India, pan-India presence across multiple formats, implicit and explicit support to FVIL from Future group in the form of access to the expertise of the Future Group's management team, capital support from the promoters, mentoring and consulting services by Pantaloon Retail for nurturing FVIL's business ventures. The grading also considers the established market presence of most of the business ventures wherein FVIL has invested, across the value chain such as Lifestyle, FMCG and Food Product segments, as well as FVIL's robust capital adequacy levels and debt free financial profile (at standalone levels). Further, aggregation of investments in the retail sector also enhances the potential upside to FVIL's future divestment gains. The gradings are however constrained by the low profitability parameters of FVIL at standalone and consolidated level on account of its asset profile basically comprising investments in companies which are in nascent/growth stage of operations. FVIL's ability to successfully turnaround operationally and financially the business ventures, mobilise funds for providing the funding support to existing/new business ventures and profitably divest stake in its business ventures would eventually determine the success of its unique

ARR

¹ Complete definition of the grading assigned is available at www.careratings.com and other publications of CARE

business model. Slowdown in economic growth in India might impact the growth prospectus of these companies.

Background

FVIL is a part of the Future group, founded by Mr. Kishore Biyani. Future is one of India's fast growing business houses with multiple businesses, spanning across the consumption space with retail forming the core business activity of the group. The Future Group has successfully demonstrated the ability to identify, incubate and grow various consumption-led businesses in India like Pantaloon Retail India Ltd, Future Media, Future Brands, Future Supply Chain and Future Bazaar, Central, Big Bazaar, Food Bazaar, Home Town and E-zone.

FVIL is registered as a systemically important non deposit taking NBFC. The business model of FVIL is to create, build, acquire, invest in and operate innovative and emerging businesses in growing "consumption-led" sectors in India. In addition to providing capital, FVIL intends to create, operationally manage and strategically mentor these businesses, referred to as the "Business Ventures". The major business segments identified by FVIL are (i) Fashion, (ii) FMCG, (iii) Food processing, (iv) Home products, (v) Rural distribution and (v) Vocational education. FVIL may, however, evaluate and participate in other opportunistic investments in other high growth or potentially high growth business segments. FVIL's investments are made with a medium to long term horizon with returns expected to accrue by way of dividends/divestment income.

FVIL enjoys operating synergies with Future group in terms of sourcing of business opportunities, manpower, mentoring and research support. FVIL has the benefit of the expertise of Pantaloon, along with other arms of the Future Group, whose deep understanding of India's consumption-led sectors is utilized in evaluating and monitoring the Business Ventures.

Management

The company's Promoters comprise Pantaloon Industries Limited, Pantaloon Retail India Ltd, Future Capital Investment Private Limited, Future Corporate Resources Limited and Future Knowledge Services Limited.

The Board consists of five directors of which three are independent directors belonging to diverse backgrounds. Mr. G.N.Bajpai, Chairman of FVIL, has held eminent positions in many important organisations. He has previously been the Chairman of SEBI and Life Insurance Corporation of India. Mr. Kishore Biyani is holding the position of Managing Director of the company. He is the founder of the Future group of companies with over 25 years of experience in the retail industry.

AKP