

Press Release

Future Brands Limited

August 24, 2020



Rating Update

Total Bank Facilities Rated*	Rs. 806.25 Cr. #
Long Term Rating	ACUITE B+ (Downgraded from ACUITE BBB+ (CE)) Issuer not co-operating*

Refer Annexure for details

* The issuer did not co-operate; Based on best available information.

Acuité has reviewed and downgraded the long-term rating to '**ACUITE B+**' (**read as ACUITE B plus**) from '**ACUITE BBB+ (CE)**' (**read as ACUITE triple B plus (Credit Enhancement)**) on the Rs. 806.25 crore bank facilities of Future Brands Limited (FBL). The rating downgrade is on account of information risk. This rating is now an indicative rating and is based on the best available information.

Reason for downgrade and Indicative

Acuité has downgraded the rating of FBL to ACUITE B+ from ACUITE BBB+ (CE) on account of change in analytical approach and severe liquidity challenges faced by Future Retail Limited (ACUITE C / A4) and Future Enterprises Limited (ACUITE C / A4 / FC). Previously, Acuité had considered the standalone financials of FBL and subsequently notched up the rating based on Letter of Comfort from Future Group (FERG). However, currently, Acuité has only considered the standalone rating and has not factored in the parent notch. This is on account of severe liquidity pressure resulting in multiple credit events for FERG (ACUITE C / A4). Acuité believes in case of limited liquidity available with FERG; the group will accord higher priority to its on balance sheet debt. Hence, Acuité has not factored in Credit Enhancement by way of Letter of Comfort while arriving at the current rating. Further, this rating is now an indicative rating and is based on the best available information.

Future Brands Limited (FBL) was incorporated in 2006 and is a part of Future group of companies - one of India's largest retailers. FBL is 98.06 per cent owned by Future Ideas Company Limited and Surplus Finvest Private Limited as on 31 March, 2019 (Future group companies). It is a brand & Intellectual Property right company which focuses on creating, developing, managing, nurturing and acquiring brands.

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities in Service Sector - <https://www.acuite.in/view-rating-criteria-50.htm>

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
18-May-20	Term loans	Long term	112.50	ACUITE BBB+ (CE) (Downgraded; Under Watch with Negative Implications)
	Term loans	Long term	256.75	ACUITE BBB+ (CE) (Downgraded; Under Watch with Negative Implications)
	Term loans	Long term	100.00	ACUITE BBB+ (CE) (Downgraded; Under Watch with Negative Implications)
	Proposed Bank Facilities	Long term	337.00	ACUITE BBB+ (CE) (Downgraded; Under Watch with Negative Implications)
16-Apr-20	Term loans	Long term	112.50	ACUITE A- (CE) (Downgraded; Under Watch with Negative Implications)
	Term loans	Long term	256.75	ACUITE A- (CE) (Downgraded; Under Watch with Negative Implications)
	Term loans	Long term	100.00	ACUITE A- (CE) (Downgraded; Under Watch with Negative Implications)
	Proposed Bank Facilities	Long term	337.00	ACUITE A- (CE) (Downgraded; Under Watch with Negative Implications)
11-Mar-20	Term Loan	Long term	112.50	ACUITE A+ (CE) / Stable (Reaffirmed)
	Term Loan	Long term	256.75	ACUITE A+ (CE) / Stable (Reaffirmed)
	Term Loan	Long term	100.00	ACUITE A+ (CE) / Stable (Reaffirmed)
	Proposed Bank facilities	Long term	337.00	ACUITE A+ (CE) / Stable (Reaffirmed)
08-Jan-19	Term Loans	Long term	206.25	ACUITE A+ / Stable (Assigned)

	Proposed Term loans	Long term	590.00	ACUITE A+ / Stable (Assigned)
	Proposed Overdraft	Long term	10.00	ACUITE A+ / Stable (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	23-09-2015	12.25%	15-09-2020	112.50	ACUITE B+ (Downgraded; Indicative)
Term loans	26-03-2019	10.95%	31-03-2025	256.75	ACUITE B+ (Downgraded; Indicative)
Term loans	31-12-2019	10.90%	31-12-2025	100.00	ACUITE B+ (Downgraded; Indicative)
Proposed Bank Facilities	Not Applicable	Not Applicable	Not Applicable	337.00	ACUITE B+ (Downgraded; Indicative)

*The issuer did not co-operate; Based on best available information.

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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