

Future Retail Limited

(Formerly Bharti Retail Limited)

Disclaimer

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September 2016



Disclaimer

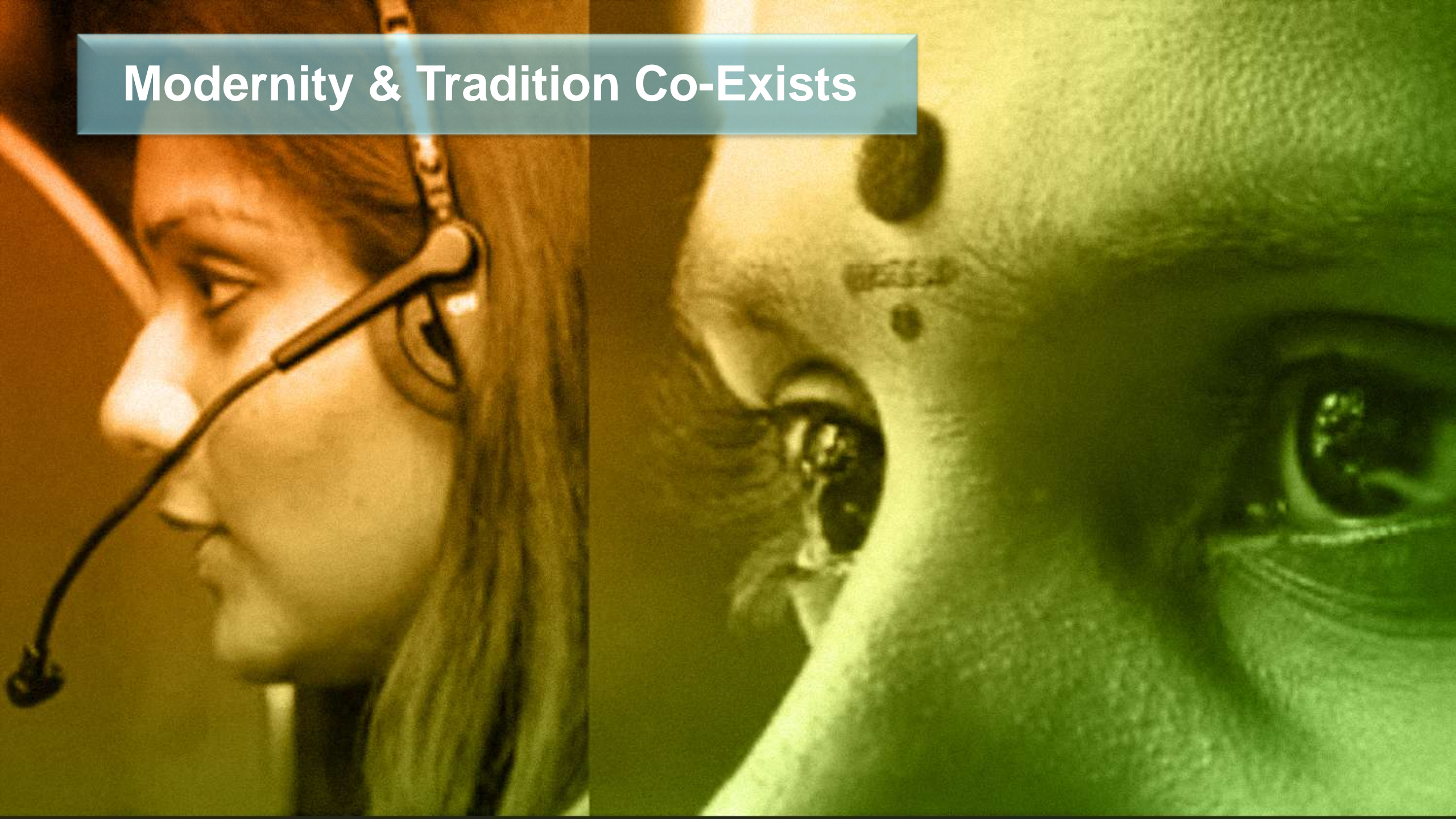
This report contains forward-looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘intends’, ‘projects’, ‘estimates’, or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company’s strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

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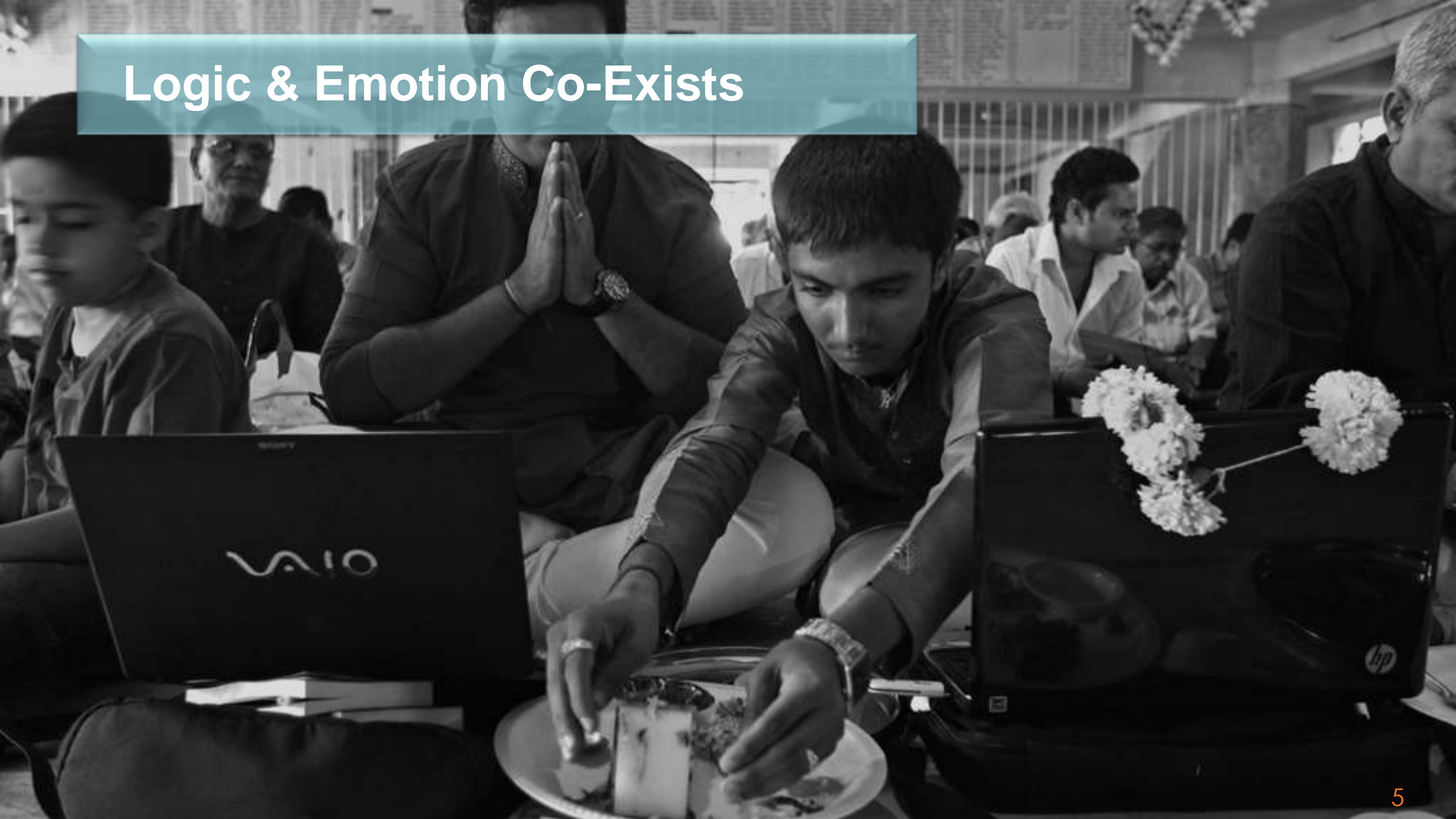
In a 1.27 Billion Country Wherein...



Modernity & Tradition Co-Exists



Logic & Emotion Co-Exists



Identity & Illusion Co-Exists



Future Retail Limited brings together winning brands and retail chains that speaks, connects and wins the heart of every Indian



6 Retail Brands



In 234 Cities



**Patronized by
around 300 mn
customer
footfalls annually**



**With 743 Stores
& Digital
Channels**



**Spread over 13
mn square feet
of space**



**Served by 32,012
Employees**

Our Belief:

Retail is our Religion

Stores are our Temples

Customers Are our Gods



A woman with dark hair pulled back, wearing a yellow button-down shirt, is smiling at the camera. In the background, a group of people, mostly men, are also wearing yellow shirts, suggesting a uniformed group or a team. The background is slightly out of focus.

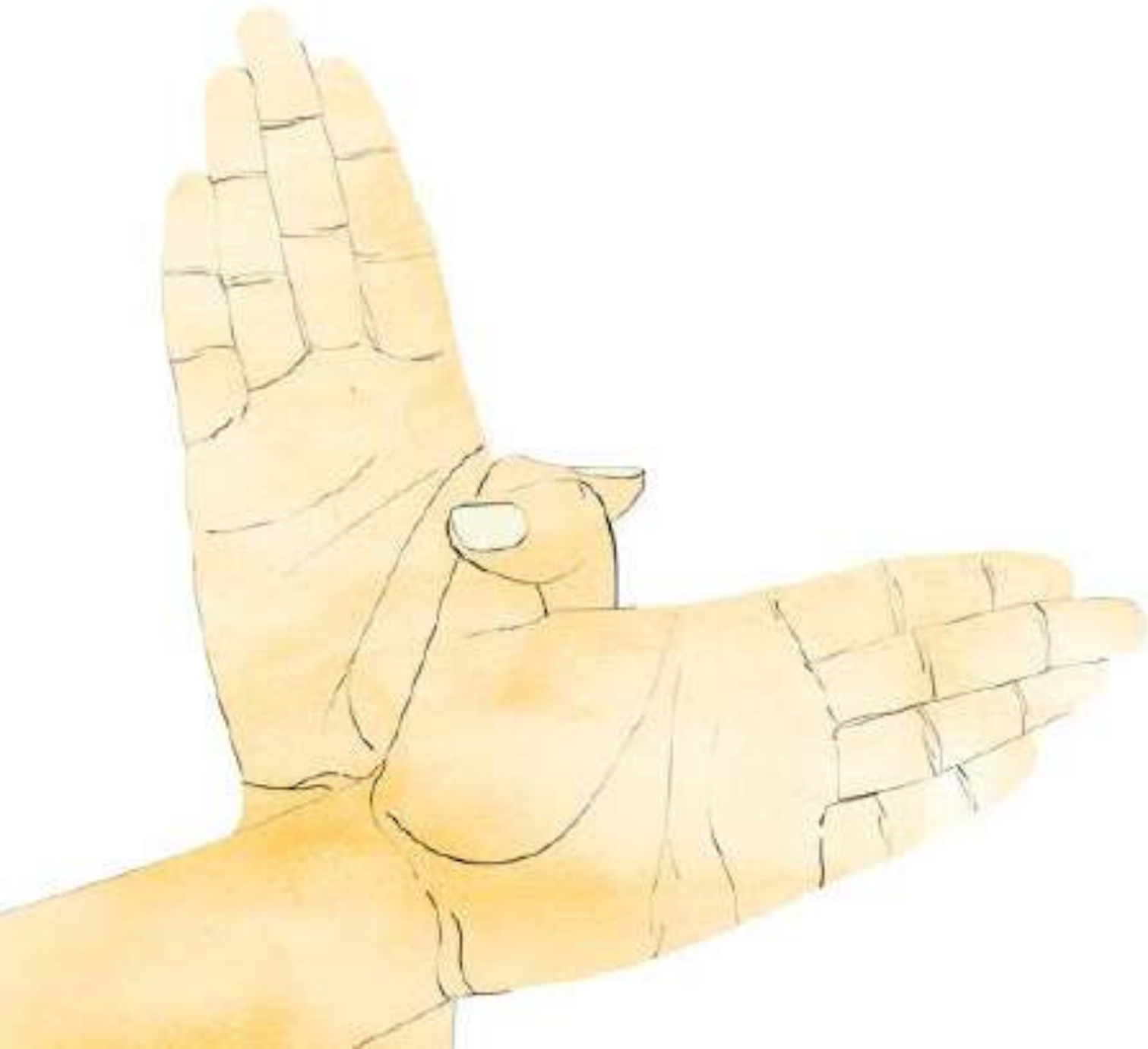
The Store Manager / Business Head is the Karta

Like the Indian head of the family...

A photograph of a supermarket aisle. In the foreground, an elderly man with glasses and a blue jacket is looking at a product in a shopping cart. A younger man in a yellow shirt, with a name tag that says "BAZAR", is leaning over the cart, assisting him. The shelves are stocked with various products, including bags of rice. In the background, other customers and a sign for a discount are visible.

Empowered to Ensure

That the Customer is Always Right



Our Consumer Approach:

**Understanding India at its
Own Terms**

**Aim for Heart Share,
rather than just
Mindshare or Marketshare**





We believe, India lives in communities & not in SECs or income groups. We track Indian linguistic, professional and regional communities and customize stores according to the top 3 communities that it caters to.





For designing its promotions and communication strategy, most stores follow the panchangs or regional calendars followed by each of the Indian communities, rather than just the Gregorian calendar.

We celebrate over 72 festivals within our stores, tracking fasting & feasting days, festivals and marriages and highs and lows of Indian consumers.



Our Brands





231 Stores
121 Cities
9.7 Million Square Feet of Operational Space
183 Million Customer Footfalls in FY 2015-16

Created in 2001 with the belief:

Give to Ordinary Indians,
What Only the Rich Can Afford

Since then, have kept with
times, catering to needs and
aspirations of Indians

And more importantly, creating
new categories and new
occasions for a fast changing
India

2001



2013



2001



2010



2015





Making it the leading distribution platform for new age brands and categories for the new India. Percentages indicate Big Bazaar's contribution to the national sales of these brands.



12%

Samsonite



10%



9 %



10%



43%



13%



13%



28%



9%



7%



11%



10%



Among the Most Trusted Brands in India

At Your Service

Here are the goods and services that managed to bag the consumer's elusive seal of approval

PRODUCT BRANDS	SERVICE BRANDS
1 Colgate	1 Airtel
2 Tata Salt	2 Vodafone
3 Dettol	3 Big Bazaar
4 Dove	4 SBI
5 Lifebuoy	5 LIC
6 Horlicks	6 Idea
7 Samsung (Consumer Durables)	7 BSNL
8 LUX	8 Tata Docomo
9 Maaza	9 Aircel
10 Surf Excel	10 I C I C Bank

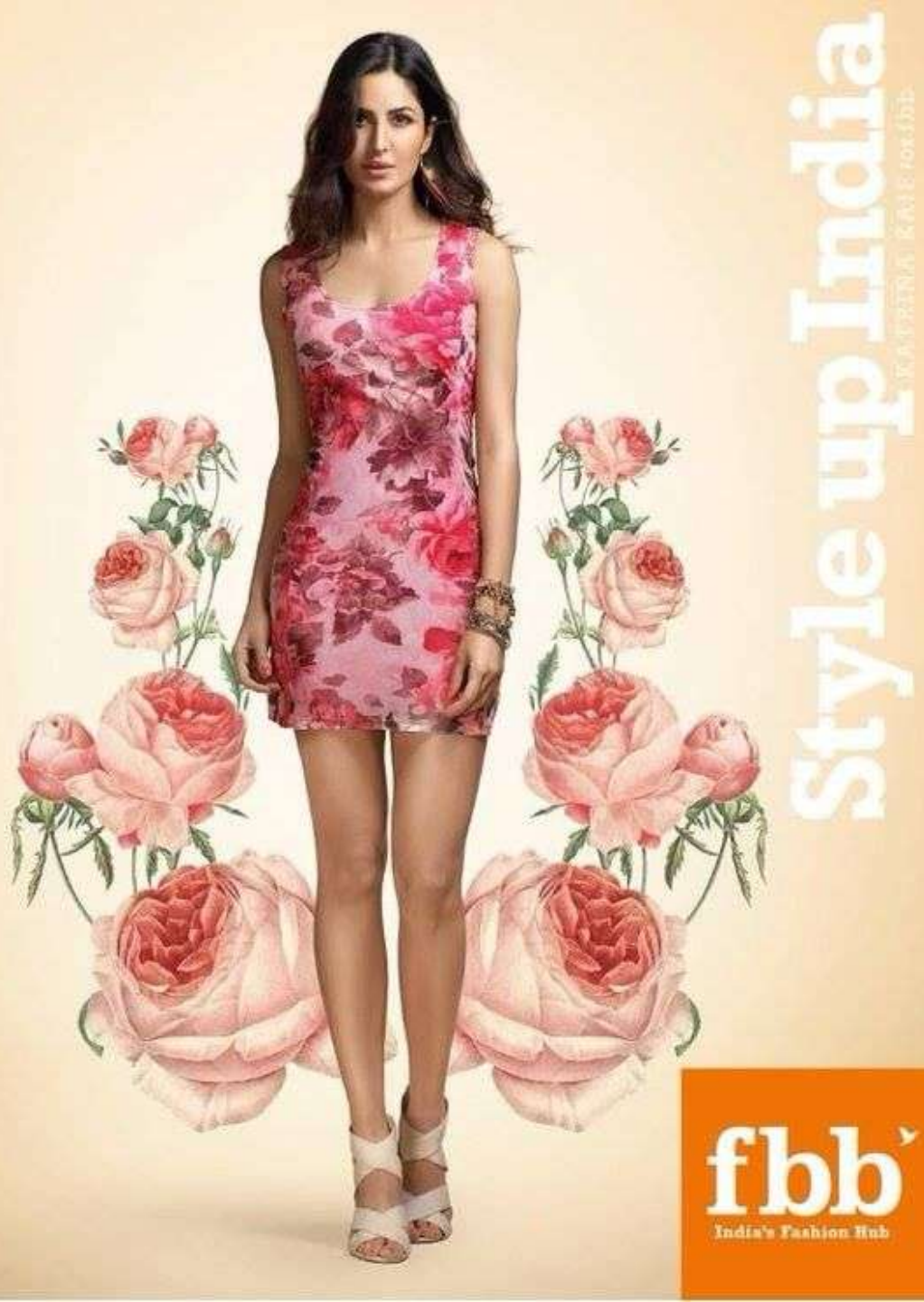




The Way Ahead, Big Bazaar Gen Nxt

- Launched Big Bazaar Gen Next stores at Mumbai and Noida.
- Designed to take customer experience to a new level, with a special focus on experiential and smarter shopping via use of technology, innovation in services, layouts and sections and digital interfaces
- Technology-led interfaces ensure faster checkouts, experience zones for multi-sensorial food products, wider merchandize and assortments coupled with a whole new store design
- Enhanced features like smart trial rooms, sit-down lounges for checkouts, endless aisles, large digital screens and digital shelf talkers. Use of energy saving technologies such as LED lights, optimum air conditioning etc.





**50 Standalone Stores
Plus at every Big Bazaar**

**The company's youngest
brand draws in the new
generation**



**Endorsed by stars like Katrina Kaif, Varun
Dhawan and fbb Femina Miss India pageant
winners, fbb, India's fashion hub has become
the leading destination for the fast changing
fashion space in India.**



Promotional Campaigns / Associations

Increased Brand Visibility via Event Sponsorship





5 Stores attracting the most discerning food consumer



Foodhall enhances our ability to cater to the widest segment of consumers in India and also serves as a learning platform to identify, experiment and then mainstream forthcoming trends, cuisines and categories in the food space. Stores are now located in Mumbai, Pune, Bangalore and Delhi.





331 Stores in 117 cities covering 700,000 square feet of space and attracting around 49 million footfalls.



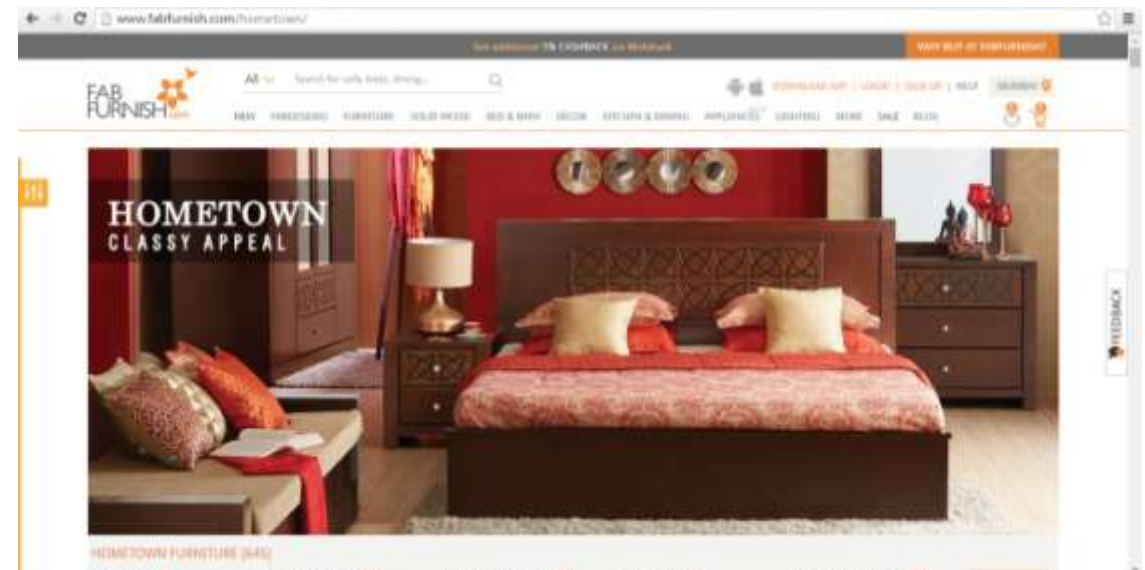
The small store networks, with a dominant presence in NCR, Punjab, Haryana and Western Uttar Pradesh, complements the group's large format hypermarket network in the Northern Region. Closer to the customer's homes and a higher through-put adds to the company's scale and efficiency.



38 stores in 21 cities
attract around 9 million
customers.

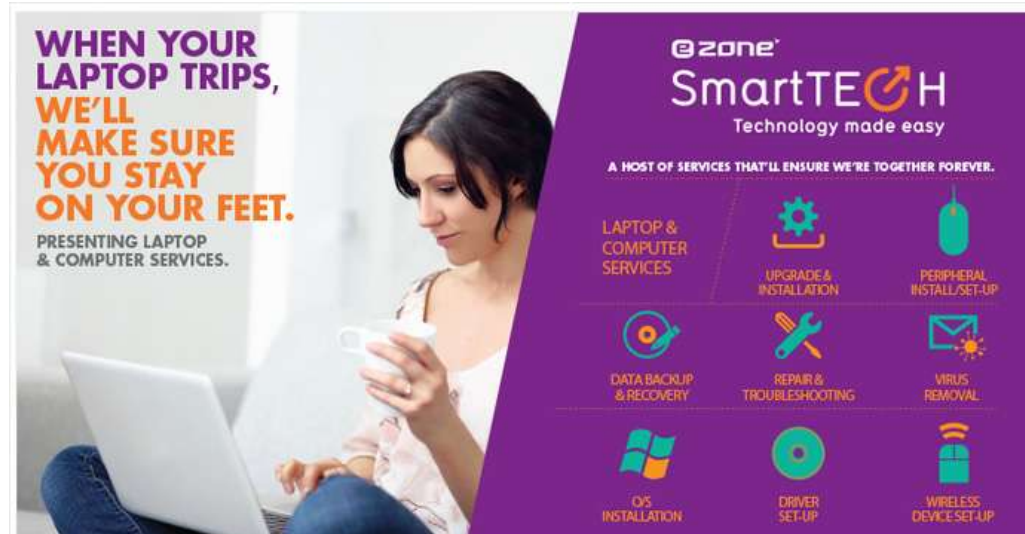


Leverage
Fabfurnish.com
platform and reach out
to millions of new
customers.





The electronics chain has 88 stores in 30 cities that attract around 41 million customers and many more through its mobile and online platform.



Our Loyalty Programs

**Group level Loyalty Programs Bring
Together the Retail Formats
& Consumers**



With over 28 million enrolled members, our loyalty programs target different sets of consumers and focus on increasing their frequency of visits to the stores.



Payback

A coalition loyalty program that offers points and promotions developed on the American Express platform.



T24

Offers free mobile talk time every time customers shop at our stores. Top ups special promotions. Operated with Tata Teleservices



Big Bazaar Profit Club

Earns highest ticket size and assured 12 times in a year visit by customers. Pay upfront for Rs 2000 of free shopping.

Our People



Total employees: 32,012
Average Age: 27 years
Gender Diversity: 23%
Senior leadership average age: 45 years
Average Tenure in senior management: 7 years
Employee Attrition: less than 5%
First People Office in India to receive ISO 9001-2015 certification

71% Employees went through structured development in the form of training programs and action learning projects.

More than 80 Management Trainees joined in past 2 years from premier B-schools including IIMA, IIMB, IIMC, ISB, JBIMS, MICA, etc.



Key People Office Initiatives

FY 2015-16



Internal Job Postings portal has ensured 46% of new roles filled through internal candidates



A year long Management Trainee Program to equip best in class talent.



88 Key employees identified for talent development for next generation roles



A 24X7 gateway to learning resources that are in sync with Future Group competencies



















Total Reward and Recognition Platform to reward values and behaviour



Executive Development Program for leadership in domestic & foreign campuses

All key People Office initiatives now on mobile app platform to bring in a technology forward culture across the organization

iFuture THE PRODUCTIVITY ENHANCING APP ECOSYSTEM

					An app through which KB frequently connects with employees to share his vision
KB Connect	FG In Media	AD Films	Rewards		Keeps employees updated by covering all the recent events and happenings; internal and external at Future Group
					Keeps employees up-to-date by featuring the Group's news/headline appearing in the media
Tattvas	FG Channel	Store Locator	Speedometer		FG Channel telecasts all the videos featuring our senior management as well as industry experts
					Ad films showcase all the Future Group product advertisements
Action @ FG	Kathavarna	Offers Zone		AD Films	

Diverse and Experienced Board of Directors

Kishore Biyani	Managing Director	<ul style="list-style-type: none"> Managing Director of the FRL and the Group CEO of Future Group Considered a pioneer of modern retail in India, his leadership has led the Groups' emergence as India's leading retailer operating multiple retail formats and brands that cater to the entire basket of Indian consumers
Rakesh Biyani	Joint Managing Director	<ul style="list-style-type: none"> Associated with the company for over 20 years. Leads the management and expansion of the Group's flagship formats, Central, Big Bazaar and Food Bazaar. Actively involved in Category Management, Retail stores operations and Information Technology
Rajan Mittal	Non-Executive Director	<ul style="list-style-type: none"> Vice Chairman of Bharti Enterprises with interests in retail, telecom, financial services, manufacturing, realty and agri-business Actively involved in overseeing the activities of the Bharti Group at the corporate level and in the new businesses of Bharti Group
Gagan Singh	Independent Director	<ul style="list-style-type: none"> CEO - Business (India) and Chairperson Sri Lanka Operations of Jones Lang LaSalle Previously, has been associated with Benetton India, DCM International, Soaltee Group and Ranbaxy Laboratories
Ravindra Dhariwal	Independent Director	<ul style="list-style-type: none"> Senior Advisor to TPG India and brings with him the experience of 39 years of building consumer business all over the World Previously associated with Bennett & Coleman & Co. Ltd. as CEO, President of International News Media Association, Pepsico
Shailendra Bhandari	Independent Director	<ul style="list-style-type: none"> Seasoned finance professional with 34 years of experience and an impressive track record of accomplishments In his previous assignment, he was MD & CEO of ING Vysya Bank Previously he has also been associated with Tata Capital, Centurion Bank of Punjab, ICICI Asset Management, HDFC Bank and Citibank

Seasoned Management Team with Rich Experience

Sadashiv Nayak	Head Big Bazaar	<ul style="list-style-type: none">• With over 20 years of experience in the industry and has been with Future Group for more than 12 years• Previously worked with Hindustan Lever & Asian Paints• Holds a Post Graduate Diploma in Business Management from XLRI Jamshedpur
Rajan Malhotra	President, Home Town & eZone	<ul style="list-style-type: none">• Joined Future Group in 2000, part of small start up team instrumental in launching Big Bazaar• Involved in leading operations at eZone and directing strategy at Home Town
Mahesh Shah	Head, Home Town	<ul style="list-style-type: none">• Vast experience of over 23 years and has been associated with the group for almost 10 years• Previously worked with Home Centre, Nilkamal Plastics, M/S Damro Exports Private Limited, VIP Industries Ltd in senior positions• Holds a Masters in Management Studies degree from S.P. Jain Institute of Management & Research
Sandeep Sharma	Head, eZone	<ul style="list-style-type: none">• Over 25 years of experience at various positions of which around 7 years were with Future Group• Previously work experience includes organizations such as Bajaj Electricals, Crompton Greaves, Eicher Tractors
Avni Biyani	Head, Foodhall	<ul style="list-style-type: none">• Associated with the group since the past 5 years and has been heading the Foodhall format• Studied at Dhirubhai Ambani International School and graduated in sociology from New York University
CP Toshniwal	CFO	<ul style="list-style-type: none">• With over 2 decades of experience as part of Future Group• Brings in strong domain of Retail Industry and experience in Corporate planning, Financial Planning & Restructuring, Risk Management System and Process Implementation, M&A etc.



Vision 2021





It took 61 years for India's GDP to grow to \$ 1 trillion

It took 8 years to double to \$2.1 trillion in 2015

It will take 5 years to treble to \$3.1 trillion by 2020



Food consumption in India in 2000 was \$135 billion

By 2010 it became \$328 billion

By 2020 it will become \$895 billion

A photograph of a modern clothing store interior. The store is filled with various clothing items, including shirts, pants, and jeans, displayed on shelves and racks. Several mannequins are positioned throughout the store, wearing different outfits. The ceiling is decorated with large, circular speech bubble-shaped lights containing text. The overall atmosphere is bright and contemporary.

Fashion consumption in India in 2000 was \$18 billion

By 2010 it became \$ 59 billion

By 2020 it will become \$225 billion



Having Reached a Certain Scale, Indian Economy Is Reaping the Benefits of Compounding Effect

We believe, Future Group too is at a similar inflection point



Five Pillars of Growth



Expansion of Small Store Network:

Being closer to consumers' homes through a profitable small store network can help us grow disproportionately. We have an ambition to operate 3000 small stores in key cities, apart from 350 Big Bazaar stores.



Food & FMCG Brand Portfolio:

Food consumption is undergoing rapid evolution. Expansion of food portfolio through our own brands provides a large opportunity to grow the market and benefit from it. We are on track to create a Rs 38,000 crore business in food alone.



Omni Channel Network:

Technology-led networks is helping us reach more consumers in an efficient way. Our home business has moved onto omni channel network and benefitting from it. We will continue to create more digital interfaces - whether inside stores, on the web and on mobiles



Data Science:

Our growing loyalty networks now gives an opportunity to leverage new capabilities in analytics and Big Data. Our loyalty and data science capabilities have started yielded results in growing consumer engagement in a fast and efficient manner.



Faster Stock to Cash Conversion:

We aim to optimize product cycle through focus on assortment / merchandise planning, procurement and supply chain coupled with enhanced terms / supplier financing. This should help us in,

- Better productivity and stock velocity
- Enhanced shopping experience for consumer by better availability
- Assistance in self funding the growth



Conclusion

- Future Retail is well poised to lead the retail play in the Indian Consumption Sector
- Continue to focus on expanding the store network through large box and small box formats
- Category mix & focus on next generation categories to enable increase in productivity & create repeat customers
- Focus on Own Brands Mix across categories to drive margins
- Loyalty, Big Data & Analytics to play a critical role for increasing customer stickiness
- Increasing Velocity to Sales to drive business growth & enable better utilization of resources
- Focus on enhancing ROCE's & ROE's
- Future Retail will continue to lead the consolidation play in the industry & will focus on increasing stakeholder return

Appendix

Overview of Financial Performance

Income Statement (₹ mn.)	3M ended
Particulars	FY 17
Total Income from Operations	39,797
Gross Profit	10,004
Gross Margin %	25.1%
EBITDA	1,223
EBITDA Margin %	3.1%
EBIT	1,155
Finance Costs	449
PBT	706
Tax expense	0
Net profit	706

Balance Sheet (₹ mn.)	As of
Particulars	31-Mar-16
Shareholders' Funds	18,742
Net Debt	10,310
Net Capital Employed	29,052
Net Non Current Assets	3,502
Net Current Assets	25,550
Net Assets	29,052

- ❖ Investment Grade Credit Rating of CARE AA-
- ❖ Generated ROE of 15% while ROCE stood at 16%

Shareholding Pattern

Particulars	# of Shares	%
Promoters	23,01,15,436	48.8%
Bharti Retail	4,34,78,261	9.2%
Institutional Investors	10,58,34,952	22.5%
<i>Arisaig Partners</i>	<i>3,16,37,118</i>	<i>6.7%</i>
<i>WGI Emerging Markets</i>	<i>1,07,55,879</i>	<i>2.3%</i>
<i>Verlinvest</i>	<i>1,07,30,712</i>	<i>2.3%</i>
<i>Other Institutional Investors</i>	<i>5,27,11,243</i>	<i>11.2%</i>
Others	9,19,09,908	19.5%
Total	47,13,38,557	100.0%

**Rewrite Rules,
Retain Values.**

Namaste!

