

## **Outcome of the Board Meeting of Future Consumer Enterprise Limited (FCEL)**

### **FCEL Plans to Raise USD 55m (~ INR 3,685 million) through the Preferential issue of CCDs and Warrants**

**December 26<sup>th</sup> 2015:** Future Consumer Enterprise Limited (FCEL) has informed the stock exchanges that it plans to raise USD 55 million (approximately INR 3,685 million) through equity linked instruments. For the said purpose, the Board has proposed to issue and allot equity linked securities to Black River Food 2 Pte Ltd and Promoter and /or Promoter Group entities. The primary purpose of the fund-raising is to - a) fund the various expansion plans and business initiatives of the Company and b) improvement of costs and maturity profile of existing debt thereby further strengthening the balance sheet of FCEL. The fund raising is subject to various regulatory requirements.

FCEL shall enter into a master franchisee arrangement with Future Retail Limited (FRL) whereby the convenience stores network primarily comprising of “KB’s Fair Price”, “KB’s Conveniently Yours”, “Big Apple” and “Aadhaar” will be operated by FRL. In terms of this arrangement, a separate long term supply agreement will also be entered into between FCEL and FRL for supply of branded products to FRL. As an “Integrated Food and FMCG company”, FCEL will continue to pursue its strategic intent of “farm to fork”, by focusing on sourcing, manufacturing, branding and distribution of its products.

In addition, FCEL shall also enter into a Strategic Alliance Agreement with Black River Food 2 Fund LP (“Food Fund 2”) for a larger cooperation to build/invest in upstream capabilities in the food and allied sectors.

The Board of Directors of the Company at its Meeting held on December 26, 2015 has, *inter alia* decided to :

1. Raise USD 45 million (Approximately INR 3,015 million) through the preferential allotment of Compulsorily Convertible Debentures (CCDs) of face value INR 100,000 per CCD to Black River Food 2 Pte Ltd, a wholly owned subsidiary of Food Fund 2. The CCDs are convertible into equity shares of FCEL within a period not exceeding 18 months from the date of issue of CCDs, at conversion price of INR 22.73 per share.
2. Raise INR 670 million (Approximately USD 10 million) through the preferential allotment of Warrants to Promoters and/or Promoter Group entities. The warrants are convertible into equity shares at a conversion price of INR 22.73 per share, exercisable at a date within 18 months from the date of allotment of warrants.



3. FCEL to enter into necessary Agreements with Future Retail Limited (FRL), in terms of which FRL will - (i) become the Master Franchisee and operate the convenience stores network primarily comprising of “KB’s Fair Price”, “KB’s Conveniently Yours”, “Big Apple” and “Aadhaar” and (ii) agree on long term basis, to procure FCEL’s branded products. FCEL shall focus only on sourcing, manufacturing, branding and distribution of Food and FMCG products.
4. FCEL to enter into Strategic Alliance Agreement with Black River Food 2 Fund LP (“Food Fund 2”) to explore possible upstream capabilities in the food and allied sectors.
5. Issue of non-convertible debentures on private placement basis or otherwise, with an intent to improve the cost and maturity profile of existing debt.
6. Convene an Extraordinary General Meeting of FCEL on Friday, 22<sup>nd</sup> January 2016 at Mumbai for approving *inter alia* the preferential allotment and undertaking the process of postal ballot for the purpose of re-alignment of the distribution business.

The proposed fund raising plan is subject to execution of final transaction documents, completion of satisfactory due diligence and other consents and approvals for all the parties, customary for such a transaction including the shareholder approval.

#### **About Future Consumer Enterprise Limited (FCEL)**

FCEL is an integrated Food company with operations that range from Sourcing of basic food items such as (rice, wheat, spices pulses, oats and sugar etc.), grading, processing, packaging and turning these and more categories (dairy and bakery, juices, frozen foods, snacks, ready to eat meals, dips and sauces) into brands. The Company also operates the India Food Park, a large scale food processing facility at Tumkur, Karnataka. The Company is head quartered in Mumbai and is publicly traded at the National Stock Exchange (NSE) and The Stock Exchange, Bombay (BSE). The Company is part of the Future Group that has India’s leading distribution and retail network serving approx 330 million customers in over 180 cities.

#### **About Black River**

Food Fund 2 and Black River Capital Partners Fund (Food) LP (together, the “Food Funds”) make growth equity investments in three food industry sectors: protein production, value-added processing, and supply chain management. Their geographic mandate is global emerging markets with a focus on emerging markets in Asia, Latin America, and Africa. The Food Funds have a committed capital of approximately \$1.2bn and have made investments in various food categories across multiple portfolio companies.

