

FILEF



FUTURE  
LIFESTYLE  
FASHION

# A Young India Is Getting More Fashionable

A Boston Consulting Group study suggests that the life-time consumption of a child born in 2009 in India is going to be 13X of the total spend of an Indian born in 1960.

The consumption market is expected to grow by 3.6X over the next decade. Overall consumption expenditure is likely to grow to US\$3.6 trillion in 2020. The BCG study shows that affluent urban consumers spend 2.5X more than small towns consumers.

Consumption of a child in India

	Born in 1960	Born in 2009
Life expectancy (years)	42	64
Per capita consumption at birth (US \$)	241	802
Per capita consumption at death (US \$)	531	6,151
Lifetime consumption (US \$)	14,645	184,556

13X

Source: World Bank, United Nations data set, UN population division, Euromonitor, Economist Intelligence Unit, BCG analysis  
Note: All figures are in constant 2010 US dollars  
Key assumptions: Population growth flattens after 2050, real annual GDP growth is 3% after 2020

The share of discretionary spends on categories like fashion and apparel is expected to grow at a faster rate, growing by 3.8X to US\$225 billion by 2020. The market for fashion and apparel grows, consumers show a marked preference for brands and value-added products sold through modern retail.

**3.8x**  
**Growth in spends on fashion and apparel by 2020**

# Brands & Modern Retail Are Driving Growth

Fashion retailing is amongst the most organized retailing sectors in India.

While the domestic fashion market is expected to grow from \$ 40 billion to \$ 63 billion by 2016, share of modern retail will cross 25%, supported by a CAGR of over 18%.

Apparel, Footwear and Fashion Accessories capture 33% of the wallet-share of College Going and Working Single Consumers according to Images



## 10 Years Ago

### Need Based Clothing

Shirts, Trousers, Jackets, Sarees, Salwar Kameez

### Key Purchase Parameters

Basic Function + Comfort + Price

## Current

### Occasion-Specific Clothing

Sports/Gym Wear, Festive Wear, Casual Wear, Office Wear, Party Wear, Ceremonial Wear

Brands + Look + Trends + Experience

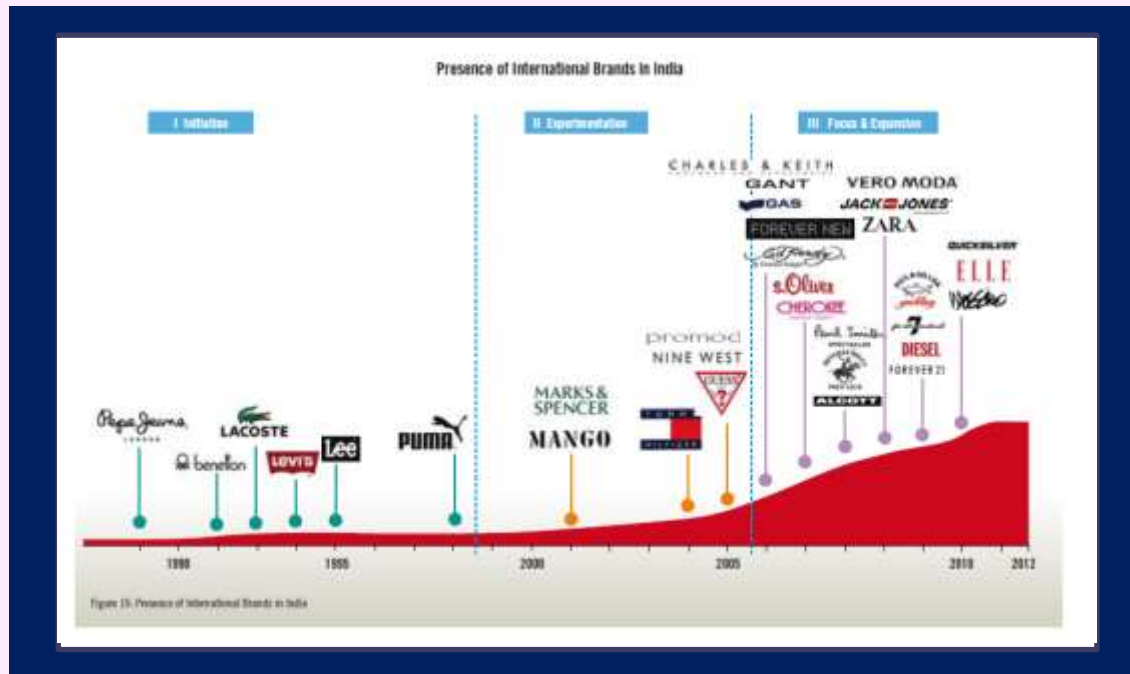
## After 10 Years

### Detail Oriented

Design-based assortments, Fast Fashion, Eco-friendly apparel, Technical Garments

Exclusivity + Technical Fashion

# Bringing In More Foreign & Domestic Players



## Policy Changes 2013

- Removal of Excise Duty on Branded Garments
- Relaxation of FDI norms in Single Brand Retailing
- Incentives for Textile Manufacturing

# FLF – Formed Through Consolidation of Future Group’s Fashion Business

**FLF**  
FUTURE LIFESTYLE FASHIONS

**MORE THAN 90,000 SHOPPING BAGS.  
ONE DAY. 25 BRANDS. ONE COMPANY.**

THERE IS ONE COMPANY THAT'S ADDING NEWNESS TO THOUSANDS OF WARDROBES IN A DAY ACROSS THE COUNTRY. THIS CHANGE COMES WITH ITS OWN PORTFOLIO OF FASHION LABELS AND RETAIL FORMATS. IT'S HELPING A COUNTRY LOOK A LITTLE MORE FASHIONABLE THAN YESTERDAY. THAT'S US.

**FLF**  
FUTURE LIFESTYLE FASHIONS

**45 MILLION NEW PINCHES IN A YEAR.  
25 BRANDS. ONE COMPANY.**

THERE IS ONE COMPANY THAT'S BEING 45 MILLION SMILING FACES ACROSS THE COUNTRY IN A YEAR AS THEY TRY OUT THEIR NEW BAGGAGES FROM ITS DIVERSE PORTFOLIO OF FASHION LABELS AND RETAIL FORMATS. IT'S HELPING A COUNTRY LOOK A LITTLE MORE FASHIONABLE THAN YESTERDAY EVERY DAY.

# The FLF Approach

1

1. Create new brands across occasions, price points and consumer groups.
2. Introduce foreign brands through exclusive licenses and joint ventures.
3. Invest in emerging domestic brands through acquiring significant minority stakes.

2

1. Leverage the company's extensive retail network of department stores, outlet malls and specialty retail stores to grow these brands.
2. Continuously grow this retail network .
3. Within the retail space, brands compete shoulder-to-shoulder with other domestic & foreign brands. Brands are built within a much shorter frame and lower brand building costs.

3

1. Brand margins on average improve by 200-300 basis points for every Rs 100 crore growth in brand sales leading to higher Return on Investments for the company.
2. Timely exit from investments and joint ventures once these brands mature.
3. Invest in creating new brands through new launches and/or acquisitions.

# Denim Wear Brands

**BARE**  
DENIM  
KEEPING IT REAL

**BARE**  
DENIM  
KEEPING IT REAL

**BARE**  
LEISURE  
KEEPING IT REAL

**BARE**  
KIDS  
KEEPING IT REAL

Launched: 1990  
Core Category: Denims  
Category Extensions:  
Leisurewear, Womenswear, Kidswear  
Current MRP Size:  
Above Rs 300 crore  
Distribution:  
Central, Brand  
Factory, Pantaloons



Launched: In 2007 through an exclusive licensee arrangement  
Core Category: Denims  
Category Extensions: Lee Cooper  
Signature for the value segment  
Current MRP Size: Above Rs 400 crore  
Distribution: Central, Brand  
Factory, Pantaloons,  
FBB and 1 EBO



# Casual Wear

 **SCULLERS**  
this is life

Launched: 1999, acquired in 2005  
Core Category: Chinos and Trousers  
Category Extensions: Menswear, Women's formalwear, Sportswear  
Current MRP Size: Above Rs 100 crore  
Distribution: Central, Brand Factory, Pantaloons, Reliance Trends, 64 Exclusive Brand Outlets, 124 MBOs



**INDIGO NATION**

Launched: 1999, acquired in 2005  
Core Category: Mens Casualwear  
Current MRP Size: Above Rs 170 crore  
Distribution: Central, Brand Factory, Pantaloons, Reliance Trends, MegaMart, Prateek, 71 Exclusive Brand Outlets, 150MBOs



# Men's Formal Wear



Launched: 2005

Core Category: Men's Formal Wear

Category Extensions: Fabric, Occasion Wear and Accessories

Current MRP Size: Above Rs 50 crore

Distribution: Central, Brand

Factory, Pantaloons, General Trade



  
URBANA

Launched: 2007

Core Category: Mens Formal Wear

Category Extension: Accessories, Occasion Wear

Current MRP Size: Above Rs 50 crore

Distribution: Central, Brand

Factory, Pantaloons, with 7 Exclusive Outlets.

Also sold online

# Women Wear Brands

NOTHING FITS LIKE  
**JERLOUS 21**

Launched: Acquired in 2005  
Core Category: Women denim wear  
Category Extensions: Women's Casualwear  
Current MRP Size: Above Rs 100 crore  
Distribution: Central, Brand  
Factory, Pantaloons, Exclusive Brand  
Outlets and MBOs



**MOHR**

Launched: 2013  
Core Category: Women's Fusion Wear  
Current MRP Size: Less than Rs 50 crore  
Distribution: Central, Brand Factory

# Footwear, Handbags and Accessories

## Clarks

Launch: 1825, Launched in India in 2011 through a Joint Venture

Core Category: Men & Women Footwear

Category Extensions: Women Handbags

Distribution: Central, Brand Factory, 24

Exclusive Brand Outlets and MBOs



## holii

Launched: 2009 as part of a joint venture partnership between Hidesign.

Core Category: Premium Leather Bags and Accessories

Current MRP Size: Above Rs 10 crore

Distribution: Sold from over 70 locations across India through MBOs, airports and exclusive boutiques.

# Brands Targeting Niche Categories



Launched: 2005

Core Category: Ready to wear fashionable western and ethnic wear and accessories

Focus: Established itself in the niche plus size clothing category

Distribution: Central, Brand Factory, Pantaloons and 24 Exclusive Brand Outlets



Launched: 2005

Core Category: Yoga Apparel and Accessories for Men and Women

Category Extensions: Casual Wear and Active Wear

Distribution: Central, Brand

Factory, Pantaloons, 3 Exclusive Stores and through online partners

# International Brands



Launch in India: 2011  
through an exclusive  
licensing agreement  
Core Category: Premium  
Lifestyle Sportswear  
MRP Sales: Around Rs 50  
crore  
Distribution:  
Pantaloons, Central, Planet  
Sports, Shoppers Stop and  
Exclusive Brand Outlets



## celio\*

Launch in India: Joint venture since 2008  
Core Category: Men Casual Wear and Denim-  
Wear  
MRP Sales: Above Rs 100 crore  
Distribution: Central, Brand  
Factory, Pantaloons and Exclusive Stores

# Retail – Department Stores



A national chain of department stores located mostly in standalone, marquee properties located at city centers. Houses over 500 brands along with multiplexes, restaurants, food courts and its very own radio station.

# Retail – Specialty Chains



A chain of outlet malls that act as reverse logistics chain for brands retailed through Central. Also acts as a stopover hub for consumers graduating to lifestyle retailing. Retailing the same brands and products available at Central at 'smart' prices and now developing brands that will be exclusive to this chain.



A sportswear chain that houses foreign labels as well as company brands like Converse, Spalding, Clarks and Spunk.



A newly launched small-format chain targeted specifically at the college crowd retailing the company's brand

# National Presence of Central & Brand Factory

Across

**30 cities**

Covers

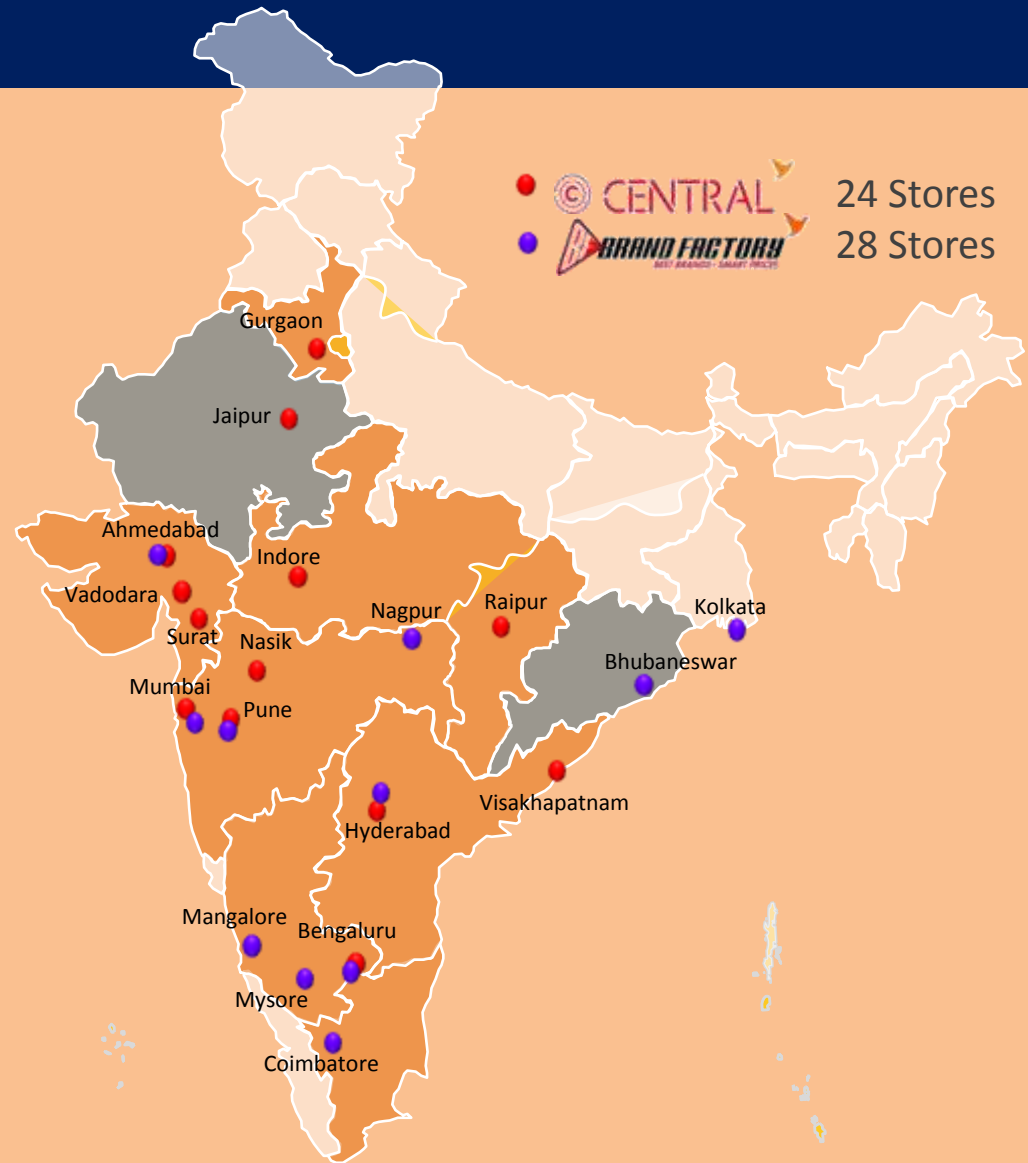
**3.5 million sq. ft.**

Attracts

**45 million  
consumers**

Sells

**Almost half a billion  
dollar worth of  
merchandise.**



**Retail space expected to grow from 4 million currently  
to 5.4 million by 2016**



# BIBA Case Study

## Business overview

- Founded by Meena Bindra, BIBA was a line of women's ethnic wear including Salwar, Kameez and Dupattas started in 1986
- BIBA's first standalone store was opened in Mumbai in 2004 and today BIBA has over 122 exclusive outlets in over 60 cities pan India
- BIBA is also available in MBO's like Shopper Stop, Pantaloons, Lifestyle, Central across the country.
- Employs over 900 people

## Brand Portfolio

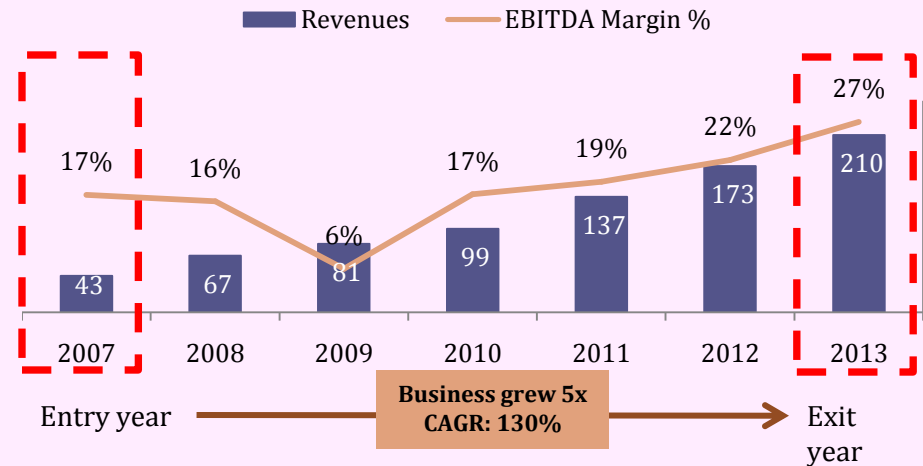
### • BIBA Women



### • BIBA Girls



## Top line growth coupled with margin expansion



## Investment and exit

- Future Group acquired 25.8% for a total investment of ₹42 cr.
- In September 2013, the company divested its 25.8% stake in BIBA Apparels in favor of a leading PE fund.
- Exited stake at 15X FY 14(E) EBITDA and 6x investment value
- The total proceeds from the sale was ₹235 cr.

# AND Designs Case Study

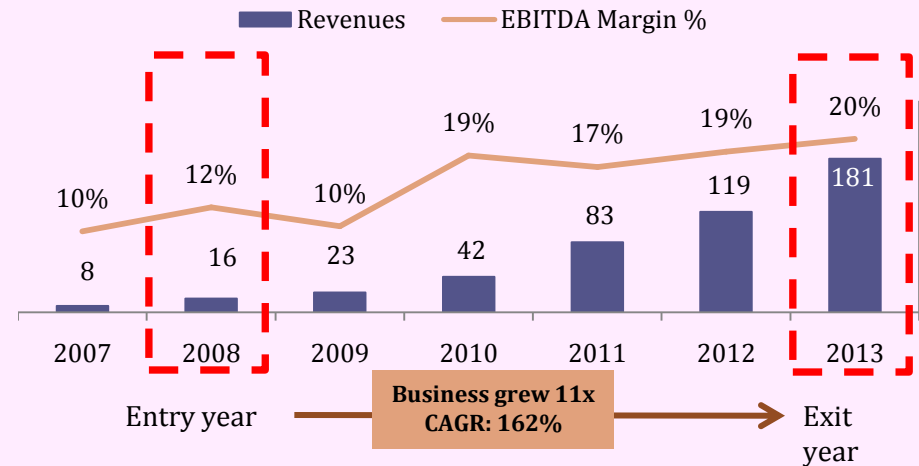
## Business overview

- Established in the year 1998, AND Designs is the brainchild of Anita Dongre, Meena Sehra and Mukesh Sawlani
- AND, the inimitable label represents high street fashion at a sensible price
  - It meets the fashion needs of celebrities, teenagers, young mothers, the career woman and the socialite
- On AND's success trail came the launch of signature, premium label – the ANITA DONGRE IINTER PRET followed by the couture line ANITA DONGRE TIMELESS
- Brands AND & GLOBAL DESI are currently being retailed from over 350 retail points in India, including exclusive stores and multi-brand lifestyle stores across the country

## Brand Portfolio



## Top line growth coupled with margin expansion



## Investment and exit

- Future Group acquired 22.9% in AND Designs for a total investment of ₹6 cr.
- In November 2013, the company divested its 22.9% stake in AND Designs in favor of a leading PE fund
- Exited at 15X FY 14(E) EBIDTA and at 24x investment value
- The total proceeds from the sale was ₹145 cr.

# Many more brands heading towards similar inflection points

Over  
Rs.300cr  
Revenues



Over  
Rs.100cr  
Revenues

JOHN MILLER

celio\* TURTLE

INDIGO NATION  
CHANGEISM



UTILITY CLOTHING

SCULLERS  
this is life

NOTHING FITS LIKE  
JERLOUS 21

Clarks

Under  
Rs.100cr  
Revenues

LOMBARD

URBANA

DANIEL HECHTER  
PARIS

mother earth  
THE. DIRT. SHOP



mineral

URBAN YOGA  
FREE, SPIRITED, AND FULL OF LIFE



CONVERSE

SPALDING  
TRIAL TO THE GAME

trèsmode  
holii

Men

Unisex

Women

Sports/Active  
Wear

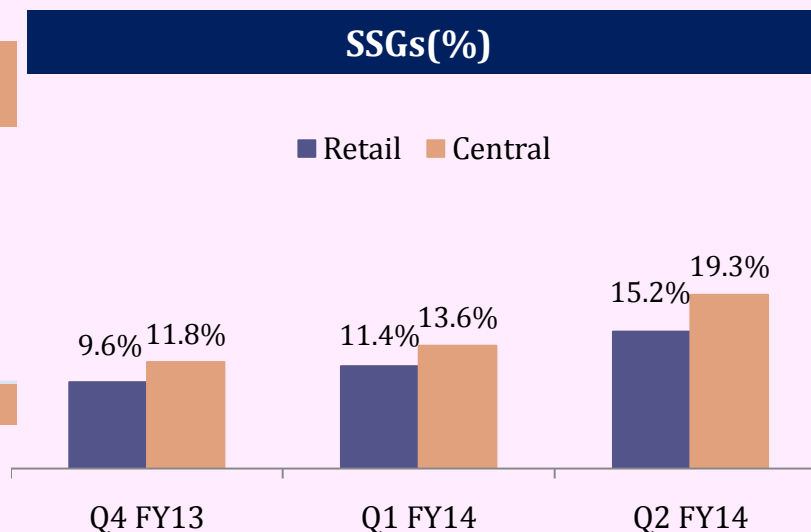
Footwear &  
Accessories

# Financial Performance

Income Statement	Quarter ended (₹ cr.)		
	Q2 FY14 Jul-Sep '13	Q1 FY14 Apr-Jun '13	Q4 FY13 Jan-Mar '13
Particulars			
Net Sales	690	611	630
Other Operating Income	20	24	22
<b>Total Income from Operations</b>	<b>710</b>	<b>635</b>	<b>652</b>
COGS	449	392	412
<b>Gross Profit</b>	<b>261</b>	<b>244</b>	<b>240</b>
<b>Gross Margin %</b>	<b>36.8%</b>	<b>38.3%</b>	<b>36.9%</b>
Employee Benefits Expense	30	27	26
Rent including Lease Rental	71	67	67
Other Expenditures	84	73	78
<b>Total Expenditure</b>	<b>186</b>	<b>167</b>	<b>170</b>
Other Income	1	1	1
<b>EBITDA</b>	<b>76</b>	<b>78</b>	<b>71</b>
<b>EBITDA Margin %</b>	<b>10.8%</b>	<b>12.2%</b>	<b>10.9%</b>
Depreciation	27	27	24
EBIT	49	51	47
Finance Costs	42	40	42
PBT	7	11	5
Exceptional Items	155	0	0
Tax expense	52	4	2
<b>Net profit</b>	<b>109</b>	<b>8</b>	<b>4</b>

**Note:** : Standalone results do not include investee companies – AND, Turtle, Clarks, Celio, Holii, etc.  
Year ending for FLFL will be 31<sup>st</sup> March.

Store Network as of 30th September 2013		
Format	# of stores	Retail space (mn sq ft)
Central	23	2.54
Brand Factory	30	1.01
Planet Sports	44	0.21
aLL	27	0.04
EBOs and Others	172	0.24
<b>Grand Total</b>	<b>296</b>	<b>4.05</b>



# Balance Sheet & Shareholding Pattern

Balance Sheet as of	(₹ cr.)
Particulars	30-Sep-13
<b>Total - Shareholders' Funds</b>	<b>1,390</b>
<b>Non-Current Liabilities</b>	
Long-Term Borrowings	935
Deferred Tax Liability (Net)	50
Long-Term Provisions	4
<b>Total - Non Current Liabilities</b>	<b>989</b>
<b>Current Liabilities</b>	
Short-Term Borrowings	355
Trade Payables	548
Other Current Liabilities	191
Short Term Provisions	60
<b>Total - Current Liabilities</b>	<b>1,154</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>3,534</b>
<b>Assets</b>	
Fixed Assets	1,380
Non-Current Investments	126
Long-Term Loans and Advances	277
<b>Total - Non Current Assets</b>	<b>1,782</b>
<b>Current Assets</b>	
Current Investment	7
Inventories	1,132
Trade Receivables	222
Cash and Bank Balances	47
Short-Term Loans and Advances	344
Other Current Assets	0
<b>Total -Current Assets</b>	<b>1,751</b>
<b>TOTAL - ASSETS</b>	<b>3,534</b>

Shareholding as of 30-Sep-2013		
	# of shares	% holding
Promoters	5,00,64,774	32.4%
Future Retail Ltd	3,03,84,885	19.7%
Foreign Institutions	2,86,54,784	18.6%
Domestic Institutions	52,98,432	3.4%
Retail Investors	4,00,70,356	25.9%
<b>Total</b>	<b>15,44,73,231</b>	<b>100.0%</b>

Investment Summary			
Company	% stake	Revenues (Rs in crore)	
		FY 2013	FY 2014 (E)
Turtle Ltd	26.0%	128	159
Celio Future Fashion	35.0%	65	129
Clarks Future Footwear	50.0%	53	113
Industree (Mother Earth)	63.3%	20	39
KFC Shoemaker (Tresmode)	33.3%	15	33
Mineral Fashions	37.0%	5	10
Holii Accessories	50.0%	5	12

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