



Future Corporate Resources Limited

Instrument	Amount	Rating Action
Long-term, term loans	Reduced to Rs. 350.0 crore from Rs. 685.0 crore	[ICRA]BB+ (stable) reaffirmed
Long-term, fund-based facilities	Rs. 25.0 crore	[ICRA]BB+ (stable) assigned

ICRA has reaffirmed the [ICRA]BB+ (pronounced ICRA double B plus) rating assigned to the Rs. 350.0 crore* (reduced from Rs. 685.0 crore), term loans of Future Corporate Resources Limited (FCRL)[†]. ICRA has also assigned an [ICRA]BB+ rating to the Rs. 25.0 crore, long-term, fund-based facilities of FCRL. The outlook on the rating is stable.

The rating reaffirmation continues to factor in the financial flexibility enjoyed by FCRL by virtue of being a key investment holding company for the Future Group. ICRA notes that FCRL's financial profile depends significantly on the performance of its group companies owing to its exposure to them either through investments or loans and advances. However, the integration of FCRL with the Future Group provides stability to its cash flows. With a view to strengthen the operating revenues for FCRL, it has been leveraging on the diversified presence of the Future Group companies to build new businesses, and thus benefit from the group synergy. These initiatives however have not yet been successful in improving the operating profile of the company. The success of these initiatives undertaken to improve operating cash flows is critical for improving the liquidity profile of FCRL.

The rating also takes into account the currently stretched financial profile of the company on account of weak operating business and high borrowing levels. Further, the market value of FCRL's listed investments, though improved in the current year, continue to remain significantly lower than the book value, impacting the market value buffer. Nonetheless, ICRA takes comfort from the stated intent of the promoters to significantly reduce the debt levels of the Group. Future Group's ability to reduce leverage across the group is key to bringing down borrowing levels at FCRL, which remains a key rating sensitivity.

Company Profile

Incorporated in 1996 by the Biyani family, Future Corporate Resources Limited (FCRL, erstwhile PFH Entertainment Limited) is the holding company and the media services arm of the Future Group, currently engaged in the business of media space hire, mobile connection service in tie-up with Tata Docomo under the brand 'T24', and the 'Payback' customer loyalty programme, in addition to supporting the group companies through investments in them or lending of loans & advances. Till 2012-13, FCRL was also involved in providing training to the below poverty line (BPL) youth under the national rural livelihood mission (NRLM); the project has however been completed. A major part of FCRL's activities is aligned to the businesses of its group companies.

As part of the Group strategy to achieve consolidation of business operations and simplify holding structure, FCRL has been amalgamated with its 100% holding company – Simpleton Investrade Private Limited (Simpleton) with effect from December 01, 2010. Post the amalgamation, the name of the company had been changed to Future Corporate Resources Private Limited, and later was converted to a public limited company and renamed as Future Corporate Resources Limited (FCRL). There has been no change in the management or control of the company, and ultimate control of the company continues to be with Mr. Kishore Biyani and family.

* 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website, www.icra.in, or other ICRA Rating Publications



Recent Results

For the twelve months ended March 31, 2014 (provisional financials), FCRL reported a profit after tax (PAT) of Rs. 11.0 crore on an operating income of Rs. 298.4 crore as against a net loss of Rs. 51.3 crore on an operating income of Rs. 403.5 crore for the twelve months ended March 31, 2013.

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