

Q2 FY13 – Investor Update

The April-June 2013 period witnessed the closure of two crucial demergers of the company's lifestyle fashion retailing business. The Pantaloons chain business were demerged and shares of Pantaloons Fashion and Retail Limited were issued. The businesses of Central, Brand Factory, Planet Sports and aLL were demerged and shares were issued. The company's standalone business now constitutes of its home and electronics retailing business along with few smaller businesses. The company's wholly-owned subsidiary, Future Value Retail Limited (FVRL) operates the value retailing business that includes Big Bazaar, Food Bazaar and FBB. Together they form the core retail business of the company. The company's board had approved the merger of FVRL with the parent entity and this has received shareholders' approval on 10th June 2013. The company is awaiting statutory approval for giving full effect to the merger, expectedly during the September 2013 quarter.

FVRL (Value Retailing) Business Highlights

- **Same Store Sales Growth at 10.4% - double digit SSG after 8 quarters**
- **Gross Margins grows by 99 basis points**
- **EBITDA Margins at 8.55%, compared to 7.3% in quarter-ended June 2012**

The value retailing business posted a total income from operations of ₹1,910 crore and an EBITDA of ₹163 crore for the quarter ended June 2013, compared to total income of ₹1,813 crore and EBITDA of ₹132 crore for the quarter ended June 2012.

The company has been focusing on increasing the share of sales in the high-margin fashion category through improved merchandising within the FBB section of Big Bazaar stores. The company also focused on reducing costs through optimizing its store network, without sacrificing sales turnover. This has resulted in higher store productivity and operational margins. Even though the total operational space decreased by 5% to 8.56 million square feet in June 2013, compared to June 2012, sales grew by 5.3% during quarter-ended June 2013, compared to quarter-ended June 2012.

The year-on-year growth in sales per customer was 3% and ticket size growth was 11%, in a quarter in which almost the entire sales was at full price. The improvements, coming in the midst of a weak external environment, indicates that the company's capital expenditure on store renovations, improving merchandize mix and on loyalty programs have started yielding financial results.

Future Retail Standalone (Home Retailing) Business Highlights

- **Same Store Sales Growth at 3.7% - turnaround into positive SSG after 7 quarters**
- **Total income from operations ₹346 crore and EBITDA of ₹32 crore**

Home Town and eZone, that forms part of the standalone business, showed a marked improvement in SSGs, led by consumer durables chain, eZone. The standalone business posted a total income from operation of ₹346 crore and EBITDA of ₹32 crore. The financial numbers are not comparable with June 2012 quarter due to the demergers.

A stronger focus on higher store productivity in five select markets has led the turnaround in the eZone business and posted operational profits during the quarter. The company continues to focus on improving its Home Town business through better merchandize mix and reducing costs. The store size of almost all large-format Home Town stores have been reduced without sacrificing overall store turnover.

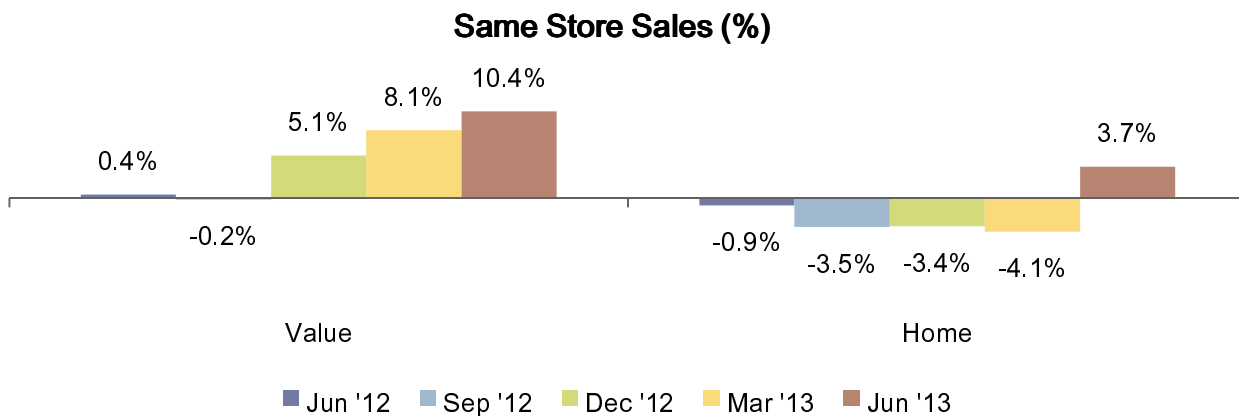
Core Retail Operational Highlights

The total income from core retail operations of the company was ₹2,256 crore and EBITDA was ₹196 crore for the quarter ended June 2013, compared to ₹2,963 crore and ₹271 crore for quarter ended June 2012. However, the numbers are not comparable due to the demergers of the lifestyle fashion business.

The company ended the quarter with 10.27 million sq ft of retail space (excluding lifestyle fashion business). The company added 0.14 million square feet of gross retail space during the June quarter. While Big Bazaar strengthen its position in Kolkata by opening its 11th stores and its 2nd store in Patna, it also opened its first store in Chandigarh. FBB opened its first store in Kochi. The company opened 5 eZone stores of ranging from 500 to 5000 sq ft, these smaller sized stores are expected to deliver higher productivity and operate on lower operating cost.

In line with the company's strategy to move to more profitable and optimized store network, the company closed 0.37 million square feet of space that included closures of 6 Big Bazaars, 4 eZones, 2 FBBs, 2 Food Bazaar and 2 Home Town Express stores. With the ongoing focus on making HomeTown a profitable format, during the quarter 0.13 million space was rationalized in existing Home Town stores which will drive higher productivity.

The company had also initiated stake sales in its insurance ventures in the past quarters and the process for seeking regulatory approvals is on. The company and the new investors remain committed to the stake sale of its insurance ventures, which will result in further reduction in finance costs.



During the quarter, Future Retail fixed 24th June 2013 as the record date for determining the entitlement of shares of Future Lifestyle Fashions Limited (FLF). For every three shares of Future Retail Limited one share of FLF was issued and allotted to the shareholders of FRL on 25th June 2013. FLF's listing application was filed with both the stock exchanges, BSE and NSE. On 29th July 2013, the company received BSE in-principle approval followed by NSE in-principle approval on 7th August 2013. The listing application has been forwarded by the stock exchanges to SEBI. On approval, the company's shares will be listed with the exchanges. The company expects the listing to happen over the next couple of weeks, subject to SEBI approval.

The financial performance – including the P&L statement and the Balance Sheet for the past two quarters will be shared separately.

FVRL – P&L Summary

Particulars (₹ cr.)	3 months ended			6 months ended	
	30-Jun-13	31-Mar-13	30-Jun-12	30-Jun-13	30-Jun-12
Net Sales	1,878	1,922	1,784	3,801	3,637
Other Operating Income	32	44	29	76	61
Total income from Operations	1,910	1,966	1,813	3,876	3,698
Purchase of stock-in-trade	1,456	1,467	1,373	2,922	2,856
Changes in inventories	(35)	30	-7	(5)	-70
Gross Profit	489	470	446	959	912
Gross Margin %	25.6%	23.9%	24.6%	24.7%	24.7%
Employee benefits expense	69	67	66	136	137
Rent including lease rentals	100	99	100	199	198
Other Expenditures	158	154	149	313	302
Total Operating Expense	328	320	314	647	637
Other Income	2	1	0	2	1
EBITDA	163	151	132	314	276
EBITDA Margin %	8.5%	7.7%	7.30%	8.1%	7.5%
Depreciation and amortisation	55	52	42	108	83
EBIT	108	98	90	207	193
Finance Costs	106	100	88	205	181
PBT	2	-1	2	1	12

FRL Standalone – P&L Summary

Particulars (₹ cr.)	3 months ended			6 months ended	
	30-Jun-13	31-Mar-13	30-Jun-12 [#]	30-Jun-13	30-Jun-12 [#]
Net Sales	338	363	1,118	701	2,224
Other Operating Income	8	7	32	15	68
Total income from Operations	346	370	1,150	716	2,291
Purchase of stock-in-trade	291	211	703	502	1,466
Changes in inventories	(55)	54	23	(1)	-9
Gross Profit	110	106	424	216	834
Gross Margin %	31.8%	28.5%	36.9%	30.1%	36.4%
Employee benefits expense	17	14	55	31	109
Rent including lease rentals	26	27	128	53	248
Other Expenditures	39	37	105	76	210
Total Operating Expense	82	78	287	159	567
Other Income	4	2	2	6	4
EBITDA	32	30	139	62	271
EBITDA Margin %	9.4%	8.0%	12.1%	8.7%	11.8%
Depreciation and amortisation	24	21	50	44	99
EBIT	9	9	88	18	172
Finance Costs	23	16	85	39	160
PBT (excl. exceptional items)	-14	-7	4	-21	12

#: Financials for 3 months and 6 months ended are not comparable as June '12 does not include the impact of the demergers of lifestyle fashion businesses.
Financials for 3 months ended June '13 and March '13 are comparable figures showing the impact due to demergers of lifestyle fashion businesses.

Core Retail – P&L Summary

Particulars (₹ cr.)	3 months ended			6 months ended	
	30-Jun-13	31-Mar-13	30-Jun-12 [#]	30-Jun-13	30-Jun-12 [#]
Net Sales	2,217	2,285	2,902	4,502	5,861
Other Operating Income	39	51	61	90	128
Total income from Operations	2,256	2,336	2,963	4,592	5,989
Purchase of stock-in-trade	1,746	1,677	2,076	3,424	4,322
Changes in inventories	(90)	84	16	(6)	-79
Gross Profit	599	575	870	1,175	1,746
Gross Margin %	25.6%	23.9%	24.6%	24.7%	24.7%
Employee benefits expense	86	81	121	167	247
Rent including lease rentals	126	125	227	252	445
Other Expenditures	197	191	253	388	512
Total Operating Expense	409	398	602	807	1,204
Other Income	6	3	3	8	5
EBITDA	196	180	271	376	546
EBITDA Margin %	8.7%	7.7%	9.2%	8.2%	9.1%
Depreciation and amortisation	79	73	93	152	182
EBIT	117	107	178	224	365
Finance Costs	128	116	173	244	341
PBT (excl. exceptional items)	-12	-9	6	-20	24

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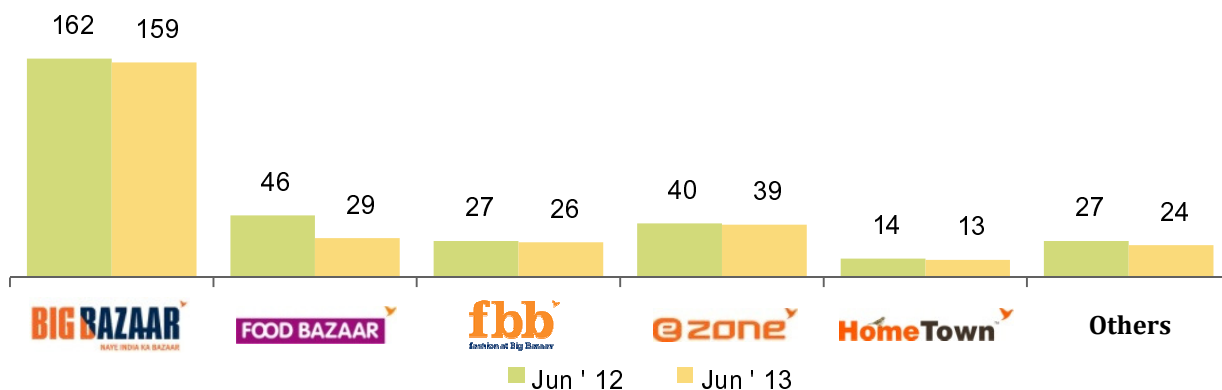
Q2 FY13 – New Store Additions

Total space add nearly 0.14 million square feet during Q2 FY13

Store Count - FRL

Selling Space (mn. sq. ft.)

Jun' 12:	8.05	0.51	0.34	0.40	1.23	0.43
Jun' 13:	7.80	0.34	0.33	0.36	1.04	0.40



Stores opened quarter ended June ' 13

Format	Date of opening	Sq. Ft.	Location
BIG BAZAAR	6-Apr-13	19,663	Rajarhat, Kolkata
	22-Apr-13	37,565	P Mall, Exhibition Road, Patna
	28-Apr-13	55,000	Elante Mall, Chandigarh
fbb	3-May-13	9,849	Marine Drive, Kochi
ezone	11-Apr-13	1,200	Vashi Store, Mumbai
	3-May-13	593	G S Cent., Hyderabad
	13-May-13	5,186	Home Land Mall, Kolkata
	8-Jun-13	4,456	R City Mall, Ghatkoper, Mumbai
	8-Jun-13	4,040	Ameerpet, Hyderabad

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