
September 8, 2010

**CARE ASSIGNS 'CARE A+' RATING TO THE NCD ISSUE OF
FUTURE CAPITAL HOLDINGS LTD (FOR ENHANCED AMOUNT)**

CARE has assigned 'CARE A+' [Single A Plus] rating to the proposed Non Convertible Debenture issue of Future Capital Holdings Ltd. an aggregate amount of Rs.550 crore (enhanced from Rs.300 crore) with maturity upto 5 years. Instruments with this rating are considered to offer adequate safety for timely servicing of debt obligations. Such instruments carry low credit risk.

Instrument	Amount (Rs. crore)	Rating
NCD Issue	550 (enhanced from Rs.300 crore)	A+

CARE's rating of Future Capital Holdings Ltd. (FCH) is based on the analysis of consolidated financials of FCH including its subsidiaries. The rating takes into account recent demerger of credit business to its wholly owned subsidiary Future Capital Financial Services Ltd. (FCFSL) as per the Mumbai High Court order effective April 1st, 2009 and transfer of investment advisory business to newly formed Everstone Investment Advisors Pvt Ltd headed by Mr. Sameer Sain (Vice Chairman FCH).

The rating factors in FCH's experienced management, comfortable capitalisation levels and liquidity profile, low gearing, operational synergies shared by FCH with other Future group companies & parent Pantaloon Retail. However, while the company's retail and wholesale credit business has seen couple of years, they are still relatively new and thus given their limited track record it may take some time for FCH to establish itself firmly in this space.

FCH's ability to maintain sufficient Capital Adequacy (both at standalone and consolidated level given the requirement to support the business growth of its subsidiary FCFSL), maintain satisfactory liquidity profile as well as manage the asset quality while maintaining profitability are some of the key rating sensitivities.

Company Background

Future Capital Holdings Ltd.(FCH) is the financial services arm of the Future Group, promoted by Pantaloon Retail (India) Ltd ("PRIL"), the flagship company of the Future Group which is one of India's leading organized multi-format retailers. FCH is classified as Non Deposit taking NBFC by RBI. FCH was incorporated in October, 2005 as KB Infin Pvt. Limited. The company got converted into a Public Ltd company subsequently and was renamed as Future Capital Holding Ltd. The company came up with its Initial Public Offering (IPO) in FY08 and raised about Rs.490 crore through the issue. The company

along with its subsidiaries undertakes wholesale & retail financing activities. The company reported consolidated profit of around Rs.59.26 crore in FY10 on a Total Income of Rs.251.65 crore. FCH has reported PAT of Rs.13.22 crore on Total Income of Rs.65.20 crore in Q1FY11.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, 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. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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