

FUTURE RETAIL

ANNUAL REPORT 2017-18





Virtual Marketplace

Infrared Monitors

Club Manager Tathastu App

Member Curated Assortment

Face Recognition Camera

Scan, Pay & Go

Retail 1.0

A High Touch environment inside stores

Retail 2.0

A High Tech environment on e-commerce portals

Retail 3.0

High Touch + High Tech

A layer of technology pervasive over physical store network.

Customers can order anywhere and experience everything.

Stores combine data, technology and experience.

One-on-One interfaces for consumers offered in the most efficient way.

Welcome to
Retail 3.0 for
the Smarter World.



Corporate Information

Board Of Directors

Kishore Biyani

Chairman & Managing Director
DIN: 00005740

Rakesh Biyani

Jt. Managing Director
DIN: 00005806

Rajan Bharti Mittal

Non-Executive Director
DIN: 00028016

Gagan Singh

Non-Executive and
Independent Director
DIN: 01097014

Ravindra Dhariwal

Non-Executive and
Independent Director
DIN: 00003922

Shailendra Bhandari

Non-Executive and
Independent Director
DIN: 000317334

Sridevi Badiga

Non-Executive and
Independent Director
DIN: 02362997

Statutory Auditors

NGS & CO. LLP

Chief Financial Officer

C. P. Toshniwal

Dy. Company Secretary

Virendra Samani

Share Transfer Agent

Link Intime India Pvt. Ltd.
C-101, 247 Park, LBS Marg,
Vikhroli (West), Mumbai 400 083.
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Bankers

Allahabad Bank
Andhra Bank
Axis Bank
Bank of Baroda
Bank of India
Central Bank of India
Corporation Bank
Dena Bank
IDBI Bank
Indian Bank
Punjab National Bank
State Bank of India
UCO Bank
Union Bank of India
Vijaya Bank

Registered Office

Knowledge House,
Shyam Nagar,
Off. Jogeshwari-Vikhroli Link
Road, Jogeshwari (East),
Mumbai 400 060.
T: + 91 22 6644 2200
F: + 91 22 6644 2201

Corporate Office

247 Park, 'C' Tower,
LBS Marg,
Vikhroli (West),
Mumbai 400 083.
T: + 91 22 6119 0000
F: + 91 22 6199 5019

Website

www.futureretail.co.in

Investor Email ID

investorrelations@futureretail.in

Corporate Identity Number

L51909MH2007PLC268269

Contents

An isometric 3D diagram where each page of the report is represented by a cube. The cubes are arranged in a staggered, descending pattern from top-left to bottom-right. Each cube has a light beige top face with a page number and a darker orange side face with the section title. The background features faint, large-scale geometric shapes and intersecting lines that create a sense of depth and structure.

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Snapshot

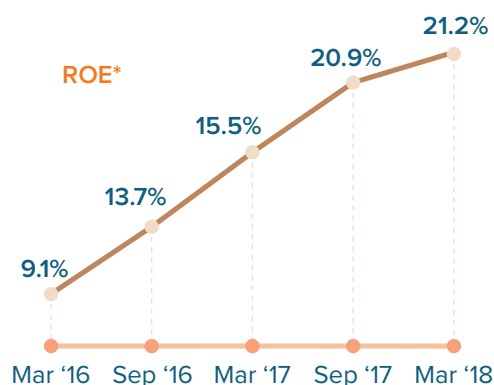
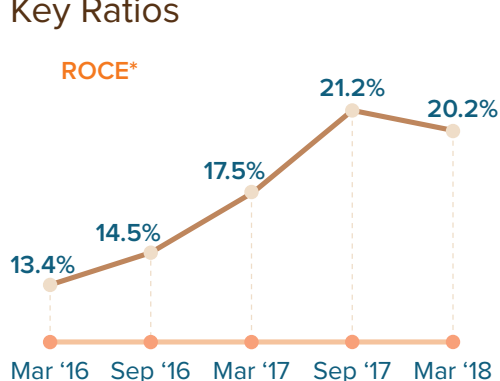
Highlights FY 17-18

Scale	1035 stores	14.5 mn. sft. retail space	₹ 18,478 Crore revenue
Efficiency	> 67% revenue from non-food categories	25.6% gross margins	9.9% same store sales growth
Depth	> 340mn customer footfalls	321 cities	26 states and UTs
Value Creation	4.3% EBIT%	20.2% ROCE	₹ 12.5 EPS (before one time exceptional item)

Store Network

		Stores	Cities	Sq. Ft. (in mn)
Large Format Stores	Big Bazaar Hypercity	285	135	12.1
	FBB	61	36	0.6
	Foodhall	10	5	0.1
Small Format Stores	Easyday Heritage Fresh	666	215	1.5
Others	Ezone	13	8	0.1
Cumulative		1035	321	14.5

Key Ratios

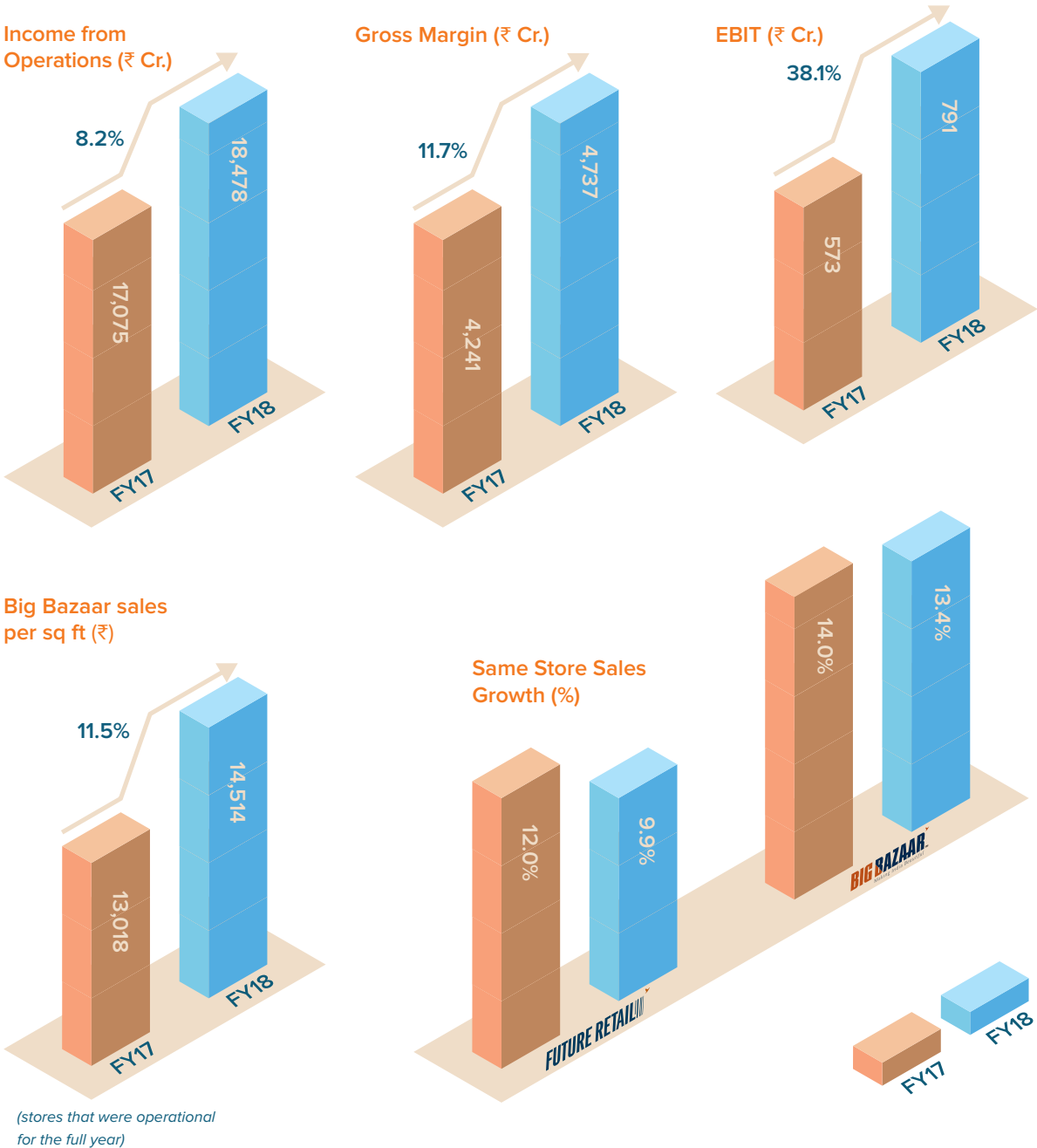


*The ratios pertaining to FY16 have been derived on a comparable basis.

ROCE = EBIT / Average (Equity + Optionally convertible debentures + Borrowings – Cash & Bank Balances)

ROE = PAT before exceptional items / Average (Equity + Optionally convertible debentures)

Financial Snapshot



Chairman's Letter



Dear Stakeholders,

What makes the retailing business so intriguing and satisfying is living up to the constantly evolving expectations of customers. Rather than a snapshot, customers are like a moving picture. It is said that customers are always 'divinely discontent' and it is up to us on how well to exceed their expectations.

During the past few years, your Company has made substantial investments in completely re-inventing the store design and customer experience within almost every Big Bazaar. More than 250 of the 285 Big Bazaar stores we operate now offer home deliveries. Our data show that a fair share of customer footfalls are now initiated through customer engagements on social and digital platforms. These have helped Big Bazaar to increase per square feet sales by 11.5% and grow same store sales by 13.4% during the year. As we continue to strengthen these features, we are also rolling out our Retail 3.0 strategy that aims to create a digital layer over every facet of our physical store network.

The small stores network, comprising of EasyDay and Heritage Fresh stores, has been entirely reinvented on a digital platform. We are now expanding the physical small store network that can potentially have 10,000 stores, each within a two kilometre radius of every consuming class urban Indian. This will allow us to serve customers anytime, anywhere. More importantly it will allow us to do business at a fraction of costs involved in conventional e-commerce models. In fact the costs in this will be lower than even our existing store economics.

During the forthcoming year, the Company will also roll out mobile and web based platforms that allow customers to order via apps, messages, calls and even scan the bar code, pay on app and leave the store without going to the cash till. Front-end customer interfaces are only a small part of the digitization journey. The Company's digitization journey is enabling better decisions and bringing in more speed and efficiency in everything we do.



C&D Lab is our innovation powerhouse that is integrating computing power with consumer insights and data with designed thinking.



Much like biological ecosystems that are bound together through exchange of nutrients, business ecosystems have consumer and consumer data as nutrients. Continuous flow and exchange of consumers and data is at the heart of successful ecosystems.

An Ecosystem Play

Over the years, your Company has built strong loyalty and membership platforms like Big Bazaar Profit Club, Future Pay, Payback and more recently the EasyDay Club subscription model. EasyDay Club members, for a fixed fee, get various services like home deliveries, a lowest price guarantee and 10% discount on almost all grocery products and soon an app to order from anywhere on mobile, via chat message or phone calls. These platforms also capture huge amount of consumer data that is being used to build consumer archetypes, strong relationships and even member-curated assortment at the stores.

As members shop more often within our stores, they get more and more acquainted with the large number of consumer brands and products in food, home and personal care, fashion and footwear developed by the group's consumer goods companies. Your Company's retail formats, along with these brands form the core commerce engine of our consumer interface. As we move ahead, we are offering these members new and innovative services like life and general insurance, consumer

credit, home décor services, electronics repair by affiliate companies and business partners. We are also exploring how we can give our members preferred services in media and entertainment, food services and healthcare through third parties and partners. These range of added services for members and subscribers form the ecosystem that we are envisioning for consumers. Simultaneously, we are exploring how we can add our large base of vendors, suppliers and their employees as members and partners in this ecosystem.

Technology today allows us to bring this entire suite of products and services on a single platform and interact and engage with the customer far more often than it was ever possible. Underlying these are fundamental pillars such as data lake and analytic engines, supply chain networks, payment platforms and retail infrastructure that have been developed by Future Group companies.

Much like biological ecosystems that are bound together through exchange of nutrients, business ecosystems have consumer and consumer data as nutrients. Continuous flow and exchange