



*Sharing the Joy of Food*

*Investor Update – Q2 FY 2016*



# Disclaimer

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This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

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# Contents

S No	Particulars	Page No
1	Business Overview	4-6
	Footprint Across Food Value Chain is Now in Place	05
	Business Overview at a Glance: Q2 FY16	06-07
2	Key Development & Product Launches	08-14
	Tasty Treat – Mass Media Campaign	09
	Desi Atta – Fulfilling Nutritious Needs of Consumers	10
	Partnership with Patanjali Ayurved	11
	New Product Launches & Brand Extensions	12
	Veg affaire - Rediscovering Love for Vegetarian Food	13
	Convenience Store Network	14
3	Highlights of Q2 FY16	15-18
	Key Milestones Achieved in Q2 FY16	16-18
4	Financial Overview	19-24
	Consolidation Footprint	20
	Consolidated Income Statement	21-23
	Consolidated Balance Sheet	24



# BUSINESS OVERVIEW



# Footprint Across Food Value Chain is Now in Place



## Agri Sourcing

- Strong presence in sourcing of all kinds of agri commodities and fresh produces.
- Network of distribution center across 32 locations in 16 states
- Provides aggregating, cleaning, grading, packing services to organized retailers



## Food Processing

- Operates India's largest food processing facility in Tumkur, Karnataka
- Food park provides "Plug & Play" infrastructure for companies looking to set up processing units in the food space



## Brands

- Introduced various FMCG products. In processed food such as cookies, jam, chips, corn flakes, namkins & others and in Home & Personal care – cleaning range, aluminum foil, tissues, diapers
- Expanding across new age underpenetrated categories



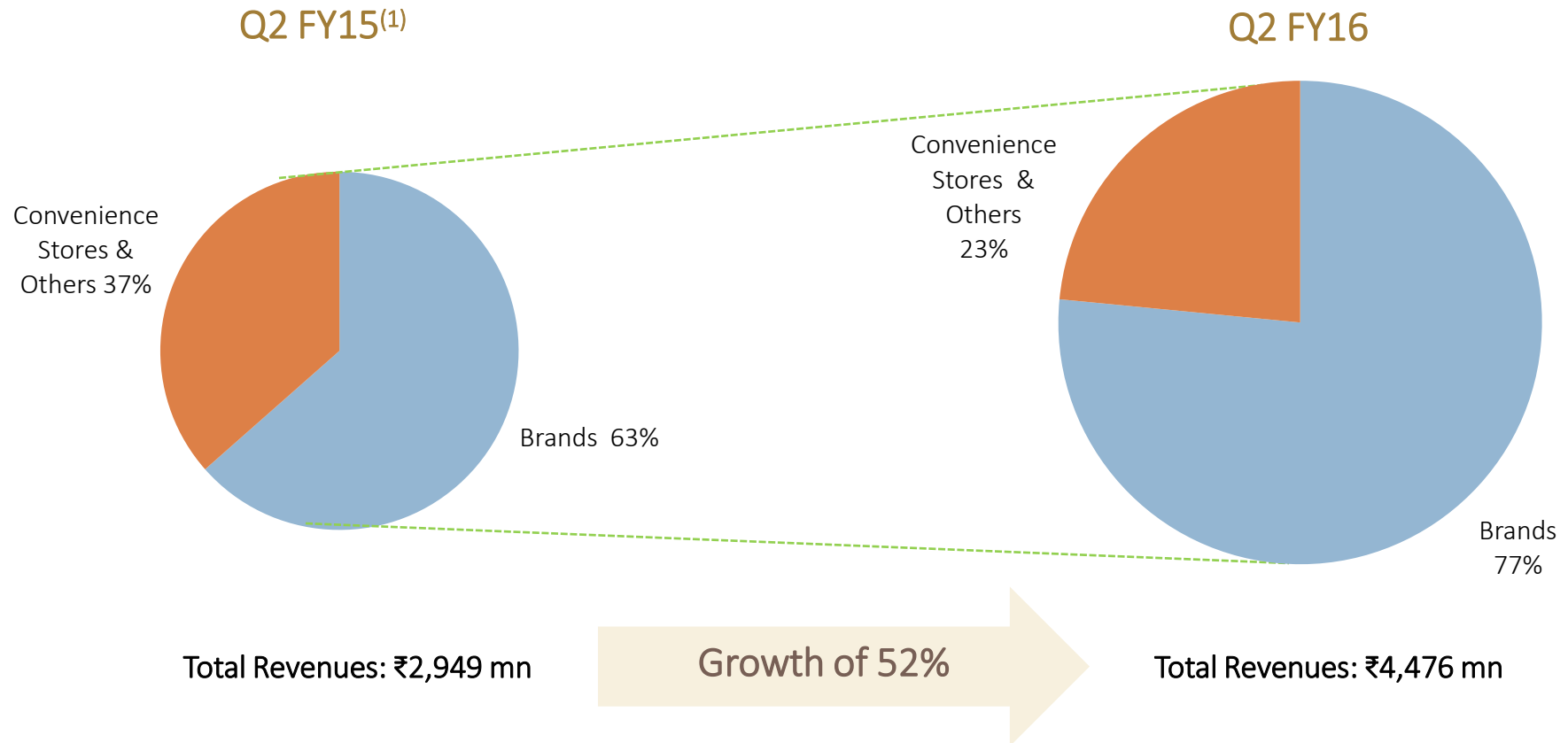
## Convenience Stores

- Connecting consumer in urban and rural regions, operates 3 major retail chains:
- **KBCY** - convenience store spread across Delhi and Mumbai
  - **Nilgiri's** - franchisee operated convenience stores in southern India
  - **Aadhaar** – Rural distribution

## Value Chain from Farm to Fork



# Business Overview at a Glance: Q2 FY16



(1) Nilgiris was acquired by FCEL in November – end 2014 hence not included in Q2FY15

Note: Brand revenues excludes FCEL brands sold through the convenience stores



# Performance Overview Q2FY16 vs Q2 FY15

**Top Line  
Growth**

**52%**

Brands

**83%**

Convenience Stores

**10%**

**Gross Margin  
(%)**

**16%**

↑ 250 bps

**15.5%**

↑ 461 bps

**11.3%**

↑ 120 bps

Note: Nilgiris was acquired by FCEL in November – end 2014 hence not included in Q2FY15  
Brands & Convenience Gross Margins are unadjusted for inter company

# KEY DEVELOPMENTS AND PRODUCT LAUNCHES





# Tasty Treat – Mass Media Campaign

## A Transformation from Private Brand to FMCG Brand

- Tasty Treat decided to take 3 of its key consumer categories; mango drink, tomato ketchup and wafer biscuits, to a larger audience
- Launched a TV led mass media campaign on mix of Hindi / key regional channels to gain more visibility and expand its footprints in newer markets
- Various other support mediums such as ads in key dailies, store façade, road shows and internal communications were utilised effectively as well
- Campaign led to stronger than ever sales for wafer biscuits and Tasty Treat sauces



# Desi Atta – Fulfilling Nutritious Needs of Consumers

- Desi Atta offers a whole new range of instant mixes along with quality and nutritious atta range
- Wide range includes instant mixes like dosa atta, dhokla mix, oats upma mix and grains, millets, pulses, upwas attas
- In near future, FCEL aims to launch ~100 different varieties of flour
- The range is sold in West Zone with plans to distribute the range in southern India

Sharing The Joy of Food

## Have Fun Fasting This Navaratri!



**DESI ATTA COMPANY**  
presents  
**Upwas Ahar**

Treat your taste buds with delectable dishes from this range of upwas attas!

Available In Big Bazaar, Food Bazaar, KBFP, KBCY & Foodhall In Maharashtra

Created By - Internal Communication



# Partnership with Patanjali Ayurved

- Future Group entered into a partnership with Patanjali to promote, distribute & market Patanjali's products
- Products will be distributed through KB's Conveniently Yours , Nilgiri's and Aadhaar along with other Group formats



- Patanjali, founded by Swami Ramdevji Maharaj, manufactures a range of over 400 SKUs in food, staples, nutrition, hair care, skin care & dental care





# New Product Launches & Brand Extensions

*Sharing The Joy of Food*

**Make Your Heart Healthy With Karmiq Rice Bran Oil**

Rice bran oil is the oil extracted from the rice husk. It helps balance the cholesterol level in body, improves skin tone and delays in wrinkle formation. Natural source of Vitamin E.

Suitable for stir frying and deep frying.

Available at all Big Bazaar, KE's Convenience Stores, KE's FairPrice and Neigh's Stores.



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**Dates are a super healthy snack item**

- Low in fat and rich in prebiotic fibre, it helps control cholesterol levels.
- It also boosts immunity.

**Try the Nature's Choice Premium Dates at Big Bazaar.**

Available in 500 gram packs.




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**Jumpstart Your Morning With Think Skin Sports Body Wash!**

Fragrance & Freshness that lingers all day. Long lasting cooling effect.

**Go play**

**think skin**

Body Wash SPORTS

**₹79/- only**

Available at Big Bazaar, KE's FairPrice, KE's Convenience Stores and Neigh's Stores across India.



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**Quinoa - A Gluten Free & 100% Natural Super Food**

**QUINOA**

**Neigiris**

GLUTEN FREE

Neigh's Quinoa is a protein-packed grain with amino acid.

This super food is also a good source of iron, magnesium, vitamin E, potassium, and fibers.

\*available only at Neigh's stores







# Veg affaire - Rediscovering Love for Vegetarian Food

- Extended product range now includes sweet corn and mix veg
- Launched on pan India basis at Big Bazaar while launch in- progress at KB's Conveniently Yours and Nilgiri's



# Distribution Network Created by FCEL

	# of stores	# of franchise	Total Stores	Presence
 *	128	-	128	NCR Mumbai
	15	142	157	South India
	21	35	56	Punjab Gujarat
Total Stores	164	177	341	

## Expanding distribution network Pan India through acquisitions & associations

- Modern Public Distribution System, Rajasthan:

- Recently announced a public private partnership between Rajasthan State Food and Civil Supplies Corporation for providing better quality multi brand consumer goods through Fair Price Shops
- At present on a pilot basis, this scheme is being run in 35 shops, largely in Jaipur

- Expanding presence in general trade

- With the recent acquisition of Kara, one of the leading wet wipes brands in India, FCEL has gained access to a network of 13 Carrying & Forwarding Agents & 140 Distributors for pushing sales of its brands in General Trade

# HIGHLIGHTS OF Q2FY16



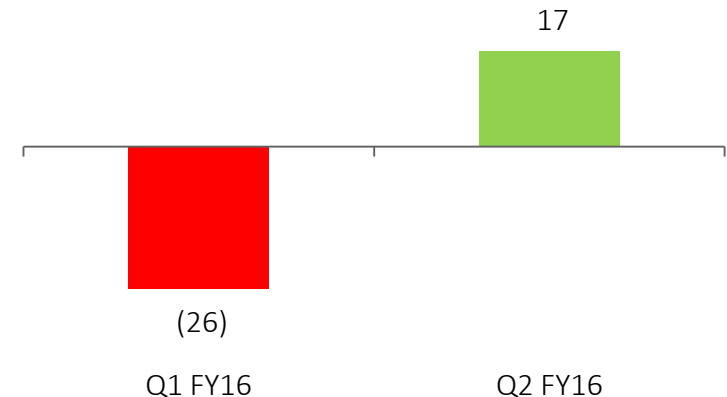


# Key Milestones Achieved in Q2 FY16 (1/3)

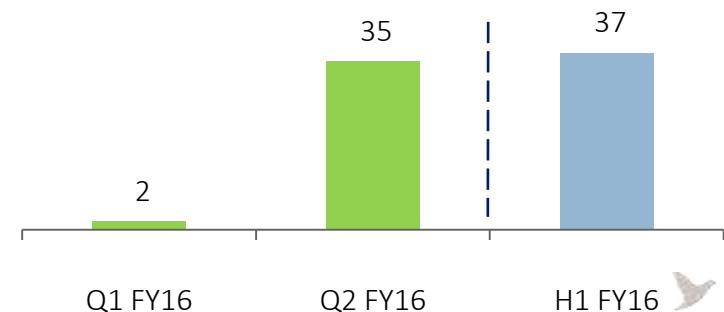
## Improved performance at operating level

- Total Operating Income increased from ₹2,949 mn (Q2FY15) to ₹4,476 mn (Q2FY16) with a 52% growth
  - Also witnessed growth of 25% sequentially compared to Q1 FY16
- Gross Margins witnessed 250bps improvement compared to Q2 FY15 with margin expansions across businesses
- Reported a Consolidated EBITDA<sup>1</sup> of ₹17mn in Q2FY16 compared to loss of ₹ 26mn in Q1 FY16
- Like to Like comparisons (excluding new ventures, acquisitions and non core business<sup>2</sup>)
  - Reported a growth of 32% compared to Q2 FY15
  - EBITDA margins expanded by 161bps compared to Q2 FY15
- Excluding non core subsidiary Amar Chitra Katha (ACK), FCEL reported positive EBITDA in Q1 FY16, Q2 FY16 and H1 FY16

### EBITDA (₹ mn)



### EBITDA exluding ACK (₹ mn)



1: Adjusted for Profit/(loss) in Associate/Minority Interest/Adj on acquisition of subsidiary  
 2: Excludes Nilgiris & Kara acquisition, new ventures of fruits & vegetables, Amar Chitra Katha (non core)



# Key Milestones Achieved in Q2 FY16 (2/3)

## Brands

- Business reported 30% growth compared to Q1 FY16
- Tasty Treat with 56%, Fresh & Pure with 23%, and Sunkist were high growth brands during the quarter compared to last year
  - Within Tasty Treat categories like sauces, wafers and namkeens reported disproportionate growth
- Within the staples segment, dry fruit, oil & ghee and pulses reported high growth



## Update on New Ventures & Acquisitions

- Kara added new institutional customers including multiplex, airline and hotels
  - Brand is generating healthy double digit operating margins
- Net sales for F&V segment doubled on sequential basis
  - Focus is on achieving national level sourcing for better economies of scale
  - New launches included dehydrated vegetables, cut vegetables, more value added packed products



# Key Milestones Achieved in Q2 FY16 (3/3)

## Convenience Stores (Urban and Rural)

- Reported top line growth of 10% and 13% on Y-o-Y and sequential basis respectively
  - Like to like growth was 19% in urban & rural convenience chains
- Aadhaar (rural convenience stores) reported a strong top-line growth of 41% compared to Q2FY15
  - Categories such as processed food and staples exhibited strong growth on sequential basis
- Nilgiri's added 9 own stores during the quarter taking the total own store count to 15
- Gross margins in convenience stores expanded in Q2 FY16 both in urban & rural markets

## Update on Food Park

- MOU signed for purchase of Solar Power 1 Mega Watt capacity
- Laboratory operations started by Bureau Veritas, a global leader in conformity assessment and certification services
- Various projects including rice mill, wafer biscuit factory, sauces, specialty flour mill are at various stages of completion
- Facilities of spice mill, RTE production, IQF usage, grading & sorting, banana ripening, etc. are in usage



BUREAU  
VERITAS



# FINANCIAL OVERVIEW



# Consolidation Footprint

Q2 (FY15)	Business Entity	Q2 (FY16)	Q1 (FY16)
<b>FCEL Consolidated</b>			
✗	FCEL Standalone	✓	✓
✓	Future Agrovat	✓	✓
✓	Aadhaar	✓	✓
✓	Amar Chitra Katha	✓	✓
✗	Nilgiri's	✓	✓
✗	Integrated Food Park	✓	✓
✗	Sublime Foods	✓	✓
✗	Aussee Oats	✓	✓



# Consolidated Income Statement

## Quarterly Income Statement

Particulars (In ₹ mn)	Quarter Ended			Year Ended FY 15
	Q2 (FY16)	Q1 (FY16)	Q2 (FY 15)	
<b>Total Operating Income</b>	<b>4,476</b>	<b>3,578</b>	<b>2,949</b>	<b>13,166</b>
<i>Y-o-Y Growth (%)</i>	<i>52%</i>			
<b>Gross Margin</b>	<b>717</b>	<b>586</b>	<b>397</b>	<b>1,760</b>
<b>Gross Margin%</b>	<b>16.0%</b>	<b>16.4%</b>	<b>13.5%</b>	<b>13.4%</b>
Other Income	66	74	100	352
Total Income	782	661	498	2,111
Other Operating Cost	788	708	508	2,296
<b>EBITDA</b>	<b>-6</b>	<b>-47</b>	<b>-11</b>	<b>-185</b>
Profit/(loss) in Associate / Minority Interest	23	22	15	66
<b>Consolidated EBITDA</b>	<b>17</b>	<b>-26</b>	<b>5</b>	<b>-119</b>
Depreciation	146	137	107	490
Interest	141	160	42	319
Exceptional Items	-47	-	-	-93
PBT	-317	-323	-144	-1,022
<b>Consolidated PAT</b>	<b>-317</b>	<b>-324</b>	<b>-144</b>	<b>-1,028</b>
<b>PAT %</b>	<b>-7.1%</b>	<b>-9.0%</b>	<b>-4.9%</b>	<b>-7.8%</b>

- Total operating income grew by 52% and 25% as compared to Q2 FY15 and Q1 FY16 respectively
- Gross margins expanded by ~250bps compared to Q2 FY15
- As Q2 FY16 includes sales during Independence Day, gross margins witnessed a seasonal dip of ~40bps compared to Q1 FY16
- Reported a Consolidated EBITDA of ₹17mn in Q2FY16 compared to loss of ₹ 26mn in Q1 FY16
- During Q2 FY16, Amar Chitra Katha (ACK), sold its stake in its subsidiary company Karadi Tales Company Private Limited (KT). Loss on disposal of KT is shown as exceptional item
- FY 15 exceptional item represents write offs for discontinued operations, Star and Sitara Wellness



# Consolidated Income Statement

## Half Yearly Income Statement

Particulars (In ₹ mn)	Half Year Ended		Year Ended
	H1 (FY16)	H1 (FY15)	FY 15
<b>Total Operating Income</b>	<b>8,054</b>	<b>5,879</b>	<b>13,166</b>
<i>Y-o-Y Growth (%)</i>	<i>37%</i>		
<b>Gross Margin</b>	<b>1,303</b>	<b>759</b>	<b>1,760</b>
<b>Gross Margin%</b>	<b>16.2%</b>	<b>12.9%</b>	<b>13.4%</b>
Other Income	140	178	352
Total Income	1,443	937	2,111
Other Operating Cost	1,497	1,000	2,296
<b>EBITDA</b>	<b>-53</b>	<b>-64</b>	<b>-185</b>
Profit/(loss) in Associate / Minority Interest	45	34	66
<b>Consolidated EBITDA</b>	<b>-9</b>	<b>-30</b>	<b>-119</b>
Depreciation	283	213	490
Interest	302	72	319
Exceptional Items	-47	-	-93
PBT	-641	-316	-1,022
<b>Consolidated PAT</b>	<b>-641</b>	<b>-316</b>	<b>-1,028</b>
<b>PAT %</b>	<b>-8.0%</b>	<b>-5.4%</b>	<b>-7.8%</b>

- Total operating income growth of 37% as compared to same period last year
- Gross margins improved by 330bps to 16.2%
- Consolidated EBITDA losses reduced from ₹30 mn in H1FY15 to ₹9 mn in H1FY16
- During Q2 FY16, Amar Chitra Katha (ACK), sold its stake in its subsidiary company Karadi Tales Company Private Limited (KT). Loss on disposal of KT is shown as exceptional item
- FY 15 exceptional item represents write offs for discontinued operations, Star and Sitara Wellness



# Performance excluding Amar Chitra Katha

Consolidated as Reported				Consolidated Excluding ACK		
FY 2015-16			Particulars (₹ mn)	FY 2015-16		
Q2	Q1	H1		Q2	Q1	H1
4,476	3,578	8,054	Revenue	4,339	3,463	7,802
<b>17</b>	<b>(26)</b>	<b>(9)</b>	<b>EBITDA</b>	<b>35</b>	<b>2</b>	<b>37</b>
141	160	302	Interest	136	157	293
146	137	283	Depreciation	122	118	239
47	-	47	Exceptional Items	(0)	-	(0)
(317)	(323)	(641)	PBT	(223)	(272)	(496)
(317)	(324)	(641)	PAT	(224)	(272)	(496)

- Excluding Amar Chitra Katha, FCEL reported positive EBITDA in Q1 FY16, Q2 FY16 and H1 FY16



# Consolidated Balance Sheet

Particulars (In ₹mn)	As of Date	
	30-Sep-15	31-Mar-15
Shareholders' Funds	7,060	7,696
Minority Interest	279	338
Gross Debt	5,656	6,735
Less: Cash & Cash Equivalents	1,200	1,433
Net Debt	4,456	5,302
<b>Net Adjusted Capital Employed</b>	<b>11,794</b>	<b>13,336</b>
Fixed Assets	6,130	5,702
Goodwill on Consolidation	3,642	3,685
Non-Current Assets	849	719
Current Assets	3,575	4,930
<b>Total Assets</b>	<b>14,196</b>	<b>15,035</b>
Less: Non-Current Liabilities	156	154
Less: Current Liabilities	2,245	1,546
<b>Total Net Assets</b>	<b>11,794</b>	<b>13,336</b>





# NAMASTE!!

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