



Analyst Meet - 09 May 2016



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# Background - Creation of Two Independent Listed Entities



1. Two distinct entities :
  - a. Retail business of Future Retail Limited has merged with Bharti Retail Limited (Which shall be renamed as “Future Retail Limited”)
  - b. Retail infrastructure, investments and non retail operations remained in existing Future Retail Limited has been renamed as “Future Enterprises Limited”
2. Announced 12<sup>th</sup> May 2016 as the record date for entitlement of shares in Future Retail Limited (currently Bharti Retail Limited)
3. All the eligible shareholders of the Company as on the Record Date as aforesaid will receive the Equity Shares of BRL in the following manner:
  - a. “1 (One) fully paid Equity Share of Rs. 2 (Rupees Two Only) each of BRL shall be issued and allotted for every 1 (One) Equity Share of Rs. 2 (Rupees Two) each held in the Company
  - b. 1 (One) fully paid Equity Share of Rs. 2 (Rupees Two Only) each of BRL shall be issued and allotted for every 1 (One) Class B (Series-1) Share of Rs. 2 (Rupees Two) each held in the Company
4. Future Enterprises Limited will **trade cum right till Tuesday 10th May 2016** and will **trade ex-right from Wednesday 11th May 2016**
5. Future Retail Limited (currently Bharti Retail Limited) will list on the stock exchanges in 4-6 weeks on completion of required regulatory proceedings



Leasing Operations

Manufacturing

Investments

- Future Supply Chain (70%)
- Future Generali Life Insurance (27%)
- Future Generali General (50%)
- Staples (60%)
- Goldmohur & Apollo Mills (39%)
- Future Consumer Enterprise (~9%)
- Future Lifestyle Fashions (~16%)

# Shareholding Pattern



Shareholders	Pre Bharti Share Issue		Post Bharti Share Issue	
Promoters	23,01,15,436	53.8%	23,01,15,436	48.8%
Bharti Retail Shareholders	-	0.0%	4,34,78,261	9.2%
Key Institutional Investors	8,63,07,013	20.2%	8,63,07,013	18.3%
Arisaig Partners	3,16,37,118	7.4%	3,16,37,118	6.7%
Wgi Emerging Markets	1,07,55,879	2.5%	1,07,55,879	2.3%
Verlinvest	1,07,30,712	2.5%	1,07,30,712	2.3%
Government Pension Fund	88,52,942	2.1%	88,52,942	1.9%
LIC	46,81,290	1.1%	46,81,290	1.0%
Others	11,14,37,847	26.0%	11,14,37,847	23.6%
<b>Total</b>	<b>42,78,60,296</b>	<b>100.0%</b>	<b>47,13,38,557</b>	<b>100.0%</b>

- Future Enterprise Limited will continue to have two class of shares – Equity & DVR

Note: BRL shareholders to be allotted shares in Future Enterprises Limited\* based on a swap ratio of 1:1, Adjusted for 4,34,78,261 shares of Bharti Retail, Shareholding includes both Equity and DVR and as on 31 Mar 2016

# Board of Directors



Name of the Director	Designation
Mr. V.K. Chopra	Chairman & Independent Director
Mr. Kishore Biyani	Vice Chairman
Mr. Vijay Biyani	Managing Director
Mr. S. Doreswamy	Independent Director
Ms. Bala Deshpande	Independent Director
Mr. Anil Harish	Independent Director
Mr . Dinesh Maheshwari	Executive Director & CFO

# Key Drivers & Future Outlook



1. Potential ownership of over 18 mn sq ft retail infrastructure
  - a. Under lease to India's foremost Retail Chain (anchor customer)
2. Given anchor customer's growth plans and also the Retail Sector outlook, FEL is well poised for growth and profitability, specifically related to its business of providing infrastructure services
3. Strong annuity of cash flows from operating leases
4. Visibility of growth tractions in the "manufacturing business"
5. Marquee Investments which are shaping up very well
  - a. Self sufficient in cash
  - b. Well placed to make the best of growth opportunities
  - c. From a current estimated realizable value of over Rs 4,400 cr potential to grow to Rs.10,000 cr
  - d. Monetization agenda to continue and is expected to be value accretive



# Estimated Realizable Value of Investments



			PRESENT & POTENTIAL			
			Equity Value Of Investments		Value in Hands of FEL	
S.No.	Investment	FEL's Stake	Current Value (Rs cr)	Value in 3-5 yrs (Rs cr)	Current Value (Rs cr)	Value in 3-5 yrs (Rs cr)
1	Future Supply Chain Solutions Ltd.	70%	1,450	6,700	1,015	3,850
2	Future Consumer Enterprise Ltd.	9%	3,560	12,000	325	1,100
3	Future Generali India Insurance Co. Ltd.	50%	3,000	3,800	1,500	1,900
4	Future Generali India Life Insurance Co. Ltd.	27%	2,000	3,000	550	800
5	Future Lifestyle Fashions Ltd.	16%	1,800	9,000	285	1,500
6	Apollo & Goldmohur Mills	39%	1,400	2,000	550	830
7	Staples	60%	200	300	120	180
<b>Total Investment Value</b>			<b>13,410</b>	<b>36,800</b>	<b>4,345</b>	<b>10,160</b>

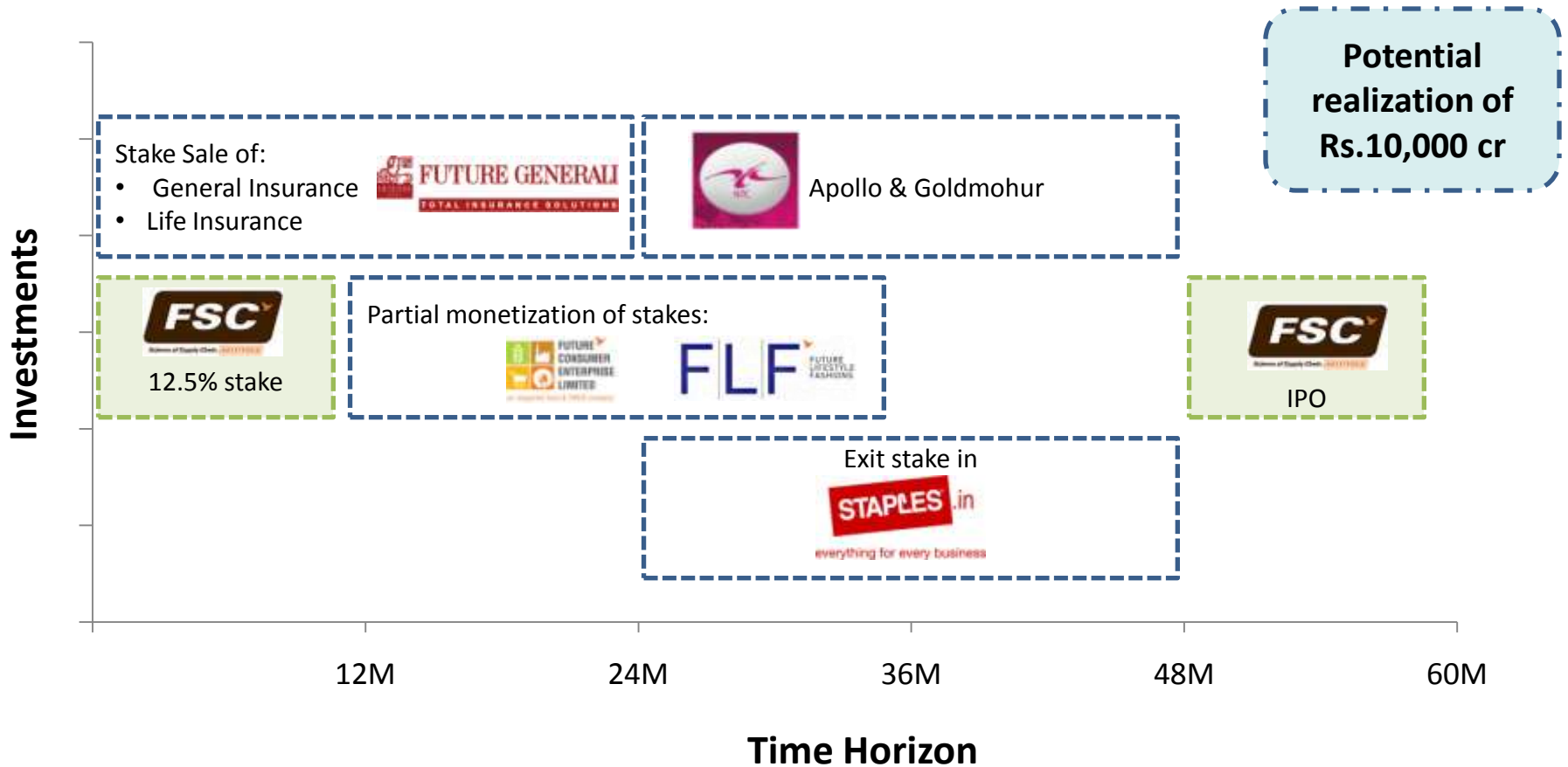
**Monetization of only 1 or 2 investments has the potential to make FEL debt free**

**Beyond that any monetization can lead to value creation for shareholders**

# Outlook of Monetization of Investments



Target to atleast monetize one investment per year over next 5 years



# FEL Financial Position Assessment



1. Balance Sheet adequately capitalized with a comfortable Net Debt to Equity
2. Estimated debt of around Rs.4,400 cr has been recently refinanced through 5-6 year long term maturity NCDs (average cost between 10-11% pa)
  - a. Only 6% is payable within one year
  - b. Sufficiently secured through fixed assets
3. Strong annuity of lease rental cash flows (besides other income) to meet opex (including interest) plus generate surplus thereof
4. Marquee investments with present value of over Rs.4,400 cr adequately covers present loans of ~Rs.4,400 cr
  - a. Realization from investments - potential to more than double over 3-5 years
  - b. Given the strong annuity cash flows, there is potential to further improve the current maturity of debt to 10-15 years
  - c. Any upside from combination of above two is a potential value creation for stakeholders
5. A well structured monetization agenda is underway
  - a. Already announced 12.5% stake sale of Future Supply Chain at a valuation of Rs.1,450 cr

# FEL – Assessment of Annual Cash Flows



	Particulars	Amount (Rs cr)
Potential Annual Inflows	Lease Rentals	550 – 750
	Manufacturing	100-300
	Monetization proceeds of Investments	200-800
	<b>Aggregate of Above [A]</b>	<b>850-1,850</b>
Potential Annual Outflow	Opex (Including Interest)	400-500
	Loan Repayment	100-800
	<b>Aggregate of the Above [B]</b>	<b>500-1,300</b>
	<b>Potential Discretionary Surplus [A-B]</b>	<b>350-550</b>



# Q & A

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