

Q4 FY15 – Investor Update

FY15 Highlights

The consolidated income from operations of ₹11,057 crore and EBITDA margin of ₹1,217 for 12 months ending Mar'15. The company reported PAT of ₹158 crore for 12 months ending Mar'15.

The company reported standalone income from operations of ₹10,342 crore and EBITDA margin of ₹1,143 for 12 months ending Mar'15.

FY15 Same Store Sales Growth for value business that primarily operates Big Bazaar is 10.2% while that for home and consumer durables chains Home Town and eZone is 9.1%.

The standalone business includes Big Bazaar, Food Bazaar, Food Hall , fbb, Home Town and eZone.

Quarter Highlights

The company's standalone business, reported a total income from operation of ₹2,773 crore, witnessed gross margin of 28.5% and EBITDA margin of 11%. The total Sales growth of 18.2% and EBITDA growth of 24.3% over the corresponding quarter of the previous year .

The Same Store Sales Growth for value business that primarily operates Big Bazaar is 7.6%, while that for home and consumer durables chains Home Town and eZone is 16.0%.

The gross addition during the quarter was 0.54 mn sq ft space and total area increased to 11.36 mn sq ft..

Corporate Announcement

Future Group had announced merger of retail business of Future Retail and Bharti Retail on May 4th 2015. This partnership will combine the operations of Future Retail and Bharti Retail to create a national footprint of over 570 retail stores in multiple formats across 185 cities over 12.9 million square feet.

Consolidation process will result in creation of two distinct entities post merger – one focused on retail operations and other holding the infrastructure and investments. To streamline the operations resulting from this consolidation, the Board of Directors of Future Retail and Bharti Retail have proposed a demerger of the Retail business of Future Retail to Bharti Retail, and a demerger of the Infrastructure business of Bharti Retail to Future Retail. Post the consolidation, the shareholders of Bharti Retail and the shareholders of Future Retail, will become shareholders in each of the entities.

- In consideration for the demerger of Retail Business Undertaking of FRL into BRL, BRL will issue 1 (One) fully paid equity share of ₹ 2/- (Rupees Two) each of BRL to the equity shareholders / DVR shareholders of FRL (on a fully diluted basis) as on the Record Date (as may be determined in terms of the Scheme) for every 1 (One) fully paid-up equity share / DVR of ₹ 2/- (Rupees Two) each of FRL.
- In consideration for the demerger of Retail Infrastructure Business Undertaking of BRL into FRL, FRL will issue 1 (One) fully paid equity share of ₹ 2/- (Rupees Two) each of FRL to the equity shareholders of BRL as on the Record Date (as may be determined in terms of the Scheme) for every 1 (One) fully paid-up equity share of ₹ 2/- (Rupees Two) each of BRL.



The existing holders of Optionally Convertible Debentures ('OCDs') of BRL aggregating to ₹ 250 crores shall, consequent to the aforesaid demerger, hold OCDs in BRL and FRL aggregating to ₹ 250 crores. These OCDs would be convertible into equity shares of the respective companies, at the option of the Company, at the price prescribed under SEBI (ICDR) Regulations, 2009 for Preferential Issue of securities on the date of conversion.

The shareholders and OCD holders of Bharti Group have agreed to share with the respective companies an upside on the realization out of the shares of the two companies, subject to certain broad terms and conditions as follows:-

- If the sale proceeds are between ₹ 950 Crores and ₹ 1,450 Crores, the amount shall be 50% of the amount above ₹ 950 Crores.
- If the sale proceeds are between ₹ 1,450 Crores and ₹ 1,950 Crores, the amount shall be 60% of the amount above ₹ 1,450 Crores.
- If the sale proceeds are greater than ₹ 1,950 Crores the amount shall be 75% of the amount above ₹ 1,950 Crores.

Key Benefits from the Consolidation:

- Improvement in productivity, profitability and cost of optimization through synergies in sourcing, logistics, shared services.
- Stronger footprint in key markets in NCR, Haryana, western UP and Bangalore
- Common consumer strategies, lower marketing costs and richer consumer data as loyalty programs acquires a larger number of new consumers.
- Large footprint to drive stronger omni channel consumption and lower delivery cost across 185 cities in India
- Larger network to distribute Future Group brands.

Benefits coming from Demerger for fronte-end retail entity:

- Entity focuses purely on operating retail businesses and delivering higher shareholder value.
- Significant reduction in interest cost as overall debt will be around ₹ 1,200 crore
- Company no longer dependent on monetization of held-for-sale assets to lower debt.
- Free cash flow positive from the first year itself with minimal incremental capex, resulting in higher Return of Capital Employed (ROCE)



FUTURE RETAIL

Key Initiatives



For the more than three years, fbb has been satisfying the fashion enthusiasts. With its association with Femina Miss India, the brand is reaching out to millions of Indian women. The event had three exclusive rounds - Miss Fashion Icon, Miss Vivacious and Miss Talented in which they were judged by an expert panel followed by **fbb round**, in which, the brand presented its latest collection of apparel. fbb's mission has been to provide stylish quality fashion and global trends at pocket friendly prices. Under its own independent label, the brand makes aspirational fashion available with stylish and trendy collections.

fbb, in a short span of time, yet again is set to take a big leap forward. In an inspiring move that is bound to connect with today's fashion-conscious youth across India, fbb has appointed **Katrina Kaif** and **Varun Dhawan** as the brand ambassadors for fbb.



eZone is looking at a Click n Mortar Connected Commerce model with an extensive range of merchandise from the best of National & International Brands. This will provide consumers with great degrees of convenience wherein they will be able to Buy from Anywhere, Pay from Anywhere & Receive Anywhere. There would be no fundamental difference to the shopper whether he/she looks at product online & buys at a store or does the reverse seeing a product on a rack, only to order it from phone. This whole convergence of being able to reach to the consumer through different mediums will only help consumers make buying decisions that would leave them delighted. We have invested in a Omni Channel Platform called Hybris to ensure implementation of this **Click n Mortar Connected Commerce model**. The web store is already operational on hybris and the integration of online/offline connected model is currently underway and should be operational in another 2-3 months.



FSC is India's fully-integrated end-to-end supply chain services provider. It creates customized supply chain solutions with its customers and covers the entire gamut of 3PL capabilities including Contract Logistics, E-Commerce Logistics, Temperature Controlled Logistics and Express services. With the acquisition of Brattle Foods it will enable FSC to address the frozen, chilled and cold warehousing requirements, coupled with the refrigerated container transportation requirements across the country. FSC is currently servicing ~500 clients including prominent names like P&G, ITC, Mondelez, Hitachi, Ford, Hyundai, Tata Motors.

FSC reported income from operations of ₹ 410 crore, EBITDA of ₹ 66 crore and PAT of ₹25 crore for 12 months ending Mar'15 an increase of 23.1% in income, 113.8% in EBITDA and 485.1% in PAT.

FRL Standalone – P&L Summary

Particulars (₹ cr.)	3 months ended		For the period	
	31-Mar-15	31-Mar-14	31-Mar-15 (12 Month)	31-Mar-14 (15 Month)
Net Sales	2,740	2,295	10,158	11,336
Other Operating Income	33	50	184	241
Total income from Operations	2,773	2,345	10,342	11,577
Purchase of stock-in-trade	2,106	1,652	7,820	8,521
Changes in inventories	(124)	27	(412)	(23)
Gross Profit	791	666	2,933	3,080
<i>Gross Margin %</i>	28.5%	28.4%	28.4%	26.6%
Employee benefits expense	100	90	382	424
Rent including lease rentals	150	131	571	641
Other Expenditures	242	204	864	975
Total Operating Expenses	492	425	1,817	2,040
Other Income	7	5	27	28
EBITDA	306	246	1,143	1,068
<i>EBITDA Margin %</i>	11.0%	10.5%	11.1%	9.2%
Depreciation and amortisation	132	88	513	404
EBIT	173	158	630	663
Finance Costs	158	155	669	693
PBT before exceptional	15	3	(39)	(29)
Profit on sale of investment	0	0	101	31
PBT after exceptional	15	2	61	1
Tax Expenses	5	1	(13)	(2)
PAT	10	2	74	3

#: Financials for 12 months and 15 months ended 31-Mar-15 and 31-Mar-14, respectively are not comparable.



FRL Standalone – Balance Sheet Summary

Particulars (₹ cr.)	FRL - Standalone	
	31-Mar-15	31-Mar-14
Shareholders Funds		
Share capital	83	46
Equity Warrants	23	-
Reserves and surplus	5,092	3,205
Total - Shareholders' funds	5,198	3,252
Compulsory Convertible Debentures	-	150
Optionally Convertible Debentures	150	250
Non-current liabilities		
Long-term borrowings	2,919	3,755
Deferred tax liabilities (Net)	167	180
Other long term liabilities		
Long-term provisions	19	16
Total - Non current liabilities	3,105	3,951
Current liabilities		
Short-term borrowings	1,132	1,349
Trade payables	2,042	1,224
Other current liabilities	955	1,154
Short-term provisions	34	20
Total - Current liabilities	4,163	3,747
TOTAL - EQUITY AND LIABILITIES	12,616	11,350
Assets		
Fixed assets	5,107	4,704
Non-current investments	1,295	1,350
Long-term loans and advances	478	371
Total - Non current assets	6,880	6,425
Current Assets		
Inventories	3,523	3,113
Trade receivables	398	314
Cash and Bank balances	104	102
Short-term loans and advances	1,702	1,379
Other current assets	9	16
Total -Current assets	5,737	4,925
TOTAL - ASSETS	12,616	11,350

FRL Consolidated – P&L Summary

Particulars (₹ cr.)	For the period	
	31-Mar-15 (12 Month)	31-Mar-14 (15 Month)
Net Sales	10,885	13,655
Other Operating Income	172	242
Total income from Operations	11,057	13,897
Purchase of stock-in-trade	8,063	9,891
Changes in inventories	(407)	11
Gross Profit	3,401	3,996
Employee benefits expense	474	621
Rent including lease rentals	697	690
Other Expenditures	1,106	1,741
Total Operating Expenses	2,276	3,052
Other Income	93	308
EBITDA	1,217	1,251
Depreciation and amortisation	542	452
EBIT	676	799
Finance Costs	679	726
PBT before exceptional	(4)	73
Exceptional Items	164	26
PBT after exceptional	160	99
Tax Expenses	2	4
PAT	158	95

#: Financials for 12 months and 15 months ended 31-Mar-15 and 31-Mar-14, respectively are not comparable
PAT is before Prior period item, Share in Profit of Associate company & Minority Interest.

FRL Consolidated – Balance Sheet Summary

	FRL - Consolidated	
Particulars (₹ cr.)	31-Mar-15	31-Mar-14
Shareholders Funds		
Share capital	132	121
Equity Warrants	23	-
Reserves and surplus	5,236	3,215
Total - Shareholders' funds	5,391	3,336
Share Application Money Pending Allotment	-	2
Compulsory Convertible Debentures	-	150
Optionally Convertible Debentures	150	250
Minority Interest	66	90
Non-current liabilities		
Long-term borrowings	2,932	3,810
Deferred tax liabilities (Net)	177	182
Other long term liabilities	496	281
Long-term provisions	21	18
Total - Non current liabilities	3,626	4,292
Current liabilities		
Short-term borrowings	1,159	1,420
Trade payables	2,030	1,255
Other current liabilities	986	1,194
Short-term provisions	43	161
Total - Current liabilities	4,216	4,030
TOTAL - EQUITY AND LIABILITIES	13,450	12,149
Assets		
Fixed assets	5,275	4,914
Non-current investments	1,622	1,431
Long-term loans and advances	511	452
Other Non-Current Assets	35	1
Total - Non current assets	7,443	6,798
Current Assets		
Current Investments	-	21
Inventories	3,534	3,131
Trade receivables	550	442
Cash and Bank balances	131	168
Short-term loans and advances	1,762	1,480
Other current assets	31	109
Total -Current assets	6,007	5,351
TOTAL - ASSETS	13,450	12,149

Q4 FY15 – New Store Additions

Total Store Count and Retail Space

Selling Space (mn. sq. ft.)

Mar' 15:	8.68	0.18	0.53	0.55	1.32	0.10
Mar' 14:	7.82	0.31	0.36	0.45	1.28	0.14

