

FUTURE
CONSUMER

for the Fast Moving Consumer Generation

FMCG 2.0

ANNUAL REPORT 2016-17

Future Consumer Limited



We are young and agile, we pursue multiplicity. We are passionate and love to collaborate. Just like our customers, we work with speed and imagination and lean heavily towards modern retail networks. More than half of all Indians are now born after 1990s and we are building the next generation FMCG Company for them.



CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

G.N. Bajpai

VICE CHAIRMAN

Kishore Biyani

WHOLE TIME DIRECTOR

Ashni Biyani

EXECUTIVE DIRECTOR

Narendra Baheti

DIRECTORS

Adhiraj Harish

Deepak Malik

Frederic de Mevius

Krishan Kant Rath

Vibha Rishi

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells

BANKERS

IDBI Bank Limited

Kotak Mahindra Bank Limited

RBL Bank Limited

State Bank of India

Yes Bank Limited

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CHIEF EXECUTIVE OFFICER

Devendra Chawla
(effective 11th February, 2017)

CHIEF FINANCIAL OFFICER

Manoj Saraf

COMPANY SECRETARY & HEAD-LEGAL

Manoj Gagvani

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WEBSITE

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CORPORATE IDENTITY NUMBER

L52602MH1996PLC192090

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LETTER FROM THE VICE CHAIRMAN



Dear Stakeholders,

I am pleased to share with you the Annual Report of your Company for the financial year 2016-17. The Company posted revenues of ₹ 1,644.99 crore on a standalone basis, a growth of 42% over last year, on comparable basis. The consolidated revenues for the year under review was ₹ 2,115.84 crore. This is the third full year since your Company moved its focus purely on the food and FMCG sector. We are happy to share that during the year, the Company has turned profitable and posted a net profit of ₹ 7.78 crore.

This market leading growth in the FMCG sector is an outcome of using years of experience, insights and learnings gleaned from our experience in selling food and FMCG products at the Group's retail stores. We firmly believe that the FMCG sector is ready for a disruption. While consumers have evolved and are demanding a wider range of products and categories, the FMCG sector has largely remained the same. Most of the sector follows the traditional approach of creating one brand, for one product and a few variants that are to be sold through a multi-layered distribution model in a kirana store. Innovation is limited to what and how products can be sold in the small 300 square feet kirana store box. However, the consumer base in urban centres are getting younger and are aware of global tastes and trends. Today's food influencers, from food bloggers and gourmet chefs to avant-garde restaurants speak in a whole new language of food, passion and consumption.

Your Company is designed to cater to the fast moving consumer generation who shop at modern retail chains. Modern retail chains are growing at more than double the pace of general trade and your Company aims to be the driver of growth within the modern retail networks.

**ALMOST ALL MODERN
RETAIL CHAINS AND
LEADING ONLINE
DISTRIBUTION
PLATFORMS NOW
OFFER SOME OR OUR
ENTIRE RANGE OF
PRODUCTS.**

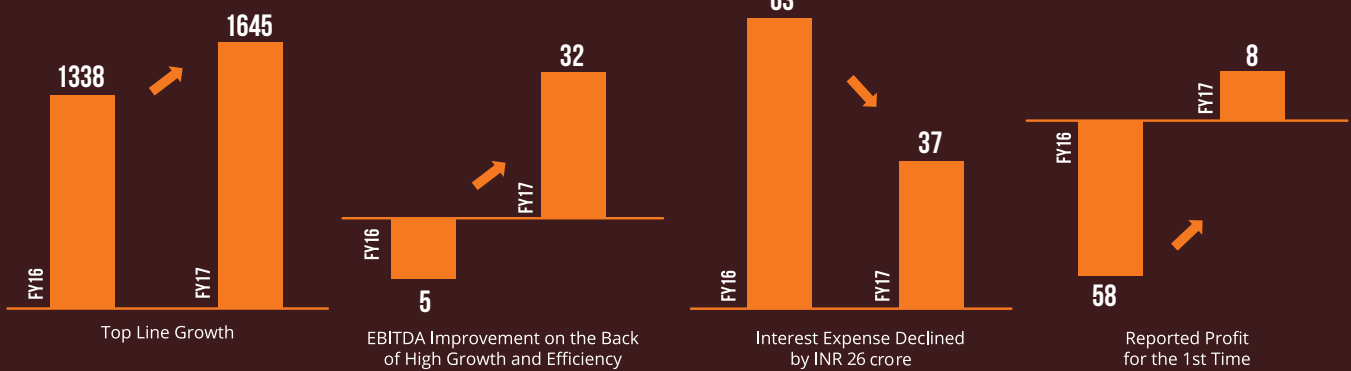
Our product range and assortment was vindicated through the year as more and more modern retail chains started stocking our products. Almost all modern retail chains and leading online distribution platforms now offer some or our entire range of products.

Innovations lie at the heart of the organization and we combine it with speed and agility to tap into new consumption habits. The potential for oats was being restricted to being a breakfast cereal. It is nutritious and filling and we believed it could be the third grain of India. We introduced a brand, "Kosh", backed by a national

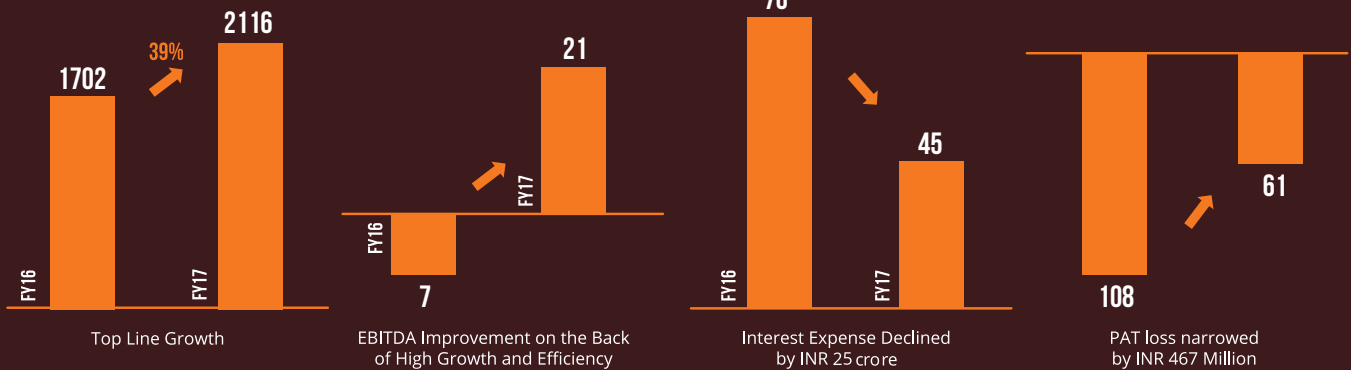
FY17 FINANCIAL SNAPSHOT

(₹ IN CRORE)

STANDALONE SUMMARY



CONSOLIDATED SUMMARY



TOP 5
BRANDS BY REVENUE

GOLDEN
HARVEST

NILGIRIS

FRESH &
PURE

TASTY
TREAT

CLEAN
MATE

FASTEST
GROWING BRANDS

KARMIQ

SANGI'S
KITCHEN

DESI ATTA
COMPANY

multi-language advertisement campaign and supported by our own oats processing facility. “Kosh” is now becoming a mainstream food ingredient and from instant, broken and oats and wheat flour, we are now

CONSISTENT QUALITY, PRODUCT INNOVATION AND HIGH STANDARDS FOR ENVIRONMENTAL PROTECTION, HEALTH AND SAFETY CONTINUE TO BE AMONG THE TOP PRIORITIES YOUR COMPANY IS FOCUSING ON.

about to extend the range to wide variety of sweet and savoury flavors.

The beverages market is changing at a rapid pace as carbonated drinks lose favour with customers. We built upon our “Sunkist” brand to introduce eight new fusion drinks including pinacolada, mojito, citrus twist and a lemon, cucumber and mint mix and brought in new excitement on supermarket shelves.

“Desi Atta Company” continues to push the boundaries on range of flours it offers. We studied fasting, feasting and snacking habits of different Indian communities to offer more than forty variants of flours to Indian consumers. These are now winning the heart of consumers.

Branded basmati rice has been a fast growing category in modern retail and we believe a similar potential rests in other rice variants. We are starting with Sona Masoori rice, popular in Southern India and have teamed up with market leader LT Foods to process, brand and sell the variant nationally. Elsewhere, we are finding unique spaces within existing categories that capture new consumption habits. Baker Street introduced biscotti, pita chips, bruschetta and bread sticks. Tasty Treat introduced new age namkeens including Wasabi bhujias. Veg Affaire introduced frozen fruits like blue berries, strawberries and mango slices. Karmiq brought in four new variants of green tea and Sangi’s Kitchen extended its range of dips and sauces to include four new flavored mayonnaise.

These new products are delivering customer delight and growth. Sangi’s Kitchen led the charts by growing by over five times, Karmiq by over three times and Tasty Treat by 1.3X compared to last year.

Growing through a modern retail-led distribution allows us to do sampling, promotions, shelf level communication and gather steady feedback from consumers. These in turn helps brands grow faster and more efficiently. We may reach fewer number of stores, but the number of upwardly mobile consumers the modern retail chains attract in urban centres can be compared favorably with general trade.

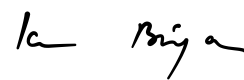
Your Company has a decentralized, agile design that fosters multiplicity and collaboration. We are bringing in some of the best partners to tap

into segments that require specific knowledge and expertise. During the forthcoming year, we will be introducing products and brands from the stable of Hain Celestial, a leading organic, natural, and better-for-you products company that is among the largest suppliers of Whole-Foods. Through our joint venture with Hain, we are also planning for domestic manufacturing of a range of healthy foods at our food park in Tumkur.

Consistent quality, product innovation and high standards for environmental protection, health and safety continue to be among the top priorities your Company is focusing on. During the year, significant investments were made across manufacturing facilities and a full fledged product innovation lab has been set up. The Company is collaborating with world renowned organizations such as Dohler, Orana, Symega Savoury Technology and Givaudan in the food ingredient, flavours and supplement segments as well as some of the leading research and quality assurance labs.

The journey of creating the next generation FMCG company that responds to the pulse of a new India has just begun. We are thankful for your continued support and encouragement in making this journey so much more worthwhile.

Rewrite Rules, Retain Values



Kishore Biyani

39%

TOP LINE GROWTH

1ST

**YEAR OF STANDALONE
PAT PROFITABILITY**

1ST

**YEAR OF CONSOLIDATED
EBITDA PROFITABILITY**

PARTNERSHIPS

The Company has developed strong joint venture partnerships with leading domestic & multinational companies for its foray into specialized segments like organic and toddler food, personal care, oats-based products and to enter the highly competitive branded rice segment.

MIBELLE AG

Swiss-based Mibelle, part of Migros Group, amongst the largest consumer goods companies in Central Europe is our partner for personal care space. The brand 'Swiss Tempelle' has launched body wash and lotions and further extending the range. During the upcoming year, the joint venture also aims to start local production improving time to market, reducing launch cost and give flexibility in packaging.

HAIN CELESTIAL

Amongst the largest suppliers of Whole-Foods, Hain Celestial is a leading organic, natural, and better-for-you products company. Best known for Tilda rice in India, the joint venture will introduce brands and products comprising of Terra vegetable chips, Garden of Eatin Tortilla Chips, Dream rice and soya milk, Sensible Portions, health snacks for toddlers, along with a manufacturing base at India Food Park, Tumkur.

KOSH

The brand 'Kosh' has been launched to make oats the third grain of the Country. Kosh offers instant oats, broken oats, wheat and oats flour. It will soon launch other variants of oats in sweet (Mango, Banana Caramel) and savory (Lively Lemon, Chinese Chili Flavor, Chole Masala, Terrific Tomato) categories. The production happens at our joint venture facility in Sri Lanka.

LT FOODS

LT Foods is amongst the leaders in packaged rice, led by basmati rice brand, "Dawaat". A milling and processing plant in JV with LT Foods at India Food Park, Tumkur has been operationalized for Sona Masoori rice, a popular variant in Southern India, with an objective of developing the first national, branded and packaged rice brand beyond the basmati rice space.



GROCERIES

Modern Indian consumer still remains rooted to the Indian traditions, culture and eating habits. Various staples, grains, flours still remain core to Indian diet. However, with changing times, the consumer is now demanding healthier and premium options which also offer convenience. The Company has built a robust portfolio of brands in the groceries segment spanning across sub categories such as staples, flours, multi grain and specialty flours, edible oils etc. Key brands in the category include Golden Harvest, Golden Harvest Premium, Desi Atta, Fresh & Pure etc. Over the past two years, the Company has launched over 40 products under the brand Desi Atta covering single flour grains, multi flour grains and ready mixes. These are based on extensive insights on eating habits of various communities and special variants consumed during certain fasting and other rituals and

festivals celebrated in India. The product and the range is unparalleled in the market and Desi Atta has gained a strong traction with customers across the Country. The Company has also introduced a premium range of staples, leveraging the expertise gained over a dozen years in sourcing of agri produce, to introduce Golden Harvest Prime for discerning customers. The products include, a special range of whole pulses, whole spices, split pulses, health rice, millets sourced from finest fields. The Company has, in partnership with LT Foods commenced a dedicated rice mill for Sona Masoori rice with the objective of making this popular South Indian rice variant a branded product like Basmati rice. It has also tied up with a dedicated Almonds production unit for nut cracking.

