

Future Consumer Limited

June 10, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	102.20	CARE D (Single D)	Rating removed from ISSUER NOT COOPERATING category and reaffirmed
Long Term / Short Term Bank Facilities	305.75	CARE D (Single D)	Rating removed from ISSUER NOT COOPERATING category and reaffirmed
Short Term Bank Facilities	1.70	CARE D (Single D)	Rating removed from ISSUER NOT COOPERATING category and reaffirmed
Total Bank Facilities	409.65 (Rs. Four Hundred Nine Crore and Sixty-Five Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Future Consumer Limited (FCL) primarily factors in continued poor liquidity position leading to reduced cash accruals on account of uncertain business environment coupled with increased fixed costs for the company. The ratings also factor in stretched liquidity position of the Future Group which has impacted the financial flexibility of the company. Further, the ratings also consider the annulment of Reliance- Future deal which might further strain the financial health of the company.

Rating Sensitivities:

Positive Rating Sensitivities:

- ✓ Improvement in the operations and cashflows across the Future Group

Outlook: NA

Detailed description of the key rating drivers

Key Rating Weaknesses

Weak financial profile

The Total Operating Income (TOI) of the company improved from Rs 648.20 crore in FY21 to Rs 970.09 crore in FY22 at the back increased consumer discretionary spending post upliftment of lockdown. However, the company continues to be in losses owing to high overhead costs and no sufficient revenue cushion to absorb the same. During FY22, the share capital of the Company has increased by Rs.5.99 crore by issuing equity shares of Rs.6/- each as a fresh issue.

Non-Implementation of Reliance-Future deal

As per the direction of the Honorable court, FCL has scheduled meeting with equity shareholders, secured creditors, and unsecured creditors for voting on the implementation of RIL-FRL Deal. However, 100% of the secured creditors voted against the deal which led to the non-implementation of composite scheme of arrangement between Future Group entities and Reliance Group entities.

Key Rating Strengths

Experienced Promoters & Management

The promoters of FCL have been closely involved in the management of business and in defining & monitoring the business strategy for the company. Mr. Kishore Biyani, the founder and Group CEO of the Future group, is widely recognized as a pioneer of modern retail in India. Furthermore, the promoters are supported by a strong management team having significant experience in retail industry.

Liquidity: The liquidity position of the company is stretched. The company has started OTR implementation from May 07, 2021. One of the group companies has defaulted on NCD repayment. The average working capital utilization is around 95%.

Analytical approach: Standalone

Applicable Criteria

Policy on default recognition

Analytical Treatment of Restructuring - COVID

Financial Ratios – Nonfinancial Sector

Liquidity Analysis of Non-financial sector entities

Policy On Curing Period

Short Term Instruments

Retail

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

About the Company

Future Consumer Ltd. (FCL, erstwhile known as Future Consumer Enterprise Ltd.) is a part of the Future Group and operates as a food company. The company's line of business include branding, marketing, sourcing, manufacturing, and distribution of basic foods, ready to eat meals, snacks, beverages, dairy, personal hygiene and home care products of private label brands of the Future Group (such as Premium Harvest, Golden Harvest, Ektaa, Clean mate, Caremate, Tasty Treat, Fresh & Pure, Voom etc.) and other brands like Sunkist and Sach, primarily through Future group formats and outlets in urban and rural areas across India.

Brief Financials (Rs. crore)	31-03-2021 (A)	31-03-2022 (P)
Total operating income	648.28	970.09
PBILDT	-25.51	-238.59
PAT	-410.76	-546.87
Overall gearing (times)	0.73	1.86
Interest coverage (times)	-0.36	-3.89

A: Audited; P: Published

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT/ ST-Working Capital Limits		-	-	-	305.75	CARE D
Fund-based - LT-Cash Credit		-	-	-	16.00	CARE D
Fund-based - LT-Funded Interest term Loan		-	-	-	31.06	CARE D
Non-fund-based - ST-BG/LC		-	-	-	1.70	CARE D
Fund-based - LT-Term Loan		-	-	-	55.14	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT/ ST-Working Capital Limits	LT/ST*	305.75	CARE D	1)CARE D; ISSUER NOT COOPERATING* (03-May-22)	1)CARE D (03-Feb-22)	1)CARE D (22-Mar-21) 2)CARE D (06-Oct-20) 3)CARE C / CARE A4 (08-Sep-20) 4)CARE BB / CARE A4 (CWD) (27-Jul-20) 5)CARE A- / CARE A2+ (CWN)	1)CARE A / CARE A1 (26-Mar-20) 2)CARE A; Stable / CARE A1 (20-Sep-19)

							(15-May-20)	
2	Fund-based - LT-Cash Credit	LT	16.00	CARE D	1)CARE D; ISSUER NOT COOPERATING * (03-May-22)	1)CARE D (03-Feb-22)	1)CARE D (22-Mar-21) 2)CARE D (06-Oct-20) 3)CARE C (08-Sep-20) 4)CARE BB (CWD) (27-Jul-20) 5)CARE A- (CWN) (15-May-20)	1)CARE A (CWN) (26-Mar-20) 2)CARE A; Stable (20-Sep-19)
3	Fund-based - LT-Funded Interest term Loan	LT	31.06	CARE D	1)CARE D; ISSUER NOT COOPERATING * (03-May-22)	1)CARE D (03-Feb-22)	1)CARE D (22-Mar-21) 2)CARE D (06-Oct-20) 3)CARE A4 (08-Sep-20) 4)CARE A4 (CWD) (27-Jul-20) 5)CARE A2+ (CWN) (15-May-20)	1)CARE A1 (CWN) (26-Mar-20) 2)CARE A1 (20-Sep-19)
4	Non-fund-based - ST-BG/LC	ST	1.70	CARE D	1)CARE D; ISSUER NOT COOPERATING * (03-May-22)	1)CARE D (03-Feb-22)	1)CARE D (22-Mar-21) 2)CARE D (06-Oct-20) 3)CARE A4 (08-Sep-20) 4)CARE A4 (CWD) (27-Jul-20) 5)CARE A2+ (CWN) (15-May-20)	1)CARE A1 (CWN) (26-Mar-20) 2)CARE A1 (20-Sep-19)
5	Commercial Paper	ST	-	-	-	-	1)Withdrawn (04-Sep-20) 2)CARE A4 (CWD) (27-Jul-20) 3)CARE A2+ (CWN) (15-May-20)	1)CARE A1 (CWN) (26-Mar-20) 2)CARE A1 (20-Sep-19)
6	Fund-based - LT-Term Loan	LT	55.14	CARE D	1)CARE D; ISSUER NOT COOPERATING * (03-May-22)	1)CARE D (03-Feb-22)	1)CARE D (22-Mar-21) 2)CARE D (06-Oct-20)	1)CARE A (CWN) (26-Mar-20)

							3)CARE C (08-Sep-20)	2)CARE A; Stable (20-Sep-19)
							4)CARE BB (CWD) (27-Jul-20)	
							5)CARE A- (CWN) (15-May-20)	
7	Debentures-Non-Convertible Debentures	LT	-	-	-	1)Withdrawn (03-Feb-22)	1)CARE D (22-Mar-21)	1)CARE A (CWN) (26-Mar-20)
							2)CARE D (06-Oct-20)	2)CARE A; Stable (20-Sep-19)
							3)CARE D (08-Sep-20)	
							4)CARE BB (CWD) (27-Jul-20)	
							5)CARE A- (CWN) (15-May-20)	

*Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Funded Interest term Loan	Simple
3	Fund-based - LT-Term Loan	Simple
4	Fund-based - LT/ ST-Working Capital Limits	Simple
5	Non-fund-based - ST-BG/LC	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact

Name: Mradul Mishra
Phone: +91-22-6754 3573
E-mail: mradul.mishra@careedge.in

Analyst Contact

Name: Hitesh Avachat
Phone: 9867560007
E-mail: hitesh.avachat@careedge.in

Relationship Contact

Name: Saikat Roy
Phone: +91-98209 98779
E-mail: saikat.roy@careedge.in

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