



MAKING
INDIA BEAUTIFUL

13¹⁴

FUTURE RETAIL



annual report 2013 - 14





₹699

₹499

₹699



₹649

MAKING INDIA BEAUTIFUL

Bazaars are the window to the world outside. They satisfy our needs but also create new cravings, introduce new tastes, upgrade our palette, kitchen, wardrobes, may be our entire homes; thus changing lifestyles and in many ways making tomorrow brighter and happier.

Big Bazaar stays a step ahead so that we can offer every imagined or undiscovered taste, aspiration and desire for every customer across the country. We have re-imagined not just our stores but also almost every product-line for our customers – introducing new tastes, collections and ranges in food, fashion, home and lifestyle. In the process, we have collaborated with thousands of new and old suppliers, opening up for them new markets, possibilities and opportunities for job creation and growth. Just so that our customers get the best and brightest at the price they love.

In every way we go back to the promise to started off with, “Give to the ordinary what only the rich could afford”.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Shailesh Haribhakti (up to 31/10/13)
Chairman - Director

Mr. Kishore Biyani
Managing Director

Mr. Gopikishan Biyani (up to 31/10/13)
Director

Mr. Rakesh Biyani
Joint Managing Director

Mr. Vijay Biyani
Wholetime Director

Mr. S. Doreswamy
Director

Dr. Darlie Koshy (up to 31/10/13)
Director

Mr. Anil Harish
Director

Ms. Bala Deshpande
Director

Mr. V. K. Chopra
Director

CHIEF FINANCIAL OFFICER

Mr. Dinesh Maheshwari

COMPANY SECRETARY

Mr. Deepak Tanna

STATUTORY AUDITORS

NGS & Co. LLP

RISK ADVISORS

Ernst & Young Pvt. Ltd.

SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
C-13, Pannala Silk Mills Compound,
LBS Marg Bhandup (West),
Mumbai – 400 078.
Tel . No. + 91 22 2596 3838
Fax No. + 91 22 2594 6969

BANKERS

Bank of India

Axis Bank

Andhra Bank

Corporation Bank

HDFC Bank

IDBI Bank

State Bank of Travancore

UCO Bank

Standard Chartered Bank

The Federal Bank

Union Bank of India

Bank of Baroda

Allahabad Bank

Central Bank of India

Dena Bank

REGISTERED & CORPORATE OFFICE

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Off. Jogeshwari-Vikhroli Link Road
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Mumbai - 400 060
Tel. No. : + 91 22 3084 2336
Fax No. : + 91 22 3084 2502

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Investorrelations@futuregroup.in

Corporate Identity Number
L52399MH1987PLC044954





LETTER FROM THE MANAGING DIRECTOR

Dear Stakeholders,

Future Retail Limited's financial period 2014, of which this Annual Report aims to give a detailed picture, has been a year characterized by the great effort made by our teams throughout the country, by the achievements resulting from this work and by the challenges for the future that we have set for ourselves. The year 2013 marked the culmination of the realignment of the company's business and created a company firmly focused on growing its hypermarket and home retailing business.

The company posted a consolidated income from operations of ₹ 13,897 crore and an operating profit or Earnings before Interest, Taxes and Depreciation (EBITDA) of ₹ 1,251 crore for the fifteen months ended March 31, 2014. The company posted a profit after tax of ₹ 95 crore for the fifteen months ending March 31, 2014. The company's financial year was extended by three months to bring it in line with new regulations seeking companies to close their financial year at the end of March.

From a financial perspective what was particularly heartening was that the gross margins in the standalone retailing comprising of hypermarkets and home retailing have grown from 24.6% in the quarter-ended March 31, 2013 to 28.4% in quarter-ended March 31, 2014. From an EBITDA of 7.7% in the quarter ended March 31, 2013, the company ended the quarter of March 31, 2014 with an EBITDA of 10.5%.

Our focus for the year was on optimizing our store network and right sizing stores, thereby creating a compact store with a confident model that can deliver superior return on investments. More importantly, the company embarked on a paradigm shift towards a comprehensive upgrade of its merchandize line, category-mix and in-store spatial experience, starting with the fashion category wherein the brand fbb was created and followed by a similar exercise across food, fmcg, home fashion and homeware categories.

Looking Ahead

We are betting on the categories of tomorrow. Whether it is on food, fashion or homeware, our focus is on providing customers with better options, upgraded products and higher quality standards, of course at the price that is extremely competitive in the market.

Big Bazaar was the harbinger of change in the way many Indian's shopped and our renewed focus on upgraded merchandize provided in a superior spatial experience for customers is helping consolidate the leadership position the brand enjoys in the retail sector. I am pleased to share with you that Big Bazaar continued to feature among the top five most trusted service brands in the country in the annual survey conducted by Nielsen and The Economic Times Brand Equity. The new look, feel and merchandize range attracted new customers into the stores and existing customers to spend more within our stores. The new merchandize mix has not only helped increase average selling price and store productivity but also translated into superior margins. This coupled with a firm focus on reigning in costs, despite an inflationary environment, has helped the business move into a more profitable path.

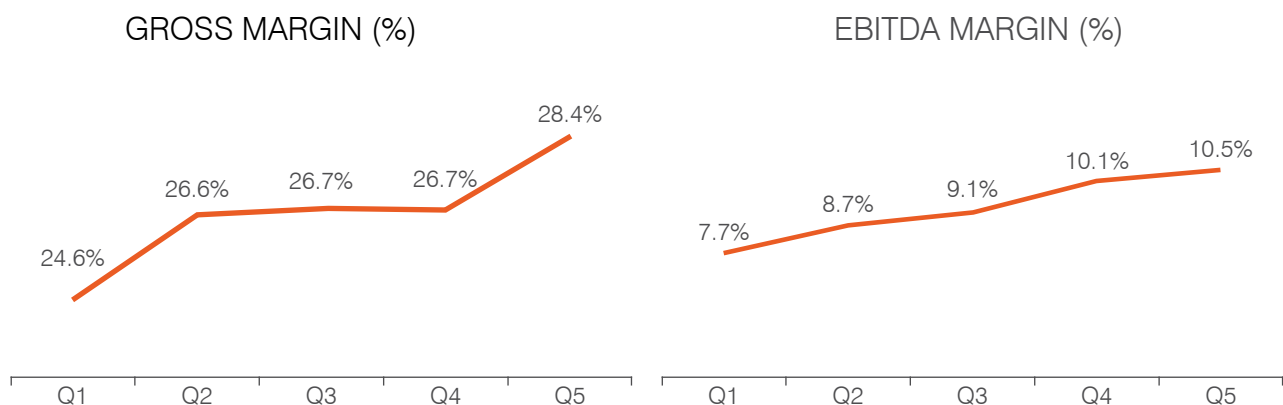
Even though we added 20 new hypermarkets and entered eight new cities, taking our footprint to 98 cities across the country, store space rationalization and network optimization led to only a marginal increase in store space. Now with a more comfortable margin model, our focus for the forthcoming year will be on driving a higher rate of growth. While the revamp within the store is generating higher footfalls, a couple of initiatives is already bringing in new sets of customers.

Wednesday Bazaar as a tool to acquire new customers was pioneered by your company and subsequently replicated by other chains. We have re-energized the proposition and this has already resulted in a substantial growth in footfalls. Fruits and vegetables acts as a key footfall driver. We have introduced packaged fruits and vegetables which can even

be branded tomorrow to provide a higher assurance of quality and freshness for customers. Our new fashion merchandize has attracted the attention of younger customers. We believe the brand has the potential to become the leader in the fashion space not just in terms of market share but also in terms of mind share and we are committed to actualizing this.

Beyond the retail business, we are happy to share with you that two of the company's key subsidiaries operating in the general insurance space and supply chain space have posted net profits for the first time this year. Both these businesses operate in a highly competitive and fragmented space and to achieve this in a difficult business environment is testament to their strength. We expect to unlock substantial value as and when we decide to monetize your company's investments in these companies.

An optimized network, efficient store operations, higher store productivity coupled with the appropriate merchandize mix has translated in better gross margins and operational.



The customer loyalty programs offered at your company's retail stores are extended across all the formats of the group. During the year, the total number of customers covered by our loyalty programs crossed the 15 million mark, making it probably the largest loyalty program in the country. We have so far leveraged the loyalty programs for driving promotions and direct communication with customers. We now plan to move on to the next level wherein we aim to use the large amount of knowledge and intelligence captured through the loyalty programs to customize stores, merchandize and offerings and this again has a power to transform the business.

The Future

The world over, technology is influencing the way customers buy. However, the bigger impact is on how technology is changing the way retailers sell. The largest and the most successful retailers are focusing on omni channel retailing - wherein they are platform agnostic. In other words, omni channel retailers are equally adept at selling their merchandize on every platform – whether through physical stores, online, assisted commerce platforms, on television or outdoor medium, or on mobile platforms.

Your company too is leading this transformation into an omni-channel retailer backed by appropriate technology and a customer interface that is 'made for India.' Big Bazaar Direct - a platform wherein associates or franchisee owners can reach out to customers not catered by physical stores and book orders and collect money on customized tablets, is the first step towards this direction. It is now already present in 40 cities – many of them do not have a physical Big Bazaar store. In the days ahead, this platform can become a significant force-multiplier to our retail business. A robust technology backbone is already being developed for omni-channel retailing through partnership with SAP.

As we enter the new financial year, it is expected that economic environment can only improve from the difficult condition that it is currently in. The challenging environment that we have passed through has taught us a lot and made us a lot more resilient as an organization. It has also helped create a strong foundation for sustainable growth in the years to come. Now with a far more streamlined organizational design and a firm focus on growing the hypermarket business we are prepared to enter a new phase of growth.

Our commitment towards helping customers discover a qualitatively better lifestyle at a price they can afford, in many ways goes back to the philosophy we started off with and won Big Bazaar its early set of patrons, 'Give to the ordinary what only the rich can afford.' We believe this not only benefits our customers but also throws up new opportunities for Indian manufacturers and entrepreneurs, which in turn helps generate new jobs and income generation. Personally, I must thank each and every stakeholder of Future Retail for their invaluable contribution to the company's performance and, above all, for the fact that, thanks to their daily effort and encouragement, we can confidently step out on our new journey of 'Making India Beautiful.'

Rewrite Rules, Retain Values



Kishore Biyani

Future Retail's network now extends into 98 cities. With a pan-India network that has been optimized for operational efficiencies, Future Retail is present in almost every city where consumption is growing.

BIG BAZAAR
NAYE INDIA KA BAZAAR

164
stores

7.82
mn sq. ft. of area

20
stores opened

FOOD BAZAAR
WHOLESALE PRICES

24
stores

0.34
mn sq. ft. of area

1
stores opened

fbb
India's Fashion Hub

30
stores

0.36
mn sq. ft. of area

8
stores opened

HomeTown
Makes life beautiful.

30
stores

1.28
mn sq. ft. of area

2
stores opened

@zone
smarter living

66
stores

0.45
mn sq. ft. of area

34
stores opened

Foodhall
— for the love of food —

5
stores

87,566
sq. ft. of area

3
stores opened