

REF: SEC/BM/BSE/NSE/ 2016-17

28th May, 2016

To,
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
Scrip Code: 523574 / 570002

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051
Scrip Code : FEL / FELDVR

**Debt Scrip Code: 946840-7649-9020-9039 / 952008-9-10-
45-46-53-54-74-75-89-90-97-98 952715-717-718-721-879-
880-881-882-883**

Dear Sirs,

Ref: Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations").

Sub: Investors Update

Please find enclosed herewith the Investor Update – Q4FY2016 being sent to the investors of the Company.

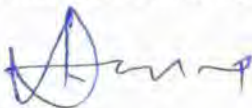
The aforesaid information is also uploaded on the website of the Company i.e. www.felindia.in

We request you to take the above on record.

Thanking you,

Yours faithfully

For **Future Enterprises Limited**
(Formerly known as Future Retail Limited)



Deepak Tanna
Company Secretary

Encl : as above



Investor Update – Q4 FY2016

- ❖ Future Enterprises has three broad businesses.
 - **Retail Infrastructure Leasing:** The company will own and invest in the retail infrastructure, including furniture, fixture and backend infrastructure and lease them to Future Retail Limited and other retail companies. Since the age of the assets range from below one year to over 10 years, the value of the lease rentals are determined based on age of the asset.
 - **Manufacturing:** The company will continue to operate a number of garment manufacturing facilities that supply to various Future Group companies and third parties as its operating business.
 - **Investments:** The company will continue to hold stakes in various Future Group companies and joint ventures. The current value of these investments is estimated to be around Rs 4,400 crore. While it will continue to own and manage these investments, it will continuously explore ways in which it can monetize some or all these investments over the next couple of years.

			Present and Potential			
S.No.	Investment	FEL's stake	Equity Value of Investments		Value in Hands of FEL	
			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. ¹	70%	1,450	6,700	1,015	3,850
2	Future Consumer Enterprise Ltd. ²	9%	3,530	12,000	325	1,100
3	Future Generali India Insurance Co. Ltd. ³	50%	3,000	3,800	1,500	1,900
4	Future Generali India Life Insurance Co. Ltd. ³	27%	2,000	3,000	550	800
5	Future Lifestyle Fashions Ltd. ²	16%	2,100	9,000	335	1,500
6	Apollo & Goldmohur Mills ⁴	39%	1,400	2,000	550	830
7	Staples	60%	200	300	120	180
Total Investment Value			13,680	36,800	4,395	10,160

Sell of stake in Future Supply Chain Solutions Ltd.

- ❖ SSG Capital Management Ltd will buy a 40% stake in Future Supply Chain Solutions Ltd , at an equity valuation of Rs. 1,450 Cr.
- ❖ This will include 12.5% stake from Future Retail Ltd (FRL) and 26% from another minority shareholder SKC 1 Ltd (SKC), a part of Fung Capital.

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

1. Future Supply Chain's Valuation based on recent transaction with SSG Capital at a total equity valuation of Rs. 1450 Cr.
2. Future Consumer Enterprises Limited and Future Lifestyle Fashion Limited are listed and valuation is based on market price.
3. Future Generali India Insurance Co. Ltd. posted gross written premium of Rs 1,595 crore and capital employed is Rs 448 crore. Future Generali Life Insurance Co. Ltd. posted gross written premium of Rs. 593 crore and capital employed is Rs 212 crore.
4. Apollo & Goldmohur Mills posted total revenues of Rs 619 crore and net profit of Rs 15 crore.

Range of 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
	Aggregate of Above [A]	850-1,850
Potential Annual Outflow	Opex (Including Interest)	400-500
	Loan Repayment	100-800
	Aggregate of the Above [B]	500-1,300
	Potential Discretionary Surplus [A-B]	350-550

FEL Standalone - P&L Statement

Particulars (₹ cr.)	3 months ended		12 months ended	
	31-Mar-16 [#]	31-Mar-15	31-Mar-16 [#]	31-Mar-15
Net Sales	677	2,740	7,981	10,158
Other Operating Income	144	33	358	184
Total income from Operations	821	2,773	8,340	10,342
Purchase of stock-in-trade	596	2,106	6,236	7,820
Changes in inventories	-25	-124	-228	-412
Gross Profit	250	791	2,332	2,933
Gross Margin %	30.4%	28.5%	28.0%	28.4%
Employee benefits expense	14	100	279	377
Rent including lease rentals	1	150	352	571
Other Expenditures	8	242	689	869
Total Operating Expenses	22	492	1,320	1,817
Other Income	7	7	37	27
EBITDA	235	306	1,049	1,143
EBITDA Margin %	28.6%	11.0%	12.6%	11.1%
Depreciation and amortisation	141	132	547	513
EBIT	94	173	502	630
Finance Costs	92	158	489	669
PBT before exceptional	1	15	13	-39
Profit / (Loss) on sale of investment	0	0	0	101
PBT after exceptional	1	15	13	61
Tax Expenses	-15	5	1	-13
PAT	17	10	12	74

#: Financials for 3 months and 12months ended are not comparable, as March '16 includes the impact of Scheme of Arrangement between Future Enterprises Limited and Future Retail Limited.

FEL Standalone - Balance Sheet

Particulars (₹ cr.)	FEL - Standalone	
	31-Mar-16 #	31-Mar-15
Shareholders Funds		
Share capital	86	83
Equity Warrants	-	23
Share Capital Suspense	9	-
Reserves and surplus	3,224	5,092
Shareholders Funds	3,318	5,198
Compulsory Convertible Debentures	-	-
Optionally Convertible Debentures	96	150
Non-current liabilities		
Long-term borrowings	4,441	2,919
Deferred tax liabilities (Net)	59	167
Other long term liabilities	506	-
Long-term provisions	2	19
Total - Non current liabilities	5,009	3,105
Current liabilities		
Short-term borrowings	17	1,132
Trade payables	531	2,042
Other current liabilities	538	955
Short-term provisions	6	34
Total - Current liabilities	1,092	4,163
TOTAL - EQUITY AND LIABILITIES	9,515	12,616
Assets		
Fixed assets	5,700	5,107
Non-current investments	1,295	1,295
Long-term loans and advances	431	478
Total - Non current assets	7,425	6,880
Current Assets		
Inventories	860	3,523
Trade receivables	256	398
Cash and Bank balances	78	104
Short-term loans and advances	896	1,702
Other current assets	0	9
Total -Current assets	2,090	5,737
TOTAL - ASSETS	9,515	12,616

#: Financials ended March 16' is not comparable, as it includes the impact of Scheme of Arrangement between Future Enterprises Limited and Future Retail Limited.

FEL Consolidated - P&L Statement

Particulars (₹ cr.)	12 months ended	
	31-Mar-16 #	31-Mar-15
Net Sales	8,965	10,885
Other Operating Income	354	172
Total income from Operations	9,319	11,057
Purchase of stock-in-trade	6,696	8,063
Changes in inventories	(229)	(407)
Gross Profit	2,852	3,401
Gross Margin %	30.6%	30.8%
Employee benefits expense	386	469
Rent including lease rentals	443	697
Other Expenditures	998	1,110
Total Operating Expenses	1,828	2,276
Other Income	106	93
EBITDA	1,130	1,217
EBITDA Margin %	12.1%	11.0%
Depreciation and amortisation	576	542
EBIT	554	676
Finance Costs	500	679
PBT before exceptional	55	(4)
Exceptional Items	-	164
PBT after exceptional	55	160
Tax Expenses	17	2
PAT	38	158

#: Financials ended March 16' is not comparable, as it includes the impact of Scheme of Arrangement between Future Enterprises Limited and Future Retail Limited.

FEL Consolidated - Balance Sheet

Particulars (₹ cr.)	FEL - Consolidated	
	31-Mar-16 [#]	31-Mar-15
Shareholders Funds		
Share capital	158	132
Equity Warrants	-	23
Share Capital Suspense	9	
Reserves and surplus	3,251	5,236
Total - Shareholders' funds	3,417	5,391
Optionally Convertible Debentures	96	150
Zero Coupon Fully Convertible Debentures	55	-
Minority Interest	76	66
Non-current liabilities		
Long-term borrowings	4,441	2,932
Deferred tax liabilities (Net)	71	177
Other long term liabilities	1,054	496
Long-term provisions	5	21
Total - Non current liabilities	5,571	3,626
Current liabilities		
Short-term borrowings	54	1,159
Trade payables	730	2,030
Other current liabilities	567	986
Short-term provisions	13	43
Total - Current liabilities	1,364	4,216
TOTAL - EQUITY AND LIABILITIES	10,578	13,450
Assets		
Fixed assets	5,854	5,275
Non-current investments	1,567	1,622
Long-term loans and advances	477	511
Other Non-Current Assets	0	35
Total - Non current assets	7,898	7,443
Current Assets		
Inventories	872	3,534
Trade receivables	582	550
Cash and Bank balances	149	131
Short-term loans and advances	1,057	1,762
Other current assets	20	31
Total -Current assets	2,680	6,007
TOTAL - ASSETS	10,578	13,450

#: Financials ended March 16' is not comparable, as it includes the impact of Scheme of Arrangement between Future Enterprises Limited and Future Retail Limited.

- ❖ Future Retail Limited has changed its name to Future Enterprises Limited.
- ❖ Future Enterprises Limited and Bharti Retail Limited has given effect to the scheme of arrangement between Future Enterprises Limited and Bharti Retail Limited for consolidation and realignment of their businesses. The Scheme has been made effective from May 1, 2016.
- ❖ As a part of the scheme of arrangement two distinct entities has been created from the combined businesses of Future Enterprises Limited and Bharti Enterprises Limited:
 - a. Retail front-end businesses of Future Enterprises Limited, including the operations of Big Bazaar, EasyDay, Home Town, eZone, fbb, Foodhall and others has been consolidated in Bharti Retail Limited. **On 25th May, Bharti Retail Limited has changed its name to Future Retail Limited.**
 - b. Retail and backend infrastructure that supports the retail businesses of the retail chains mentioned above, along with the investments and manufacturing operations of the two entities has been consolidated into Future Enterprises Limited.
- ❖ All equity shareholders of erstwhile Future Retail Limited will continue to hold shares in Future Enterprises Limited.
- ❖ In addition, based on the record date 12th May 2016, all equity shareholders of erstwhile Future Retail Limited, irrespective of Class A and Class B (DVR shares) shares will be granted 1 full paid Equity Share of Rs 2 each of the new Future Retail Limited (formerly Bharti Retail Limited) for every 1 share held in FEL
- ❖ The shares will be credited into the demat account of shareholders within the next 7-10 days. Shareholders holding physical shares certificate will receive physical shares as well.
- ❖ Cedar Support Services Limited, a part of Bharti Group, will be issued 4,34,78,261 Equity shares of Future Enterprises Limited, as part of the Scheme.

Disclaimer

This presentation may contain forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.