

## Rating Rationale

29 Nov 2023

### Future Enterprises Ltd.

Brickwork Ratings has reaffirmed the Rating for the Non-Convertible Debentures of Rs. 654.00 Crs of Future Enterprises Ltd, based on the best available information, as the issuer did not cooperate.

#### Particulars:

Instrument	Previous Amount (Rs. Cr)	Present Amount (Rs. Cr)	Tenor	Previous Rating Nov 22, 2022	Present Rating#
NCD - Rs. 300 Crs (Issue Amount Rs. 104.00 Crs)	104.00	<b>104.00</b>	Long Term	BWR D ISSUER NOT COOPERATING*/ Reaffirmed	<b>BWR D</b> Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed
NCD (Issue Amount Rs. 250.00 Crs)	250.00	<b>250.00</b>			
NCD (Issue Amount Rs. 300.00 Crs)	300.00	<b>300.00</b>			
<b>Total</b>	654.00@	<b>654.00@</b>	<b>Rupees Six Hundred Fifty Four Crores Only</b>		

#Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings

\*Issuer did not co-operate; based on the best available information

@ O/s Amount is Rs. 576 Crs as per available information.

#### RATING ACTION/OUTLOOK/NATURE OF NON-COOPERATION

The rating of Future Enterprises Limited (or “the Company”) was due for review in November 2023 and BWR took up with the issuer to provide the required information through emails. Despite the best efforts of BWR to get the minimum required information for a review, the company has not provided the same. In the absence of adequate information from the Company, BWR is unable to assess the company’s performance, and its ability to service its debt and maintain a valid rating. The debenture trustee has informed the BWR that the default is continuing. Hence, BWR has reaffirmed the rating of the company at BWR D continues to be in ISSUER NOT COOPERATING Category\*.

\*Issuer did not co-operate; based on the best available information

## LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide the required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

## COMPANY PROFILE (Information as available with BWR)

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Services	Retailing	Distributors

Future Enterprises Ltd. (FEL) is a future group of companies, it houses the physical assets apart from strategic investments in various companies. The company is also in the business of manufacturing men's wear, women's wear and kids' wear in the denim segment. FEL has three lines of business, namely lease rental; the manufacture, distribution and trading of fashion garments and a strategic investments portfolio. The promoters of FEL is a part of Future group led by Mr. Kishore Biyani, have been closely involved in the management of the business and in defining and monitoring the business strategy for the company.

Future Enterprises Ltd is currently going through a corporate insolvency resolution process. The CIRP was initiated against FEL by NCLT on February 27, 2023, and Mr Avil Menezes was appointed as Resolution Professional on July 05, 2023. After that, no further updates on CIRP are available. Future Retail Limited, the flagship company of the group, is also currently going through a corporate insolvency resolution process.

## KEY FINANCIAL INDICATORS (Consolidated)

Key Parameters	Units	FY 2021	FY 2022	FY 2023
Result Type		Audited	BSE Published	
Total Operating Income	Rs. Crs	1422.14	2193	N.A.
EBITDA	Rs. Crs	167.50	-163	N.A.
PAT	Rs. Crs	-1220.17	-3172	N.A.
Tangible Net Worth	Rs. Crs	2155.98	-960.93	N.A.
Total Debt/TNW	Times	2.72	-7.72	N.A.
Current Ratio	Times	1.11	-	N.A.



### **KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED**

The company has made an NCD issue of Rs. 300.00 Cr, Rs. 300 Cr and Rs. 250 Cr with a tenor up to 10 years. The NCD has a bullet repayment at the end of the maturity. The NCDs are secured by a first pari passu charge on the specific assets of the company. Further details are specified in Annexure 1.

As one of the Events of default clauses, the company has to maintain a security cover of 1.25x at all times during the period of the NCD for the as-on-date outstanding amount of debentures. If the company is not able to maintain the same the company has an option to provide additional/replacement of security with consultation with the debenture trustee. If the security cover falls below 1.25x the issuer shall create additional assets within 30 calendar days to ensure maintenance of the stipulated security cover. If the company is unable to top up security within 30 days, the company shall refund such shortfall amount within 5 calendar days. If the company fails to comply with the covenants, the debenture trustee will give a written notice to the issuer and the issuer is required to regularise the same within 30 days of the notice. If still the company/issuer is not able to regularise the security cover, then the debenture holder shall by a notice in writing to the company mentioning the same or the same it will attract a 2% penalty over the coupon rate. If one or more of the events as specified under clause event of default shall occur or continue, then the Debenture holder shall by a notice in writing to the company declare all the debentures outstanding together with redemption premium, if any, and all occurred interest thereon to be due and upon such declaration the same shall thereupon become due and payable forthwith.

**RATING HISTORY FOR PREVIOUS THREE YEARS (Including withdrawn and suspended)**

S N o	Instru ment	Current Rating (2023)			2022	2021	2020										
		Type	Amount (Rs Cr)	Rating													
1	NCD	Long Term	104	BWR D Continues to be in ISSUER NOT COOPERAT ING* category/Rea ffirmed	BWR D ISSUER NOT COOPERATING */Reaffirmed (22 November)	BWR D Downgraded (22 November)	<table border="1"> <tr> <td>NCD</td> <td>25</td> <td>Withdrawn</td> </tr> <tr> <td>NCD</td> <td>300</td> <td rowspan="3">BWR AA- Credit Watch with Developing Implications/ Downgraded</td> </tr> <tr> <td>NCD</td> <td>250</td> </tr> <tr> <td>NCD</td> <td>300</td> </tr> </table> <p>(20 March)</p> <p>BWR A Credit Watch with Negative Implications/Downgraded (13 April)</p> <p>BWR A- Credit Watch with Negative Implications/Downgraded (27 May)</p> <p>BWR BB+ Credit Watch with Negative Implications/Downgraded (31 July)</p> <p>BWR C/Downgraded (21 August)</p>	NCD	25	Withdrawn	NCD	300	BWR AA- Credit Watch with Developing Implications/ Downgraded	NCD	250	NCD	300
NCD	25		Withdrawn														
NCD	300		BWR AA- Credit Watch with Developing Implications/ Downgraded														
NCD	250																
NCD	300																
2	NCD	250															
3	NCD	300															
			654.00 (O/s Amount is Rs. 576 Crs)	Rupees Six Hundred and Fifty Four Crores Only													

**COMPLEXITY LEVELS OF THE INSTRUMENTS: Complex**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)



**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY**

ACUTE D ISSUER NOT COOPERATING Reaffirmed on October 27, 2023. INC is on account that the issuer/borrower had failed to submit the requisite information.

CARE D ISSUER NOT COOPERATING; Reaffirmed on April 28, 2023, as FEL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise

IVR D ISSUER NOT COOPERATING; Reaffirmed on March 10, 2023. INC is on account of the non-submission of relevant information.

**Any other information: NA**

**Hyperlink/Reference to Applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Default Recognition and Default Curing Period](#)
- [What Constitutes Non-Cooperation](#)
- [Consolidation of Companies](#)
- [Service Sector](#)

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**Future Enterprise Limited -Annexure I**

**Details of NCDs rated by BWR:**

Sr. No.	Instrument /Facility	ISIN No	Issue Date	Amount (Rs. Cr)	Coupon and Coupon frequency	Maturity Date
1	NCD	INE623B07404	13-Oct-16	25.00*	9.75% payable semi-annually	13-Oct-21
2		INE623B07412	13-Oct-16	25.00	9.80% payable semi-annually	13-Oct-23
3		INE623B07420	26-Oct-26	20.00*	9.75% payable semi-annually	26-Oct-21
4		INE623B07438	26-Oct-16	30.00	9.80% payable semi-annually	26-Oct-23
5		INE623B07446	5-Dec-16	6.00*	9.75% payable semi-annually	5-Dec-21
6		INE623B07453	5-Dec-16	29.00	9.80% payable semi-annually	5-Dec-23
7		INE623B07461	21-Dec-16	27.00*	9.50% payable semi-annually	21-Dec-23
8		INE623B07479	21-Dec-16	18.00	9.55% payable semi-annually	21-Dec-23
9		INE623B07545	26-Apr-17	45.00	9.28% payable semi-annually	26-Apr-24
10		INE623B07552	9-May-17	24.00	9.17% payable semi-annually	9-May-22
11		INE623B07560	9-May-17	26.00	9.28% payable semi-annually	9-May-24
12		INE623B07578	16-May-17	2.00	9.17% payable semi-annually	16-May-22
13		INE623B07586	16-May-17	23.00	9.28% payable semi-annually	16-May-24
14		INE623B07594	26-Sep-17	88.00	8.80%	26-Sep-2022

				payable annually	
15	INE623B07602	26-Sep-17	75.00	8.91% payable annually	26-Sep-2024
16	INE623B07610	13-Oct-17	87.00	8.91% payable annually	13-Oct-2024
17	INE623B07644	12-Mar-19	20.00	9.40% payable annually	12-Mar-23
18	INE623B07651	12-Mar-19	59.00	9.50% payable annually	12-Mar-25
19	INE623B07669	12-Mar-19	25.00	9.50% payable annually	12-Mar-25
	<b>Total</b>		<b>654.00*</b>		

\*NCDs reported redeemed. O/s Amount is Rs. 576 Crs as per available information.

**ANNEXURE II**  
**List of entities consolidated**

<b>Name of Entity</b>	<b>% ownership</b>	<b>Extent of consolidation\$</b>	<b>Rationale for consolidation</b>
Bluerock eServices Private Limited	100.00	100.00	Subsidiary
Future E-Commerce Infrastructure Limited	86.71	100.00	Subsidiary
Future Media (India) Limited	93.10	100.00	Subsidiary
Future Merchandising and Sourcing Pte. Ltd.	100.00	100.00	Subsidiary
Future Supply Chain Solutions Limited (FSCSL) (Subsidiary of RTPL w.e.f. December 24, 2018)	51.22	100.00	Step down Subsidiary
Futurebazaar India Limited	100.00	100.00	Subsidiary
Office Shop Private Limited (100% Subsidiary of Work Store Limited)	61.67	100.00	Step Down Subsidiary
Ritvika Trading Private Limited (RTPL) (w.e.f. November 19, 2018)	100.00	100.00	Subsidiary
Vulcan Express Private Limited (100% Subsidiary of FSCSL)	51.22	100.00	Step down Subsidiary
Work Store Limited	67.67	100.00	Subsidiary
Apollo Design Apparel Parks Limited	39.00	39.00	Joint Venture
Future Generali India Insurance Company Limited	25.51	25.51	Joint Venture
Future Generali India Life Insurance Company Limited	7.77	7.77	Joint Venture
Goldmohur Design and Apparel Park Limited	39.00	39.00	Joint Venture
Shendra Advisory Services Private Limited	49.82	49.82	Joint Venture
Sprint Advisory Services Private Limited	49.81	49.81	Joint Venture
Leanbox Logistics Solutions Private Limited (Associate of FSCSL)	25.61	25.61	Associate

\$Out of the extent of consolidation % mentioned above for subsidiaries and step down subsidiaries, there will be a deduction of minority interest to the extent of non holding stake.





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