

 Early Warning System

IFC-37943

FCEL



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## Quick Facts

<b>Countries</b>	India
<b>Financial Institutions</b>	International Finance Corporation (IFC)
<b>Status</b>	Active
<b>Bank Risk Rating</b>	B
<b>Voting Date</b>	2017-06-27
<b>Borrower</b>	FUTURE CONSUMER ENTERPRISE LIMITED
<b>Sectors</b>	Finance
<b>Investment Type(s)</b>	Equity
<b>Investment Amount (USD)</b>	\$ 19.92 million



## Project Description

### PROJECT DESCRIPTION

The proposed investment is of upto INR1,340 million into Future Consumer Enterprise Limited ("FCEL" or the "company") in the form of compulsorily convertible debentures and common shares. FCEL, alongwith two other sister companies - Future Retail Limited (FRL) and Future Lifestyle Fashions Limited ("FLFL"), are part of what is herein referred to as the Future Group (the "group"). All 3 entities - FRL, FCEL and FLFL - are listed on the Bombay Stock Exchange (BSE).The Future Group is India's largest domestic retailer with operations spread over 18 million square feet with a presence in multiple retail formats. The group started its retail operations by opening its flagship store "Pantaloons" in 1997. Subsequently, the group has forayed into various formats ranging from hypermarkets (Big Bazaar) and supermarkets (Food Bazaar) to electronic stores (eZone), home decoration stores (HomeTown), lifestyle fashion store (Central), premium foods (Food hall), apparel (Brand Factory), etc. Most of the retail businesses of the group are housed under FRL, which is India's largest multi-format retailer with over 10 million square feet of retail space, the company serves customers in more than 100 cities across the country. The fashion business is currently under FLFL.FCEL is an integrated food company with an integrated business model (from farm to fork) and presence across four segments of the value chain:Brands business: FCEL has brand presence across multiple food & fast moving consumer goods (FMCG) categories with a mix of in-house as well as acquired brands of:Processed food (cookies, jams, chips, corn flakes, snacks etc.)Home and personal care (cleaning range, aluminum foils, tissues etc.)Emerging categories (frozen snacks, frozen vegetables, edible oil etc.)Production of these brands is mostly outsourced to a number of suppliers.Convenience stores business: The company is also a franchisor of convenience store brand - KB Conveniently Yours ("KBCY"). There are presently 119+ KBCY stores located in national capital region of Delhi (Delhi-NCR) and Mumbai, the operations of which have been franchised to FRL.In addition, in 2014, the company acquired the South India focused franchised retail chain "Nilgiris", which has currently has 156+ stores (on average ~1800 ft2 or 167 m2stores) run by its franchisees mainly in Tamil Nadu and Bengaluru. These stores will continue to function under the Nilgiris brand name and new stores will continue to be opened under this brand as well. Nilgiris also has a dairy processing facility and a bakery both located in industrial areas near Bengaluru.Food manufacturing & processing: The company has a majority stake in the Integrated Food Park (the "food park") in Tumkur, near Bengaluru, in Karnataka, which is developed in an area of 110 acres.The food park has been divided into a number of plots and the company is offering land, flatted factory space as well as "Plug & Play" infrastructure for small and medium enterprises or companies looking to set up processing units in the food space. Currently, FCEL is operating its pulping, fruits and vegetables (F&V) packing, frozen F&V, spice grinding and packing, and frozen snacks. Also, two of the joint venture (JV) companies are operating within the food park manufacturing sauces and rice flour. FCEL's own flour and rice mills are under construction at the food park. Few of the plots have already been leased to external companies and construction is yet to start on these plots. Associated facilities provided at the food park includes cold rooms, warehouses, grain silos, grid power, water supply, water treatment plant (WTP), effluent treatment plant (ETP), fire hydrant system, roads and office space for temporary use.Agri-product sourcing: FCEL has presence in sourcing of agriculture commodities and fresh produce (like fruits and vegetables, staples (rice, wheat, sugar) spices, oils), estimated at over 100,000 tons from around 51 collection centers ("sourcing hubs") across India. These are then processed at one of the six major processing centers of the company for grading, sorting, quality control and packaging, and then distributed to 20 distribution centers in various locations in India and then delivers to modern and general retail stores in almost 100 cities.FCEL is also forging JVs in categories like oats, chutneys and sauces. Recently, FCEL created a joint venture - Aussee Oats Milling Private Ltd for oats. Further it invested 51% and 21.26% in Sublime Foods Private Ltd and Sarjena Foods. Sublime Foods manufactures and distributes processed foods like specialty sauces, salad dressings, cooking pastes, spreads and dips (the facility is located within the food park). Sarjena Foods is engaged in biscuits and rusks under the brand name, Baker Street. It supplies to modern retailers in India and exports to 19 countries. Other business of FCEL also includes Amar Chitra Katha Media, a content



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## Investment Description

- International Finance Corporation (IFC)

he founder of Future Group – comprising various entities in retail and associated businesses including FCEL, Future Retail Limited (FRL), Future Lifestyle Fashions Limited and others – Mr. Kishore Biyani and his various intermediate investment entities (Sponsor) control 33.7 percent of FCEL, and FRL owns 9.9 percent. Other key institutional investors include Arisaig Partners Asia (Pte) Ltd (9.2 percent ownership), Verlinvest S.A. (6.5 percent ownership), and Bennett Coleman & Co. Ltd. (6.4 percent ownership).



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## Contact Information

### ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org). You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>

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