DECEMBER 28, 2016

CARE REAFFIRM RATINGS ASSIGNED TO VARIOUS FACILITIES AND INSTRUMENTS OF FUTURE CONSUMER LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities (Fund-based)	240	**CARE A; Stable (Single A; Outlook: Stable)**	Reaffirmed
Short-term Bank Facilities (Fund-based)	20	**CARE A1 (A One)**	Reaffirmed
Short-term Bank Facility (Non-fund-based)	40	**CARE A1 (A One)**	Reaffirmed
Long/Short-term Bank Facilities (Fund-based)	40	**CARE A; Stable/ CARE A1 (Single A; Outlook: Stable / A One)**	Reaffirmed
Long-term Bank Facility (Term Loan)	27	**CARE A; Stable (Single A; Outlook: Stable)**	Assigned
Non-Convertible Debenture	100	**CARE A; Stable (Single A; Outlook: Stable)**	Reaffirmed
Total Facilities	**467 (Rupees Four hundred and sixty seven crore only)**		

Rating Rationale

The reaffirmation of the ratings of Future Consumer Ltd. (FCL, erstwhile Future Consumer Enterprise Ltd.) takes into account the successful raising of equity of Rs.450.60 crore in Q1FY17 as well as improvement in operational performance in FY16 (refers to the period April 1 to March 31) on account of hiving off of loss-making convenience store business. The ratings continue to derive strength from the experienced promoter group of FCL in retail sector as well as its presence across the fast moving consumer goods (FMCG) value chain – from sourcing and processing, to branding and distribution in rural and urban markets. The ratings also factor in the established private label FMCG brands of the company.

The rating strengths are however tempered by low profitability, and intense competition from organised and unorganised sector players.

The ability of the company to achieve its revenues as envisaged along with increase in private brands format remains critical from a credit perspective.

Outlook : Stable

Background

Future Consumes Limited (FCL, erstwhile Future Consumer Enterprise Ltd) is a part of the Future Group and distributes private label FMCG brands of the Future group (mainly *Clean Mate*, *Care Mate*, *Tasty Treat* and *Fresh & Pure*) and other brands like Sunkist and Sach, primarily through Future Group formats in urban and rural areas. Till January 31, 2016, FCL

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

also used to operate retail formats (Aadhar, KB's Fairprice and Big Apple), however the same have been transferred to Future Retail Ltd. (FRL) with effect from February 01, 2016.

Earlier the company was engaged in Non-Banking Financial Company (NBFC) activities and has already surrendered its NBFC Certificate of Registration to the Reserve Bank of India (RBI) during May 2013. The confirmation by RBI has also been received in August 2015.

On January 30, 2015, the High Court approved the amalgamation of Future Agrovet Ltd. with its holding company FCL with effect from April 01, 2014. FAL was primarily engaged in agro-retail operations by way of sourcing of various agro commodities for Future Group entities.

During FY16 (refers to the period April 1 to March 31), FCL registered a loss of Rs.63.55 crore on total operating income of Rs.1368.33 crore on a standalone basis. During H1FY17, FCL (Standalone) incurred a loss of Rs.3.57 crore on a total income of Rs.810.34 crore. On a consolidated basis, the company posted net loss of Rs.124.25 crore on a total operating income of Rs.1775.09 crore during FY16.

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Note: Shri. V.K. Chopra, Rating Committee Member is a Non-Executive Chairman on the board of Future Enterprises Ltd. (group company of Future Consumer Ltd.) and hence, the note is not sent to him. To comply with the regulations, the Member is required not to participate in the rating process and the Rating Committee Meeting and press disclosure about the same is to be made by the CRA.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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