

December 4, 2020

To,
 Dept. of Corporate Services (CRD)
BSE Limited
 Phiroze Jeejeebhoy Towers,
 Dalal Street, Mumbai – 400 001

To,
 Listing Department
National Stock Exchange of India Limited
 Bandra Kurla Complex, Bandra East,
 Mumbai – 400 051

Scrip Codes: 540798, 958280, 958281

Scrip Symbol: FSC

Ref.: Reg. 30 & 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir / Madam,

Sub.: Notice of 15th Annual General Meeting and Annual Report for the year 2019-20

Pursuant to the above referred Regulations, please find enclosed herewith a Notice of the 15th Annual General Meeting of the Company to be held on December 28, 2020 through Video Conferencing [“**VC**”]/ Other Audio Visual Means [“**OAVM**”] (the “**AGM**”) together with the Annual Report for the financial year 2019-20.

Please further take note of below relevant details of AGM:

Day & Date of AGM	:	Monday, December 28, 2020
Time of AGM	:	At 1:30 p.m.
Mode of holding AGM	:	Through VC/OAVM
Cut-off date for e-voting on resolutions proposed at AGM	:	December 21, 2020
E-voting period	:	E-voting shall start at 9:00 a.m. on December 24, 2020 and shall end at 5:00 p.m. on December 27, 2020

Please be further informed that the above Notice of the AGM and Annual Report shall also be available on the website of the Company www.futuresupplychains.com

Kindly take the above information on your records.

Yours faithfully,

For **Future Supply Chain Solutions Limited**



Rohan Gavas
Company Secretary

Encl.: As above

Dear Members,

You are cordially invited to attend the 15th Annual General Meeting of Future Supply Chain Solutions Limited (the **“Company”**) to be held on Monday, December 28, 2020 at 1:30 pm through video conferencing (“**AGM**”). The notice convening the AGM is enclosed herewith. For the ease of members, below are the key details of the AGM of the Company:

Link to attend through video conference	:	https://www.evoting.nsdl.com
Cut-off date to become eligible for e-voting	:	December 21, 2020
Remote e-Voting Period	:	December 24, 2020 - December 27, 2020
Link for remote e-voting	:	https://www.evoting.nsdl.com
Scrutiniser for conducting voting process	:	Bindu D Shah – Company Secretary in Whole time Practice
Link for members to temporarily update e-mail address	:	https://linkintime.co.in/emailreg/email_register.html
Contact details	:	<p>Company: Person: Mr. Rohan Gavas E-mail: investorrelations@futuresupplychains.com Tel.: (022) 6644 2200</p> <p>Registrar & Transfer Agent: E-mail: rnt.helpdesk@linkintime.co.in Tel.: (022) 4918 6270</p> <p>NSDL: Person: Mr. Amit Vishal/ Ms. Sarita Mote E-mail: amitv@nsdl.co.in / saritam@nsdl.co.in Tel.: (022) 2499 4890</p>
Websites where annual reports and Notice of AGM would be available	:	www.futuresupplychains.com www.bseindia.com www.nseindia.com www.nsdl.co.in
Link for corporate members to send necessary authorisation	:	<p>If to the Company: investorrelations@futuresupplychains.com</p> <p>If to the Scrutinizer: bindudshah@gmail.com</p> <p>To the service provider: evoting@nsdl.co.in</p>
E-mail for members to submit their query for their response during the AGM	:	investorrelations@futuresupplychains.com

Future Supply Chain Solutions Limited

Registered Office: Knowledge House, Shyam Nagar, Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400060

Tel.: +91 22 66442200 • **Fax:** +91 22 66442201 • **CIN:** L63030MH2006PLC160376

Website: www.futuresupplychains.com • **Email:** investorrelations@futuresupplychains.com

NOTICE TO MEMBERS

Notice is hereby given that the 15th Annual General Meeting of the members of Future Supply Chain Solutions Limited will be held on Monday, the December 28, 2020 at 1:30 pm ("AGM") through video conferencing ("VC") / other audio visual means ("OAVM") to transact the following business ("AGM Notice"):

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended March 31, 2020 together with the reports of Auditors and Directors thereon;
2. To appoint a Director in place of Mayur Toshniwal (DIN: 01655776) who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint a Director in place of Chandra Prakash Toshniwal (DIN: 00036303) who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint Statutory Auditors:

(a) To appoint Statutory Auditors to fill casual vacancy

To consider and if thought fit, to pass as an ordinary resolution, the following:

"RESOLVED THAT pursuant to the provisions of section 139(8), 142 and other applicable provisions, if any, of the Companies Act, 2013 including the applicable rules made thereunder, M/s. DMKH & Co; Chartered Accountants, Mumbai (Firm Registration No.: 116886W), be and are hereby appointed as Statutory Auditors of the Company to fill the causal vacancy caused by the resignation of M/s. GMJ & Co., to hold office as such till conclusion of the this annual general meeting.

RESOLVED FURTHER THAT the Board of Directors (which term shall include any authorised or empowered committee thereof) of the Company be and is hereby authorised to fix the remuneration payable to them during the aforesaid period of their appointment."

(b) To appoint Statutory Auditors of the Company and to fix their remuneration

To consider and if thought fit, to pass as an ordinary resolution, the following:

"RESOLVED FURTHER THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 including the applicable rules made thereunder, M/s. DMKH & Co; Chartered Accountants, Mumbai (Firm Registration No.: 116886W), be and are hereby appointed as Statutory Auditors of the Company to hold office as such from the conclusion of this annual general meeting until the conclusion of five consecutive annual general meetings to be held hereafter.

RESOLVED FURTHER THAT the Board of Directors (which term shall include any authorised or empowered committee thereof) of the Company be and is hereby authorised to fix the remuneration payable to them during the aforesaid period of their appointment."

SPECIAL BUSINESS

1. To approve/ authorize to transact with related party/ material entity

To consider and if thought fit, to pass as an ordinary resolution, the following:

"RESOLVED THAT Regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (including any amendments thereto from time to time or any re-enactment thereof for the time being in force) (the "Listing Regulations"), applicable provisions of the Companies Act, 2013 including any rules framed thereunder (the "Act"), in terms of the policy approved by the Board for dealing/ transacting with related parties for the time being in force ("Policy") and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, approval of the shareholders be and is hereby accorded to the Board of Directors (including any empowered committee thereof or any Director or official of the Company authorised in this behalf) to enter into transactions with Future Retail Limited ("Related Party"), either individual or taken together with previous transactions, on arms' length basis and in ordinary course of business activities, for an aggregate amount up to ₹ 800,00,00,000/- (Rupees Eight Hundred crore only) during the financial year 2020-21.



RESOLVED FURTHER THAT the Board (which term shall include its duly authorized committee or directors or officials of the Company), be and is hereby authorized to do or cause to be done all such acts, matters, deeds and things and to settle any questions, difficulties or doubts that may arise with regard to any transactions with Related Parties and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution."

2. To re-appoint Mayur Toshniwal as a Managing Director

To consider and if thought fit, to pass **as a special resolution**, the following:

“RESOLVED THAT pursuant to section 197,198, 203 and all other applicable provisions of the Companies Act, 2013 (the “**Act**”) read with Schedule V to the Companies Act, 2013 (“**Schedule**”), applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), including any statutory modification to the Act, Schedule and Listing Regulations from time to time or any re-enactment thereof for the time being in force, pursuant to the recommendations of the Nomination and Remuneration Committee and Board of Directors, in line with the Policy on Diversity of Board of Directors and subject to statutory or regulatory approvals, if any, that may be required anytime during the tenure, Mayur Toshniwal be and is hereby re-appointed as a Managing Director of the Company for a period of 3 years effective from August 5, 2020 at a remuneration and allowances in the scale of ₹ 2,00,00,000/- to ₹ 3,00,00,000/- per annum on such terms and conditions as may be agreed between the Company and Mr. Mayur Toshniwal or as may be prescribed under the applicable provisions of the Companies Act, 2013 or levied, imposed or otherwise obligated under any of the consents, approvals or permissions to be accorded by any of the regulatory or statutory authority while approving such re-appointment, with the powers to the Board of Directors (which term shall always be deemed to include any duly authorised committee thereof) to vary or increase the remuneration and allowances payable or to be provided to Mayur Toshniwal including monetary value thereof as specified herein to the extent the Board may consider appropriate or as may be permitted or authorised in accordance with the provisions of the Companies Act, 2013 for the time being in force, provided however, that the remuneration payable to Mayur Toshniwal at any time during his tenure shall be within such limits as may be approved by the Board of Directors, Shareholders, and/or such other requisite authorities, as may be required.

RESOLVED FURTHER THAT the Company may pay the following perquisites in addition to aforesaid remunerations:

Perquisites:

1. Contribution to the Provident Fund and payment of Gratuity as per the rules of the Company would not be included in the computation of ceiling on remuneration to the extent these are not taxable under the Income-tax Act, 1961.
2. Encashment of earned leave at the end of the tenure as per the Rules of the Company;
3. Re-imbursement of travelling expenditure/ fuel expenses for the business of the Company;
4. Provisions of any telephone or mobile phone for the purpose of the business of the Company.

The value of the perquisites would be evaluated as per Income Tax Rules, 1962 wherever applicable and at cost in the absence of any such Rules.

RESOLVED FURTHER THAT in the event in any financial year during the tenure of the Managing Director, the Company does not earn any profits or earns inadequate profit as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to the Managing Director the above remuneration as the minimum remuneration by way of salary and allowances as specified above and subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such matters, things, acts and deeds to give effect to the contents, terms, conditions or otherwise intent of this resolution.”

**By order of the Board of Directors of
Future Supply Chain Solutions Limited**

Rohan Gavas
Company Secretary
Mumbai, November 27, 2020



Notes & Instructions:

1. A statement pursuant to Section 102 of the Companies Act, 2013 (the "Act") setting out material facts concerning the Special Business under item Nos. 1 and 2 of the AGM Notice is annexed herewith.
2. During this time of COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 (collectively "MCA Circulars"), permitted the companies to hold the general meetings (including AGMs) through video conferencing or other audio visual means. Accordingly, the AGM of the Company is being convened and conducted through two-way video conference, in compliance with MCA Circulars and requirements of physical attendance of the members has been dispensed with.
3. In line with the MCA Circulars, the AGM Notice along with the Annual Report for 2019-20 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may please note that this Notice will also be available on (i) the Company's website at <https://www.futuresupplychains.com/annual-reports.php> (ii) websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively; and (iii) on the website of National Securities Depository Limited ("NSDL") at www.evoting.nsdl.com
4. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form, by writing to the Company's Registrar and Share Transfer Agent - Link Intime India Private Limited.
5. Pursuant to the General Circular No. 20/2020 dated May 5, 2020 issued by MCA, the Company has enabled a process for the limited purpose of receiving the Company's annual report and AGM Notice (including remote e-voting instructions) electronically, the members may temporarily update their email address by accessing the link https://linkintime.co.in/emailreg/email_register.html
6. The Company has engaged NSDL to provide the facility to the members for attending the AGM from their respective locations through video conferencing and other audio-visual means. Detailed procedure as how to attend the AGM, are given separately.
7. The Company has also availed a facility from NSDL to enable members to vote online during the remote e-voting period as well as during the AGM. Detailed procedure as how to vote electronically, are given separately.
8. Pursuant to MCA Circulars and relaxation granted by the Securities and Exchange Board of India ("SEBI") vide its circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 ("SEBI Circular"), facility to the members to appoint of a proxy on his/ her stead, will not be available for the AGM. In view of the same, the Form of Proxy is not annexed to this AGM Notice. However, Institutional shareholders intending to be present through their authorised representatives to attend the AGM are requested to send by email, a certified copy of the resolution of appropriate authority to (i) the Company Secretary at investorrelations@futuresupplychains.com; (ii) Scrutinizer at kbindudshah@gmail.com with a copy mark to evoting@nsdl.co.in, authorizing them to attend and vote on their behalf at the AGM.
9. As required under regulation 26(4) and 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standards on General Meetings ("SS-II"), requisite details of the Directors seeking appointment/ re-appointment at the AGM are provided in an annexure to this AGM Notice.
10. Register of Directors and KMPs maintained under section 170 of the Act, Certificate from the Statutory Auditors relating to the Company's Stock Options Plan under SEBI (Share Based Employee Benefits) Regulations, 2014 shall be available for inspection during the AGM. Members seeking to inspect such documents can send an email to invesotrrelations@futuresupplychains.com.
11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically. Members seeking to inspect such documents can send an email to investorrelations@futuresupplychains.com.
12. As the AGM is to be held through VC/ OAVM, the route map is not annexed to this AGM Notice.

13. Members are requested to send all communications relating to shares to the Registrar & Share Transfer Agent (R & T Agent) at the following address:

Link Intime India Private Limited

C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400083

Phone No. (022) 49186270; Fax No. (022) 49186060; E-mail: rnt.helpdesk@linkintime.co.in

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to the Special Business matters mentioned in the AGM Notice:

Special Business Matter 1 – Approval of Material Transactions with Related Party

The Company derives its substantial portion of the revenues from Future Retail Limited (“**Related Party**”) in ordinary course of its business. The Audit Committee, wholly comprising Independent Directors, also approved to enter into transactions with the Related Party. It is expected that the value of transactions specified under the proposed resolution and consisting of providing logistics and warehousing services, sale/ purchase of fixed assets and certain payments towards the rent and expenses, entered / to be entered into with the Related Party, whether considered individually and/or taken together with previous transactions during the year 2020-21, would exceed the stipulated threshold of 10% of the consolidated turnover of the Company as per the latest audited financial statements i.e. F.Y. 2019-20 (“**Material Transactions**”). Pursuant to the regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), Material Transactions require approval of the shareholders. Shareholders belonging to the Promoter Group are requested to note that they shall not be able to vote on the proposed resolution to approve it, as specified under regulation 23(4) of the Listing Regulations.

The Material Transactions are/ would be conducted on arms’ length basis and in ordinary course of business. Accordingly, provisions of section 188(1) of the Companies Act, 2013 do not apply. However, as required under rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, members may take note of the below information:

- **Nature of Transactions:** Providing logistics, warehousing and distribution services, sale/ purchase of fixed assets and certain payment towards rent and other expenses on arms’ length basis;
- **Name of the entity:** Future Retail Limited;
- **Name of the Director or Key Management Personnel who is related, if any:** None
- **Nature of Relationship:** Material entity/ Related Party/ Group entity;
- **Nature, Material Terms, Monetary value and particulars of the contract or arrangement:** Up to an aggregate amount of ₹ 800.00 crore, in one or more tranches and on terms and conditions as may be mutually agreed from time to time but subject to the provisions of the applicable laws and on arms’ length basis;
- **Any other relevant or important Information:** Future Retail Limited is the single largest customer of the Company contributing more than 50% of the revenues of the Company during the year 2019-20. The transactions covered under the resolution have been reviewed and approved by the Audit Committee wholly comprising the Independent Directors.

In view of the expected volume involved in the Material Transactions, your Directors recommend the resolution for your approval as an Ordinary resolution.

None of the Directors, Key Management Personnel of the Company and their respective relatives shall be considered to be interested in the proposed resolution except, if so, as a member of any of the entities covered in the proposed resolution.

Special Business Matter 2 – Re-appointment of Mayur Toshniwal as a Managing Director

The first tenure of Mayur Toshniwal as a Managing Directors of the Company ended on August 4, 2020. The Nomination and Remuneration Committee and Board of Directors at their respective meetings held on June 25, 2020 have approved the re-appointment for a further period of 3 years in view of extensive experience possessed by him. During his tenure,

the Company has exceeded the revenue projections and business volumes in last three years, entered various long term contracts with renowned corporates, successfully implemented various cost control initiatives and various other matters towards the business development. Further, Mayur Toshniwal is a key contributor for business development strategy in consultation with Nippon Express which has recently acquired 22% stake in the Company. He is a lead member of the steering committee constituted to explore synergies under the Business Development Agreement with Nippon Express.

Disclosure as required under Schedule V of the Companies Act, 2013 in relation to the appointment and approval of remuneration is given hereunder.

1. GENERAL INFORMATION:

1.1 Nature of Industry

Logistics and Supply Chain Management

1.2 Date or expected date of Commercial Production

Not Applicable the Company is operational.

1.3 In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable

1.4 Financial performance

Particulars	F.Y. 2019-20	F.Y. 2018-19	F.Y. 2017-18
Operational Income	1,16,058.17	1,11,277.10	83,192.24
Net Profit	(6,388.24)	6,515.72	3,059.48
Basic EPS (₹)	(15.51)	16.27	7.75

(₹ in Lakh)

1.5 Foreign Investments or collaborations

The equity shares of the Company are listed on BSE Limited and The National Stock Exchange of India Limited and available for publicly trading. During the year 2019-20, the Company attracted foreign investment by issuing new equity shares on preferential basis under FDI norms, pursuant to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the relevant provisions of the Companies Act, 2013. Consequent to such foreign investment, the Company also entered into Business Collaboration Agreement with Nippon Express (South Asia & Oceania) Pte. Ltd. to explore the synergies for business development. Nippon Express is Japan's the largest logistics player and 7th largest globally. The Company expects to derive considerable operational synergies and substantial growth of the business under the partnership with Nippon Express.

2. INFORMATION ABOUT THE APPOINTEE

2.1 Background

Mayur Toshniwal is B.E. (Mech Engg.) and completed post graduate diploma in Management from Indian Institute of Management – Ahmedabad. He possesses experience in various industries for over 25 years in various managerial capacities.

2.2 Past Remuneration

During the year 2019-20, Mayur Toshniwal was paid a remuneration of ₹ 205.17 Lakh.

2.3 Recognition and Awards

None



2.4 Job profile and his suitability

Managing Director is overall in-charge for operations and management and has direct reporting to the Board of Directors, his role and responsibilities, inter alia, include business development, technology roadmap and effective deployment, warehousing operations and capex, financial disciplines etc. The Company has state-of-the-art infrastructure which is capable of managing entire supply chain of any retail entity in most efficient manner. Mayur Toshniwal possesses vast experience in the field consumer centric industries including the organised retail sector. His rich experience in retail industry is seen as an added advantage since the Company's largest customers belong to organized retail sector. Accordingly, designing and planning for logistics activities and managing supply chain for such clients are prompt, economical and with minimal shortcomings.

2.5 Remuneration proposed

In the scale of ₹ 2,00,00,000/- to ₹ 3,00,00,000/- per annum with the powers to the Board (including any committee thereof) to revise the remuneration within such overall limits during the tenure of the appointee.

2.6 Comparative remuneration profile with respect to industry, size of company, profile of the position and person

The logistics industry in India is generally fragmented and some of other entities within the industry may have significantly greater financial and marketing resources and operate larger networks than the Company. However, the Company's business infrastructure is quite distinct and unmatched from technology perspective. The Company provides automated and IT-enabled warehousing, distribution and other logistics solutions mainly on B2B. The Company's business model can comprehensively cover customers' supply chain needs. The Company provides solutions that enable customers to leverage Company's distribution network and which optimises the performance, cost and efficiency of their supply chains, shortening their lead-time to market. The Company has installed a high speed cross-belt-sorter system with a sorting capacity of approximately 2,000 cases per hour. The said sorter system is first of its kind in India. Hence, Company's service offerings, warehousing infrastructure, pan-India distribution network, "hub-and-spoke" transportation model and automated technology systems support its competitive market position. In view of this, competitive comparison of the appointee within the same industry is not viable and justified especially when the appointee has distinct advantage of vast experience in retail sector and tech driven logistics operations.

2.7 Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

Mayur Toshniwal has been drawing remuneration in his capacity as Managing Director and benefits in the form of stock options. However, he is not related to any managerial person or Director or promoter of the Company.

3. OTHER INFORMATION

3.1 Reasons of loss or inadequate profits

The Company has incurred net losses during the year 2019-20 due to slowdown in consumer demands and also on account of one-time write off losses of subsidiary company's operations demerged in the Company.

3.2 Steps taken or proposed to be taken for improvement

The Company has undertaken several initiatives to improve productivity and increase operational efficiencies, so as to improve profitability. These include:

- ➡ Warehousing network re-design & consolidation;
- ➡ Transport cost rationalisation and move to a complete variable model;
- ➡ Labour productivity enhancement initiatives at the warehouse level;
- ➡ Fixed costs / overheads rationalisation;
- ➡ Revisiting customer contracts where Company's ROI was sub-optimal;
- ➡ Continued investments in upgrading technologies to augment capabilities and efficiency.

3.3 Expected increase in productivity and profits in measurable terms

Various initiatives taken by the Company has resulted in controlling operational costs significantly. Further, the Company has also formed a steering committee led by the Managing Director and having expert representatives of Nippon Express for business development to increase the clientele and bring operational efficiencies. Although, the profits could not be accurately measured in absolute amount, the Company could reap the benefits of various initiatives recommended by such steering committee which have been clearly visible in business operations.

In view of the above, your Directors recommend the resolution for your approval as a Special Resolution.

None of the Directors, Key Management Personnel of the Company and their respective relatives shall be considered to be interested in the proposed resolution except as a member. Mayur Toshniwal – Managing Director shall be deemed to concerned or interested to the extent of the remuneration and perquisite paid/ to be paid by the Company.

By order of the Board of Directors of
Future Supply Chain Solutions Limited

Rohan Gavas
Company Secretary
Mumbai, November 27, 2020

Annexure to the Notice of 15th Annual General Meeting

Information as required pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-II), in respect of Directors seeking appointment/ re-appointment at the AGM.

Particular	Name of the Directors	
	C P Toshniwal	Mayur Toshniwal
Date of Birth	September 29, 1966	February 22, 1968
Nationality	Indian	Indian
Brief Profile	<p>A qualified Chartered Accountant and an Associate Member of the Institute of the Company Secretaries of India. He possesses over 25 years of rich managerial experience in the field of Corporate and Strategic Planning, Financial planning & restructuring, Risk management system and process implementation, mergers, amalgamations, takeover of business enterprises, raising capital through innovative financial products. He has been awarded the Best CFO Award-2011 by The Institute of Chartered Accountants of India. He has been awarded "CFO100 Roll of Honour" by CFO India for his extraordinary performance as senior finance leader in Retail Industry.</p>	<p>Holds a post graduate diploma in management from the IIM-A and a bachelor's degree in technology in mechanical engineering from the Indian Institute of Technology, Banaras Hindu University, Varanasi. He has around 25 years of experience in the industry for manufacturing paint, fast moving consumer goods and retail industries, including five years of experience as an entrepreneur. Previously, he has worked with a few renowned corporates in various managerial capacities.</p>
Expertise in specific functional areas	Finance, Management and Risk oversight	Management, Business development
Any relationships between directors inter-se	None	None
No. of shares held	Nil	16,322
Terms and conditions of appointment	Liable to retire by rotation	Please refer resolution 6 and relevant explanatory statement therefor
Remuneration sought to be paid	None	
Date of first appointment	Since inception	August 5, 2017
Directorships held in other companies	Future Lifestyle Fashions Limited; Future Brands Limited; Future Digital Payment Systems Limited; NuFuture Digital (India) Limited; Sun City Properties Private Limited; Sprint Advisory Services Private Limited; Shendra Advisory Services Private Limited; Whole Wealth Limited	Iotomation Ecotech Private Limited; Allgreen Ecotech Solutions Private Limited
Membership/Chairmanship of committees in other companies	Member of Audit Committee – Future Brands Limited	None
No. of Board meeting attended during the year 2019-20	Six	Five

Instructions for attending the AGM through VC/ OAVM:

1. Members can attend the AGM through VC by performing the following actions:

Action 1	:	Login to the NSDL e-voting portal - https://www.evoting.nsdl.com
Action 2	:	<p>Click on the “Shareholder/ Member” login. The login credentials are as follows:</p> <p>A. User ID</p> <ol style="list-style-type: none"> 1. Members with NSDL account: 8-character DP ID followed by 8-digit Client ID (for example, if your DP ID is IN***** and Client ID is *****, then your user ID is IN*****). 2. Members with CDSL account: 16-digit Beneficiary ID (for example, if your Beneficiary ID is 12*****, then your user ID is 12*****). 3. Members with physical folio: EVEN i.e. 123456 + folio number registered with the Company (for example, if your folio number is ****, then your user ID is 123456****). <p>B. Password</p> <p>Existing Users – use your existing password. In case you have forgotten your password, you can generate a new password by clicking the appropriate tab provided on the same page.</p> <p>If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.</p> <p>Members may also use OTP based login. The OTP will be sent to the registered mobile number and/or e-mail address. In case any Member is still unable to get the password through the aforesaid options, he/she can send a request at evoting@nsdl.co.in mentioning his/her DP ID and/or Client ID/folio number and Income Tax PAN.</p> <p>If your email ID is not registered, please follow the “ process for those shareholders whose email ids are not registered” given in subsequent para/ instructions.</p>
Action 3	:	<p>Once the login credentials are verified by the system, - Click on e-voting: Active Voting cycles - Select EVEN of Future Supply Chain Solutions Limited.</p> <p>Click on the link ‘Join General Meeting’ to participate in the AGM.</p>

2. Attending the AGM through VC would be better experienced by using stable wi-fi or LAN connection than connecting from mobile phones or tablets or laptop via mobile hotspot. Hence, it is recommended to use stable wi-fi or LAN connection for uninterrupted participation.
3. The link for joining the AGM through VC will be activated 15 minutes prior to the scheduled time for commencement of AGM and will remain open throughout the proceedings of AGM.
4. Members will be required to grant access to the web-cam to enable two-way video conferencing.
5. Members who wish to raise any query or express their views or speak at the AGM are required to register themselves one day prior to the date of the AGM by sending an e-mail to investorrelations@futuresupplychains.com. Members may also raise queries during the AGM. The Company reserves the right to restrict the speakers at the AGM, in interest of time for the AGM.
6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. For any technical assistance prior to or during the AGM, members may contact Mr. Amit Vishal at amitv@nsdl.co.in or Ms. Sarita Mote at saritam@nsdl.co.in or call on 022-2499 4890 or on Toll Free No.: 1800-222-990.

Instructions relating to e-voting on resolutions proposed at AGM:

In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS-II) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its members a facility to exercise their right to vote on the resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system ("Remote e-Voting") will be provided by NSDL.

A. Common instructions for e-Voting:

1. Only a person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as of December 21, 2020 ("Cut-Off Date") are entitled to vote on the resolutions which are proposed at the AGM.
2. Vote cast by a member during the Remote e-Voting Period (whether for all shares held or any part thereof) shall not be changed or cancelled subsequently.
3. The voting rights of the members shall be in proportion to their share in the paid-up equity share capital of the Company as on the Cut-Off Date.
4. Any person, who acquires shares of the Company and become a member of the Company after dispatch of the AGM Notice and holding shares as of the Cut-off Date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/ RTA. If a member is already registered with NSDL for e-voting, then he/ she can use his/ her existing user ID and password for casting the vote. A member can reset the password by using "Forgot User Details / Password" option available on www.evoting.nsdl.com or contact NSDL at the toll-free number: 1800-222-990.
5. The Company has appointed Bindu D. Shah - Company Secretary in Wholetime Practice (Membership No. 20066, Certificate of Practice No. 7378) to scrutinize the voting process in a fair and transparent manner ("Scrutinizer").
6. The Scrutinizer shall submit a consolidated report of the total votes cast in favour of or against, as the case may be, on each of the resolutions set out in this AGM Notice, not later than 48 hours from the conclusion of the AGM, to the Chairman of the Company. The Chairman or any other person authorised by the Chairman shall declare the result of the voting forthwith. The result of voting and report of Scrutinizer shall be communicated to BSE Limited and National Stock Exchange of India Limited. The same shall also be placed on the website of the Company and NSDL. Subject to requisite number of affirmative votes, all the resolutions as set out in this AGM Notice shall be deemed to have been passed on the date of AGM i.e. December 28, 2020.

B. Voting prior to AGM

1. *Members are requested to note that -*
 - a. The Company has fixed a period commencing at 9:00 a.m. on December 24, 2020 till 5:00 p.m. on December 27, 2020 ("Remote e-Voting Period") for voting on resolutions proposed at the AGM.
 - b. A member who has exercised his/ her vote during the Remote e-Voting Period, is also entitled to attend the AGM but shall not be entitled to cast vote again.
 - c. The e-voting module shall be disabled by NSDL immediately after the Remote e-Voting Period and members will not be able to cast their vote post closure of Remote e-Voting Period.

2. *Process and manner for Remote e-Voting are explained herein below:*

Action 1	<p>: Login to the NSDL e-voting portal https://www.evoting.nsdl.com</p> <p>: Click on the "Shareholder/ Member" login. The login credentials are as follows:</p> <p>A. User ID</p> <ol style="list-style-type: none"> 1. Members with NSDL account: 8-character DP ID followed by 8-digit Client ID (for example, if your DP ID is IN***** and Client ID is *****, then your user ID is IN*****). 2. Members with CDSL account: 16-digit Beneficiary ID (for example, if your Beneficiary ID is 12*****), then your user ID is 12*****). 3. Members with physical folio: EVEN i.e. 123456 + folio number registered with the Company (for example, if your folio number is ****, then your user ID is 123456****). <p>B. Password</p> <p>Existing Users – use your existing password. In case you have forgotten your password, you can generate a new password by clicking the appropriate tab provided on the same page.</p> <p>If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.</p> <p>Members can also use OTP based login. The OTP will be sent to the registered mobile number and/or e-mail address. In case any member is still unable to get the password through the aforesaid options, he/she can send a request at evoting@nsdl.co.in mentioning his/her DP ID and/or Client ID/folio number and Income Tax PAN.</p>
Action 3	<p>: a) Click on e-voting: Active Voting Cycles.</p> <p>b) Select EVEN of Future Supply Chain Solutions Limited.</p> <p>c) Once you select the EVEN, the Cast Vote page will open.</p> <p>d) Cast your vote by selecting your favoured option along with the number of shares for which you wish to cast your vote and then click on "Submit" followed by "Confirm" when prompted.</p> <p>Upon confirmation, the message "Vote cast successfully" will be displayed. Please note that once your vote is cast on a selected resolution, it cannot be modified or cancelled subsequently.</p>

Process for those shareholders whose e-mail addresses are not registered with the Depositories for procuring user id and password and registration of e-mail address for e-voting and attending AGM for the resolutions set out in this AGM Notice:

In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to the Company or Registrar and Transfer Agent.

In case shares are held in demat mode, please provide DPID - CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to the Company or Registrar and Transfer Agent.

C. Voting at the AGM

A facility to vote during the meeting shall also be available to those members who have not cast their vote during the Remote e-Voting Period. After closure of discussion/ interaction with the participating members, a separate tab shall be activated for not less than 15 minutes, to enable the shareholders to exercise their voting rights at the AGM. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.

D. General instructions for the Shareholders

1. You are advised not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
2. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in or contact Ms. Pallavi Mhatre or Ms. Sarita Mote at NSDL at the designated email address: pallavid@nsdl.co.in or saritam@nsdl.co.in or evoting@nsdl.co.in or call on +91 22 2499 4545/ 4360 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the email address: investorrelations@futuresupplychains.com



**FUTURE SUPPLY CHAIN
SOLUTIONS LIMITED**

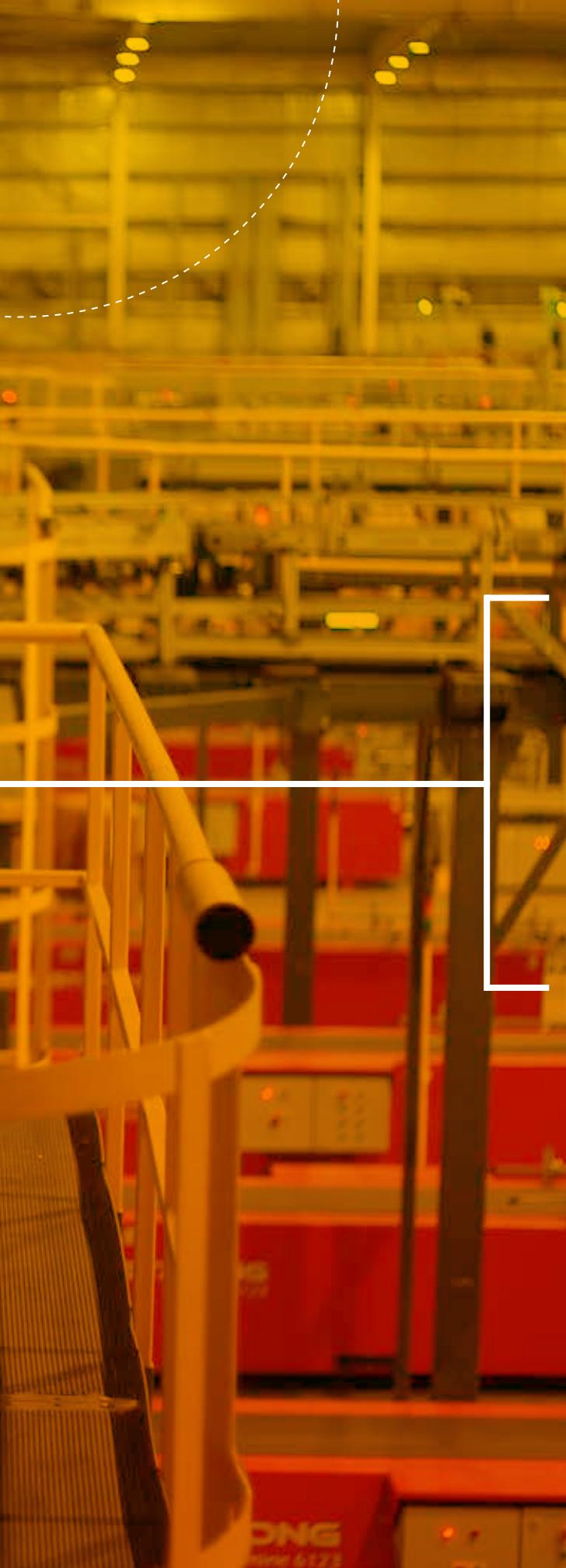


**BUILDING SYNERGIES
DRIVING EFFICIENCIES
EMBRACING CHANGE**

ANNUAL REPORT **2019-20**



**READING
THROUGH...**



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BUSINESS MODEL

FSC uses the power of its business model, network advantage and expertise to leverage the key capital inputs into its business. This helps the Company generate significant value for its stakeholders.

GUIDED BY

Our purpose

We add velocity to our customers' aspirations

Our values



CUSTOMER
CENTRICITY



AGILITY



AUTHENTICITY



INDIANNESS



VALUING &
NURTURING
RELATIONSHIPS



OPENNESS &
ADAPTABILITY



INTROSPECTION



SIMPLICITY &
POSITIVITY



LEADERSHIP



RESPECT &
HUMILITY



FLOW

SUPPORTED BY

Long term sector growth prospects

Our assets and resources

People and Relationships

Supply Chain Knowledge and Expertise

Financial Control

Capital Deployment

Quality Risk Management

FSC culture

Passion for delivering services to customers

Adaptability

Commitment

Collaboration and Innovation

Support and Inclusiveness

Integrated service offerings

Offers customised supply chain solutions across contract logistics, express logistics and temperature-controlled logistics

DRIVEN BY



Brand Equity

FSC occupies a reputed stature in the logistics industry for our solutions and services offered to our customers



Operational Excellence

Operational excellence enables us to supply products to the customer with utmost care. This feature makes us a trusted partner of our customers



Technology and Digitisation

Technology is core to our service offering as it is an integral part of our daily operations making it a key differentiating factor

OUTPUT



Financial KPIs



Strong Operational KPIs



Efficient Operations

Efficient space utilisation

Energy-efficient warehouse designing

People/Process optimisation

Higher safety, reduced damages and pilferages

OUTCOME



Preferred Partner

Preferred supply chain partner for companies across fashion and apparel, retail, home furnishing, electronics, food & FMCG, e-commerce, consumer durables and many more sectors



1,384 Committed People

Attracts and retains talented employees through management training and development programmes aligned with the Company's purpose, vision and values



Happy Communities

Community well-being initiatives in the areas of child nutrition, health, women empowerment, and environment, among others.

CORPORATE INFORMATION

Board of Directors

Rakesh Biyani (Chairman & Non Executive Director)

DIN: 00005806

Mayur Toshniwal (Managing Director)

DIN: 01655776

Bala C Deshpande (Independent Director)

DIN: 00020130

Malini Chopra (Independent Director)

DIN: 08195364

Amar Sapra (Independent Director)

DIN: 05178849

Janat Shah (Independent Director)

DIN: 01625535

C P Toshniwal (Non Executive Director)

DIN: 00036303

Hiroyuki Tanaka (Non Executive Director)

DIN: 08657963

Company Secretary and Compliance Officer

Vimal K Dhruve

(Resigned w.e.f. September 17, 2020)

Statutory Auditors

GMJ & Co.

(Resigned w.e.f. November 7, 2020)

Chief Financial Officer

Samir Kedia

Share Transfer Agents

Link Intime India Private Limited C 101

247 Park, LBS Marg Vikhroli (West)

Mumbai: 400083 Tel: +91 22 49186270

Web: www.linkintime.co.in

Bankers

State Bank of India

IDFC First Bank

Kotak Mahindra Bank

Yes Bank

Registered Office

Knowledge House, Shyam Nagar,

Jogeshwari Vikhroli Link Road,

Jogeshwari (East), Mumbai: 400060



MANAGEMENT DISCUSSION ANALYSIS

This discussion aims at providing a complete understanding of the financial statements and a summary of our business performance and the eco-system it operates in.

Management Discussion and Analysis comprises:

- 🚚 Economy Overview
- 🚚 Industry Overview
- 🚚 Competitive Landscape
- 🚚 Business Overview
- 🚚 Businesss Outlook
- 🚚 Performance Overview
- 🚚 Human Resources
- 🚚 Risks and Internal Adequacy

Some of the statements in discussion may be forward-looking. The future performance of such statements may differ from those stated in the Management Discussion and Analysis. Such probable difference can be on account of various factors such as changes in the macro-economic environment, Government regulations, tax regimes, impact of competition, and demand-supply constraints.

ECONOMY OVERVIEW

The Indian economy witnessed a turbulent 2019-20 as it faced several challenges. GDP growth moderated to 4.2% in 2019-20, with GDP growth for Q4 2019-20 being pegged at 3.1%. The last quarter witnessed a partial impact of a nationwide lockdown that got implemented in end of March 2020, due to the rising concerns on spread of the global pandemic in India – Coronavirus (COVID -19). GDP growth moderated during the first nine months partly due to a consumption slowdown.

In May 2020, the Reserve Bank of India estimated that India's GDP is likely to decline in 2020-21, primarily due to Covid-19 led slowdown in economic activity. They expect some pick-up in economic activity only during the second half of 2020-21. The Monetary Policy Committee has not shared any specific projections for 2020-21 mainly due to the heightened uncertainty around the duration of the pandemic and its resultant impact on overall consumption demand and the Indian economy.

INDUSTRY OVERVIEW

The logistics sector in India is expected to have grown at a CAGR of 10.5% from US\$ 160 billion in 2016-17 to US\$ 215 billion in 2019-2020, as per industry estimates. Management estimates that sub-segments that FSC operates in grew at a CAGR of 15-20% from 2014-15 to 2019-20.

During 2019, the Indian warehousing segment continued to witness a favourable structural shift with rise in demand for modern warehousing. The cumulative supply of Grade A and Grade B warehousing space in the top 8 cities increased from 169 million sq. ft. in 2018 to 211 million sq. ft. in 2019, registering a growth of 24.9%, as per JLL India Industrial Services (JLL India). JLL India expects the cumulative supply of Grade A and Grade B warehousing to increase to 379 million sq. ft. by 2023. However, there was a contraction of around 15% in the new supply during the quarter ending March 2020 as compared to the quarter ending March 2019, due to COVID-19. JLL India further expects space addition to witness delays in the next 1-2 quarters, mainly due to labour shortages. JLL India also expects minor correction in warehouse rentals in the short term due to pandemic-led demand uncertainty and rising cost pressures.

Covid Impact on 3PL

Time frame	Impact on Logistics Sector
Short term	Transport movements restricted to essential commodities
Medium term	Urban logistics and in-city warehouses will be in demand; Increase in outsourcing activities to 3PL due to cost pressures and efficiency enhancement
Long term	Drive from e-commerce to increase growth and expansion of logistic players; Government policy and infrastructural support to accelerate activity; Mall developers to innovate designs to accommodate storage spaces within, for retail tenants.

Source: JLL India



MANAGEMENT DISCUSSION ANALYSIS (CONTD.)

In its recent report titled – India Industrial and Logistics Market View H2 2019 – CBRE highlighted that leasing activity was led by 3PL firms in 2019, followed by e-commerce and retail companies. 3PL firms accounted for around 48% of the leasing activity in 2019 as compared to 36% in 2018. Mid and large sized transactions (over 50,000 sq. ft. of space) constituted 58% of the leasing activity in 2019. Large sized deals (over 100,000 sq. ft.) were largely done by 3PL players. NCR, Mumbai and Bangalore dominated large sized deal closures.

Opportunities and Threats

The year 2019-20 ended with the outbreak of global pandemic, COVID-19, resulting in unprecedented disruption across sectors in India and worldwide. The outbreak was followed by nationwide lockdown with many businesses facing the brunt with varying magnitudes. Revenue for logistics sub-sectors where FSC operates, mainly Contract Logistics, Express Logistics and Temperature-Controlled Logistics, are expected to decline by 10-20% during 2020-21, as per the Company management.

The ongoing trade wars and the COVID-19 crisis have forced many global businesses to shift manufacturing out of China, which could be an opportunity for India to expand its manufacturing base given favourable demographics, mainly availability of a large and young workforce. While the business outlook for 2020-21 is severely impacted due to the pandemic, the long term growth drivers remain intact and these sub-sectors are expected to grow double-digits in the next five years.

Goods & Service Tax	The implementation of GST has triggered consolidation of fragmented warehousing operations into fewer and larger warehouses. As a result, the Indian warehousing segment is witnessing a favorable structural shift with a rise in demand for modern warehousing.
Increasing Focus on Core Operations by Product Companies	Product companies are increasingly focusing on their core competencies and looking to outsource the non-core activities, such as supply chain management.

The logistics industry faces several challenges, such as high cost impacting the competitiveness in the domestic market. Other key challenges include availability of skilled manpower, fragmented warehouses, underdeveloped material handling infrastructure, limited usage of technology currently, and inefficient multi-modal and fleet mix. In the near term, 3PL companies could face issues such as poor availability of transport and labour shortages due to COVID-19 impact. While the logistics industry in India is generally fragmented, the Company faces competition from a number of international and domestic third-party logistics service providers, especially as the trend toward larger-scale logistics service providers in India continues.

Competitive Landscape

The Indian logistics industry is highly fragmented in nature with the unorganised participants servicing nearly 80-85% of the overall demand. Competitiveness of various industry players is determined by several factors, such as availability of anchor customers, levels of automation and technology deployed in day-to-day operations, reliability of the supply chain, adherence to compliance standards and multi-sector domain expertise for a third party logistics player.

The Company faces competition from various players catering to different business verticals in different geographic locations as well as several regional and unorganised service providers. At present, there are only a few organised players in India who have a nationwide presence. A few industry participants have also focused on specific sectors.

MANAGEMENT DISCUSSION ANALYSIS (CONTD.)

Critical Success Factors

Contract Logistics	Express Logistics	Temperature Controlled Logistics
Availability of Anchor Clients	Network Presence	Presence at right location
Use of Technology and Automation	Utilisation of Network	Asset Mix
Reliability and End-to-end Supply Chain Management	Reliability of Line Haul	Quality of assets
Increase in Compliance Standards	Consistency of Service Levels	VAS & integrated services
Experience across Multiple Industries	Vendor Management	

BUSINESS OVERVIEW

FSC is an organised third-party supply chain and logistics service provider in India. The Company offers a wide variety of services, such as automated and tech-enabled warehousing, pan-India distribution and transportation, and other logistics-related solutions to a wide range of customers. The Company's customers operate in different sectors in India including fashion and apparel, food and beverage, fast-moving consumer goods (FMCG), e-commerce, electronics and technology, home and furniture, automotive and engineering.

During the year, Nippon Express acquired 22% stake in FSC at a price of ₹ 664 per share. This transaction was a combination of primary issuance and secondary purchase from an existing Investor. Nippon Express and FSC signed a Business Collaboration Agreement to jointly explore revenue synergy opportunities based on their strategic partnership. The two companies jointly started the business collaboration activities in January 2020. With this partnership, FSC aims to leverage Nippon Express' global customer base and competencies in diverse sectors, including automotive and pharmaceutical sectors, for the Indian market.

FSC offers services in three broad areas:

Contract Logistics

Services Provided	<ul style="list-style-type: none"> Supply Chain Analysis and Solution Design Integrated State-of-the-art Warehousing Transportation & Distribution Reverse Logistics Value added services, such as kitting, bundling, unit cartonisation, packaging solution
Network	<ul style="list-style-type: none"> 74 distribution centers comprising total area of 8.20 million sq. ft. Generally multi-user and Built-to-suit distribution centres

Express Logistics

Services Provided	<ul style="list-style-type: none"> Point-to-Point Part & Full Truck Load Transportation; Time-definite Transportation Services; Real-time tracking Trucking and distribution services using 'hub-and-spoke' distribution network and fleet of technology-enabled trucks
Network	<ul style="list-style-type: none"> Operates containerised line-haul and feeder trucks Pan-India network of 13 hubs and 126 operational branches and franchisees Services 11,352 pin codes

Temperature-Controlled Logistics

Services Provided	<ul style="list-style-type: none"> Temperature-controlled warehousing maintaining perishable goods in frozen (-25 to 0 °C), chilled (0 to +4 °C), cold (+2 to +8 °C) and cool (+8 to +25 °C) Primary Reefer Transportation (Long Haul) Secondary Reefer Distribution (Local)
Network	<ul style="list-style-type: none"> Network of owned and wet-leased reefer trucks 9 Temperature-controlled distribution centers 19,395 pallets



MANAGEMENT DISCUSSION ANALYSIS (CONTD.)

Consolidated Revenue Split (₹ in Lakh)	2019-20	2018-19
Contract Logistics	94,872	88,848
Express Logistics	15,352	17,908
Temperature-Controlled Logistics	3,786	3,282
Key Operating Metrics		
Contract Logistics		
Warehouse Area (million sq. ft.)	8.20	7.66
Average Revenue per sq. ft. (₹ per month)	100	113
Express Logistics		
Total Weight Handled ('000 tonnes)	177	195
Temperature-Controlled Logistics		
Number of Pallets	19,395	8,439

The Contract Logistics segment of the Company analyses its customer's needs and business processes. FSC then provides customised 3PL solutions to enable their customers to benefit from lower supply chain cost, higher supply chain efficiency while shortening the lead time to market. Typically, this solution would include infrastructure design, management of entire warehouse operations, inventory management and distribution services. The Company's distribution centres receive, store, track and dispatch the customer's inventory. It also provides end-to-end real-time visibility to its customers for easy tracking.

During 2019-20, the Company increased its warehousing capacity from 7.66 million sq. ft. in 2018-19 to 8.20 million sq. ft., while consolidating its number of warehouses from 96 in 2018-19 to 74 in 2019-20. This network re-design was largely done to benefit from scale efficiencies in future. Going forward, in 2020-21, FSC's warehouse expansion will be driven by new customers and enhanced network efficiencies only. During the year, FSC signed new business with 11 customers for contract logistics. The customers include, a reputed e-commerce company, a marquee FMCG brand, several well-known fashion brands, and a global electronics manufacturer.

Led by a weak macro-economic environment and consumption slowdown in India, during the second half of 2019-20, FSC undertook several projects and initiatives to improve productivity and increase operational efficiencies, so as to improve profitability. Some of these benefits were also passed on to its customers. These include:

- ❑ Warehousing network re-design & consolidation
- ❑ Transport cost rationalisation and move to a complete variable model
- ❑ Labour productivity enhancement initiatives at the warehouse level
- ❑ Fixed costs / overheads rationalisation
- ❑ Revisiting customer contracts where FSC's ROI was sub-optimal
- ❑ Continued investments in upgrading technologies to augment capabilities and efficiency

BUSINESS OUTLOOK

FSC's business has been severely impacted in the near term due to COVID-19 and this is likely to affect revenue growth and profit margins for 2020-21. However, from a five-year outlook perspective, management believes that FSC will benefit from sector tailwinds, which will contribute to strong revenue growth. These mainly include: benefits of GST implementation, increased outsourcing of non-core activities by product companies and growing consumption-led sectors. Additionally, FSC will benefit from its strategic partnership with Nippon Express, wherein the two companies will jointly sell FSC services to Nippon Express' customers globally.



MANAGEMENT DISCUSSION ANALYSIS (CONTD.)

IMPACT OF COVID-19

Current Impact of Lockdown on Operations	<ul style="list-style-type: none"> Contract Logistics for Non-FMCG customers and Express Logistics services halted completely for weeks Severe operational challenges on ground: Poor availability of transport and manpower
Steps taken by FSC	<ul style="list-style-type: none"> Frequent interactions with regulatory authorities to facilitate smooth functioning of supply chain services for essential commodities People safety, material safety and merchandise availability top priorities during and post lock-down Review of operations on daily basis; ramping up quickly as and when restrictions ease Increased focus on fixed cost rationalisation, productivity improvement and efficiency enhancement, while remaining agile and customer-centric

On August 29, 2020, Future Group announced a re-organisation of its businesses in which its key group companies including FSC will merge into Future Enterprises Limited (FEL). The Board approved a Composite Scheme of Arrangement between various companies belonging to Future Group and companies belonging to Reliance Group, as per which FEL will issue 131 (One Hundred Thirty One) fully paid up equity shares of ₹ 2/- each to the equity shareholders of FSC as on the Record Date (as may be determined in terms of the Scheme) for every 10 (Ten) fully paid up equity share of ₹ 10/- each held in FSC.

FEL will subsequently transfer by way of a slump sale as going concern basis the logistics and warehouse business to Reliance Retail Ventures Limited and retail and wholesale businesses to Reliance Retail and Fashion Lifestyle Limited.

The said Scheme would be subject to requisite approvals of the National Company Law Tribunal, BSE Limited, National Stock Exchange of India Limited, Securities and Exchange Board of India, Competition Commission of India and other statutory / regulatory authorities, including those from the shareholders and creditors of the Transferor Companies and Transferee Company and other applicable contractual approvals.

PERFORMANCE OVERVIEW

FSC operations are run through 74 distribution centres across India, covering approximately 8.20 million square feet of warehouse space as of March 31, 2020. The Company utilises a "hub-and-spoke" distribution model comprising 13 hubs and 126 operational branches and covering 11,352 pin codes across the country. FSC operates 9 temperature-controlled warehouses with total pallet capacity of 19,395.

REVIEW OF STANDALONE FINANCIAL PERFORMANCE

Total Income

Total Income comprises:

(i) Revenue from Operations

(ii) Other Income

(i) Revenue from Operations

Revenue from Operations increased by 2.5% from ₹ 1,11,277 Lakh in 2018-19 to ₹ 1,14,055 Lakh in 2019-20.

(ii) Other Income

Other Income increased from ₹ 561 Lakh in 2018-19 to ₹ 2,003 Lakh in 2019-20.

Expenses

Expenses comprise:

(i) Cost of Logistics Services,

(ii) Employee Benefit Expenses,

(iii) Finance Costs,

(iv) Depreciation and Amortisation Expenses, and

(v) Other Expenses

MANAGEMENT DISCUSSION ANALYSIS (CONTD.)

Cost of Logistics Services

Cost of Logistics Services comprises warehouse operating charges such as labour costs, transportation expenses and freight forwarding expenses. Cost of Logistics Services as a percentage of Revenue from Operations decreased from 69.5% in 2018-19 to 61.3% in 2019-20. The numbers are not comparable to prior years due to implementation of IND-AS 116 during 2019-20.

Employee Benefit Expenses

Employee Benefit Expenses comprise: salary and wages to the employees, cost of employee welfare programs, expenses incurred in training exercises and other speciality skill-building activities, performance bonus and reward programs. Employee Benefit Expenses as a percentage of Revenue from Operations declined from 8.8% in 2018-19 to 7.7% in 2019-20.

Other Expenses

Other Expenses primarily include power and fuel, repairs and maintenance, traveling and conveyance expenses, security expenses, levies and duties, and statutory payments, among others. Other Expenses as a percentage of Revenue from Operations increased from 8.4% in 2018-19 to 8.7% in 2019-20.

Operating Profit Margin

Operating Profit Margin increased from 13.3% in 2018-19 to 22.2% in 2019-20. The numbers are not comparable to prior years due to implementation of IND-AS 116 during 2019-20.

Depreciation and Amortisation Expenses

Depreciation and Amortisation Expenses increased from ₹ 4,170 Lakh in 2018-19 to ₹ 16,594 Lakh in 2019-20. The primary reason for increase in Depreciation and Amortisation Expenses is due to accounting changes as a result of implementation of IND-AS 116 during 2019-20. Hence, the numbers are not comparable.

Finance Costs

Finance Costs increased from ₹ 1,608 Lakh in 2018-19 to ₹ 8,081 Lakh in 2019-20. The increase in Finance Costs is due to increase in gross debt from ₹ 21,783 Lakh in 2018-19 to ₹ 56,304 Lakh in 2019-20 and impact of IND-AS 116 accounting during 2019-20.

Profit Before Tax

During 2019-20, FSC incurred a one-time non-cash loss of ₹ 9,080 Lakh on account of sale of investment in Vulcan Express Private Limited, impairment of investment in Leanbox Logistics, expected credit loss & impairment of loans and advances. As a result of the foregoing factors, Profit Before Tax decreased from ₹ 6,516 Lakh in 2018-19 to a Loss Before Tax of ₹ 6,388 Lakh in 2019-20.

Income Tax Expense

Income Tax Expense was nil for 2018-19 and 2019-20.

Profit After Tax

As a result of the foregoing factors, Profit After Tax decreased from ₹ 6,516 Lakh in 2018-19 to a Loss After Tax of ₹ 6,388 Lakh in 2019-20.

Earnings Per Share (EPS)

Basic EPS was ₹ 16.27 for 2018-19 and ₹ (15.51) for 2019-20. Diluted EPS was ₹ 16.24 for 2018-19 and ₹ (15.51) for 2019-20.

Net Profit Margin

Net Profit Margin decreased from 5.9% in 2018-19 to (5.6%) in 2019-20, mainly due to one-time exceptional losses in 2019-20.

MANAGEMENT DISCUSSION ANALYSIS (CONTD.)

Return on Net Worth

Return on Net Worth decreased from 10.9% in 2018-19 to (8.6%) in 2019-20 mainly due to a negative net profit margin. During the year, the Company raised equity of ₹ 25,161.28 Lakh under Private Placement to Nippon Express.

Interest Coverage Ratio

The Interest Coverage Ratio declined from 6.5x in 2018-19 to 1.7x in 2019-20. During the year, Finance Costs increased from ₹ 1,608 Lakh in 2018-19 to ₹ 8,081 Lakh in 2019-20.

Debt Equity Ratio

Debt Equity Ratio increased from 0.36x in 2018-19 to 0.76x in 2019-20 due to increase in Gross Debt from ₹ 21,783 Lakh in 2018-19 to ₹ 56,304 Lakh in 2019-20.

Debtors Turnover Ratio

Debtors Turnover Ratio decreased from 3.7x in 2018-19 to 2.0x in 2019-20, due to increase in Trade Receivables from ₹ 34,982 Lakh in 2018-19 to ₹ 81,527 Lakh in 2019-20.

Inventory Turnover Ratio

Inventory Turnover Ratio increased from 201.2x in 2018-19 to 323.9x in 2019-20, due to decrease in Inventory from ₹ 553 Lakh in 2018-19 to ₹ 352 Lakh in 2019-20. Inventory primarily relates to the non-saleable material that is used in the warehousing operations, such as packaging material.

HUMAN RESOURCE

One of the Company's strategic objectives is to be an industry differentiator in logistics sector. This implies a requirement to attract and retain the finest people in the industry while consistently improving their skills. This makes it imperative for the Company to offer their existing workforce with right opportunities to develop their skills further. This will not only help serve customers better but also help chart the growth graph. It will assist in living up to the Company's brand promise.

FSC employees undergo an extensive training program. The purpose of these programs is to educate while improving skills and behaviour. The Company keeps the specific needs of each of their associates in mind and design training programs around it. The focus is on providing right tools for both professional and personal skills development while also working on their technical and soft skills. Key training programs include functional training programs, IT training programs such as WMS, SAP and TMS, among others, and various other behavioural training programs. FSC aims towards a holistic development of its employees that facilitates their career progression within the Company. Strong emphasis is placed on building a healthy and rewarding work environment while constantly improving employee engagement.

The total number of employees at FSC stood at 1,384 as at March 31, 2020.

RISK AND INTERNAL ADEQUACY

FSC operates its business in an environment with some inherent risks. This requires identifying, monitoring, and mitigating risks predominantly in the areas of business, operations, finance, and compliance. The Company addresses such risks through a system-based approach of risk management. This involves mitigation of risks on a continuous basis. The Internal Control Systems of the Company perfectly correspond with the nature of its business and the size and complexity of its operations. These risks are regularly tested and certified by the Statutory and Internal Auditors. The Audit Committee reviews adequacy and effectiveness of the internal control process and systems. It also monitors the implementation of audit recommendations, with the perspective of strengthening the Company's risk management systems. A management team additionally conducts quarterly reviews. It assesses the internal control environment, checks the adequacy concerning the business and make relevant recommendations.

DIRECTORS' REPORT

To,
 The Members
 Future Supply Chain Solutions Limited

The Directors of your Company are pleased to present the 15th Annual Report of the Company for the financial year ended March 31, 2020.

1. FINANCIALS HIGHLIGHTS

	(₹ in Lakh)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Total Income	1,16,058.17	1,11,838.44
Profit / (Loss) Before Tax	(6,388.24)	6,515.72
Profit / (Loss) After Tax	(6,388.24)	6,515.72
Earnings Per Share-Basic (₹)	(15.51)	16.27
Earnings Per Share-Diluted (₹)	(15.51)	16.24

2. OPERATIONAL PERFORMANCE

FSC operations are run through 74 distribution centres across India, covering approximately 8.20 million square feet of warehouse space as of March 31, 2020. The Company utilises a "hub-and-spoke" distribution model comprising 13 hubs and 126 operational branches and covering 11,352 pin codes across the country. FSC operates 9 temperature-controlled warehouses with total pallet capacity of 19,395.

During 2019-20, the Company increased its warehousing capacity from 7.66 million sq. ft. in 2018-19 to 8.20 million sq. ft., while consolidating its number of warehouses from 96 in 2018-19 to 74 in 2019-20. This network re-design was largely done to benefit from scale efficiencies.

Led by a weak macro-economic environment and consumption slowdown in India during the second half of 2019-20, FSC undertook several projects and initiatives to improve productivity and increase operational efficiencies, so as to improve profitability. Some of these benefits were also passed on to its customers. These include:

- Warehousing network re-design & consolidation
- Transport cost rationalisation and move to a complete variable model
- Labour productivity enhancement initiatives at the warehouse level
- Fixed costs / overheads rationalisation
- Revisiting customer contracts where FSC's ROI was sub-optimal
- Continued investments in upgrading technologies to augment capabilities and efficiency

3. FUTURE OUTLOOK

FSC's business has been severely impacted in the near term due to COVID-19 and this is likely to affect revenue growth and profit margins for 2020-21. However, from a five-year outlook perspective, FSC is likely to benefit from sector tailwinds, which will contribute to strong revenue growth. These mainly include benefits of GST implementation, increased outsourcing of non-core activities by product companies and growing consumption-led sectors. Additionally, FSC will benefit from its strategic partnership with Japan's largest global logistic player - Nippon Express Co. Ltd. ("Nippon Express"), wherein the two companies will jointly sell FSC services to Nippon Express' customers globally. FSC would also expand its target market in the automotive and pharmaceutical sectors along with Nippon Express, leveraging on the latter's domain expertise in these sectors.

DIRECTORS' REPORT (CONTD.)

4. BUSINESS PARTNERSHIP WITH NIPPON EXPRESS

During the year 2019-20, the Company successfully partnered with Nippon Express who agreed to acquire sizeable stake in the Company and entered into the Agreements to that effect.

In December 2019, Nippon Express acquired 22% stake in the Company, both under primary and secondary route at a price of ₹ 664/- per equity share. The Company also entered into a Business Collaboration Agreement with Nippon Express to explore the synergies and for development of business.

5. DIVIDEND

In view of losses, the Board has not recommended any dividend on equity share of the Company for the year 2019-20.

5.1 Dividend Policy

5.1.1. Company's philosophy:

Future Supply Chain Solutions Limited ('FSC') strives to ensure and preserve stakeholders' value and work towards enhancing net worth of the Company as well as overall stakeholders' value. While achieving the above objective, the Company also ensures protecting the interest of all stakeholders, including the society at large.

FSC looks upon good Corporate Governance practices as a key driver of sustainable corporate growth and long term stakeholder value creation. Good Corporate Governance Practices enable a Company to attract high quality financial and human capital. In turn, these resources are leveraged to maximise long-term stakeholder value, while preserving the interests of multiple stakeholders, including the society at large. Our Dividend philosophy is in line with the above principles. Our Dividend payout ratio would be ranging from 25% to 60% of the earned profits for the year, after adjusting any carried forward losses. Dividend Payout ratio would be reviewed every three year and would be based upon profitability and retained earnings and would be further subject to business requirements and general economic conditions. The Company will attempt to maintain a consistent dividend record to reward shareholders.

5.1.2. Declaration of Dividend:

In line with the philosophy described above, the Board reviews the operating performance every quarter and shall strive to distribute optimum and appropriate level of profits in the form of interim / final dividends, from time to time. All dividends are subject to statutory regulations and approvals, as applicable. Overall, the dividend payout in each year will depend upon business performance, investment requirements of the annual operating plan for the year and any other strategic priorities identified by the Company.

5.1.3. Per share basis:

The dividend will be declared on per share basis only.

5.1.4. Circumstances under which the shareholders of the listed entities may not expect dividend:

The Board may choose not to recommend a dividend, if there are important strategic priorities which require large investments that would deplete the Company's cash reserves or uncertainties in the business performance in the near to medium term.

5.1.5. Financial parameters considered while declaring dividend:

The financial parameters that may be considered before declaring dividend are profitability, cash flow, obligations, taxation policy, past dividend rates and future growth and profitability outlook of the Company.

5.1.6. Internal and external factors considered while declaring dividend:

The Board leads the strategic management of the Company on behalf of the Shareholders, exercise supervision through direction and control and appoints various committees to handle specific areas of responsibilities. In this endeavor, the Board reviews various types of information provided to it which has a bearing on declaring dividend. Key internal and external factors are listed below (not exhaustive):

DIRECTORS' REPORT (CONTD.)

Internal:

- Annual operating plans, budgets, updates
- Capital budgets
- Quarterly and Annual results
- Investments including Mergers and Acquisitions (M&A)
- Strategic updates / financial decisions
- Funding arrangements
- Any other matter / risks

External

- Macro-economic environment
- Competition
- Legislations impacting business
- Statutory restrictions
- Changes in accounting policies and applicable standards
- Client related risks
- Any other matter / risks apprehended by the Board

5.1.7. Usage of retained earnings:

Retained earnings would be used to further the Company's business priorities. If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to shareholders via Dividends or other means as permitted by applicable regulations.

5.1.8. Parameters that are adopted with regard to various classes of shares:

Currently, the Company has only one class of shares. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares. To the extent permitted, the Company would aim for highest level of transparency and equitable treatment of all investors.

5.2 Unpaid Dividend

Details of unclaimed dividends for previous years are provided in the Corporate Governance report.

5.3 Investor Education and Protection Fund

It is confirmed that during the year 2019-20, there was no amount of unclaimed dividends which was liable to be transferred to the Investor Education and Protection Fund as required under section 124 of the Companies Act, 2013.

6. RESERVES

In view of losses, no amount is proposed to be transferred to General Reserves or Debenture Redemption Reserves for the year 2019-20.

DIRECTORS' REPORT (CONTD.)

7. SHARE CAPITAL

As at the end of the year 2019-20, the following is the summary of equity share capital of the Company:

Date of allotment	Nature of issue	No. of equity shares of ₹ 10 each	Cumulative number of shares	Cumulative paid up share capital
As at April 1, 2019			4,00,81,113	40,08,11,130
May 13, 2019	ESOP	5,020	4,00,86,133	40,08,61,330
June 18, 2019	ESOP	1,015	4,00,87,148	40,08,71,480
July 31, 2019	ESOP	800	4,00,87,948	40,08,79,480
December 17, 2019	ESOP	6,300	4,00,94,248	40,09,42,480
December 17, 2019	Preferential issue	37,89,350	4,38,83,598	43,88,35,980

8. HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

Consequent to the allotment of new equity shares on preferential basis, Ritvika Trading Private Limited and Future Enterprises Limited ceased to be holding companies effective from December 17, 2019.

During the year 2019-20, the Company divested its entire stake in Vulcan Express Private Limited – wholly owned subsidiary on December 12, 2019. As at March 31, 2020, there was no subsidiary of the Company.

During the year 2019-20, the Company transferred its last mile delivery business to the associate - Leanbox Logistics Solutions Private Limited ("Leanbox") in exchange of equity shares and accordingly, Leanbox became subsidiary of the Company w.e.f. May 20, 2019. However, pursuant to further issue of shares by Leanbox, the stake of the Company reduced below 50% and hence, Leanbox ceased to be subsidiary of the Company w.e.f. June 28, 2019 and continued to remain as an associate entity.

8.1 Statement in Form AOC-1 containing salient features of the financial statement of associate company

8.1.1 Part A: Subsidiary

Not Applicable

8.1.2 Part B: Associates and Joint Ventures

Name of Associate	Leanbox Logistics Solutions Private Limited
Latest audited Balance Sheet Date	March 31, 2020
No. of shares of Associate held by the Company on the year end	6,69,568
Amount of investment in Associate	Nil*
Extend of Holding (%)	49.36%
Description of how there is significant influence	Shareholding more than 20%
Reason why the associate is not consolidated	Not Applicable
Networth attributable to shareholding as per latest audited Balance Sheet (₹ in Lakh)	(1,205.45)
Profit / (Loss) for the year (₹ in Lakh)	
- Considered in consolidation	(1,675.48)
- Not considered in consolidation	Nil

* Net off impairment in value of investment

9. PARTICULARS OF LOAN, GUARANTEE AND INVESTMENT

The particulars of investments, loans, and guarantees covered under the provisions of Section 186 of the Companies Act, 2013 read with rules made thereunder are given in the Notes to the Standalone Financial Statements of the Company.

DIRECTORS' REPORT (CONTD.)

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Transactions entered into with related parties (as defined under Section 188 (1) of the Companies Act, 2013) during the year 2019-20 were in the ordinary course of business and on arm's length basis and based on omnibus approval accorded by the Audit Committee. Pursuant to section 134(3)(h) of the Companies Act, 2013, particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 are given hereunder:

10.1 Part A - Details of contracts or arrangements or transactions not at arm's length basis

Not Applicable

10.2 Part B - Details of contracts or arrangements or transactions at arm's length basis

SL. No.	Particulars	Details
1	Name of the related party & nature of relationship	Leanbox Logistics Solutions Private Limited (Associate entity)
2	Nature of contracts / arrangements / transaction	Business Transfer Agreement
3	Duration of the contracts / arrangements / transaction	N.A.
4	Salient terms of the contracts or arrangements or transaction including the value, if any	The Agreement provides for transfer of Last Mile Delivery Business Undertaking of the Company on a going concern and as a Slump Sale basis, for issue of equity shares.
5	Date of approval by the Board	February 7, 2019
6	Amount paid as advances, if any	Not applicable since the transfer of business was in exchange of equity shares issued by the said Associate entity.

During the year 2019-20, there were no transactions with any entity belonging to the Promoter Group and holding 10% or more shareholding in the Company.

11. DIRECTORS & KEY MANAGEMENT PERSONNEL

Pursuant to nomination by Nippon Express (South Asia & Oceania) Pte. Ltd. under the Shareholders Agreement, the Board of Directors appointed Hiroyuki Tanaka as a Non-Executive Director of the Company effective from January 8, 2020. The Shareholders of the Company also approved the appointment by way of a resolution proposed through postal ballot process.

In terms of section 152 of the Companies Act, 2013, Chandra Prakash Toshniwal and Mayur Toshniwal retire at the ensuing annual general meeting and eligible for re-appointment.

After close of the year 2019-20, the Board had re-appointed Mayur Toshniwal as Managing Director of the Company for another term of three years, subject to the approval of the members. A necessary resolution proposing re-appointment of Mayur Toshniwal is annexed to the Notice of the ensuing annual general meeting for the approval of the members. Information as required pursuant to regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings in respect of Directors seeking appointment / re-appointment is given under the notice of the ensuing annual general meeting.

After close of the year 2019-20, P V Sheshadri - Chief Executive Officer of the Company, resigned effective from April 4, 2020.

After close of the year 2019-20, Vimal Dhruve - Company Secretary and Compliance Officer of the Company, resigned effective from September 17, 2020. Further, the Board has appointed Rohan Gavas as a Company Secretary and Compliance Officer of the Company effective from November 7, 2020.

The Company has received requisite declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013 confirming the criteria of independence met by them as laid down in Section 149(6) of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



DIRECTORS' REPORT (CONTD.)

12. MEETINGS OF THE BOARD & COMMITTEES

Details of Board of Directors and various Committees thereof including the details of composition, meetings and attendance are given in the report of Corporate Governance.

13. PERFORMANCE EVALUATION OF DIRECTORS

Pursuant to section 134(3)(p) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has carried out an annual evaluation of its own performance, its Committees and individual Directors.

The performance were evaluated after seeking inputs from all the Directors on the basis of criteria determined by the Nomination and Remuneration Committee such as the Board composition and structure, effectiveness of processes, information and functioning, effectiveness and roles of committees etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated after taking into account the views of Managing Director and other Non-Executive Directors. The Board and the NRC reviewed the performance of individual Directors on the basis of criteria such as the level of participation, meaningful discussion and constructive inputs and other requisite matters. The performance of the Board, its Committees, and individual Directors was discussed at the meeting of the Board. The Independent Directors assessed the quality, independence, relevance and timeliness of the flow of the information to the Board of Directors.

Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

Based on evaluation, it emerged that the Board has an optimum level of competency, experience, qualifications and diversity. Each Board member contributed in his / her own manner to the collective prudence of the Board, keeping in mind his / her own background and experience. There was active participation and adequate time was given for various matters brought before the Board. Overall, the Board was functioning very well in a unanimous and interactive manner.

14. CORPORATE GOVERNANCE

Pursuant to regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant sections of the Companies Act, 2013, a Management Discussion and Analysis Statement, report on Corporate Governance and Auditors' Certificate thereon are included in this Annual Report.

15. BUSINESS RESPONSIBILITY REPORT

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Business Responsibility Report is appended hereto and forms part of this Annual Report.

16. DEPOSITS

During the year 2019-20, the Company has not accepted any deposits within the meaning of section 73 of the Companies Act, 2013.

17. AUDIT COMMITTEE

The Audit Committee wholly comprises Independent Directors. Bala Deshpande Chairs the Committee. Other members of the Committee are Malini Chopra and Janat Shah. There were no instances where the Board did not accept the recommendations and suggestions, if any, of the Audit Committee. Various details covering terms of reference, powers and roles, meetings and attendance of the Audit Committee are disclosed in the report of Corporate Governance.

DIRECTORS' REPORT (CONTD.)

18. RISK MANAGEMENT & ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Internal control systems are commensurate with the nature of the business, size and complexity of the business operations. These controls are routinely tested by the auditors and are discussed at regular intervals. All locations are subject to regular audit on risk-based methodology and are in sync with the business verticals, operational design, financial model, systems & process and other relevant subjects. Risks, if any, are systematically addressed through mitigating actions. The audit reports detailing the efficacy of the internal controls are regularly brought to the notice of the members of the Audit Committee for their review. Suggestions and recommendations, if any, are also implemented as may be recommended by the Audit Committee. In the opinion of the Board, there is no element of risk, which threatens the existence of the Company.

19. VIGIL MECHANISM

The Company has established a vigil mechanism to provide a framework to promote whistle blowing and to provide for raising concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct or policies of the Company. The mechanism provides for adequate safeguards against victimisation of employees and Directors to avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases. During the year 2019-20, the Company revised the Whistle blower Policy to include "reporting of incidents of leak or suspected leak of unpublished price sensitive information" in terms of amendments in SEBI (Prohibition of Insider Trading) Regulations, 2015.

20. AUDITORS

After close of the year 2019-20, GMJ & Co.; Statutory Auditors have resigned effective from November 7, 2020. The Board has appointed DMKH & Co. - Chartered Accountants, as Statutory Auditors of the Company to fill casual vacancy caused by the resignation of GMJ & Co. Pursuant to section 139(8) of the Companies Act, 2013, the said appointment is subject to the approval of the members in general meeting. Accordingly, necessary resolution has been incorporated in the Notice of the annual general meeting for members to consider and approve the appointment of DMKH & Co. as Statutory Auditors of the Company.

The statutory auditors included qualifications in their report on the Financial Statements for the year 2019-20. The Audit Committee and Board of Directors at their respective meetings while approving the said Financial Statements reviewed such qualifications and provided appropriate explanations therefor. As required under section 134(3)(f) and regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a statement containing the details of qualifications, explanation by the Board and impact of the qualifications is annexed to the Financial Statements.

During the year 2019-20, there was no instance of fraud committed against the Company by its officers or employees, as reported by Statutory Auditors or Secretarial Auditor to the Audit Committee under Section 143(12) of the Companies Act, 2013.

21. SECRETARIAL STANDARDS

The Company has devised a system to ensure compliance with the provisions of applicable Secretarial Standards.

22. SECRETARIAL AUDIT

As required under section 204 of the Act and 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a Secretarial Audit Report for the year 2019-20 issued by K Bindu & Associates - Company Secretaries in whole time Practise, is annexed herewith.

DIRECTORS' REPORT (CONTD.)

23. COST AUDIT

Maintenance of cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013 is not applicable to the Company and hence, such accounts and records are not required to be maintained by the Company.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREX EARNINGS AND OUTGO

The Company being focused on operations within the country and does not render any services outside India, hence, there are no particulars be given on export initiative.

24.1 Conservation of Energy

24.1.1 The steps taken or impact on conservation of energy:

Adequate measures have been taken to reduce energy consumption. The Company, to the extent possible, uses the energy saver electronic equipment to conserve the energy. This initiative helped not only conserved energy but also reduced energy costs considerably without compromising on comfort, convenience and usage requirements. The Company also engaged external professionals to carry out energy audit at all warehouse locations with a view to evaluate opportunities to improve the energy efficiency.

24.1.2 The steps taken by the Company for utilising alternate source of energy:

All efforts are made to use more natural lights at office / warehouse locations to optimise the consumption of energy. The Company also installed solar panels at few warehouse locations as an alternate source.

24.1.3 The capital investment on energy conservation equipment:

Nil

24.1.4 Technology Absorption and Research & Development:

None

24.1.5 Foreign Exchange Earnings & Outgo:

Earnings in foreign exchange: Nil

Foreign exchange outgo: Nil

25. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

Pursuant to section 178 of the Companies Act, 2013 and regulation 19(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and consequent to the recommendations of the Nomination and Remuneration Committee ("NRC"), the Board has framed a policy on board diversity governing the criteria for appointment of Executive, Non-Executive and Independent Directors. The appointment of Directors are made based on merit, apart from compliance of legal and contractual requirements, that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the NRC might consider relevant for the Board to function effectively. While appointing any person as an Independent Director, utmost care is to be taken as to the independence of such person.

The Board has also approved a policy on remuneration payable to the Directors of the Company. In determining the remuneration of the Directors, the NRC evaluates the remuneration paid by comparable organisation and thereafter makes its recommendation to the Board. Details of availability of Policy on Board Diversity and Remuneration Policy on the website of the Company are given in the Corporate Governance Report.

DIRECTORS' REPORT (CONTD.)

26. DISCLOSURES ON POLICIES & OTHER STATUTORY DOCUMENTS

Information on codes and policies adopted by the Company pursuant to the Companies Act, 2013 and / or Listing Regulations is given in the report on Corporate Governance.

27. CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of the Company at its meeting held on February 7, 2020 and consequent to the recommendations made by CSR Committee, approved various projects to be undertaken for spending the CSR amount. The disclosures according to the Companies (Corporate Social Responsibility Policy) Rules, 2014 in prescribed form is given in annexure to this report.

28. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

29. MATERIAL CHANGES AND COMMITMENTS

29.1 Resignation of CEO

After the close of the year 2019-20, P V Sheshadri resigned as Chief Executive Officer of the Company effective from April 4, 2020. P V Sheshadri had been associated with the Company since quite considerable time and one of the key personnel in building operational capacities and warehouse infrastructure. However, to ensure the uninterrupted business operations, the Managing Director has assumed the responsibilities earlier assigned to P V Sheshadri. In view of this, the Company does not foresee any material impact due to the resignation of P V Sheshadri.

29.2 COVID-19 Pandemic

At the end of the calendar year 2019, a pandemic COVID-19 adversely impacted the health of the human lives across the globe. An unprecedented situation has been prevailing since then which forced many countries to announce complete lockdown with a view to control further spread of virus. Since the last week of March 2020, the initial nationwide lockdown announced by the Government with a view to restrict the spread of COVID-19 and extended from time to time.

29.2.1 Impact of the COVID-19 pandemic on the business

From the last week of March 2020, the initial nationwide lockdown announced by the Government of India with a view to restrict the spread of COVID-19, the Company closed all its offices, warehouses & operational branches and stopped movement of transport vehicles. However, with a view to make the essential commodities available to public at large, the Company continued rendering services for foods articles from some of its distribution centers during the lockdown period. The lockdown was then extended from time to time by the Central / State Governments till May 31, 2020 with minimum and essential relaxations.

The Company caters to business requirements of various companies operated in fashion, electronics, home furnishing, general goods and merchandise, automobiles etc. Closure of stores and point of sales of these companies due to lockdown, has adversely impacted the revenues of the Company. Majority of business operations in Contract Logistics, which is the major revenue contributor, came to a halt. With respect to Express business, the Company stopped movements of transport vehicles since inter-state movement was also prohibited barring certain logistics activities of essential commodities. However, functions of corporate office have been remotely operational since the management advised the employees to work from their residence since commencement of lockdown period.

29.2.2 Ability to maintain operations including the factories / units / office spaces functioning and closed down

During the lockdown period, the Company managed the supply chain activities relating to essential commodities in the interest of general public at large. The Company managed supply chain of the largest

DIRECTORS' REPORT (CONTD.)

customer i.e. Future Retail Limited for its retail formats "Big Bazaar" and "easy day" which catered the requirements of general public for foods articles and staples during the lockdown period. Hence, barring food distribution centers, all business locations of the Company were closed in line with the Government directives.

29.2.3 Schedule of restarting the operations

With lifting of lockdown period, the Company has started its operations in phased manner and after taking necessary steps to ensure safety and appropriate distancing measures at the warehouses and other operational branches. Nearly all warehouses and Express branches are now operational with lower volume ranging from 20% to 60%. Transport vehicles have also started moving inter-state, wherever permitted by the State Governments. The Company has also allowed few employees to visit the registered office / corporate office, in rotational manner in line with the directives of the regulatory authorities, to ensure appropriate distancing and avoid overcrowding. Whenever permitted and deemed appropriate to do so, the Company would start allowing the other employees to visit the offices in gradual manner.

29.2.4 Steps taken to ensure smooth functioning of operations

The Company has taken various measures to curb spreading of COVID-19 at all its business locations. The said measures include, inter alia, requisite screening before entering the premises, availability of sanitizer products for all people visiting the premises, compulsory use of face masks, maintaining safe distance at workplace, closure of canteen within the premises, prohibition to bring outside food etc.

29.2.5 Impact of pandemic on capital and financial resources, profitability, liquidity position, ability to serve debt, assets and internal financial reporting and controls, supply chain and demand for services

The Company's business highly dependent upon robust consumer demands. Any drop in demand would have direct impact on the supply chain activities. During the lockdown period, there was almost zero demand in various industries like fashion, automobiles, electronics and other general merchandise. As stated earlier, the Company's food distribution centers were operational to manage the supply chain relating to food articles and staples. Barring these activities, there were no other logistics services rendered by the Company during lockdown period.

Since the end of the previous calendar year, the Company has been taking various steps to check costs in various business verticals. Warehouse network was rationalised to control the rental outgo without affecting the supply chain, transport activities have been re-looked in a manner that ensure optimum level of efficiency and minimise the running costs, steps were taken to conserve the energy at large warehouses and for temperature controlled logistics etc. However, due to drastic drop in its realisation, the Company was constrained to utilise most of its working capital limits during the lockdown period. Further, due to closure of all retail outlets (except food & staples) of the Company's largest customer i.e. Future Retail Limited, contributing almost 50% of revenues to the Company, financial conditions of the Company were adversely impacted and resulted into downgrade of rating of various facilities.

29.2.6 Existing contracts / agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business

The Company derives more than 65% revenues from the Group entities considered to be related parties. Although, there is no contractual obligations with respect to the volume and order book between the Company and such Group entities, the closure of retail stores of such Group entities has led to delayed realisation of receivables from them adversely affecting the cash flow of the Company. Any prolonged delays in realisation or unavailability of funds may significantly impact the business operations.

29.2.7 Other relevant material updates about the business

Monetary Policy Committee (MPC) of Reserve Bank of India vide its press release dated March 27, 2020 after considering and careful evaluation of the current and evolving macroeconomic and financial conditions in the backdrop of COVID-19 situation has announced various credit, liquidity and monetary measures including allowing of moratorium on term loans and deferment of interest on working capital facilities.

DIRECTORS' REPORT (CONTD.)

29.3 Composite Scheme of Arrangement

After close of the year 2019-20, the Board has approved a Composite Scheme of Arrangement between various companies belonging to Future Group (Transferor Companies) and companies belonging to Reliance Group which, in order to expand its retail and wholesale footprint, is desirous of acquiring the logistics & warehousing and retail & wholesale businesses of such Transferor Companies as a going concern on Slump Sale basis in the manner provided in the Scheme. Future Group, as a first step, would consolidate the logistics & warehousing and retail & wholesale businesses of such Transferor Companies in Future Enterprises Limited – the Transferee Company which shall subsequently transfer to Reliance Group on slump sale basis.

The salient features of the said Scheme are as follows:

- Amalgamation of the Company along with other Transferor companies, with Future Enterprises Limited ("FEL");
- Transfer and vesting of the Logistics & Warehousing Undertaking from FEL as a going concern on a slump sale basis to Reliance Retail Ventures Limited ("RRVL");
- Transfer and vesting of the Retail & Wholesale Undertaking from FEL as a going concern on a slump sale basis to Reliance Retail and Fashion Lifestyle Limited, a wholly owned subsidiary of RRVL ("RRVL WOS");
- Preferential allotment of equity shares and warrants of FEL to RRVL WOS.

Pursuant to the Scheme, FEL will issue 131 (One Hundred Thirty One) fully paid up equity shares of ₹ 2/- each to the equity shareholders of FSC as on the Record Date (as may be determined in terms of the Scheme) for every 10 (Ten) fully paid up equity share of ₹ 10/- each held in FSC.

The said Scheme would be subject to requisite approvals of the National Company Law Tribunal, BSE Limited, National Stock Exchange of India Limited, Securities and Exchange Board of India, Competition Commission of India and other statutory / regulatory authorities, including those from the shareholders and creditors of the Transferor Companies and Transferee Company and other applicable contractual approvals.

30. PARTICULARS OF EMPLOYEES

Disclosures with respect to the remuneration of Directors and employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given hereunder:

30.1 The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each Director to the Median Remuneration of the Employees (MRE) of the Company for the financial year 2019-20:

Name of the Director/ KMP and Designation	Remuneration of Director / KMP*	% increase in Remuneration	Ratio of remuneration of each Director to MRE
	1	2	3 = (1/ MRE)
Mayur Toshniwal – Managing Director	197.68	Nil	50
P V Sheshadri – Chief Executive Officer	116.14	Nil	30
Samir Kedia – Chief Financial Officer	64.42	Nil	16
Vimal K Dhruve – Company Secretary	32.34	Nil	7

* Does not include perquisite, if any, arising out of the exercise of stock options

30.2 In the financial year 2019-20, there was a decrease of 13% in the MRE.

30.3 There were 1,384 permanent employees on the rolls of Company as on March 31, 2020.



DIRECTORS' REPORT (CONTD.)

30.4 The average percentage increase made in the remuneration of employees other than the managerial personnel for the financial year 2019-20 was 8.54% whereas the increase in managerial remuneration for the same financial year was 0%.

30.5 There was no variable component in remuneration for any Non-Executive Directors. The Company has not paid any remuneration to the Non-Executive Directors during the year 2019-20 or during the previous year. The variable component in the remuneration of the Managing Director was in line with the remuneration policy of the Company taking into consideration the performance of the Company, economic situation and other relevant factors.

30.6 It is affirmed that the remuneration is as per the Remuneration Policy of the Company.

30.7 Statement containing the names and other particulars of employees drawing remuneration in excess of the specified limits:

In terms of the provisions of 134 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said rules are provided in Annual Report. However, in terms of the first proviso to Section 136(1) of the Companies Act, 2013, information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, available for inspection by the members at the Registered Office of the Company during business hours on all working days up to the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy thereof, may write to the Company Secretary and the same will be furnished on request. The complete Annual Report including aforesaid information is being sent electronically to all those members who have registered their e-mail addresses and is also available on the websites of the Company and Stock Exchanges.

31. EMPLOYEE STOCK OPTION PLAN

The Company has implemented a Stock Option Plan – “Future Supply Chain Solutions Limited Employees Stock Options Plan -2017” with a view to appropriately reward and retain its valuable human resources as may be proposed by the management and approved by the Nomination and Remuneration Committee. Details as required to be provided under Section 62 of the Companies Act, 2013 and Rule 12(9) of Companies (Share Capital and Debenture Rules, 2014) and SEBI (Share Based Employee Benefits) Regulations, 2014 are furnished hereunder:

31.1 Disclosure with respect to FSC ESOP 2017 as at March 31, 2020

I	Date of Shareholders' approval	August 08, 2017 (and ratified on August 22, 2018 pursuant to reg.12 of SEBI (SBEB) Regulations, 2014
II	Total number of options approved	4,00,000 stock options exercisable into equal number of equity shares of ₹ 10/- each.
III	Vesting requirements	Options granted under FSC ESOP 2017 would vest in accordance with the terms of Grant, subject to minimum period of one year and maximum period of three years from the date of Grant of such Options.
IV	Exercise price or pricing formula	As may be determined by the NRC subject to condition that the exercise price would not be less than the face value and greater than market price of the equity shares.
V	Maximum term of options granted	Three years from the date of vesting
VI	Source of shares (primary, secondary or combination)	Primary
VII	Variation in terms of options	None
VIII	Lock-in period	None
IX	Method used to account for ESOP	Black Scholes Method

DIRECTORS' REPORT (CONTD.)

31.2 The stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2019-20: ₹ 113.44 Lakh

31.3 Option movement during the year ended on March 31, 2020

SI. No.	Particulars	Details of FSC ESOP 2017
1	Details Number of options outstanding at the beginning of the year	2,39,200
2	Number of options revised during the year	Nil
3	Number of options granted during the year	60,000
4	Number of options forfeited / Cancelled / lapsed during the year	47,500
5	Number of options vested during the year	79,221
6	Number of options exercised during the year	13,135
7	Number of shares arising as a result of exercise of options	13,135
8	Exercise Price (₹)	350
9	Money realised by exercise of options, if scheme is implemented directly by the Company (₹)	45,97,250
10	Loan repaid by the Trust during the year from exercise price received	N.A.
11	Total number of options outstanding (in force) at the end of the year	2,38,565
12	Number of options exercisable at the end of the year	46,525

31.4 Weighted average exercise price and weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock: Refer Note No. 33 in Notes to the Financial Statements.

31.5 Employee-wise details of options granted under FSC ESOP 2017 during three years prior to IPO:

31.5.1 Senior Managerial Personnel & KMPs

Name and Designation	Options granted under FSC ESOP 2017 at an exercise price of ₹ 350/-
Mayur Toshniwal (Managing Director)	42,000
P V Sheshadri (CEO)	42,000
C P Toshniwal (Non-Executive Director)	35,000
Sougato Shome (VP - CAM)	21,600
Vimal K Dhruve (Company Secretary)	15,000
ASR Prasad (VP - CAM)	15,000
Divyansh Rathore (VP - Operations)	15,000
Sanjeev Mandal (GM - Operations)	14,400

31.5.2 Employees who were granted, during any one year, options amounting to 5% or more of the options granted during that year:

Name	No. of options granted under FSC ESOP 2017
Mayur Toshniwal	42,000
P V Sheshadri	42,000
C P Toshniwal	35,000
Sougato Shome	21,600
Vimal K Dhruve	15,000
ASR Prasad	15,000
Divyansh Rathore	15,000
Sanjeev Mandal	14,400

31.5.3 Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grants: - None

DIRECTORS' REPORT (CONTD.)

31.6 Employee-wise details of options granted under FSC ESOP 2017 during 2019-20:

31.6.1 Senior Managerial Personnel & KMPs

Name and Designation	No. of Options granted	Exercise Price per Option (₹)
Samir Kedia (Chief Financial Officer)	20,000	457.00
Jitender Lal (General Manager)	10,000	457.00
Hiren Kumar Ladva (General Manager)	10,000	457.00
Harpreet Singh (General Manager)	10,000	457.00
Nupur Agarwal (Head – Investor Relations)	10,000	457.00

31.6.2 Employees who were granted options amounting to 5% or more of the options granted during 2019-20:

Name and Designation	No. of Options granted	Exercise Price per Option (₹)
Samir Kedia (Chief Financial Officer)	20,000	457.00
Jitender Lal (General Manager)	10,000	457.00
Hiren Ladva (General Manager)	10,000	457.00
Harpreet Singh (General Manager)	10,000	457.00
Nupur Agarwal (Head – Investor Relations)	10,000	457.00

31.6.3 Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grants: - None

31.7 Details regarding allotment of shares made under FSC ESOP 2017

31.7.1 Number of shares issued under FSC ESOP 2017 during the year 2019-20:

A total 13,135 equity shares of ₹ 10/- were issued upon exercise of vested options.

31.7.2 The price at which such shares were issued:

₹ 350/- per equity shares of ₹ 10/- each including a premium of ₹ 340/- per share.

31.7.3 Employee wise details of the shares issued against exercise of stock options:

Senior Management Personnel	Number of shares
Mayur Toshniwal	6,300
Vimal K Dhruve	1,150
Anand Sen	565
Sougato Shome	4,120
Others	1,000

31.7.4 Any other employee who is issued shares in 2019-20 amounting to 5% or more shares issued during 2019-20:

None

DIRECTORS' REPORT (CONTD.)

31.7.5 Identified employees who were issued shares during 2019-20 equal to or exceeding 1% of the issued capital of the Company at the time of issuance: None

31.7.6 Identified employees who were granted option, during 2019-20 equal to or exceeding 1% of the issued capital of the Company at the time of grants: None

31.8 Method and Assumptions used to estimate the fair value of options granted during the year:

Refer to Note No. 33 in the Notes to Standalone Financial Statements.

31.9 Details of the Company's Employees' Welfare Trust: None

32. EXTRACT OF ANNUAL RETURN

In terms of provisions of Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration Rules), 2014 as amended, an extract of annual return for the year 2019-20 is available on the website of the Company at <https://www.futuresupplychains.com/annual-reports.php>

33. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company state that –

- ☒ in the preparation of the annual accounts for the year 2019-20, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ☒ they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year 2019-20 and of the profits / loss of the Company for that year;
- ☒ they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ☒ they have prepared the annual accounts for the financial year ended March 31, 2020 on a going concern basis;
- ☒ they have laid down internal financial controls to be followed by the Company and such financial controls are adequate and were operating effectively; and
- ☒ they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

34. AWARDS AND RECOGNITION

During the year 2019-20, the Company was recognised with following awards:

- Operational Excellence in Cold Chain, ASSOCHAM Cold Chain Industry Awards 2019;
- Best Use of Digital Techniques / Technologies, 3rd Digital Enterprise Awards & B2B Marketing Awards 2019;
- B2B Brand of The Year, 3rd Digital Enterprise Awards & B2B Marketing Awards 2019;
- Best in Class Supply Chain Distribution Centre, ELSC;
- Best 3PL Company Overall, ELSC;
- Logistics Excellence 3PL Company of the Year, India Logistics Summit & Awards 2019;
- Logistics Excellence in Retail, India Logistics Summit & Awards 2019;
- Logistics Excellence in Food Industry, India Logistics Summit & Awards 2019;
- Best in Cross-Functional Collaboration, Tech Supply Chain Conference & Exposition 2019-CPO Innovation;

DIRECTORS' REPORT (CONTD.)

- Best Employer, Best Employer Brand Awards 2019, Nagpur;
- Supply Chain Company of the Year, Warehouse Excellence Awards 2019;
- Outstanding Technology Implementation in a Warehouse, 6th Inflection Conference and Awards;
- Supply Chain Excellence in Apparel Distribution Value Chain, Global Logistics Awards;
- A memento of appreciation for outstanding performance in DC operations and managing VAS at multiple distribution centres organised by Herbalife SCM Service Provider Of The Year;
- Warehouse & Logistics Summit & Awards 2019, Quantic;
- Infrastructure And Design Of The Year, Warehouse & Logistics Summit & Awards 2019, Quantic.

35. PREVENTION OF SEXUAL HARASSMENT

The Company is committed to foster a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company seeks to ensure that every gender should have equal opportunity and no preferential or discriminatory treatment is meted out to anyone on grounds of sex alone. The Company has in place a strong policy on prevention of sexual harassment at workplace which aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of sexual harassment. The Company conducts programs to spread awareness, prevent gender related harassment or discrimination, and in the event of such an occurrence, provides recourse to the concerned individual. This policy extends to all employees and is incorporated in the service conditions of code of conduct for all employees. This policy is consistent and designed to comply with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has formed an Internal Complaints Committees (ICC) across all zones in India which are responsible for redressal of complaints related to sexual harassment and follow the guidelines provided in the policy. The ICC are chaired by senior female employees of the Company at each of the zones and has representation of an external subject matter expert, Ms. Sheetal Niwalkar who is empanelled with other renowned corporates as well. The ICC work towards creating an atmosphere that promotes equality, non-discrimination and gender justice. They facilitate measures to ensure that there is no hostile environment towards employees at the workplace. ICC regularly monitors and reviews the implementation and effectiveness of sexual harassment policy acting as highest point of escalation in the Company in case of complaint.

36. ACKNOWLEDGEMENT

Your Directors desire to place on record, their appreciation to all employees at all levels, who during the year 2019-20, with sustained dedicated effort, enabled the Company to deliver a remarkable performance.

Your Directors also wish to place on record their appreciation and acknowledge with gratitude for the support and co-operation extended by the Government, clients, bankers, investors and other government agencies and look forward to their continued patronage in future.

For and on behalf of the Board of Directors of
Future Supply Chain Solutions Limited

Rakesh Biyani
 Chairman

Place: Mumbai
 Date: November 27, 2020

ANNEXURE TO THE BOARD'S REPORT

Statement on Corporate Social Responsibility

(Pursuant to section 134(O) of the Companies Act, 2013 read with Rule 9 of the Corporate Social Responsibility Rules, 2014)

1. A brief outline on Company's CSR policy:

We believe that our business is built around strong social relevance of inclusive growth by supporting the common people in meeting their social needs. We equally believe that creation of large societal capital is as important as wealth creation for our stakeholders. We are keen on developing a sustainable business model to ensure and activate our future growth drivers. In line with the regulatory expectations, the CSR Committee is working towards identification of CSR projects which may be undertaken by the Company.

2. Composition of the CSR Committee as at March 31, 2020:

- C P Toshniwal (Chairman & Non-Executive Director)
- Amar Sapra (Independent Director)
- Rakesh Biyani (Non-Executive Director)

3. Average net profit of the Company for last three financial years: ₹ 2,641.95 Lakh

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) – ₹ 52.84 Lakh

5. Details of CSR spent during the year 2019-20:

5.1 Total amount spent for the financial year 2019-20: Nil

5.2 Amount unspent, if any: ₹ 52.84 Lakh

5.3 Manner in which the amount spent during the year 2019-20 is detailed below:

S. No.	CSR project or activity identified	Sector in Which the Project is Covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) Project or programs wise	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
None							

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

The CSR Committee at its meeting held on February 7, 2020, identified and recommended the program(s) to be undertaken towards CSR initiatives. The Board also accepted all recommendations of the CSR Committee including the programs, amounts to be spent thereon, areas at which such activities to be carried on etc. However, after approval by the Board, necessary instructions were given to the implementing agency to device detailed plans with the help of various NGOs. However, after some exercise done by the implementing agency and few NGOs, concerns on COVID-19 surfaced and projects could not be undertaken as a precautionary measure by the NGOs. All the outstanding amount would be spent during the year 2020-21 after assessing the COVID-19 situation and with requisite government approvals, whenever required.

7. The CSR Committee affirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors of
Future Supply Chain Solutions Limited

Mayur Toshniwal

Managing Director

C P Toshniwal

Chairman - CSR Committee

Place: Mumbai

Date: November 27, 2020

ANNEXURE TO THE BOARD'S REPORT

Secretarial Audit Report

Form No. MR.3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 read with rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
Future Supply Chain Solutions Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Future Supply Chain Solutions Limited (hereinafter called "**the Company**"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the "Act") and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment ("FEMA");

The following Regulations (including applicable Notifications, Circulars and Guidelines) prescribed under Securities and Exchange Board of India Act, 1992 (SEBI Act):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as applicable;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not applicable**.
- (V) Based on the representation given by the Management of the Company and as verified by me, it is observed that there are no such laws which are specifically applicable to the industry in which the Company operates;

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards with regard to Meetings of Board of Directors and Committee of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (together "Secretarial Standards");
- SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

During the period under review the Company has complied with the provisions of the Act, SCRA, FEMA, SEBI ACT, Secretarial Standards, Listing Regulations (including rules, guidelines, circulars, notifications issued or prescribed thereunder).

We further report that:

- The Board of Directors of the Company was duly constituted with requisite balance of Executive, Non Executive and Independent Directors. The changes, if any, in the composition of the Board of Directors / Committees thereof that took place during the year under review were carried out in compliance with the provisions of the Act and the Listing Regulations;
- Based on the representation given by the management of the Company and as verified by us, it is observed that there are no such laws which are specifically applicable to the industry in which the Company operates;
- Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- Decisions of the Board were carried out unanimously/ requisite majority as recorded in the minutes of the meetings of the Board of Directors and no dissenting views were carried out.
- We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further Report that during the audit period of the Company there were no instances of

1. Scheme of Arrangement
2. Demerger/ Restructuring
3. Redemption/ Buy-Back of Securities
4. Foreign Technical Collaborations

This Report is to be read with our letter which is annexed as Annexure-I and forms an integral part of this Report.

Annexure I to Secretarial Audit Report

To,
 The Members,
 Future Supply Chain Solutions Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis, wherever considered necessary, to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Wherever required, we have obtained management representation about the compliance of laws, rules, regulations, norms and standards and occurrence of events.
5. Compliance with the provisions of the corporate and other applicable laws, rules, regulations and norms is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. Data received from the Company through electronic mode have been relied upon as physical verification of the data and corresponding documents from the month of February 2020 could not be accessed during the course of audit due to the ongoing nationwide lockdown situation on account of COVID-19 pandemic.

For K Bindu & Associates
Company Secretaries

Bindu Darshan Shah
 Proprietor

Place: Mumbai
 Date: 31st July, 2020
 UDIN : A020066B000540520

Membership No. A20066 / CP No. 7378

BUSINESS RESPONSIBILITY REPORT

OVERVIEW

Future Supply Chain Solutions Limited (“FSC” or the “Company”) provides smart warehousing, efficient transportation and distribution systems, temperature controlled logistics and last mile delivery logistics. The solution architecture is orchestrated through sophisticated and highly automated state-of-the-art technology systems, pan-India distribution network, integrated warehouse management systems and hub and spoke transportation model enabling innovative service offerings to the customers in an optimised and cost efficient manner.

FSC caters to corporates in Fashion & Apparels, Food & Beverages, Consumer Electronics & High Tech, Automotive & Engineering, Home & Furniture, Healthcare, General Merchandise and E-Commerce sectors.

Pursuant to Regulation 34(2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Directors of FSC hereby present the Business Responsibility Report (“BRR”) of the Company for the financial year ended March 31, 2020.

This BRR defines FSC’s endeavours to conduct business with responsibility and accountability towards stakeholders keeping in view the nine principles of the ‘National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business’ released by Ministry of Corporate Affairs. This BRR is in line with the format proposed by Securities and Exchange Board of India (“SEBI”).

PART A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Company Information
1	Corporate Identity Number (CIN) of the Company	L63030MH2006PLC160376
2	Name of the Company	Future Supply Chain Solutions Limited
3	Registered address	Knowledge House, Shyam Nagar, Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060
4	Website	www.futuresupplychains.com
5	E-mail id	investorrelations@futuresupplychains.com
6	Financial Year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Logistics Services (Warehousing and Storage, Support Service for Transportation) NIC Codes: 52101, 52102, 52109, 52219
8	List three key products / services that the Company manufactures / provides (as in balance sheet)	i. Warehousing and Storage; ii. Transportation; and iii. Cold Chain operations
9	Total number of locations where business activity is undertaken by the Company: (a) Number of International Locations (Provide details of major 5)	None
	(b) Number of National Locations	As on March 31, 2020, the Company operations are run through 74 warehouses across India. Its “hub-and-spoke” distribution model comprising 13 hubs and 126 operational branches across India, covering over 11,352 pin codes across India.
10	Markets served by the Company - Local / State / National/ International	National



BUSINESS RESPONSIBILITY REPORT (CONTD.)

PART B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Company Information
1	Paid up Capital (INR)	₹ 4,388.36 Lakh
2	Total Turnover (INR)	₹ 1,16,058.17 Lakh (Standalone)
3	Total profit after taxes (INR)	₹ (6,388.24) Lakh (Standalone)
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	During the year 2019-20, the Company was required to spend ₹ 52.84 Lakhs on CSR activities, since the average net profits of the Company made during the three immediately preceding financial years, as calculated under Section 198 of the Companies Act, 2013 was ₹ 2,641.95 Lakhs.
5	List of activities in which expenditure in 4 above has been incurred	During the year under review, the Company has not spent its' mandated CSR contribution and shall deploy the outstanding spends on Measures for reducing inequalities faced by socially and economically backward groups.

PART C: OTHER DETAILS

Sr. No.	Particulars	Company Information
1	Does the Company have any Subsidiary Company / Companies?	No
2	Do the Subsidiary Company / Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	NA
3	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	Based on discussion with suppliers and distributors, currently less than 30% of other entities participate in BR initiatives of the Company.

PART D: BR INFORMATION

1. Details of the Director and BR Head responsible for implementation of the BR policy / policies (DIN, Name, Designation):

Sr. No.	Particulars	Details
1	Director Identification Number (if applicable)	01655776
2	Name	Mayur Toshniwal
3	Designation	Managing Director
4	Telephone number	022-71429100
5	E-mail ID	mayur.toshniwal@futuregroup.in

BUSINESS RESPONSIBILITY REPORT (CONTD.)

2. Principle-wise BR Policy / Policies (as per NVGs):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

BR POLICIES AND COVERAGE OF NVG NINE PRINCIPLES

(a) Details of compliance (Y/N)

Sr.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
No.										
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Yes. The policies conform to voluntary sustainability guidelines such as the Global Reporting Initiative (GRI) and is also based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Yes – the policies have been approved by the Board and signed by the Managing Director.								
5	Does the company have a specified committee of the Board / Director/Official to oversee the implementation of the policy?	Yes, the FSC's officials / respective departments are authorised to oversee the implementation of the policy.								
6	Indicate the link for the policy to be viewed online?	http://www.futuresupplychains.com/code-policies.html								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?*	N	N	N	N	N	N	N	N	N	
(b)	If answer to the question at serial number 1 against any principle, is 'No', please explain why	Not Applicable									

*In the forthcoming financial year(s) and in cooperation with Future Group's sustainability cell, FSC aims to integrate the sustainability guidelines through strengthening of environmental and social performance of significant aspects, and shall be audited by an internal team and disclosed appropriately.

3. GOVERNANCE RELATED TO BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company (within 3 months, 3-6 months, Annually, More than 1 year).	The Board of Directors of the Company/ its Committees assess the various business responsibility initiatives undertaken by the Company on an annual basis.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, the BRR for the year 2019-20 forms part of the Annual Report, which is published annually. It is available on the website of the Company at https://www.futuresupplychains.com

PART E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency & Accountability

Business should conduct and govern themselves with ethics, transparency and accountability

FSC's compliance framework sets out the guidelines for accountability, responsible behaviour, and good governance practices. The policies and procedures are supported with internal control mechanisms. Compliance to local laws, rules and regulations and ensuring security of information systems are a priority for the Company.

The Company is committed to meet high levels of integrity and ethical standards in business practices and expects its' employees to conduct its business in a manner consistent with and in compliance with all applicable legislations to the Company and its operations.

The Code of Conduct outlines the Company's expectations whilst interacting and engaging with and amongst stakeholders; it also defines the process of raising concern about potential, suspected and actual misconduct in relation to breach.

During the reporting period refresher trainings were also organised for three employees from the leadership team.

The affirmation to the Code of Conduct is taken from employees at the time of employment and renewed during the employment period, the affirmation confirms that the employee understands and is committed to abiding by the rules as delineated in the Code.

FSC's Directors and Senior Management are required to also abide by a separate Code of Conduct ("CoC"). Their affirmation to the CoC is communicated to all stakeholders by Managing Director through a declaration in the Annual Report.

Governance

The governance structure comprises the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee.

These committees keep the Board informed on adoption of guidelines, compliance with all statutory requirements, mitigation of key business risks through robust monitoring and audit mechanisms, performance improvement and

BUSINESS RESPONSIBILITY REPORT (CONTD.)

relevant legal, financial and non-financial disclosures made to the relevant stakeholders including to the stock exchanges, in the annual reports and to other external platforms.

Sustainability awareness creation

The Company organised a day's training of its leadership team from cross functional departments. The training was undertaken by the in-house Sustainability team and the nominated Sustainability Champion. The leadership team was sensitised on:

- importance of sustainability integration and its relevance to business strategy;
- Relevant sector specific aspects identified under various sustainability indices;
- Significance of the relevant aspects;
- Future group sustainability framework, vision, guidelines;
- Existing benchmarks set by the competitors of the organisation;
- The roadmap towards integrating sustainability into business strategy.

Identification of non-financial material issues

The capacity building exercise was followed by a comprehensive materiality assessment that examines 49 issues of significant business impact and the trends that affect FSC broadly categorised under the following aspects:

- Economic
- Environment
- Society
- Human Rights
- Labour Practices and Decent Work
- Product Responsibility
- Governance
- Ethics and integrity

Whilst determining material issues, FSC's management team ensured that relevant stakeholders weighed in on assessing and ranking of key sustainability aspects with respect to significance and were informed prior of the relevance of each aspect, its impacts in relation to advantages and risks related to brand reputation, goodwill, business goals and objectives.

This was the first materiality assessment in non-financial aspects and shall be reviewed annually in accordance with GRI (Global Reporting Initiative) G4 Guidelines.

The identification of aspects and prioritisation adhere to principles of sustainability context, materiality and stakeholder inclusiveness.

The in-house sustainability team engaged separately with the leadership team, which represented the business and stakeholders representing suppliers, customers, community, employees and investors. Their opinions were unbiased and independently expressed by rating on a scale of 1-5 for each relevant aspect. A correlation study was undertaken based on the inputs from each stakeholder group against the inputs of the leadership team to determine the level of importance of each stakeholder to business decisions.

The material aspects are categorised under the four pillars of the Group's Sustainability framework and are partially covered as part of the scope and boundary of this report based on availability of data against the key performance indicators for an established management approach.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Resource Efficiency	Responsible Services	Responsible Supply Chain	Happy Communities
<ul style="list-style-type: none"> Material efficiencies Fuel Management and Transportation Energy Management Packaging Waste Management 	<ul style="list-style-type: none"> Customer Satisfaction Policies, Standard and code of conduct Brand and Reputation Business Ethics and Integrity Anti Corruption Regulations and Legal Compliance Product Pricing Infrastructure Investments and Impacts 	<ul style="list-style-type: none"> Respect Human rights Supplier screening and audits Human rights assessments Payment terms and negotiations Employee Health and safety 	<ul style="list-style-type: none"> Employee Relations Employee Recruitment and Retention Compensation and Benefits Training and Education Diversity and Equal Opportunity Impact on Community Community Relations Grievance mechanisms Local Hiring

The organisation seeks to validate and review the materiality matrix in the upcoming reporting period, with the objective of publishing its first Sustainability Report.

Vigil Mechanism

FSC treats any act of fraud, bribery and corruption very seriously and expects its business partners to adopt the same approach. The policy is incorporated in all contracts with stakeholders associated with FSC including employees, manufacturers, vendors, partners and consultants and the Company expects all its stakeholders to respect the policy and abide by its principles, thereby ensure conducting business ethically.

FSC's vigil mechanism empowers employees to bring to the management's attention, any concerns about suspected misconduct, unethical behaviour, actual or suspected fraud, or violations and express their concerns without fear of punishment or unfair treatment by reporting to the Anti Bribery and Anti-Corruption (ABAC) officer empowered to enquire into the matter at aapkiaawaaz@futuregroup.in or dedicated phone numberes.

The mechanism promotes responsible and secure whistle blowing whilst assuring adequate safeguards to the whistle blower.

There were no complaints received by FSC under the Whistle Blower Policy during the year 2019-20.

Information Security

The Company prioritises the security of its information systems and invests on continuously improving security controls to adapt to online threats. The Company's policies and procedures have adopted the best practices recommended in ISO 27000 certification process. The IT security team raises awareness among employees vide on ground system engineers and email communications which contributes significantly to the overall security of the Company's systems and information.

During the year 2019-20, there were no incidents of IT security failure.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Grievance Redressal Mechanism

The Company values its stakeholder's wellbeing and morale, and employs grievance mechanisms to solicit, assess and address concerns of employees, customers, investors and other stakeholders through online and offline channels.

All grievances received are routed to specific teams for formal investigation depending on the grievance redressal process laid out for each stakeholder. Stakeholder complaints, concerns and queries are monitored, thus helping the Company demonstrate the transparency and robustness of its redressal mechanism.

Employees

The Company's redressal channels allow an employee to report grievances anonymously. Grievance/ suggestion forms are available online at an internal web based portal. Employees may submit these duly filled and drop it off to the respective People Officer Representative in order to raise a formal complaint in the HRMS (Human Resource Management Systems).

In case of unsatisfactory resolution of the complaint by the respective People Officer, the complainant may report with reasons of reconsideration to the authorised person as per a defined escalation matrix.



Issues involving sexual harassment can be addressed by writing at - poshcommittee@futuresupplychains.com.

POSH Training

The Company is committed towards upholding the fundamental rights of a person to equality and living with dignity. The policy on Prevention of Sexual Harassment deters violation of such rights with the objective to create a safe and secure workspace for its employees.

The Company sensitises new joinees during induction about the policy and procedures in place. The training session creates basic awareness on the employer's responsibilities, aspects of safe working culture, illustrative examples of sexual harassment, fundamental rights of female employees, code of conduct, policy, current scenarios, working etiquette, and disciplinary actions taken against the person when found guilty.

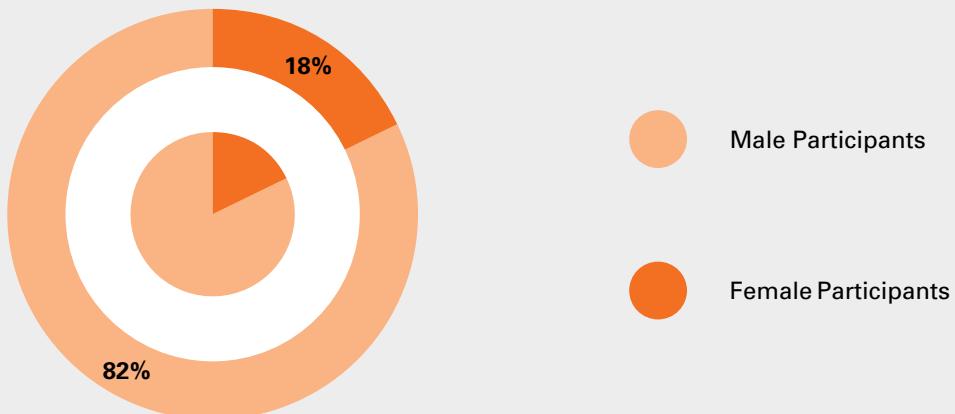
Intensive workshops on POSH were conducted for senior managers and employees where roles require contact with large groups of colleagues or customers on a daily or regular basis.

The agenda of these workshops are to safeguard culture, role modelling and its proper implementation, principles of natural justice, process to conduct POSH enquiry, report writing, statutory compliances including amendments and audit procedures.

Particular	Nos.
Awareness sessions for Employees	242
Employees attending the training	8,655
Training man hours invested	4,327

BUSINESS RESPONSIBILITY REPORT (CONTD.)

GENDER WISE DISTRIBUTION



The Company redresses complaints received on grounds of harassment or any act that is found to be abusive or discriminatory on basis of caste, religion and gender. The decisions taken by the Grievance Committee is deemed final.

Employee Grievances Received	461
Employee Grievances Resolved	439
Employee Grievances Pending to be Resolved	22

The Company has received 1(one) complaint on sexual harassment during the reporting year which has been satisfactorily resolved.

Investors

The Company caters to investor related queries and grievances through its Registrar and Share Transfer Agents (R&T Agent) and the Compliance Officer is responsible for the same.

The Stakeholders' Relationship Committee resolves investor concerns and provides necessary guidance on any Company related matter. The Company has a designated e-mail ID – investorrelations@futuresupplychains.com – for addressing investor complaints.

During the year under review, the Company received one investor complaint, which was satisfactorily resolved.

Customers

A dedicated escalation matrix as part of the Service Level Agreements with customers result in an end to end engagement process through both offline and online interfaces, which includes voice or email to resolve the issue.

Customers can post grievances regarding the service inefficiencies to the concerned persons as part of the escalation matrix depending on the level of concern. The customer is updated with respect to actions being taken and ensure that redressal is satisfactory, a confirmation call is made on random basis to assess satisfaction via maker-checker mechanism.

Principle 2: Stewardship

Business should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

FSC operations are automated and IT enabled to cater to the warehousing, distribution and other logistics requirements, including amongst others a "Dynamic Put-to-Light (PTL) sortation system and a high-speed cross-belt sorter to support its competitive market position. The Company's service offerings are backed by an efficient warehousing structure, pan-India distribution network and "hub-and spoke" transportation model.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Service Proficiency

Fulfilment of the customers' supply chain requirements is the primary motto that motivates the Company's business model and enabling it to act as a lean and green service provider that adds value by improving customers' key performance indicators such as reducing wastage, optimising cost, increasing efficiencies, shortening lead-time to market, and positively impacting the product life cycles.

- **Warehouse Management System (WMS)** - Provides customers with an inventory management tool that can be integrated directly with a customers' enterprise resource planning system, providing visibility of inventory in the distribution centre and designed to support and optimise warehouse functionality and distribution centre.
- **Transport Management System (TMS)** - Provides shipment level visibility from pick-up to delivery to billing as well as routing solutions, and is linked to the enterprise resource planning system. The Company also integrates its customers' technologies with its own systems so as to provide the customers with proper visibility into their supply chain and enable real-time tracking. It enables the organization to manage and optimise the daily operations of their transportation fleets.
- **Vehicle Tracking System (VTS)** - Provides real-time updates on location of the vehicle and the temperature details of temperature-controlled vehicles carrying cold chain goods.
- **PTL** – Put-To-Light System- Supports in allocating larger quantities of product into individual store orders, using light devices to direct operators to sort and put items for each store.
- **Inbound / Outbound Automation**- Provides automated sorting and conveyor system which reduces turnaround time for loading and unloading of vehicles by segregating stocks.

FSC strives to reduce food waste in supply chain operations through control mechanisms that monitor the threshold limit of the inbound product's remaining shelf life.

Food Safety and Quality

FSC ensures that its suppliers comply with quality, applicable regulations, human rights, health and safety and environment. The Mehsana unit was certified for ISO 22000 (Food Safety Management) in September 2019. Storage of perishable goods with short shelf life like fruits, vegetables and milk are stored and maintained fresh for replenishment of new order requests by customers in temperature controlled warehouses at Mehsana, Kashipur, Kolkata, Chennai and Mumbai.

Refrigeration systems limit use of ozone depleting substances by use of ammonia as refrigerant. Temperature monitors and data loggers are used to ensure the desired temperature levels are constantly maintained. Further use of gas detectors ensure prevention of leakages and take necessary corrective action.

During the year 2019-20, the Company associated with certified trainers from Retailers Association of India to undertake Food Safety and Training Certification for 159 employees who were evaluated and certified post training completion and equipped to supervise food safety systems in their respective work locations.

There were two litigations filed of non-compliance with regulations or voluntary codes resulting in fine, penalty or notices received concerning emissions, health and safety impacts of the Company's services.

Local Logistics

FSC has a local network of over 60 service providers for primary movement and over 250 service providers for secondary and last mile movement of goods as part of distribution operations. Further, the express operations are associated with over 25 service providers for line haul, over 115 service providers for feeder movement and over 300 service providers for Pickup and Delivery Associate ("PDA") movement. This ensures cost optimisation and promotes local entrepreneurship.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

In cases where local procurement is not a viable option due to lack of vendors or lack of alternatives that meet quality requirements, the Company procures services from registered vendors who are geographically more diverse.

Principle 3: Employee Welfare

Business should promote the well-being of all employees

FSC's people strategy aims to create a working environment that is supportive of employees' personal lives, while meeting the Company's business needs in accordance with the laws of the land.

Future Group's values are the guiding principles to growth and development within the organisation (for more details refer to <https://www.futuregroup.in/aboutus>).

FSC's HR processes are guided by the inherent values of Future Group and are aligned with labour and human rights regulations that are applicable from time to time.

The Company aspires to be an employer of choice in Indian logistics and warehousing solutions – offering new possibilities and encouraging people to rise up to new challenges every day.

Non-Discrimination in recruitment and employment

The company's recruitment process employs gender neutral job descriptions and removes potential biases in screening, shortlisting and sourcing of candidate which is consistent with employment related legislations.

With the aim of building a pro-inclusion mind-set and positivity, FSC has designed appropriate communication and training programs.

Workforce Profile

The manpower strength at FSC as on March 31, 2020 was as follows:

Employee Type	Warehouses		Offices	
	Male	Female	Male	Female
Permanent Employee	1,033	43	246	62
Apprentices/Contract Workers/NEEM	7,837*	928	55	10

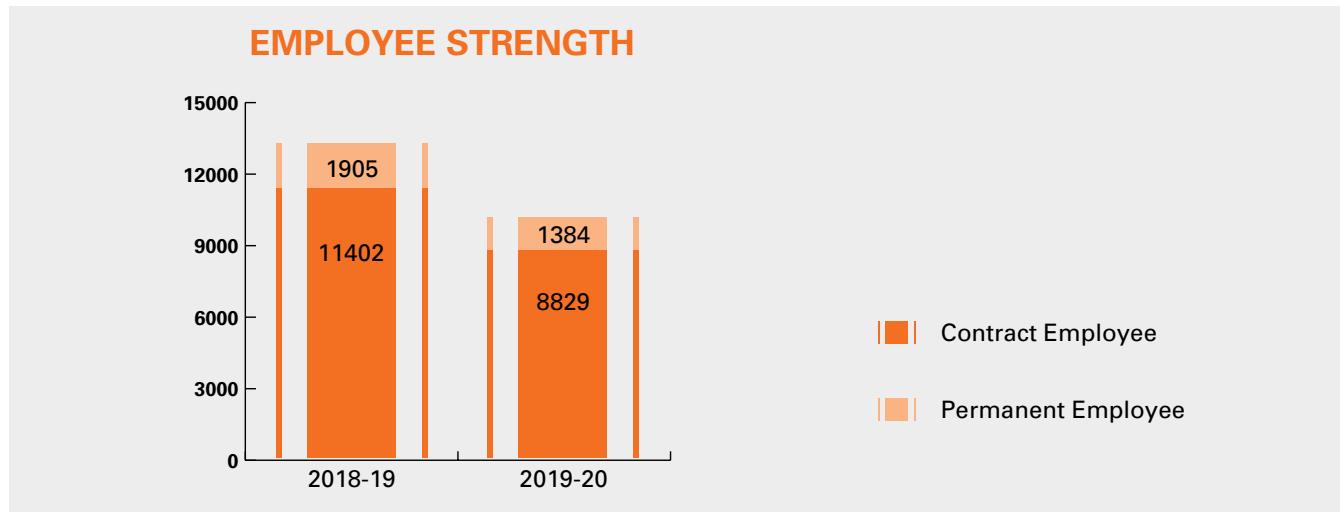
*Includes a differently abled employee

The permanent employees of the Company are classified below:

Level (Band)	Offices		Warehouse		Total	
	Male	Female	Male	Female	Male	Female
1	7	7	293	9	300	16
2	69	22	539	29	608	51
3	113	27	181	4	294	31
4	40	5	20	1	60	6
5	17	1			17	1
Total	246	62	1,033	43	1,279	105

The Company strives towards increasing the efficiency of its operations by optimizing its resources with the motto "Doing more with less". During the year 2019-20, the Company optimised its manpower by over 22%.

BUSINESS RESPONSIBILITY REPORT (CONTD.)



Diversity and Inclusion

The Company is striving to improve diversity in the workplace by increasing women's representation in the workforce. FSC currently employs around 10% women in their workforce at Company level, and women represent 12% of the senior management.

The Company provides several benefits for young women through tie-ups with organisations providing healthcare and crèche facilities under the Khushali program. At the Koka facility, a medical room is designated for emergency medical purposes for pregnant and lactating mothers. During the year 2019-20, 100% of employees who availed maternity leave returned and continue to work during the close of the financial year.

Hiring and Promotion

The Company's promotion process evaluates candidates through their journey on a values based assessment process. FSC does not discriminate in the recruitment and promotion of its employees. The Company's campus connect programs with institutions are provided below:

Parichay

FSC inducts Engineering Trainees and Management Trainees under a comprehensive program "FSC Parichay", the year long induction program is designed to equip them with technical and functional expertise, management techniques, and organisational processes. The uniqueness of the program features robust assessments, regular feedback mechanism, mentoring / buddy program and on-going development through virtual learning platform. The key elements of the program include:

- ➡ Class Room Training (CRT) designed to give orientation and insight of organisation, supply chain industry, concepts and functional specifics.
- ➡ Field Induction to acclimatise trainees with their work environment across their various establishments.
- ➡ On-the-Job Training in their respective functions as per their Job Description.

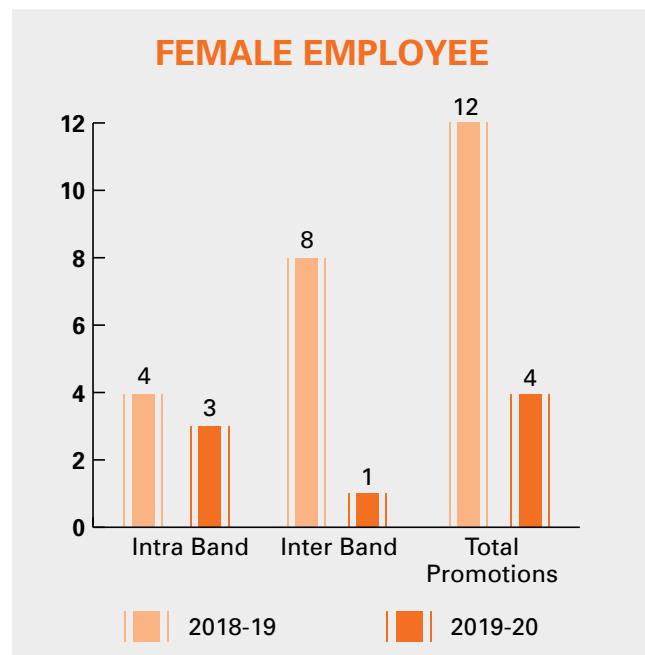
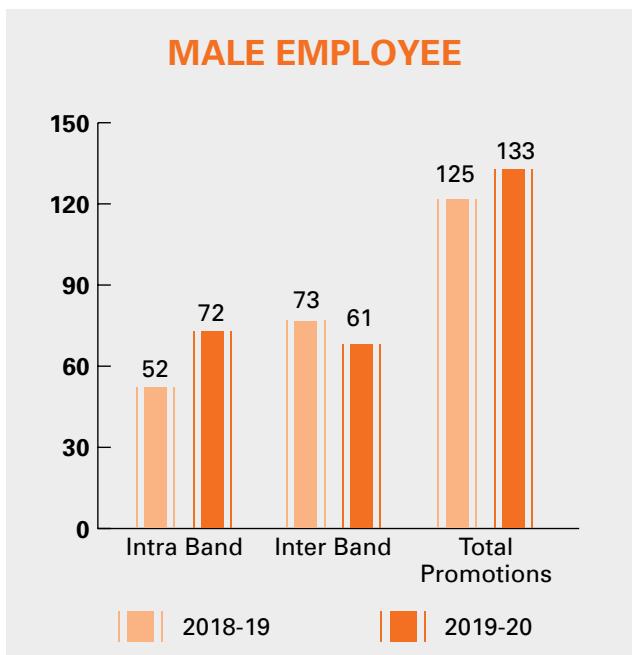
During the year 2019-20, 60 Graduate Engineering Trainees and 57 Management Trainees were a part of this programme.

Future Summer Samurai

The program provided summer internship to 26 management graduates for a period of 2 months, wherein they were mentored by Business Heads and get hands on experience.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Employees are assessed on fair and equal basis through an integrated appraisal system and are rated by their reporting manager on the person's alignment with the Future Group values and set goals and targets. The Company undertakes a 360 degree appraisal process for senior managers to build confidence in its decisions to promote and increase remuneration.



Additionally, the Company rewards and recognises the efforts of its employees with target based incentives and festive bonuses.

Long Stay Recognition

Rewards in the form of gold coins and silver coins minted with the Company's logo and a certificate of appreciation were awarded for 128 employees completing Five year and Ten Year Service milestone.

Employee growth, training and development and overall well-being

The Company provides its employees an assistance plan to help address personal and professional challenges and situations that might be hindering employee growth and well-being.

The Company provides access to necessary learning opportunities on an equal and non-discriminatory basis. Training assessments are conducted on an annual basis for all employees through numerous career development and job-specific training opportunities that cover a range of areas, including but not limited to skill and competence up gradation such as customer service, health and safety, digital capability, professional development and leadership.

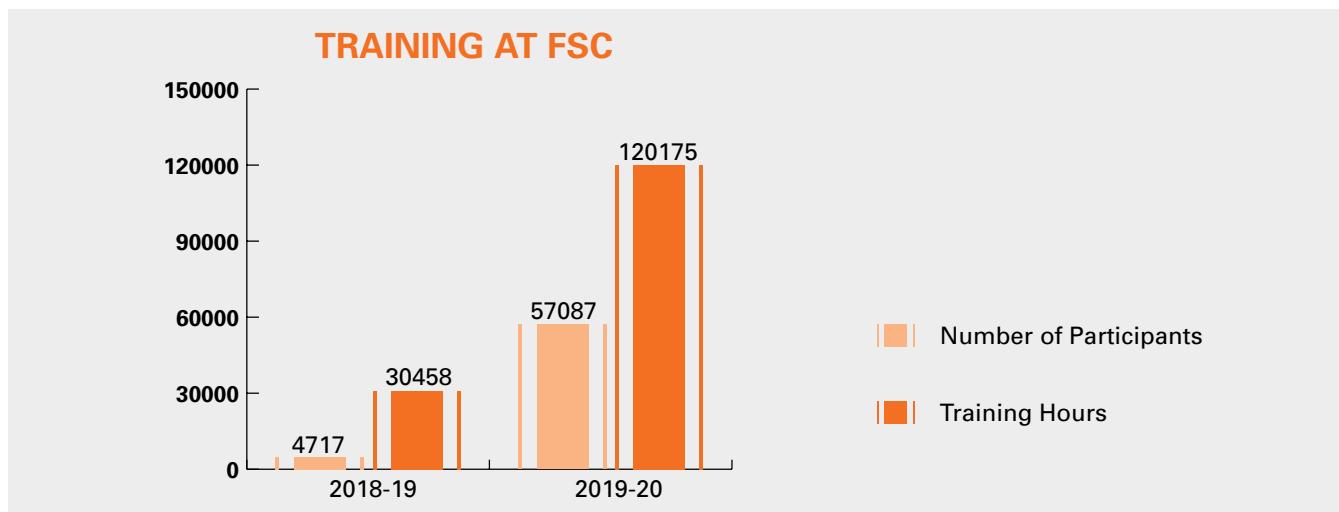
Training needs assessments are conducted at warehouses, head offices, operational branches and offices for all employees. The training needs are mapped and such trainings are imparted accordingly based on an annual training calendar.

Post training feedback is undertaken and the effectiveness of the training is measured. Employees in need of retraining are provided on the request of the head of the department.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Some of the training programs conducted the year 2019-20 are as follows:

Training Programme	Total Number of Employees	Duration (Hours)	Training Man Hours
Assessor Certification Program	9	16	144
Audio & Video Conferencing Training	27	4	54
Culture Cascading Workshop	1,334	32	5,440
Effective Solutions Selling	25	2	50
FSC Induction Program	157	16	2,512
FSC Knowledge Cafe - Six Thinking Hats, Investor Insights, Abilene Paradox	60	6	120
FSC Parichay	351	512	59,904
Mihan Field Induction to CAM Team	8	16	128
POSH	8,655	0.5	4,327
Valyou Spark Leadership Program	5	12	60
Valyou Starter	204	36	7,344
Futuready	23	8	184
Leadership Academy	9	75	675
Health and Safety	46,220	0.85	39,232
Total	57,087		1,20,175



Facilities for employee well-being ('Khushali')

Well-being at workplace plays a central role in creating happiness, increasing competence and satisfaction in employees. Employees and their dependents are benefitted through a plethora of corporate partnerships under the Group's Khushali program focusing on home, health and creche.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Housing Benefits

The Company continues to provide its employees with attractive discounts and benefits such as lower EMI (in some cases providing EMI holidays) and flexi-payment plan for houses in partnership with reputed real estate developers. During the year 2019-20, the partnership was extended to Godrej Properties, Rustomjee Developers, Ashray Group, Sheth Creators and Aradhya Eastwind.

Healthcare Benefits

Taking cognisance of the outbreak of the pandemic COVID-19, the Company has extended its partnership with healthcare institutes and diagnostic centres like DocOnline, to provide free doctor consultation, free ambulance services, discounts on health and dental check-ups, stay at home pathology test and diagnosis and alternative health care packages.

The Company also provides optional lines of treatment such as Ayurveda and Homeopathy in partnership with Devaaya and Welcome Cure respectively, all of which can be availed by both employees and their immediate family members.

The Company's corporate office in Mumbai provides a dedicated gym facility for all its employees to maintain health and fitness.

Insurance policies such as Mediclaim, EDLI and Life security plans are an integral part of remuneration structure for eligible employees.

Creche Facilities

During the year 2019-20, the Company provided cost effective crèche facilities for parents in partnership with Wonderkidz and the Learning Curve to enable a suitable environment for children to feel at home while parents were away at work, thus supporting them take decisions that allow them to pursue career ambitions and meet financial goals.

Flexi Time Benefits

The Company's flexi time policy also provides employees to maintain a healthy work life balance which also takes care of emergency situations faced by the employee through options of regularisation of biometric attendance log through their respective reporting managers. Employees residing at remote locations are provided with transport incentives for commutation to site.

Cash discounts to the Employees

The Company provides benefits in the form of cash discounts to its employees - this can be availed at any stores run under the Future Group brand including Big Bazaar, fbb, Central, Brand Factory, Foodhall, Hometown, Easy-day, Big Bazaar Gen Next, Nilgiris to name a few. This helps meet the daily and aspirational needs of the employees in food, bakery, fashion, homecare, electronics and personal care products categories.

Facilities for employees with special needs

In the Company's endeavour to create an inclusive growth, the Company invests in creating access to people with disability. Individuals with locomotor disabilities visiting or employed at FSC have access to facilities such as ramps and wheelchairs.

Employee Retention

An employee assistance plan nurtures employees and assists in adapting and achieving both personal and professional goals. The Company also encourages employees seeking a change in job role by inviting applications through an Internal Job Postings in other business verticals within the Future Group so as to create new experiences and learnings.

Creating an environment that is healthy and safe

The Group's policy of health and safety defines the guidelines to ensure welfare of employees including contractors, sub-contractors and vendors through accident free operations.

FSC safety systems are OHSAS 18001 certified. The vendors (and their employees working at the site, wherever applicable) are formally inducted into the health and safety system and an undertaking is taken with respect to adherence

BUSINESS RESPONSIBILITY REPORT (CONTD.)

of the code of practice with remedial measures by FSC in case of violations. Project contractors are responsible for the implementation of the safety processes at individual sites. The functions of the project contractor includes:

- ❑ Ensure training of contract / permanent employees during induction or via tool box talks;
- ❑ Ensuring that their direct and indirect employee(s) perform and commit themselves to the Occupational Safety Plan;
- ❑ Ensure employees including contractual employees wear the mandated personal protective equipment (as per the International Safety standards and in good working conditions) at all times within the premises on basis of their function at the site;
- ❑ On site fire fighting system checks, testing and demonstrations, conducting mock drill;
- ❑ Ensure safe access and egress to the site by ensuring traffic rules are followed by vehicles / movement of goods at the premises, displaying necessary safety signages and barricades at areas having risk at workplace and undertake root cause analysis for all accidents / fatalities if any;
- ❑ Ensure that hazardous material are collected, stored, disposed of or recycled in proper and sound manner without causing any harm to any property, person and environment;
- ❑ Organising awareness campaigns around National Safety Week;
- ❑ Organise safety meets with high representation of the contract employees;
- ❑ Monitoring and evaluating safety performance effectively and take all appropriate actions to rectify and improve overall Safety performance;
- ❑ Implementation of No Alcohol/Narcotics policy;
- ❑ Ensure that all vehicles used for transportation & material handling equipment are fit for use and have valid certifications.

Standard operation procedures including wearing of personal protective equipment (including safety helmet, safety shoes, hi-visibility vest) and maintaining personal hygiene.

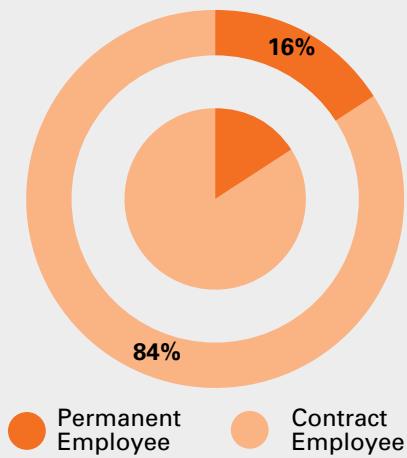
During the year 2019-20, the Company also undertook training programs and sensitised employees on various principles of the EHS policy.

Training Topic	Permanent Employees		Contract Employees		Training duration in minutes	Total Man Hours
	Male	Female	Male	Female		
Basic Safety Training & Emergency Response	3,550	1,360	21,718	3,198	50	24,953
Safe Material Handling	694	599	3,073	708	45	3,984
5S	249	137	1,042	214	48	1,201
MHE operator Training	168	130	1,129	109	46	1,219
Security Checks	75	2	1,364	80	63	1,802
COVID-19 Prevention	159	5	1,143	31	51	1,189
Drivers Training	125	101	852	116	50	988
First Aid	230	87	486	145	99	1,824
Truck Driver Training	74	51	554	44	52	690
Electrical Safety	97	84	410	59	44	464
Fire Hydrant Operation Training	49	5	314	40	44	284
Stress Management	67	49	178	30	72	559
Hazard Identification and Risk Assessment	99	3	143	11	73	391
Housekeeping	6	8	117	17	45	111
Safe food handling	26	0	79	0	45	359
Good Housekeeping Practices	26	0	76	2	39	69

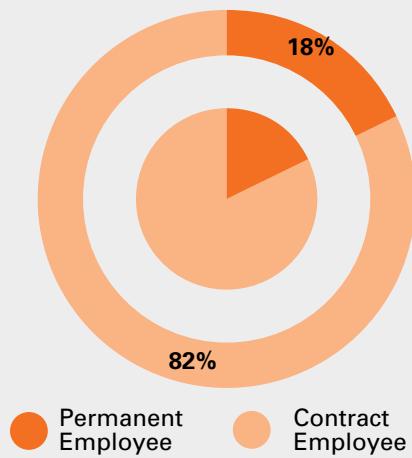
BUSINESS RESPONSIBILITY REPORT (CONTD.)

Training Topic	Permanent Employees		Contract Employees		Training duration in minutes	Total Man Hours
	Male	Female	Male	Female		
Road Safety and Health for Drivers.	0	1	48	52	46	78
Cold Store Safety	4	2	45	46	33	60
Safe Maintenance Procedures	8	3	62	22	44	68
Tool Box Talk Training	0	0	69	0	27	28
Incident Management	12	3	32	18	30	33
Grand Total	5,718	2,628	32,931	4,942	49	39,232

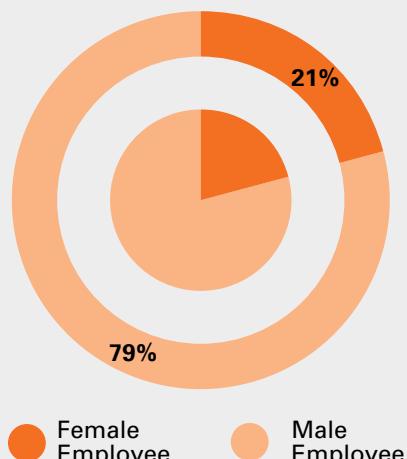
Employees and workers trained on health and safety 2018-19



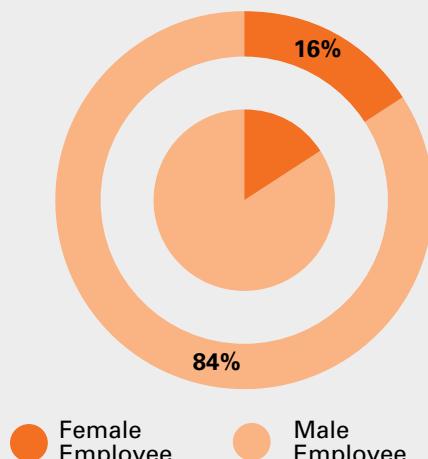
Employees and workers trained on health and safety 2019-20



Health and Safety Trainings by Gender 2018-19



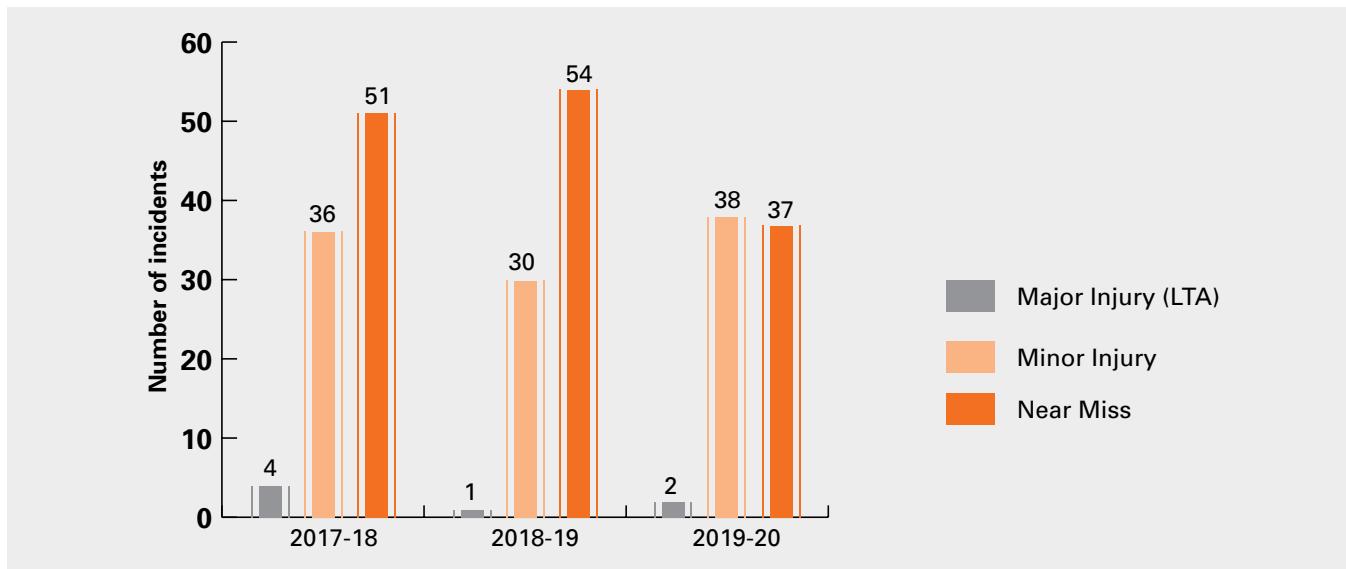
Health and Safety Trainings by Gender 2019-20



BUSINESS RESPONSIBILITY REPORT (CONTD.)

FSC ensures compliance to fire safety as per the local authority requirements as mandated. Audit is also conducted on annual basis through an insurance company. Functioning of all equipment such as sprinklers and fire hydrants are checked at all operating sites for loss prevention. During a fire, while emergency exits remain unblocked and can be easily identified through appropriate signage.

Key Indicators	2017-18	2018-19	2019 -20
Major Injury (LTA)	4	1	2
Minor Injury	36	30	38
Near Miss	51	54	37
Grand Total	91	85	77



The Company plans to explore feasibility and invest in reusable pallet wraps and straps and are also exploring procurement of tape cutters with guard in the upcoming reporting period.

Additional safety precautions as per the procedures in place are as follows based on type of risk identified:-

- ➡ Fall Protection– Full body harness is used by all its employees working at the sites at all times when working at a height (more than 1.5 meters from the ground). Additional fall protection equipments like safety nets may be made available and used at the sites.
- ➡ Cutting/Grinding/Welding/ handling sharp object – The Project contractor ensures that its employees carrying out the activity wears safety goggles and other essential PPEs like masks and anti-cut gloves.

National Safety Week

The theme to the 48th National Safety week held during March 4, 2020 to March 10, 2020 was “Enhance safety and health performance by use of advanced technologies”. “Safety Culture” is the baseline for the success of Safety efforts in any organisation and it is an attitude that every member at a workplace requires to own, to prevent harm to one’s self and peers. The safety pledge recites as “Safety starts with “S” but begins with “U”.

The CEO reiterated the importance of safe practices through mail during the Safety Week.

The Company encouraged the employees to participate in hoisting the safety flag and in the safety parade, competitions on safety quizzes and safety poster making.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Group discussions and presentations were organised on the topic “ill-effects of Alcohol and Tobacco consumption”. The Company organised for a training by Fortis Hospital at the corporate office in Mumbai on stress management, first aid and office ergonomics with focus on musculoskeletal disorders and sensitised on techniques to improve personal productivity and well-being.

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Proactive engagement with stakeholders allows FSC to identify, prioritise, address and communicate sustainability impacts and opportunities. The Company engages with a wide range of stakeholders including investors, employees, customers, suppliers, community and media personnel with the purpose of collectively resolving challenges that arise due to the Company's operations.

In the reporting period the Company strengthened its stakeholder engagement process, understanding material issues, its impacts and expectations. The progress of the same is presented in Principle 1 section on materiality analysis.

Statutory bodies

FSC complies with all statutory requirements and interacts with various authorities and statutory bodies, through representations as and when required.

Investor Engagement / Shareholders

The investor relations team advises the Board on relevant market findings and issues necessary to consider whilst taking decisions.

The Investor Relations Department along with the Company's management hosted several warehouse site visits, one-on-one meetings and group meetings with institutional investors and high net worth individual investors, to showcase the Company's investments and performance.

The Chairman or Managing Director, assisted by the head of Investor Relations also held meetings with institutional shareholders, when required, to discuss key issues.

Further, the Annual General Meeting provides shareholders an opportunity to engage directly with the Board of Directors and the Management. Due care is taken while communicating so that no information or news provided to shareholders is considered as unpublished price sensitive information and which may have a potential to influence price of securities.

The Company also participated in several investor conferences, including Equirus Auto & Logistics Conference held in November 2019 and Edelweiss India Conference 2020 held in February 2020. In December 2019, the Company hosted an Investor Meet to announce its strategic partnership with Nippon Express and share business outlook.

FSC engages with an external public relations (PR) agency, with the objective of informing target audiences of developments so that interested stakeholder communities have access to information. Any information that is shared with media is also filed on the stock exchanges and is available to all relevant stakeholders. The Company announces financial results and other material events, through statutory filings with the Stock Exchanges, media releases, and vide the Company's website.

Employee Engagement

FSC respects and relies on the experience and expertise of its employees to deliver on the strategic objective of the organisation. The culture of openness and inclusivity resulting from various engagement programs ensure retention of key resources that are pivotal to a happy community.

A quarterly Townhall, “Karta Se Charcha” is organised where the CEO and the leadership team connect with employees to discuss salient features and highlights of the previous quarter performance and addresses specific questions. Ample opportunities are provided to employees to voice their opinion and suggestions to the senior management and are encouraged to directly write to them.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Key opinions expressed by the employees during the reporting period include:-

- ❑ Assessing efficiency led performance indicators;
- ❑ Employee engagements with respect to inclusiveness;
- ❑ Need for rewards and recognitions to be a part of the culture of the organisation.

Employees, who are also partners to FSC in delivering success to the organisation expressed views:

- ❑ The plans of the organisation to leverage network and expertise of their investors;
- ❑ Strengths and weaknesses of the organisation compared to the external environment;
- ❑ Roadmap to increase profitability and eliminating non value added activities;
- ❑ Upcoming automations and technology improvements;
- ❑ Improvements in customer service.

The Company celebrated various events with its employees including contract employees:

Event	Engagement Activities Organised
Monthly Birthdays	Cake cutting
Friendship Day	Employees identified colleagues with matching dresses and were engaged in photoshoots as part of the Twinning contest
Republic Day	Flag hoisting, remembering the brave martyrs of our land through songs, dance and drama;
World Yoga Day	Employees were encouraged to undertake yoga exercises at their workplace
Navratri	Inviting employees to dress for work based on the festival's colours across nine days.
Diwali	Decorating workplace with lanterns, garlands of flowers and creating flower petals arrangements on floors (rangoli).
Christmas	Decorating a Christmas tree cake, Secret Santa, gifts distribution, cake cutting.
New Year	Cake cutting and organizing games
International Women's Day	Cake cutting, singing and painting competitions
Holi	Playing with Holi colours (gulal), snack distribution
Engagements on Holidays	Trekking excursions at Visapur Fort near Lonavla and camping near Powna lake

Customer Engagement

A Service Level Agreement (SLA) that focusses on timely delivery, safety of stocks, prevention of damaged or defective products and no pilferage, forms the basis of the relationship between the Company and its customers.

Review meetings conducted on monthly or quarterly basis with the customers ensure service levels are met and design solutions for new business opportunities.

Media Engagement

FSC collaborates with both offline and online media channels to update its key business constituent in the Company's marketing strategies, increase brand credibility, and create awareness on the brand.

FSC has received coverage in major publications like the Economic times, Financial Express, Hindu, Hitavada, Mint and Times of India apart from electronic coverage in leading news channels like CNBC TV18, ET Now, BTVI, CNBC Bajar and CNBC Awaaz.

Further, the Company also featured in supply chain magazines like Cargoconnect, Cargo Talk, Outlook Business, Logistics Insider, India Transport and Logistics News.

The Company partnered with Unacademy Road Safety World Series, a five nation T20 cricket tournament as the official sponsor of India Legends to create awareness on road safety.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

During the the year 2019-20, various activities of the Company was recognised and appreciated by corporates, not for profits, government bodies and media houses, a snapshot is provided below.

- 🚚 **Operational Excellence in Cold Chain**, ASSOCHAM Cold Chain Industry Awards 2019
- 🚚 **Best Use of Digital Techniques / Technologies**, 3rd Digital Enterprise Awards & B2B Marketing Awards 2019
- 🚚 **B2B Brand of The Year**, 3rd Digital Enterprise Awards & B2B Marketing Awards 2019
- 🚚 **Best in Class Supply Chain Distribution Centre**, ELSC
- 🚚 **Best 3PL Company Overall**, ELSC
- 🚚 **Logistics Excellence 3PL Company of the Year**, India Logistics Summit & Awards 2019
- 🚚 **Logistics Excellence in Retail**, India Logistics Summit & Awards 2019
- 🚚 **Logistics Excellence in Food Industry**, India Logistics Summit & Awards 2019
- 🚚 **Best in Cross-Functional Collaboration**, Tech Supply Chain Conference & Exposition 2019-CPO Innovation
- 🚚 **Best Employer**, Best Employer Brand Awards 2019, Nagpur
- 🚚 **Supply Chain Company of the Year**, Warehouse Excellence Awards 2019
- 🚚 **Outstanding Technology Implementation in a Warehouse**, 6th Inflection Conference and Awards
- 🚚 **Supply Chain Excellence in Apparel Distribution Value Chain**, Global Logistics Awards
- 🚚 **HerbaLife's Memento of Appreciation**
- 🚚 **SCM Service Provider Of The Year**, Warehouse & Logistics Summit & Awards 2019, Quantic
- 🚚 **Infrastructure And Design Of The Year**, Warehouse & Logistics Summit & Awards 2019, Quantic

The Company also ensures timely and appropriate responses to media for any information requests within the disclosure norms.

Supplier / Vendor Engagement

FSC engages actively with its suppliers vide business meetings, and workshops.

The senior leadership team showcases the Company's business capabilities to existing and potential customers at supply chain events like ELSC, ET Edge Supply Chain Summit, Manufacturing Supply Chain Summit and SCALE Awards. Supplier grievances are redressed on a timely basis which are mostly related to movements of material inwards at warehouses and timely payments.

FSC's suppliers are also provided with managerial and technical assistance through meetings organised on a quarterly basis. Trainings are conducted regularly for truck drivers on practices and procedures that ensure improvements in productivity, safety and morale.

Suppliers of FSC have become an inclusive part of the organisation in all festive events celebrated across regions.

Communities

FSC strives to build trust with communities in which it operates in partnership with employees, and external not-for-profit organisations and bring about a positive change in their lives through holistic, sustainable and integrated development.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

The Company engages with its community through various initiatives including:-

Community Intervention	Frequency	Location	Outcome
Blood donation camps during the year including the Safety Week (March 4, 2020 - March 10, 2020)	Annually	Warehouses in Kulana, Shambhu, Sadrana, Koka, Lucknow, Hapur, Howrah and Bangalore ; and head office in Mumbai	Contributed 488 units of blood to blood banks
Tree Plantation drive during the year including the World Environment Day	Annually	Warehouses in Koka, Kulana, Hapur, Bhiwandi, Nagpur and Bangalore	Planted 319 trees for a better environment
Joy of Giving	Annually	Mumbai , Bangalore	<ul style="list-style-type: none"> Donation of essential groceries and blankets to Sukarma Charitable Trust benefiting underprivileged children; Adopted 4 orphan children of SOS Children's Village; Donation of essential groceries to 50 poor people affected by polio, paralysis and visual impairment at a palliative care centre.
Celebrating the 31st National Road Safety Week	Annual	PAN India	<ul style="list-style-type: none"> Created awareness on road safety, health and hygiene amongst drivers and organised free medical check-up camps for truck drivers; Awareness on HIV, AIDS and ill effects of tobacco consumption; Organised awareness programmes on the importance of road safety for children at schools local to our warehouses.

PRINCIPLE 5: HUMAN RIGHTS

Business should respect and promote human rights

The Company understands the fundamental obligations to respect and protect human rights. The expectation of the Company are being communicated to all stakeholders through its human rights policy.

Employee contracts, labour contract or a service provider's agreement embraces the human right's policy and applicable labour laws. It is signed by both parties on initiating an engagement.

No Child Labour

The Company's policy shows zero tolerance towards child labour in its operations. The minimum age as per standard is 18 years. The Company verifies the age of all candidates hired or contracted through scrutiny of government documents such as Aadhar card and PAN card before offering employment.

No Forced Labour

FSC prohibits forced labour in its operations and ensures no candidate is hired based on the individual's bond, debt or obligations towards the facility or any representative of the Company. The Company does not charge deposits or a recruitment fee from the candidate to secure employment. The Company does not restrict the freedom of the individual to resign from employment at any time without penalty, giving reasonable notice.



BUSINESS RESPONSIBILITY REPORT (CONTD.)

Non- Discrimination

The Company is committed to fair and equal treatment for all. FSC conducts all recruitment activities through a gender neutral job description, with the evaluation process that is consistent, transparent and unbiased towards caste, race, religion or gender.

A sound appraisal process (Refer to Principle 3) determines the need for training of an individual through nominations with the purpose of improving individual skills and adding value to the organisation.

The Company continues to strengthen their approach by ensuring mandatory 16 hours training of managers as part of Assessor's Certification to minimise such risks in evaluation processes.

Working Hours and Fair Wages

FSC is committed to timely provision of wages to meet their basic needs and economic security and in adherence to local state laws. The Company remunerates its employees based on skills and experience. The Company additionally rewards employees with target based incentives and festive bonuses. Eligible employees are benefitted with PF, ESIC, and EPS schemes.

The Company does not encourage employees to work overtime beyond the prescribed working hours as per the policy. All workers are entitled to weekly off on completing 6 days of work. The Company provides the employee with a compensatory day off for services provided on the entitled rest day. All holidays are pre decided based on local customs, national and international importance.

A wage documentation explicitly mentions wage calculations on basis of hours of work with transparency on all bonuses, incentives and deductions. A biometric attendance system maintains records of the shift schedules for all employees.

Freedom of Speech

FSC provides its employees ample opportunities to voice their workplace needs. Senior management team follows an open door policy approach to hear any grievances, feedback or suggestion from concerned employees. "Karta se Charcha" is one of the initiatives taken to establish a senior management connect with employees across pan India locations.

Once a quarter, the MD/CEO along with other senior management representatives addresses the employees across zones via a webinar. The session usually lasts for 2-3 hours where the MD/CEO communicates recent achievements and developments along with initiatives for the next quarter.

FSC's employees express opinions and suggestions via an online platform to senior management representatives. Adequate feedback and response mechanisms encourage openness and quick resolutions, hence FSC's employees do not feel the need to participate in collective bargaining activities.

The Company ensures that stakeholders impacted by the business have access to grievance mechanisms. (For more details on grievance mechanisms and key opinions/suggestions from employees refer to Principle 1)

PRINCIPLE 6: ENVIRONMENT

Business should respect, protect and make efforts to restore the environment

Resource efficiency is an important pillar of the sustainability framework of FSC. The Company recognises the environmental challenges that the society faces and is committed to improving productivity of resource, better management of significant aspects such as energy, water, emissions, fuel supply and waste in partnership with critical stakeholders, thereby creating both environment and economic value. Additionally, FSC strives to comply with all applicable environmental norms, within the local and national boundaries.

A number of efficiency initiatives were initiated during the year 2019-20 such as carbon foot-printing, sustainable packaging and water conservation.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Energy Efficiency and Climate Stewardship

During the year 2019-20, FSC proactively initiated actions to improve its energy performance in keeping with the Group's Energy and Carbon Policy that outlines low carbon transformation through reduced energy consumption and procurement of green energy.

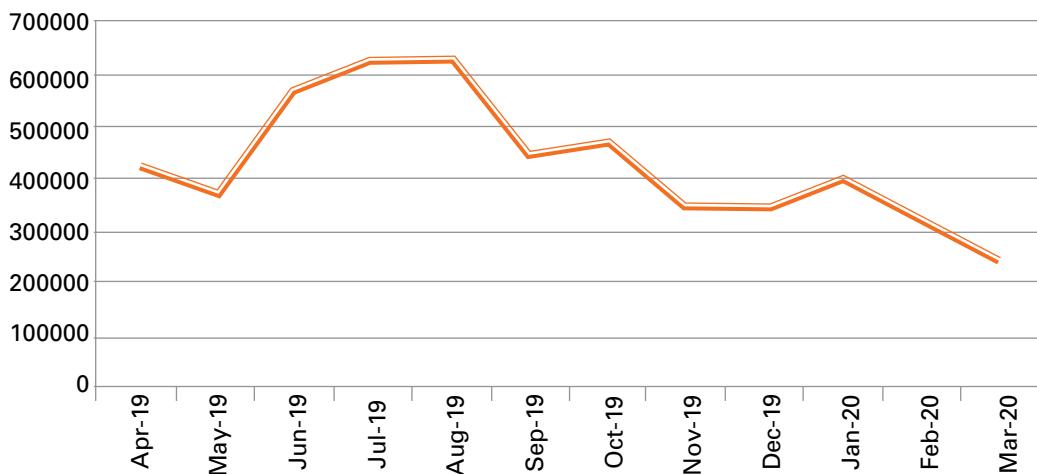
FSC deploys the hub and spoke model and milk runs for the transport of goods to multiple locations vide its distribution centres, which optimises consumption of fuel and emissions to the atmosphere.

Electricity Consumption

During the year 2019-20, the Company has increased its energy footprint due to broadening of its network and resultant increase in consumption.

Particulars	Total Units	Total Value
F.Y. 2019-20	5168057*	67642542

ELECTRICITY CONSUMPTION FY 2019-20 (KWH)



*for 17 warehouses out of the total of 74 warehouses and does not include Head Office

Carbon Foot-printing

The Company endeavours to become a climate steward and take necessary actions within operations to reduce energy consumption and has also increased reliance on renewable energy sources.

During the year 2019-20, the Company has decided to begin accounting and quantifying its greenhouse gas emissions. The Company has planned to increase its rigour of collection and monitoring of main sources of direct and indirect emissions.

Initiatives undertaken to mitigate climate impacts

The Company installed solar panels at 4 warehouse locations and switched from conventional to renewable sources of energy. During the year 2019-20, 681 Kwp. capacity of solar panels were commissioned at warehouses in Chennai, Kulana, Koka and Banur which generated 4,08,019 KWh of green electricity annually.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

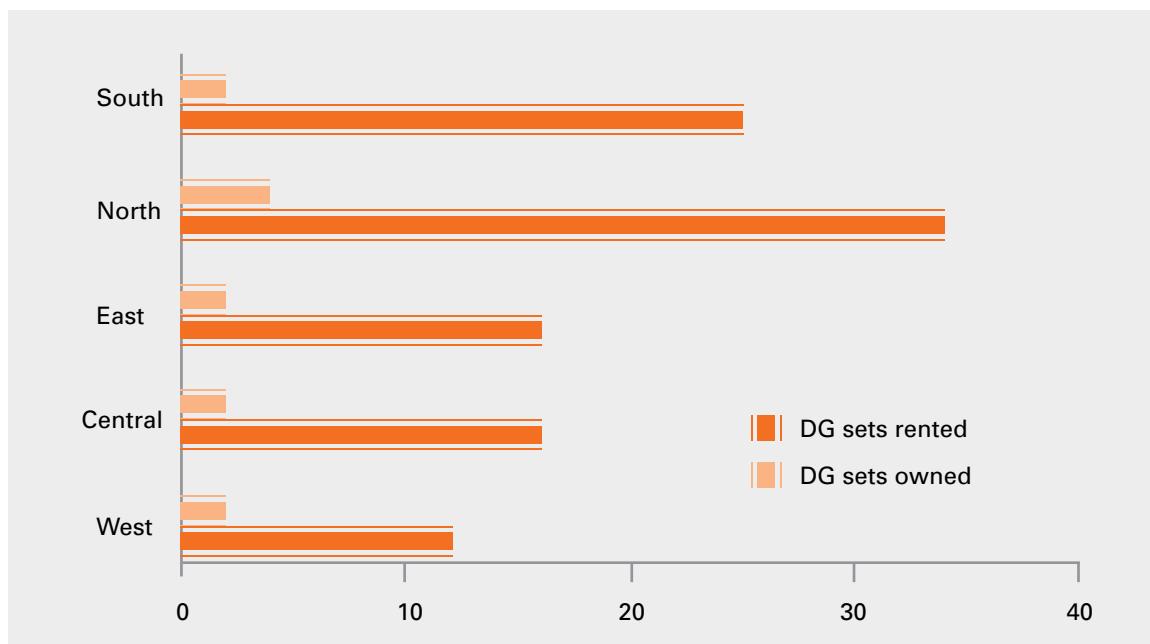
In the upcoming years, the Company shall finalise its scope and boundary, improve upon the data collection processes and achieve robustness in disclosing their Scope 1, Scope 2 and Scope 3 emissions across offices, warehouses and distribution centres across the country.

Air Emissions

Total 115 sites pan India have Diesel Gensets. In keeping with the Central Pollution Control Board guidelines - DG license has been applied for and received for DG Sets with capacity above 400KVA, located at Mihan in Nagpur, Ballyasan in Gujarat, Soukya Road and Nelamangala in Bengaluru, all of these have licenses that are valid and have been renewed.

Gensets that are available are a mix of owned and rented. All DG's are under an annual maintenance contract wherein they are serviced every quarter.

City	Kwp	Kwh p.m.
Chennai	110	10,575
Banur - Punjab	455	33,381
Koka - Maharashtra	50	3,184
Kulana, Jhajjar - Haryana	66	4,589



FSC audits its emissions and conducts checks in order to comply with emission norms from DG sets wherever applicable as defined by concerned Pollution Control Boards (PCBs) at periodic intervals. All vehicles on duty at FSC undergo vehicle emission tests and comply with emission norms as defined by the concerned PCB. The vehicle owners submit the updated Pollution under Control ('PUC') certificate of its vehicles. Vehicle owners unable to produce a valid certificate is not engaged by the Company.

Water stewardship

The Company's warehousing facility at key locations began the implementation of the crate washing system, wherein water consumed is recycled through a closed loop system of automated processes thus optimising water consumed.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

In the year 2019-20, the Company installed tap restrictors across pan India offices thereby restricting base water flow by 80% and conserving this precious resource.

The Company plans to initiate water conservation programs wherever feasible across its operations.

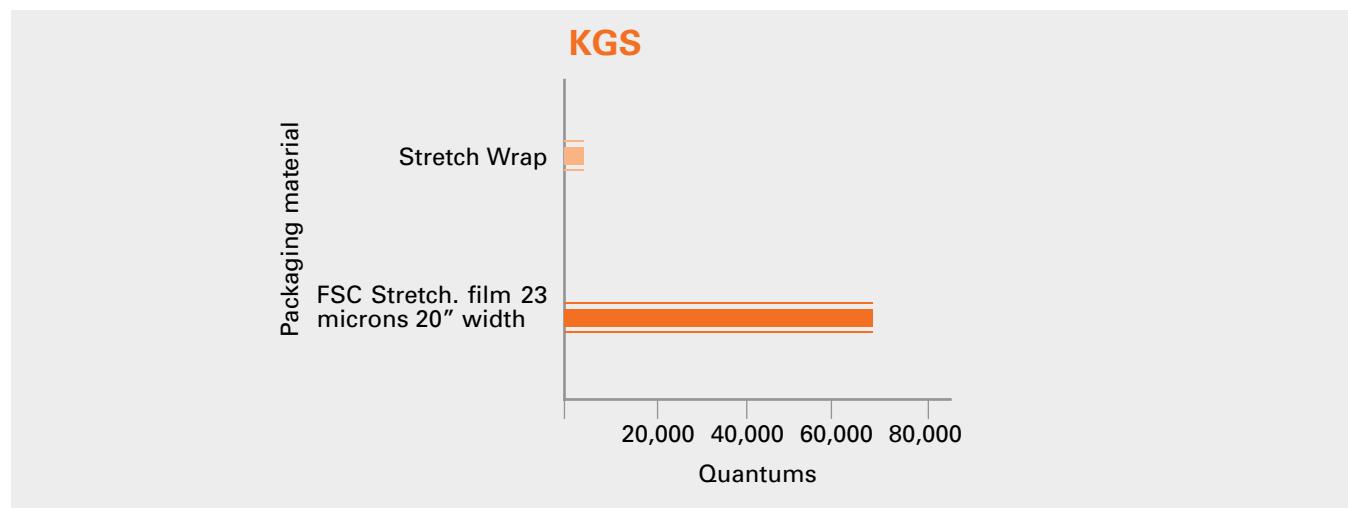
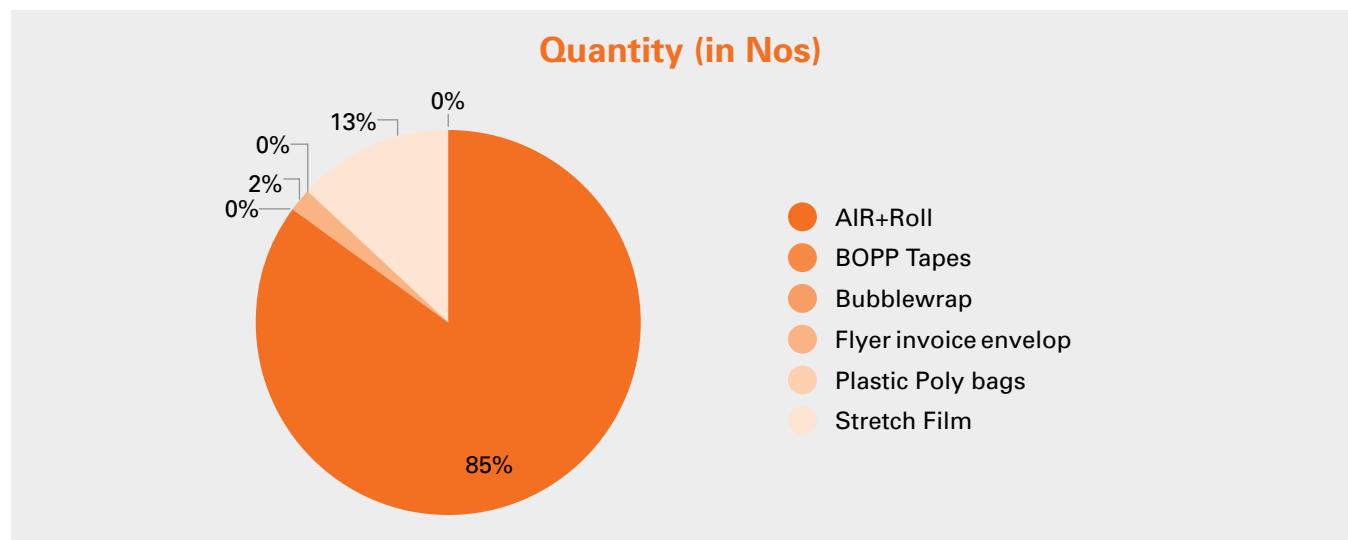
Materials and Packaging

FSC is sensitive towards pollution caused by consumption of materials especially due to packaging waste, disposable plastics and its negative impacts on ecosystems.

As a responsible supply chain and logistics company, FSC is committed to addressing these challenges by optimising packaging use, utilising recyclable materials, and looking for easy opportunities to replace disposable or recyclable items with reusable ones. FSC shall endeavour to address use of plastic packaging in value chain based on a Reduce-Recycle-Reuse strategy.

Reduced Use of Plastic

An inventorisation of plastic waste was conducted during the year 2019-20 across warehousing, handling and warehouse to factory, store movements.



Alternatives to BOPP tapes, stretch films and wraps, and bubble wraps is being evaluated for replacement with greener options.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Behavioural change programs

The Company is committed to creating awareness and engaging with stakeholders to reduce use of plastic and paper in its operations.

As a start, plastic bins at offices and plastic liners have been replaced with steel bins at specific locations. Similarly, all plastic water bottles have been replaced with glass jugs or bottles in the course of the reporting period.

Recycling

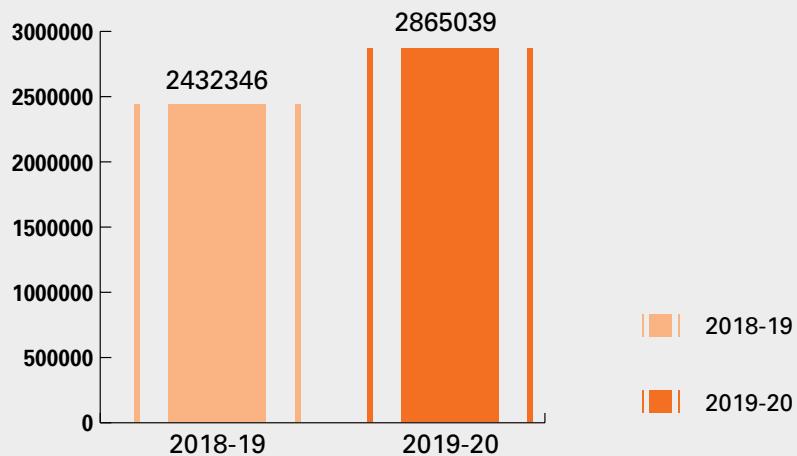
Waste generated at its offices / distribution centres is segregated at source and handed over to waste handlers, this is managed as per applicable norms.

The upcoming reporting period will measure, monitor and report progress on a periodic basis against internal commitments on reductions in utilisation of single use plastics, non- recyclable and virgin materials.

There were no incidents of non-compliance with regulations resulting in penalty or notice or fine by the Company. Further, during the year 2019-20, there were no show cause and legal notices received by the Company.

Reduction in paper consumption - Accept the Challenge Go Paperless

The Company aims at reducing its paper footprint across operations in the coming reporting period. During the year 2019-20, printer servers were installed to monitor its paper consumption.



Awareness Creation

World Environment Week

World Environment Day theme on June 5th 2019 was #Beat Air Pollution. The World Environment Week was organised between June 5th to 12th 2019 at all offices and operating sites with the objective to spread awareness on improving air quality.

Children of employees were encouraged to spread awareness on the theme by posting entries in the form of pictures, poems, paintings and videos on how they can improve the environment. Participating children were rewarded with Tasty Treat goodies by the Company.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Further, the Company tied up with a recycler with pan-India capability for recycling of wastepaper includes loose sheets of paper, newspaper, cardboards, newsprints, old documentation. The campaign rewarded employees with plantable pens made of recycled paper containing seeds which have an inherent property to purify air such as neem and basil (Tulsi).

The Company also participated by taking pledges to conserve the environment and planting saplings at their facilities.

Waste to art – the circular loop economy

The Waste to Art initiative undertaken on the December 20, 2019 and December 21, 2019 at all offices sensitised employees on the value of common waste materials, responsibly managing such waste increases its potential for reuse, recycling and up-cycling these into products of value.

The event saw the participation of organisations actively working in the areas of creating products from waste materials such as paper, cardboard, plastics, multi layered plastics, e-waste, textile wastes and coconut shells. In addition to creating environment friendly products, the proceeds from sale also supported livelihoods of underprivileged communities.

It provided a unique gifting opportunity for employees during the festive period and acted as influencers going forward.

PRINCIPLE 7: PUBLIC ADVOCACY

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

FSC focuses on building excellence in supply chain and logistics, while interacting with key stakeholders. The Company does not advocate or lobby with Government officials or institutions. The senior management and leadership team interact with various professional bodies and provides insights and recommendations to anticipated changes in Government regulations, economic scenario, industrial environment and advancement of public goods and services.

PRINCIPLE 8: INCLUSIVE GROWTH

Business should support inclusive growth and equitable development

Inclusive growth is key to achieving 'Happy Communities'.

FSC proactively engages with communities, listens to concerns and identifies enablers for long term solutions. The Company undertook surveys and focussed group discussions with its communities in Bhiwandi and Nagpur to identify challenges and solutions that would be meaningful to the community's needs.

Swasthya Suposhan Ranjan Kendra - Bhiwandi

The programme inaugurated on July 26, 2019 by the Company in collaboration with the All India Institute of Local Self Government focusses on nutritional and health improvements of disadvantaged populations of Bhadwad village in Bhiwandi.

Around 200 households reside in this area of the village, predominantly a tribal community with some migrants. The community location within 5 kms. from one of FSC's largest food distribution centres lives in poverty and poor hygienic conditions. Malnutrition is most prevalent amongst women and children, in both rural and urban poor in India.

Access to nutritious food like fruits, vegetables and milk which are high on iron and vitamin content are limited and hence absent in the diet of the community.

The project interventions as part of the programme aim to:

- Improve the nutritional status of children in age group 0 to 6 years;
- Impart scientific knowledge to the community with respect to nutrition and clean drinking water, Sanitation and Hygiene (WASH), and enable behaviour change;
- Create community-based sustainability mechanism to ensure that the issue is addressed sustainably;
- Enable the community to undertake self-assessment & planning.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

An IEC material based on scientific knowledge was designed and developed based on community needs and in local language to ease dissemination of the project activities.

Arogya doots were selected from a group of women in the village, who formed a part of the project execution team driven by a field supervisor that undertook dissemination and monitoring of the project activities on daily basis. An Arogya Samiti was formed by the women in the community to undertake responsibility of conducting health and nutritional activities, motivate and guide people and work with public health department of Urban Local Body.

The project activities focus on creating local and cost effective solutions with the village participatory approach being the key enabler to change. The programme involved partnerships with government functionaries from the ICDS, health services, academician, local leaders and the urban local body.

Monthly project activities undertaken to achieve the objectives of the programme includes:-

- ➡️ Vaccination camp
- ➡️ Hand-wash program
- ➡️ Health education sessions on nutrition and WASH
- ➡️ Kitchen gardens
- ➡️ Nutrition enriched recipes
- ➡️ Karke Dekho Swatchata Abhiyan – cleanliness drive by children
- ➡️ Enrolment drives and attendance of children at the local ICDS centre

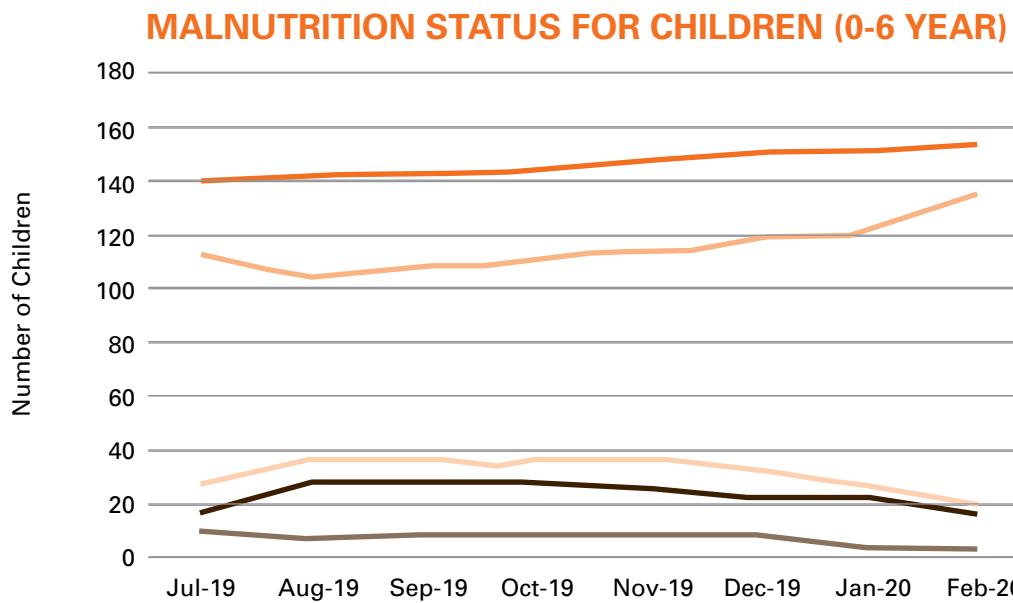
The various methods of engagement used to promote the changes in behaviour within the community include rallies, street plays and puppet shows actively participated by the school going children. A community library comprising of 200 books on health and nutrition included the recipe booklet written in local language from the program, thus making it accessible for the community. Women prefer to meet at the library and discuss community issues.

The programme has brought about a positive change in the community which is evident from the decline in malnutrition cases by 37% as on Feb'20 before the lockdown.

The change is attributed to:

- ➡️ An improvement in behaviour in terms of frequency of consumption of fruits, vegetables and nutritive food by women including pregnant and lactating mothers and adolescent girls;
- ➡️ Increased adoption of good health and hygiene practices by children and adults;
- ➡️ Increased enrolment and attendance of children at the ICDS centre from 74% in July 2019 to 94% in February 2020;
- ➡️ Increased attendance to vaccination camps;
- ➡️ Increase awareness about importance of cleanliness for good health amongst, children and adults, resulted in encouraging the Arogya Samiti to voice the need to clean the garbage from the community daily to the Urban Local Body, who have positively responded and have also taken the initiative to improve the drainage facilities and maintaining cleanliness.

BUSINESS RESPONSIBILITY REPORT (CONTD.)



	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20
Number of children in village	141	142	144	145	148	151	152	155
Normal	113	106	108	111	114	119	124	135
Mild	18	28	28	26	26	24	24	16
Moderate	10	8	8	8	8	8	4	4
Total Malnourished	28	36	36	34	34	32	28	20

*Level of malnutrition is determined by the age specific weight of the child determined by the percentage of the weight of the child in comparison to the standard weight of the child for a given age (Ref: WHO Weight for Age charts). Below are the classifications

- Normal (>89%)
- Mild (75%-89%)
- Moderate (60%-74%)
- Severe (<60%)

Testimonials from Adivasa Pada, Bhadwad, Bhiwandi:

"Our children have developed awareness about cleanliness especially hygiene. They are practicing it and also insisting us to follow those practices." - **Kavita Prabhu Lahane, a mother of a newborn**

"Having received fundamental support from Sone Ki Chidiya Foundation and AIILSG like clothing and knowledge have motivated our children. They participated with enthusiasm in programmes of Handwash, Nutrition, Street plays on awareness. We could develop community nutrition garden with the vegetable seeds given to us regularly and many other families are also taking them." - **Tai Narayan Waghe, Arogya Samiti Member**

"Arogyadoots of your program inform us about the immunisation camps, which makes 100% immunisation coverage possible. Children get inspiration through the drawing expressions. We could get the community garbage disposal site cleared from Municipal Corporation under guidance of your field staff." - **Shital Deepak Hore, Arogya Samiti Member**

"The demonstration of nutritious recipes have made it possible for all our families here to prepare the recipes like Spinach soup, Sugarbeet sweet (Halava), Ragi preparations, Carrot sweet(Halava). We were so happy to celebrate the birthdays of our children by preparing nutritious cakes. Our children as well have become happy (because of the program)." - **Sunita Gaikar, parent of child at Anganwadi**

BUSINESS RESPONSIBILITY REPORT (CONTD.)

"Your project has significantly contributed in reduction of malnutrition in hamlet. In Nutrition Campaign I participated and shared the images of our programme to my reporting officer in government. I got applause for that. I got highly impressed and motivated by your Rallies, Puppet shows, Cleanliness campaign, Handwash demos, Nail cutting demo."

- **Jayashri Jadhav, Anganwadi Worker**

"It is a very effective program in increasing awareness amongst children and their parents. It focussed on improving nutrition keeping in mind the importance of education and health. The event of distribution of clothes to the needy children was very effective in beginning helped improving attendance of children in schools. I appreciate the innovations like gifting handwash solution on Rakshabandhan day, celebrating children's birthday by preparing nutritious cake from locally available material." - **Ram Ghatal, Headmaster, School No. 58, Bhadwadpada, Municipal Corporation of Bhiwandi and Nizampur**

Women Empowerment and Livelihood

The Company inaugurated a tailoring unit at Nagpur on March 12, 2020 in partnership with Mahila Arthik Vikas Mahamandal (MAVIM)- the State Women's Development Corporation of Government of Maharashtra. This unit is operated by its Community Managed Resource Centre (CMRC), Aastha Lok Sanchalit Sandhan Kendra.

The partnership aims to provide the local women with professional tailoring skills and necessary support for earning sustained, gainful livelihoods through enhanced employability, employment and/or entrepreneurship. The tailoring unit located in Butibori, Nagpur is equipped with a robust infrastructure.

Over 700 women from Below Poverty Line (BPL) families of 70 Self Help Groups were mobilised.

Interview sessions were undertaken on 18th and 19th November 2019 where more than 200 women from 20 villages participated. Preference was given to candidates from Below Poverty Line, destitute, with marital status as widow, single ladies with children, and within the age group of 18 years to 40 years, with a minimum of having passed the 8th standard to qualify.

Equal opportunity was given to all interested women to apply and the short-listing was done through a transparent process of putting up a public notice and disclosure of selection criteria. 37 women were selected for the programme for the 1st year and are enabled to learn and earn from stitching.

The women are currently undergoing a 300 hour training programme, for 5 days a week that shall make them capable of stitching garments, shopping bags, festive and designer purses, pouches, and home furnishing commodities like cushions, curtains and table accessories. These trainings are being facilitated by 5 master trainers of the Tisser Arisam Trust.

Safety and welfare of the women are ensured through provision of drinking water, meals and beverages and provision of Personal Protective Equipment (PPE) kits comprising of sanitiser, hand wash and mask.

The unit has begun receiving orders for masks and fabric bags as on March 31, 2020.

Testimonials from the Beneficiaries

"I have no knowledge about electronic stitching machine, but now I am able to easily handle Electronic Stitching Machine and daily stitch around 50 to 70 bags per day." - **Nilima Tiwari, Ajmeri Self Help Group, 23 years of age**

"I have less knowledge about stitching and fabric and I thank the Sone Ki Chidiya Foundation and MAVIM for helping me improve and now I am Ladies Kurti specialist." - **Archna Tumdam, Trisharan Self Help Group, 34 years of age**

"My family members always encouraged me for tailoring for which I enrolled to this unit and now am able to stitch every fabric and deliver creative and unique works." - **Rupali Tumdam, Sanskar Self Help Group, 23 years of age**

Humanitarian Support

In 2019 the destruction caused by the Odisha Fani relief and floods in Assam, Bihar and Kerala, proved a reminder that climate related disasters will continue to necessitate robust, timely and coordinated logistics support for humanitarian operations. In response FSC organised and delivered essential goods in affected areas.

The Company also contributed towards feeding of over 1,200 daily wage workers and migrant workers of the community affected by the lockdown due to the COVID-19 pandemic at Nagpur, Chennai and Bangalore abiding social distancing norms.

BUSINESS RESPONSIBILITY REPORT (CONTD.)

Testimonials from our Partners

"The vision of the Sone Ki Chidiya Foundation (SKCF) team in recognizing the AIILSG's concept of Swasthya Suposhan Ranjan Kendra as a grassroots innovation is highly appreciable. The proactive involvement and support from the SKCF team, not just in project deliberations but in field actions too, has enabled a significant synergy and attained direct impact with more than 1200 disadvantaged in Bhiwandi. Given the precarious nutritional status of children and women from underprivileged sections in developing countries, this field proven innovation has potential for replication in many developing countries." - **Mukesh Kanaskar, Deputy Director General, All India Institute of Local Self Government (AIILSG)**

"The support of Sone Ki Chidiya Foundation and Future Supply Chain Solutions Limited will definitely help the rural women to become financially empowered and contribute to improve their families 'quality of life'. Their success would inspire other women in the village to become entrepreneurs and generate employment. We are aiming towards creating a large and productive women's company in the future." - **Lalita Darokar Senior District Coordinating Officer, Mahila Arthik Vikas Mahamandal (MAVIM), Nagpur**

PRINCIPLE 9: VALUE TO CUSTOMERS

Business should engage with and provide value to their customers and consumers in a responsible manner

FSC secures customer trust and goodwill through the values it brings to its customers by adhering to highest standards of quality and compliance to the social, environmental and ethical requirements.

FSC is committed to the value proposed to its customers, briefed in the Service Level Agreements as follows:-

- ❑ Vertical storage thus reducing area cost;
- ❑ Advanced material handling systems to retrieve material from racks;
- ❑ Advanced WMS for managing inventory storage and retrievability;
- ❑ Best in class TMS and VTS for better in-transit visibility;
- ❑ Dedicated Customer Account Manager (CAM);
- ❑ High focus on Quality (ISO 9001), Food safety (ISO 22000) and Occupational Health and Safety (OHSAS).

The Company ensures high level of transparencies in their well-defined service level agreement with customers on the roles and responsibilities by both parties, calculation of payment fees and timelines.

The Company places the highest priority to add velocity to its customers' aspirations.

FSC assures its customer's availability of sufficient space for storage of products and maintenance of equipment. The Company undertakes joint planning for inventory controls, need of dedicated manpower as per capacity planning and undertakes storage of products and equipment as per the storage conditions specified by the customer.

FSC strictly adheres to its Anti-Corruption Anti-Bribery Policy and is vigilant towards employees involved in theft, pilferage, misuse and damage to products and equipment or unfit to undertake service. These are monitored through deployment of adequate security measures and periodic reporting of physical stocks to customers.

A prior notice provided by the customer is acknowledged for additional warehouse requirements and resource requirement.

The Company being in the business of providing logistics and warehousing facilities to its customers, is not liable towards concerns with product labelling. However, product handling and maintenance, health and safety aspects during loading/unloading of material and standard operating procedures with respect to billing, acceptance and return of product and in case of losses a defined redressal process are under the purview of FSC, for which it is accountable .

There are no cases filed by any stakeholder against the Company regarding irresponsible advertising and/or anti-competitive behaving during 2019-20.

CORPORATE GOVERNANCE REPORT

Company's Philosophy

As a good corporate citizen, the Company upholds sound corporate practices and standards based on integrity, fairness, professionalism, values, transparency and accountability to meet various corporate objectives and building confidence of its various stakeholders for its long-term success. We believe that retaining and enhancing stakeholders' trust is essential for sustained corporate growth. We aim at achieving sustained growth and establishing reliance that is highly evaluated by all types of stakeholders including quality of services, fairness in all business dealings, usage of technology for best offerings of services, qualitative disclosures, commitment to the social sustainability and other responsibilities towards its stakeholders.

Values

We strongly believe in integrity and transparency in our operations and stakeholders' communication. All Directors and employees are expected to adhere to the highest standards of integrity and are guided by the values of collaborative spirit, unrelenting dedication and expert thinking. Any deviation is appropriately viewed under the governance framework for necessary actions in order to protect the organisational interest. These values are core to all our operations.

Objectives

Our mission is to protect the equity, add value to the Company and to maximise the return on the investment of the owners. The Governance Framework endeavours to uphold the Company's values and the owners' principles and purposes in the Company's business activities. In order to maximise the stakeholders' value over the mid-to-long term, the Company recognises that enhancing corporate governance by establishing a management structure aiming at improving the openness, transparency and efficiency is an important aspect of management. At FSC, we follow a value based framework to manage the affairs in a manner ensuring integrity, accountability, transparency and fairness in all transactions with the blend of both legal and management practices and to communicate the same accurately and timely, in such a way that both stakeholders expectations and legal requirements are met.

Guiding Principles

Our Guiding Principles – Excellence, Reliability, state-of-the art technology, Responsibility and Integrity – support our vision, strengthen our values and define our approach to all aspects of our business.

Compliance with law

The Company ensures compliance with the regulations 17 to 27 read with Chapter V and clause (b) to (i) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**") and also the applicable provisions of the Companies Act, 2013 including amendments thereto (the "**Act**").

PART – A

GOVERNANCE FRAMEWORK

To ensure observance of the good standards of corporate governance, the Company operates within a Governance Framework. The Governance Framework identifies all the elements of a sound approach to governance and responsibility. Senior managers including KMPs, led by Managing Director, use this framework to monitor governance and responsibility objectives, identify improvement opportunities and ensure that activities are aligned with business strategies.

A. ORGANIZATION AND STRUCTURE FRAMEWORK

The Company functions under overall supervision of the Board of Directors. Apart from regulatory prescribed functions and matters, the Board has delegated various responsibilities including day to day operations to its various Committees, Managing Director, Chief Executive Officer and Chief Financial Officer who provide updates, suggestions and recommendations to the Board from time to time. The Independent Committees of the Board meet mostly prior to the scheduled Board meetings to ensure promptly supply of any suggestions or recommendations on the matters within the scope of such Committee. During 2019-20, there were no instances where the Board did not accept any recommendation / submissions of any Committee for the approval of the Board, which is mandatorily required.

CORPORATE GOVERNANCE REPORT (CONTD.)

1. BOARD OF DIRECTORS

Role

The Board provides leadership either directly or through the operation of Committees of Directors and delegated authority, brings judgment on all issues of operations, strategies, policies and resources. The Board is responsible to approve various plans, codes, strategies and policies, whether required statutorily or otherwise for the purpose of the business, in order to create and deliver sustainable stakeholders' value and promote the shareholders' long-term interest. Appropriate delegations have been directed by the Board for effective implementation and consummation of business plans and strategies.

Chairman

The Company has Non-Executive Director as a Chairman of the Board ensuring clear demarcation of roles and responsibilities between the offices of Chairman and Executive Director. The Chairman is not related to the Managing Director or Chief Executive Officer of the Company. A Chairman is entitled to get reimbursement of expenses incurred in performance of his duties. However, he did not claim any expenses from the Company for maintaining the office.

Invitees

The Board believes in inclusiveness for overall growth and governance and for the purpose, often invites senior management personnel in order to give information, provide business updates and discuss their official activities. Besides, the Board also invites representatives of external professionals who have been engaged to carry out any assignment by the Company. These would help the Board to evaluate any proposal that may come up before its approval.

Composition of the Board during 2019-20

The Company has appointed Chairman who leads the Board and ensure its effectiveness. The number of Directors on the Board of the Company is more than minimum as specified under the Listing Regulations. Followings are the details of the members of the Board of the Company:

Name of Director & Category ¹	Age (years)	Representation on other Listed entities	No. of Directorships ²		No. of Memberships / Chairmanships of Committees ³	
			Public	Private / Non-profit	Memberships	Chairmanship
Rakesh Biyani (C, NED)	48	- Future Retail Limited (MD); - Future Lifestyle Fashions Limited (NED);	5	6	3	---
Bala C Deshpande (ID)	54	- Future Enterprises Limited (ID); - Info Edge (India) Limited (NED)	4	4	3	1
C P Toshniwal (NED)	54	- Future Lifestyle Fashions Limited (NED)	6	2	2	1
Janat Shah (ID)	62	- Orient Cements Limited (ID)	3	1	3	---
Mayur Toshniwal (MD)	52	---	1	2	1	---
Amar Sapra (ID)	42	---	1	---	1	---
Malini Chopra (ID)	56	---	1	---	2	---
Hiroyuki Tanaka (NED) ⁴	58	---	1	---	---	---

¹ Category description: C: Chairman, MD: Managing Director, ID: Independent Director, NED: Non-Executive Director

² Excludes directorships in foreign companies

³ Includes only Audit Committees and Stakeholders' Relationship Committees in public companies

⁴ Appointed w.e.f. January 8, 2020



CORPORATE GOVERNANCE REPORT (CONTD.)

Confirmation with respect to the Directors

- Directors do not have any inter-se relationship amongst themselves;
- Non-Executive Directors have disclosed to the Company that they did not hold any securities of the Company, either themselves or for benefits of any other person, during 2019-20;
- All the Directors of the Company are in compliance with the requirements of regulation 17A of the Listing Regulations and section 165 of the Act with respect to the number of directorships;
- There is no person appointed as an alternate to the Independent Director as restricted under Regulation 25(1) of the Listing Regulations.

Further, a certificate from a Company Secretary in Whole time Practice certifying that none of the Directors on the Board of the Company has been debarred or disqualified by the SEBI / MCA or any such statutory authority from being appointed or continuing as a Director of the Company is annexed herewith.

Code of Conduct

The Company has been operating its business by adhering to the good corporate governance principles vis-à-vis regulatory compliant. The code of conduct for the Directors and Senior Management Personnel which has been used as a policy and the desired behaviors as well as good governance principles and guide for the Directors and senior management personnel in the Company. This will raise the governance practices and build confidence of the investors and other stakeholders.

Matrix setting out skills / expertise / competence as identified by the Board

For functioning of the Board in the right direction, the Board has identified a skill matrix to assist with development initiatives for Board members. The Company believes in skills-based composition of the Board comprising Directors who collectively have the skills, knowledge and experience to effectively govern and direct the organisation towards its objectives. These are broadly categorised under following aspects:

Core area as identified by the Board	Description of skill, expertise and competence
Governance	: Strategic planning, policy development, financial performance, risk & compliance oversight, overall experience, age and business understanding
Industry specific	: Business development, vendor management, technology, marketing & communication and operational efficacy.
Personal attributes & qualities	: Leadership, effective communication, honesty, independence, commitment, professionalism etc.

The performance of the individual Directors is assessed by the Nomination and Remuneration Committee, Independent Directors and Board as a whole to ascertain the Board's collective skills strength and gap, if any, therein. The person is eligible to be appointed on the Board on recommendation of the Nomination and Remuneration Committee which selects the candidates in line with the provisions of Policy of Board Diversity and based on various criteria including qualification, skills, experience, industry knowledge and other personal attributes, amongst others. The following matrix sets out key skills, expertise and competency of Directors of the Company:

Name of the Director	Top three areas of expertise						
	Strategy	Finance	Technology	Policy development	Business Development	Risk & compliance oversight	Commercials
Rakesh Biyani	√		√				√
Mayur Toshniwal	√		√		√		
Bala Deshpande		√				√	√
Janat Shah	√			√		√	
C P Toshniwal	√					√	√
Amar Sapra	√		√			√	
Malini Chopra	√	√			√		
Hiroyuki Tanaka	√				√		√

Meetings

The Board held six meetings during 2019-20 on May 13, 2019, July 31, 2019, September 20, 2019, November 2, 2019, December 17, 2019 and February 7, 2020 to consider and transact all the matters reserved to the Board, as well as other key issues. At each meeting of the Board, the Managing Director / Chief Executive Officer provided business updates. The range of business discussed during the meetings include, inter alia, strategic and business



CORPORATE GOVERNANCE REPORT (CONTD.)

development, operational matters, financial results including dividend, finance & investments, actions on recommendations and suggestions, if any, of any of the Committees etc. The Board was also provided, inter alia, all the information which have been prescribed under the Listing Regulations and the Act, statements notifying various reports filed and compliance achieved under the Listing Regulations and regulatory updates affecting the role, powers and scope of functions of the Board.

Succession at high level executives

Executives at senior management level are appointed who have appropriate qualifications, knowledge and capability to perform the task and brings greater benefits to the Company. Considering the same, the management recommends to Nomination and Remuneration Committee and the Board of Directors for the appointments at senior management. Terms of contract with the key functionaries are also reviewed with a view to identify the successor at key positions and to imbibe leadership development opportunity for other management personnel and aligning them with the business objectives of the Company. The Directors also agreed to have regular contact with succession candidates at key positions including at Board level.

Directors' and officers' liability insurance

The Company enters into business transactions that require Directors' and executives' approval, opinion, authorisation and signing on important documents. Some of such activities may have high risks of claims from outsiders and other stakeholders on Directors' and executives' responsibilities arising while performing their duties. In view of the same, the Board of Directors required the management to propose the Directors and Officers Liability Insurance (D&O Policy) together with its conditions, limitations and premium for the Board's consideration. Subsequent to the review and approval by the Board, the Company has availed the D&O Policy to protect the Directors and Officers of the Company from civil and legal claims against them while performing their official duties in good faith in their respective capacities. The insurance would provide protection over liabilities and damages resulting from the unsuccessful defence of any legal proceedings.

Codes, Policies and Disclosures

The Company maintains a functional website www.futuresupplychains.com. Apart from business details, various other information, disclosures, financial results, reports, contact details etc. as required under the Listing Regulations and the Act are available on the website under a separate section "**Investor Relations**". Further, the Company has framed various codes and policies aligned with the regulatory requirements and fine standards of governance. Such codes, policies and disclosures as listed below are available on the website of the Company:

Policy for Archival of Documents	:	
Familiarisation Program for Independent Directors	:	
Policy for determining Material Subsidiaries	:	
Policy for determination of materiality of events and information	:	
Code of Conduct for Directors and Senior Management Personnel	:	
Policy for dealing with Related Party Transactions	:	
Dividend Distribution Policy	:	
Remuneration Policy	:	https://www.futuresupplychains.com/code-policies.php .
Establishment of Vigil Mechanism	:	
Whistle Blower Policy	:	
CSR Policy	:	
Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information	:	
Policy on Diversity of Board of Directors	:	
Policy on preservation of documents	:	
Terms and conditions of appointment of Independent Directors	:	
Details of unclaimed dividend	:	https://www.futuresupplychains.com/unclaimed-dividend.php
Disclosure of transactions with related parties	:	https://www.futuresupplychains.com/disclosures.php
Periodic reports on corporate governance filed with the Stock Exchanges	:	https://www.futuresupplychains.com/corporate-governance.php

CORPORATE GOVERNANCE REPORT (CONTD.)

2. AUDIT COMMITTEE

Role

The Audit Committee formally reviews the operation and effectiveness of the Company's system of internal controls on regular basis, review and assesses risk-based key issues in the business operations. This framework provides a regular process for identifying, evaluating and managing the significant risks faced by the Company and its subsidiaries. Audit Committee has been mandated to comply with the requirements as specified in Part C of Schedule II of the Listing Regulations and the provisions of section 177 of the Act. The terms of reference are reviewed from time to time by the Board.

Composition

The Audit Committee comprises all Independent Directors and meets with the requirements of Section 177 of the Act and regulation 18 of the Listing Regulations. The members of the Audit Committee are financially literate and possess professional qualification in various fields and streams. The Audit Committee comprises the following Independent Directors:

- Bala C Deshpande (Chairperson);
- Malini Chopra (Member); and
- Janat Shah (Member)

During 2019-20, Vimal K Dhruve – Company Secretary, acted as a secretary to the Audit Committee.

Meetings

During 2019-20, the Audit Committee met on four occasions coincide with the financial reporting periods. The Audit Committee met on May 13, 2019, July 31, 2019, November 2, 2019 and February 7, 2020.

Invitees

The Audit Committee regularly invites internal auditors and independent professionals who conduct quarterly audits at various business locations of the Company. If required, the Audit Committee also summons senior management person(s) to get itself abreast with the effectiveness of the operational and internal controls. The Company Secretary functions as a Secretary to the Audit Committee who regularly submits reports and compliance made under the Listing Regulations and also provides regulatory updates affecting the role and scope of the Audit Committee.

Review of information

The Audit Committee reviews the following information as placed before it:

- Management discussion and analysis of financial condition and results of operations;
- A statement of transactions with related parties as submitted by management;
- Management letters / letters of internal control weaknesses, if any, issued by the statutory auditors;
- internal audit reports;
- the appointment and terms of remuneration of the chief internal auditor;
- Quarterly statement of deviations, if any, as submitted to the stock exchanges in terms of Regulation 32(1) of the Listing Regulations.
- Annual statement of funds, if any, utilised for purposes other than those stated in the offer document / prospectus in terms of Regulation 32(7) of the Listing Regulations.

The Audit Committee also required the key functionaries of the Company to attend each meeting during 2019-20 and discussed the reports of the internal auditors on control environment of the Company. Findings of the Audit Committee were communicated to the relevant level of management who would be responsible to provide responses by appropriate way of corrective measurement on control weakness, if any.

While placing the periodic financial results, the Chief Financial Officer and Chief Executive Officer certified that the financial results did not contain any false or misleading statement or figures and did not omit any material fact which may make the statements or figures contained therein misleading. A compliance certificate on annual basis was furnished by Chief Executive Officer and Chief Financial Officer as prescribed under regulation 17(8) of the

CORPORATE GOVERNANCE REPORT (CONTD.)

Listing Regulations. These certificates were also placed before the Board of Directors together with the periodic financial results / annual financial statements.

The Audit Committee also reviewed matters relating to acquisitions / divestments; actions taken in response to the Committee's recommendations; relevant legal compliance under the insider trading regulations including disclosures made and reports filed there under; compliance with the Company's code of conduct including whistleblowing and any other specific matter falling under the terms of reference of the Audit Committee.

Relations with the Independent Auditors

The Independent Statutory Auditors were regularly invited at the meeting of the Audit Committee where quarterly/ half yearly financial results are to be considered. Further, at the time of review and consideration of audited annual financial statements, the statutory auditors briefed the Audit Committee about the annual audit process, accounting policies, extent of verification of documents and other key findings of their audit. The appointment, continuation and remuneration of statutory auditors are reviewed by the Audit Committee before referring to the Board of Directors.

For the year ended March 31, 2020, the statutory auditors have issued their report with qualifications. As required under regulation 33(2)(a) of the Listing Regulations, a statement on impact of audit qualification together with the explanations from the management of the Company is given along with the Financial Statements for the year 2019-20.

Relations with the Internal Auditor and reporting

The Committee also instructed Internal Auditor from time to time for internal audit plans. The Audit Committee regularly reviewed implementation and effectiveness of Company's system of internal controls, various aspects of the Company's risk management process, quarterly activity reports of audit work carried out by the Internal Auditor and the status of follow-up actions with management. The Internal Auditor was permitted to seek engagement of professional agencies to carry out specific audit of any technical aspect of operations like IT & security, Electrical & Fire safety etc. Representatives of such agencies were then invited to provide their findings to the Committee and recommendations and suggestions, if any, thereon. These helped the Audit Committee to make appropriate recommendations and suggestions. The appointment, continuation and remuneration of internal auditors were reviewed by the Audit Committee before referring to the Board of Directors.

Transactions with Related Parties

All transactions undertaken with related parties of the Company were reviewed and pre-approved by the Audit Committee pursuant to the provisions of the Listing Regulations, the Act and the Policy on dealing with related party transactions. During 2019-20, the said policy on dealing with related party transactions was reviewed by the Board.

While according the omnibus approval for such transactions, the Audit Committee reviewed the significance in terms of type, size, nature, pricing method, arms' length amongst the other relevant matters and satisfied itself with the necessity of entering the same in the interest of the Company. wherever any transaction with related party could not be ascertained or foreseen, omnibus approval was also granted for such unforeseen transactions up to a monetary limit as specified under the Act and Listing Regulations. Omnibus approval was granted by the Audit Committee for the transaction with related parties was for a term not exceeding the financial year. Further, approval of the material transactions with related parties were also approved by the shareholders as required under Listing Regulations. While approving the transactions by the shareholders, promoter and promoter group remained abstain from voting.

A statement of the transactions with related parties were placed before the Audit Committee every quarter for its review and consideration. Requisite disclosure of transactions with related parties was also made to the Stock Exchanges pursuant to the requirements of regulation 23(9) of the Listing Regulations. During 2019-20, there were no materially significant transactions with any related party that may have potential conflict with the interests of the Company at large.

Whistle Blower

The Company has established a whistle blower policy / vigil mechanism which enables stakeholders, on confidential basis, to report genuine concerns regarding abuse of authority, breach of contract, negligence causing substantial and specific danger to public health and safety, manipulation of Company's data & records, financial irregularities including fraud or suspected fraud, criminal offence, stealing of confidential / propriety information, violation of

CORPORATE GOVERNANCE REPORT (CONTD.)

law, misappropriation of assets of the Company, breach of Code of Conduct or any other unethical event. The policy ensures protections of the whistle blower from victimisation for raising the concerns. The policy also provides a direct access to the Chairperson of the Audit Committee in exceptional cases. It is confirmed that during the year 2019-20, no person has been denied access to the Audit Committee under the whistle blower.

3. NOMINATION AND REMUNERATION COMMITTEE

Role

The Nomination and Remuneration Committee ("NRC") plays a very vital role in many aspects including shaping the Board of Directors and striking the right balance between the number of Executive, Non-Executive and Independent Directors. It recommends the appointment and remuneration of appointees on the Board, key and critical positions in the Company and other senior management posts. In making appointments and continuation on the Board, the NRC considers the skills, age, qualification, experience and knowledge amongst other criteria. Appropriate actions are also taken to ensure that new Director is provided with an induction soon after the appointment.

Composition

NRC comprises majority of Independent Directors and meets with the requirements of Section 178 of the Act and regulation 19 of the Listing Regulations. NRC comprises the following Directors:

- Bala C Deshpande (Independent Director & Chairperson);
- Malini Chopra (Independent Director & Member); and
- Rakesh Biyani (Non-Executive Director & Member)

Meetings

During 2019-20, NRC met on six occasions on May 13, 2019, July 31, 2019, September 20, 2019, November 2, 2019, December 17, 2019 and February 7, 2020.

Scope of functions & powers

The scope of functions and powers of the NRC are reviewed, considered and prescribed by the Board as and when considered necessary or required. Notwithstanding, the NRC has been mandated to comply with the requirements as prescribed under Part D of Schedule II to the Listing Regulations, section 178 of the Act. The NRC has approved various criteria for evaluating the performance of all Directors including Independent Directors. The NRC recommended remuneration and periodic revisions therein for Senior Management Personnel during 2019-20. While approving any share based benefits to any employee, NRC consulted the management for detailed profile of the grantee apart from other criteria including service period, level of contribution, integrity, extent of benefits proposed, pricing, vesting schedule etc. The NRC also carried out an annual review of performance of all Directors based on the pre-fixed queries contained in the evaluation templates. On evaluating the performance, the NRC recommended the re-election of the Directors.

Policy on Board Diversity

In order to enhance the quality of Board discussion and approval process for various business objectives, and as required under the Listing Regulations, the NRC has considered and recommended to the Board a policy setting out an approach to diversity on the Board. The NRC reviewed and considered various aspects of diversification relating to the composition and functionality, contractual obligations vis-à-vis regulatory requirements and compliance. The Board of Director subsequently approved the said Policy on Board Diversity as recommended by the NRC. The NRC is also empowered to review the said Policy from time to time to ensure the effectiveness of the Policy and in conjunction with the business necessities. During 2019-20, the NRC considered and recommended to the Board for the appointment of Mr. Hiroyuki Tanaka as a Non-Executive Director of the Company. The NRC has been satisfied with the size, structure and composition of the Board.

CORPORATE GOVERNANCE REPORT (CONTD.)

Performance Evaluation of Directors

The Chairman leads the overall process of evaluation which is in the form of a confidential survey in relation to all Directors including Independent Directors, Board and all of its Committee. The Board works with the NRC to lay down the evaluation criteria, from time to time, for the performance of the Chairman, the Board as a whole, Committees, Executive Director, Non-Executive Directors and Independent Directors through a peer evaluation. The NRC annually carries out evaluation of all Directors including Independent Directors. The meeting of Independent Directors evaluates the performance of the Chairman of the Board.

For evaluating performance, NRC was provided with, inter alia, complete details of the Director, his / her profile, age, qualification, experience, knowledge and area of expertise, details of meeting attendance during the relevant year, role of such Director on the Board and its Committees etc. The NRC also considered, inter alia, level of participation by a Director during the meetings and qualitative discussions thereat, decision making quality, analytical skills etc. Independence of the Independent Director is usually verified by the Board and NRC consulted the Chairman for the purpose while assessing the independence of judgement of the concerned Independent Director. Based on such evaluation and subsequent approval by the Board, Mr. Janat Shah – Independent Director of the Company, has been re-appointed by way of a special resolution passed by the shareholders of the Company under postal ballot process, for a second consecutive term of two years effective from March 30, 2020.

Remuneration Policy

During 2019-20, the Board has amended and approved Remuneration Policy applicable to all levels of the employees including the Executive Directors, KMPs and Senior Management Personnel. While recommending to the Board, NRC consulted the management, considered its views and suggested suitable modifications therein. Any share based benefits given to any eligible employee were proposed by the management to NRC for its consideration and approval. The Remuneration Policy is available on the website of the Company.

Remuneration to Directors

All remuneration to Directors are first reviewed and recommended by the NRC taking into consideration the applicable regulatory framework, role and responsibilities, knowledge, experience and provisions of the Remuneration Policy. The Board usually approves the remuneration, allowances and perquisites to the Executive Director based on the recommendations of the NRC. During 2019-20, the Managing Director voluntarily proposed reduction in his remuneration which decision was welcomed by the NRC and the Board. Although, Non-Executive Directors were not paid any remuneration during 2019-20, the sitting fees for attending various meetings of the Board and its Committees have been approved by the Board in compliance with the Act and the Listing Regulations. The Company also reimbursed the expenses incurred by any Director (other than Managing Director) for attending the meetings. No Independent Director has been granted any stock options entitling him / her subsequently to convert the same into securities of the Company. Since no remuneration was paid to any Non-Executive Directors during 2019-20, there was no necessity of any approval of the shareholders.

Remuneration paid to the Managing Director for 2019-20 is as under:

(₹ in Lakh)							
Name	Salary	Variable Bonus	Perquisites	Total	Total Contract Period	Notice period in months	No. of Stock Options granted
Mayur Toshniwal	197.36	Nil	7.82	205.17	3 years	1	42,000

42,000 stock options were granted to Mayur Toshniwal during 2017-18 in terms of Future Supply Chain Solutions Limited Stock Option Plan 2017 pursuant to which, the vested options are to be exercised within three years from the date of vesting.

During 2019-20, the following sitting fees were paid to Non-Executive Directors:

(₹ in Lakh)			
Name of Director	Sitting fees paid	Name of the Director	Sitting fees paid
Rakesh Biyani	1.95	C P Toshniwal	1.95
Bala C Deshpande	4.05	Malini Chopra	4.05
Amar Sapra	2.10	Janat Shah	1.95



CORPORATE GOVERNANCE REPORT (CONTD.)

Apart from reimbursement of expenses incurred in the discharge of their duties and the payment of sitting fees as entitled under the Act, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management, which in their judgment would affect their independence. None of the Directors of the Company is related to one another.

Appointment and remuneration of Senior Management Personnel

NRC considers and recommends to the Board on proposal submitted by the management regarding election of people in senior management. The NRC consults and takes in consideration the opinion of the management while approving any remuneration, increments or revision therein for the senior management personnel. During 2019-20, NRC reviewed the proposal for periodic revisions in remuneration of the employees other than the Directors and Senior Management Personnel and made suitable recommendations to be considered by the management while processing such revisions. While recommending remuneration of senior management or any revision therein, the NRC took into consideration various criteria including the qualification, experience, specific skill set required for the job profile, integrity, remuneration prevailing in the industry for the same job profile, market conditions, profitability of the Company etc.

Remuneration paid to the Chief Executive Officer for 2019-20 is as under:

(₹ in Lakh)							
Name	Salary	Variable Bonus	Perquisites	Total	Total Contract Period	Notice period in months	No. of Stock Options granted
P V Sheshadri	115.82	Nil	0.32	116.14	N.A.	1	42,000

42,000 stock options were granted to P V Sheshadri during 2017-18 in terms of Future Supply Chain Solutions Limited Stock Option Plan 2017 pursuant to which, the vested options are to be exercised within three years from the date of vesting.

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Role

The Stakeholder Relationship Committee ("SRC") oversees various aspects of the interest of security holders of the Company and directs the management for redressal of investors' complaints and grievances. SRC is responsible to review the service standards of the Company and the Registrar & Transfer Agents ("RTA") and suggests necessary course of actions, if required. The role of the SRC includes reviewing and overseeing various matters and activities specified in Part D of Schedule II to the Listing Regulations and section 178 of the Act.

Composition

SRC comprises majority of Non-Executive Directors including one Independent Director and meets with the requirements of section 178 of the Act and regulation 20 of the Listing Regulations. During 2019-20, SRC comprised the following Directors:

- C P Toshniwal (Non-Executive Director & Chairperson);
- Amar Sapra (Independent Director & Member); and
- Mayur Toshniwal (Managing Director & Member)

During the year 2019-20, Vimal K Dhruve had been the Company Secretary and Compliance Officer of the Company.

Meeting

During 2019-20, SRC met on May 13, 2019. The meeting was provided with the complete details of the security related matters, details of complaints and grievances received by the Company and / or RTA and detailed report of the actions taken to resolve such complaints. Various steps were also discussed at the meeting of SRC to increase

CORPORATE GOVERNANCE REPORT (CONTD.)

the engagement of the shareholders, exercise of voting rights by the shareholders, improvement in quality of services to the shareholders, various initiatives to reduce the quantum of unpaid dividend etc. Periodic reports were also placed before the SRC including the details of shareholding, unclaimed dividend, complaints and grievances, various statement and compliances made under the Listing Regulations etc. The Company Secretary also apprised the members of SRC about regulatory updates affecting the role, functions and powers of SRC.

Investors' Grievance Redressal

Details of investor complaints received, addressed and pending during 2019-20 are as follows:

Complaints at the start of the year	Received during the year	Resolved during the year	Complaints pending at the end of the year
Nil	1	1	Nil

Sebi Complaints REdressing System (SCORES)

SCORES is a centralised web based complaints redress system designed by Securities and Exchange Board of India ("SEBI") to help the investors to lodge their complaints for various matters covered under SEBI Act, Securities Contract Regulation Act, Depositories Act and rules and regulation made there under and relevant provisions of Companies Act, 2013. Upon complaints being directed by SEBI, the Company is required to submit on SCORES, its response (action taken report) to the complaint, which can be viewed by the complainant. However, investors are advised to lodge the complaint in first instance to the Company for its redressal.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Role

Being a corporate citizen, the Company is committed to empowers the lives of people by returning the resources to the needy people which it draws from the society to ensure sustainable development of various sections of the society. With the said principle, the Board has set up a Corporate Social Responsibility Committee ("CSR Committee") which is responsible for formulation of CSR Policy, identify the programs and activities (which are necessarily amongst the activities prescribed under the Act), recommending the same to the Board and ensuring implementation of CSR programs.

Composition

The CSR Committee comprises majority of Non-Executive Directors including one Independent Director and meets with the requirements of section 135 of the Act.

- C P Toshniwal (Non-Executive Director & Chairperson);
- Amar Sapra (Independent Director & Member); and
- Rakesh Biyani (Non-Executive Director & Member)

Meeting

During 2019-20, the CSR Committee met on February 7, 2020 where requisite details of the CSR amount to be spent by the Company towards CSR activities were submitted. A detailed proposal was also submitted to the Committee for spending the said amount on specific activities as prescribed under the Act. While recommending to the Board for its approval, CSR Committee considered views and opinion of the management including the kind of programs to undertake, areas within which the CSR activities to be carried out, amount proposed under each of the programs, whether amount to be spent directly or through any agency or trust etc. The CSR Committee was also apprised with the restrictions prescribed under the Act for spending the CSR amount. All recommendations of the CSR Committee were subsequently approved by the Board.

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6. RISK MANAGEMENT COMMITTEE

Role

The Board of Directors has constituted a Risk Management Committee (“RMC”) pursuant to the provisions of the Act and the Listing Regulations. The Board has defined the role and responsibility of RMC and has delegated various functions to RMC for framing, monitoring and reviewing risk management plan pertaining to the business operations of the Company. The RMC is responsible for assessing the Company’s risk profile and key areas of risks, developing a risk management framework and internal control system in order to ensure implementation of effective process to identify risk, measure its potential impact and manage them in most effective way. The RMC ensures that risk management is planned and implemented with carefulness and provides preventive and remedial measures.

Composition

The RMC comprises majority of Directors and meets with requirements of regulation 21 of Listing Regulations. During 2019-20, RMC comprised the following persons:

- C P Toshniwal (Non-Executive Director & Chairperson);
- Mayur Toshniwal (Managing Director & Member); and
- Samir Kedia (Chief Financial Officer & Member)

Meeting

During 2019-20, RMC met on March 27, 2020 whereat the internal auditors were also invited to provide efficacy of control framework, assessment and identification of the risks to the business operations and their criticality and actions for mitigating the risks. Apart from the statutory meeting of RMC, members of the RMC also participated in periodic and internal meetings held at Group level in order to have holistic approach on risks identifications and mitigating plans for various business units within the Group. The said meetings were regularly attended by the members of the RMC and Chief Internal Auditor, amongst others. Objective of these meetings is to review and identify common, cross-level and inter-related risks or control weakness and implement effective process to mitigate or manage within in accordance with the appetite of the Company. This helped the members of RMC to review and take effective and corrective steps for managing identified risks pertaining to the business operations of the Company.

7. DETAILS OF DIRECTORS' MEETINGS & ATTENDANCE DURING 2019-20

The Company timely sent notices of the all meetings of the Board and its Committees to all Directors and invitees. Further, the Company also provided an option to them to attend the meetings through electronic means, wherever permitted. Details of the meetings held during 2019-20 are as follows:

Name of the Director	Particulars of Meetings & attendance							
	Board of Directors	Audit Committee	NRC	SRC	CSR Committee	Risk Management	Independent Directors	AGM held in 2019
Rakesh Biyani	4 (6)		5 (6)		1 (1)			Yes
Mayur Toshniwal	5 (6)			1 (1)		1 (1)		Yes
Bala C Deshpande	6 (6)	4 (4)	6 (6)				1 (1)	Yes
C P Toshniwal	6 (6)			1 (1)	1 (1)	1 (1)		Yes
Janat Shah	4 (6)	2 (4)					1 (1)	No
Amar Sapra	6 (6)			1 (1)	1 (1)		1 (1)	No
Malini Chopra	6 (6)	4 (4)	6 (6)				1 (1)	Yes
Hiroyuki Tanaka	1 (1)							N.A.

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Notes:

- Figure appearing in brackets denotes number of meetings a Director was entitled to attend;
- During 2019-20, the time gap between two consecutive and respective meetings of the Board of Directors and Audit Committee, did not exceed the number of days as prescribed under the Listing Regulations and the Act;
- Requisite quorum was present at above meetings according to the requirements of the provisions of the Act and Listing Regulations.
- It was represented that non-attendance of any meeting by a Director was un-intended and due to his / her other pre-fixed, unavoidable commitments or sudden change in their scheduled activities. In view of this, the leave of absence were granted by the Board or Committee, as the case may be, on several occasions.

B. INDEPENDENT ASSURANCE FRAMEWORK

Independent assurance framework facilitates the independent professionals to deal with various business and operational matters in the best interest of the Company and its stakeholders. The framework ensures integrity, independence of judgement, compliance with regulatory requirements, fair decision-making process which is free from influence amongst other facets overall resulting in improving the decision quality. The framework operates within the codes and policies approved by the Board from time to time, applicable laws, management guidelines and approval-based approach while undertaking business transactions.

1. Independent Directors

The Independent Directors constitute half of the Board which also meets the regulatory requirements under the Act and the Listing Regulations and ensure transparent and unfettered decision-making process during the meetings of the Board and Committees. In an order Independent Directors being able to submit their objective and constructive view points to the management proposals and assumptions, they are familiarised from time to time about the industry updates, business model of the Company, technology aspects in operations, regulatory developments affecting their role, rights and responsibilities etc. so as to effectively discharge their duties and functions. To ensure the appropriate representation on the Board, the Policy of Diversity of Board also mandates the Company to have at least three Independent Directors on the Board.

All Independent Directors have submitted declarations confirming meeting the criteria of independence as provided under the Listing Regulations and the Act, which were taken on record by the Board. Further, none of the Independent Directors exceeded the tenure as specified under the Act.

The Board has also approved a code containing Terms and Conditions of appointment of Independent Directors on the Board of the Company in line with the regulatory requirements. The said code sets out circumstances which the Board may find relevant when determining the independence of a non-executive Director. Apart from the regulatory prescribed guidelines and matters, the Board also considers that various behaviour as set out in the said code, which are essential for the Board to conclude that an individual is an independent. This includes how Independent Director provides objective challenge to management's assumptions and defends their belief wherever considered necessary for the good of the organisation; questions intelligently, debates constructively, has a good understanding of the Company's business, his / her cross directorship etc. The Independent Directors are also required to intimate the changes in the circumstances impacting their independence.

Having considered the various matter as aforesaid, the Board is of the opinion that all of the Independent Directors are free from any relationship or circumstances that could affect, or appear to affect, their independent judgement and they continued to demonstrate these characteristics during 2019-20.

A separate meeting of Independent Directors was held on May 13, 2019 whereat, inter alia, performance of Non-Executive Directors and Board as a whole and performance of the Chairman were reviewed and the quality, quantity and timelines of flow of information between the management and the Board were assessed. The Independent Directors have expressed their satisfaction on the evaluation process and performance of the Non-Executive Directors and the Board as a whole. Suggestions and instructions with respect to the information were communicated to the management for prompt response.

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2. Independent Statutory Auditors

The Act and the Listing Regulations specify various criteria to be met to ensure the independence of the Statutory Auditors that with the Company, its promoters, Directors and Officers. Appointment and continuation of the Statutory Auditors are first reviewed and considered by the Audit Committee which wholly comprises Independent Directors.

The Statutory Auditors, being independent professionals, give an opinion on the financial statements in accordance with the Act, Accounting Standards and professional guidelines. For that purpose, they assessed the Company's internal controls, procedures, control reports and risk plans. During 2019-20, the Statutory Auditors were regularly invited at all meetings of the Audit Committee and Board of Directors where the financial results were to be considered. While considering the annual financial statements, they apprised the meetings with required details including audit process, extent of verification of documents and testing of controls, representations and assumptions of the management accepted by them and their impact on financial statements, observations and qualifications, if any, on the financial statements, adherence to accounting policy, compliance with the law etc. The Statutory Auditors also considered and reviewed the reports of the internal auditors to arrive at their independent judgement.

During 2019-20, remuneration of the Statutory Auditors was approved by the Audit Committee and Board of Directors. With a view to avoid any possible conflict that may have, the Company does not engage the Statutory Auditors for any other assignment or services other than the statutory audit. However, the Statutory Auditors are permitted to perform audit-related and non-audit work in areas where, in the opinion of the Audit Committee, it is appropriate for them to do so and there are no actual or perceived independence issues. They were also engaged to issue various reports and certification as required under any statutory provisions.

The Statutory Auditors are appointed for a period not greater than five years at a time. However, continuation every year is subject to an evaluation of their independence, performance and accordingly, to be approved by the Audit Committee and the Board. The Company procures requisite confirmation and declaration from them on annual basis to the effect their they do not have any conflict of interest.

3. Management Independence

The Board generally does not interfere in the operational matters so delegated to the Managing Director. With a view to promote effective governance across all of its operations, the Company has a governance framework which maps out the internal approvals processes and those matters which may be delegated. These principally relate to the operational management of the Company's businesses and include pre-determined authority and limits delegated to the management personnel in respect of matters which are necessary for the effective day-to-day running and management of the business.

Operational structure of the Company has documented and communicated principles of "Delegation of Authority" at various levels right from Managing Director / CEO till execution team. The Company's management systems include corporate procedures, operational manuals for service qualities, health and safety procedures, loss preventive measures and environmental management procedures. These procedures are subject to review by the Managing Director to ensure that improvements can be made to enhance controls therein. All functional heads, in respect of their business verticals, has authority for managing that business unit under the supervision of the Managing Director to ensure that the powers exercised by them are in good faith and in the best interest of the Company. Senior managers responsible for individual business verticals are required to review, monitor and report to the Managing Director of their respective systems of internal controls and their compliance with applicable laws and policies of the Company. They are required to promptly report any significant control issues that have emerged so that concern areas and impact may be identified and addressed. Any deviation in control process together with the management response are reported by the Internal Auditor to the Audit Committee.

The Managing Director regularly provides updates at each meeting of Audit Committee and Board of Directors.

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C. ACCOUNTABILITY FRAMEWORK

1. Going Concern

Under Act, the Directors are required to consider whether it is appropriate to prepare Financial Statements on the basis that the Company is going concerns. As part of its normal business practices, the Company prepares annual business plans, budgets and reviews the resources requisite for these plans to continue in operational existence for foreseeable future. Considering the same, the Directors have continued to adopt the going concern basis in preparing the Financial Statements.

2. Control environment

The Company's internal audit provides advice and guidance on suitable practice in risk management and control systems, identifies risk factors, provides measures to manage the risks within the risk appetite of the Company in order to prevent or mitigate their impact on the business operations. Considering such guiding principles, a Risk Management Policy has been formulated by the Board with key essence like promoting risk management culture, putting in place qualitative, appropriate and sufficient risk management process and measurements, undertaking qualitative and quantitative risk assessment and identifying event or risk level that serves as a warning sign, suggesting various actions for mitigating the risks etc. All business verticals are required to complete a checklist of the key controls which they are expected to have in place. It enables the Internal Auditors as well as the function heads to assess internal control environment, assists them in identifying any controls which needs to be strengthened and supports them in implementing and monitoring action plans to address control weaknesses.

3. Safety, occupational health and work environment

The Company greatly recognises the importance of safety, occupational health and work environment of its employees, workers and other stakeholders who work with the Company and accordingly, has implemented Health and Safety Policy applicable across business verticals. Training sessions are conducted on regular intervals to create understanding and awareness of the role and responsibility to perform their tasks with the requisite safety levels. A dedicated team monitors, assess and sets preventive and corrective measures to ensure safety and effective use of the resources in line with the business objectives. Warehouse locations are equipped with the safety and surveillance tools, maintained with high standards of hygiene and safe environment which are also in compliance with regulatory requirements. All transport vehicles are required to undergo load testing prior to their movement in order to avoid any mishap due to excess loading.

The Company also organises and conducts training programs and activities from time to time to bring awareness on health and safety matters including fire evacuation drills, handling of machines, equipment and articles at warehouse premises, activities to raise understanding on energy and environmental conservations etc. Drivers of transport vehicles are instructed to keep the vehicles at all time in good conditions, follow the traffic regulations and carry requisite documents, permits and authorisations to avoid any detention of vehicles or violation of rules and regulations.

The internal auditor conducts regular audits at various warehouse locations to ensure appropriate storage rack stability, requirements of any actions for renovation / repair of any site to bring them in standard level and continuance of high standards of safety and health for employees and workers. When finding any unsafe practice which does not comply with Company's policy, standards, regulations and which may have any possible impact on safety, occupational health and work environment, the corrective actions are being taken for its prompt solution. The Internal Auditors have also expressed their satisfaction with respect to the standards, policies and measures taken by the management to keep the business locations safe for health and environment.

CORPORATE GOVERNANCE REPORT (CONTD.)

4. Code of Conduct

The Company has formulated a code of conduct for prevention of insider trading in the securities of the Company pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Code of Conduct"). Provisions of the Code of Conduct are applicable to various types of persons categorised as 'Designated Persons' who are regulated by the provisions of Code of Conduct. Designated Persons include Promoter and Promoter Group, Directors and KMPs of the Company and that of its subsidiaries, Senior Management Personnel and other certain graded employees working in specific departments. The Code of Conduct regulates trading activities in securities by such Designated Persons of the Company and requires pre-clearance for certain dealings in the Company's securities and also prohibits Designated Persons from any type of trading in Company's securities while in possession of unpublished price sensitive information and during closure of trading window. During 2019-20, there were no instance or proposal brought before the Board for any employee, KMP, Director or Promoter of the Company for entering into any agreement with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

5. Communication with Stakeholders

The Company timely discloses financial information in the form of quarterly, half yearly and annually results, non-financial information periodically in the form of filings with the Stock Exchanges and also hosts on its website. The objective is to provide accurate, complete, sufficient and timely information that support readers' investment decision. Information quality includes accuracy, clarity, completeness, sufficiency, timeliness and transparency which are also in compliance with applicable regulations and defined criteria under Code of Fair Disclosure of Unpublished Price Sensitive Information. This information not only reflects the Company's transparency but also enhances investors' confidence and trust.

Periodic financial results are published in Free Press Journal and Navshakti daily in English and Marathi languages respectively. Presentations on the financial results, if any, are also submitted to the Stock Exchanges before they are communicated to the investors / analysts. The financial results and presentations made to the institutional investors / analysts are also available on the website of the Company. The Company does not individually communicate to the shareholders any intermittent financial performance or any summary of significant events.

6. Disclosure Channels and means of communication

The Company primarily discloses information via Stock Exchanges' electronic communications platforms and also uses other channels as deemed appropriate or as may be required, like the Company's website, press conferences, analyst meetings, press releases, interviews etc. All statutory disclosures are first made to the Stock Exchanges before they are communicated to any other persons. The shareholders are sent notices, reports and other such kind of documents by way of electronic mail wherever the e-mail addresses are available, and through post or courier in absence of e-mail address. The representatives of the Company also meet various categories of investors and analysts, with prior intimation to the Stock Exchanges, to provide them updates on business operations.

7. Investor Relations

The Company has assigned Investor Relations Officer to be the communication centre with institutional and other prominent investors. The Investor Relations Officer fairly and equitably provides information as well as arranges activities to build and strengthen relationship between the Company and its investors and analysts. The Investor Relations Officer is responsible for preparing plans from time to time for meetings with them. The Managing Director and other high-level executives act as spokespersons who provide required information, clarify and answer questions at the analyst and institutional meetings. Due care is taken while communicating with them that no information or news are provided which are considered to be unpublished price sensitive information and which may have any potential to influence the share price.

CORPORATE GOVERNANCE REPORT (CONTD.)

- Correspondence for investors

Registrar and Transfer Agents (for Equity Shares and Non-Convertible Debentures)

Link Intime India Private Limited

C – 101, 247 Park, L.B.S Marg, Vikhroli West, Mumbai – 400 083.

Tel No.: +91 22 4918 6000; Fax No.: +91 22 4918 6060

E-mail: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

For regular and general queries or complaints

Company Secretary

Tel No: +91 22 6644 2200; Fax No: +91 22 6644 2201

E-mail: investorrelations@futuresupplychains.com

Institutional Investors' Services

Nupur Agarwal - Investor Relations Officer

Tel No: +91 22 7142 9100;

E-mail: investorrelations@futuresupplychains.com; nupur.agarwal@futuresupplychains.com

Debenture Trustees (for Non-Convertible Debentures)

IDBI Trusteeship Services Limited

Asian Building, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001

Tel No.: +91 22 4080 7000; Fax No.: +91 22 6631 1776

E-mail: itsl@idbitrustee.com; response@idbitrustee.com

Website: www.idbitrustee.com

Registered Office

Knowledge House, Shyam Nagar, Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai – 400060.

Corporate Office

7th Floor, 349, Business Point, Western Express Highway, Andheri East, Mumbai – 400069.

8. Rights of shareholders

The Company fairly recognises various rights of the shareholders and encourages them to exercise in the best interest of all the stakeholders. the Company encourages shareholders to exercise their basic right to attend annual and other general meetings, acknowledge and examine the operational performance of the Company and diligently vote on the proposed business items at the meetings. The Company Secretary is responsible for sending the notice of the meeting and related reports to all the eligible shareholders well before the scheduled date of the meeting. The notice of the meeting contains, inter alia, location map of the venue, complete information relating to the business items proposed for shareholders' approval, reasons and justification, other disclosures, Board's recommendations, process of voting etc. Meeting announcements are also published in newspapers, both in English language and Marathi language detailing the meeting and process of voting thereat, in compliance with the Act and Listing Regulations.

The Company welcomes the questions / queries / opinion of the shareholders on the business items included in the notice of the meeting and other recommendations that are considered to be beneficial to the Company's operations or further improving services for the investors. Shareholders are advised to send their queries well before the meeting date, by post or email, to enable the management to address them with complete information on the subject during the meeting.

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- Unclaimed Dividend

During 2019-20, no unclaimed dividend was due for transfer to Investor Education & Protection Fund. As at March 31, 2020, the following are the details of dividend remained unclaimed / unpaid:

Financial year	Amount of dividend remained unclaimed as at March 31, 2020 (₹)	Date on which the amount to be transferred to Investor Education Protection Fund
2018-19	11,865	September 5, 2026
2017-18	14,554	September 22, 2025

There was no dividend declared by the Company for any year prior to the financial year 2017-18. The details of unclaimed dividend are also available on the website of the Company. A shareholder / any other person claiming to be entitled to any amount transferred to unpaid dividend account, is advised to write to the Company / RTA and provide requisite details i.e. name of the shareholder entitled to the dividend, DP ID- Client ID or Folio No., year for which amount has remained unclaimed, bank account details for electronic transfer and any other information as may be sought by the Company / RTA to enable them to process the payment of unclaimed dividend.

D. COMPLIANCE FRAMEWORK

The Company ensures that all the transactions, dealings, actions, disclosures and reporting are within the applicable laws and conformity with various Codes and Policies as approved and amended from time to time by the Board and the management. During 2019-20, statements of various compliances achieved under the Listing Regulations were regularly placed before the Audit Committee and Board of Directors for their review and noting. Further, the Board was also supplied with the information as required and prescribed under the Listing Regulations.

1. Disclosures of transactions with any person or entity belonging to the promoter / promoter group which hold(s) 10% or more shareholding in the Company

During 2019-20, there were no transactions with any person or entity belonging to the promoter or promoter group holding 10% or more shareholding in the Company.

2. Disclosure of Accounting Treatment

The Company followed the applicable Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006, in preparation of its Financial Statements for the year 2019-20.

3. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the Listing Regulations

During the year 2019-20, the Company raised ₹ 25,161.28 lakh by issuing new equity shares on preferential basis. During the year 2019-20, the Company had utilised ₹ 4,161.28 lakh. A prescribed statement under regulation 32 of the Listing Regulations has been duly submitted to the Stock Exchanges.

4. Other Corporate Governance requirements with respect to subsidiary

During 2019-20, the Company has complied requirements as applicable and prescribed under regulation 24 of the Listing Regulations with respect to the subsidiary. However, the Company did not have any subsidiary during 2019-20 which was considered to be material in terms of the Listing Regulations.

5. Secretarial Audit

As required under regulation 24A of the Listing Regulations, a compliance report issued by a Company Secretary in Whole time Practice for 2019-20 is annexed to the Board's report.

6. Disclosure in relation to Sexual Harassment of Woman at workplace (Prevention, Prohibition and Redressal) Act, 2013

Complaints at the start of the year	Received during the year	Resolved during the year	Complaints pending at the end of the year
Nil	1	1	Nil

CORPORATE GOVERNANCE REPORT (CONTD.)

7. Demat Suspense Account / Unclaimed Suspense Account relating to the Equity Shares

There were no equity shares lying in the demat suspense account / unclaimed suspense account as on March 31, 2020.

8. Details of non-compliance

During last three years, There were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange(s) or Securities and Exchange Board of India or any statutory authority, on any matter related to the capital markets.

PART – B

OTHER INFORMATION AND DISCLOSURES

1. Date, time and venue of the 15th Annual General Meeting

December 28, 2020 at 1:30 p.m. through two way video conference/ OAVM.

2. Financial Year

The financial year covers the period from April 1 of every year to March 31 of the next year.

3. Dividend payment date

In view of losses, the Board of Directors of the Company has not recommended any dividend for the year 2019-20. During the year, no unclaimed dividend for the previous years was due for transfer to Investor Education & Protection Fund.

4. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part

During 2019-20, the Company has paid an aggregate amount of ₹ 20.69 lakh to GMJ & Co.- Statutory Auditors towards the audit fees and other certifications and reports as required under the applicable laws.

5. Commodity price risk or foreign exchange risk and hedging activities

Business operations of the Company are being carried out within India. Hence, there was no material exposure of foreign exchange during 2019-20, which may have any adverse impact on the financial position of the Company. Further, the Company does not deal / trade in any commodity and is not exposed to any commodity risk and hence, requirements of hedging foreign exchange does not arise. In view of this, prescribed disclosure regarding commodity risk is not relevant.

6. Previous Annual General Meetings

Details of previous three annual general meetings are as under:

Year	Schedule	Details of special resolutions
2019	July 31, 2019 at 3:00 p.m. at Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400018.	None
2018	August 22, 2018 at 4:00 p.m. at Rangaswar, Fourth Floor, Y.B Chavan Center, Gen. Jagannath Bhosale Marg, Mumbai-400021	<ul style="list-style-type: none"> • Ratification of the Employee Stock Option Plan 2017; • Approval for material related party transactions; • Increase of remuneration of Managing Director;

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Year	Schedule	Details of special resolutions
2017	August 08, 2017 at 9:15 a.m. at Future Group Office, 5th Floor, SOBO Central, M. M. Malviya Marg, Tardeo, Mumbai – 400034	<ul style="list-style-type: none"> • Appointment of Managing Director & CEO; • Increase the investment limits in equity share capital by foreign portfolio investors; • Alteration of the Articles of Association; • Amendment to the Memorandum of Association; • Authority to the Board to borrow money; • Authority to the Board to create charge on assets; • Authority to the Board to give loan, make investment or give security or guarantee; • Implementation of Employee Stock Option Plan 2017; • Grant of Employee Stock Options to the employees of the Company under Employee Stock Option Plan 2017; • Grant of Employee Stock Options to the employees of the holding company and subsidiary company(ies), if any, of the Company;

7. Extra Ordinary General Meeting

During 2019-20, an Extra Ordinary General Meeting was held on October 19, 2019 at 3:00 p.m. at Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400018 ("EGM"). There was only one special resolution relating to issue of equity shares on a preferential basis, was proposed. The said resolution was carried with special majority. Proceedings of the said EGM were submitted to the Stock Exchanges in requirements of regulation 30 of the Listing Regulations.

8. Postal Ballot

The Company conducted postal ballot process twice during 2019-20. Details of the postal ballot are given below:

Postal ballot process period	Details of resolutions proposed	Date of declaration of results of voting	Type of resolution
January 19, 2020 – February 17, 2020	Appointment of Mr. Hiroyuki Tanaka as a Director	February 18, 2020	Ordinary
	Alteration to Articles of Association		Special
February 20, 2020 – March 20, 2020	Re-appointment of Janat Shah as an Independent Director	March 21, 2020	Special

Notices of postal ballot together with ballot forms were sent to all the eligible shareholders through e-mail and speed posts. The Company had appointed Ms. Bindu Darshan Shah – Company Secretary in Whole time Practice, as a Scrutiniser for above postal ballot processes. The Company had availed services from National Securities Depository Limited ("NSDL") for e-voting. Simultaneously, physical postal ballot forms were also accepted and considered by the Company from those shareholders who voted through ballot papers. Public notices were also published in newspapers indicating the details of the Notices of postal ballot and detailed procedure for e-voting. The results of the postal ballot were announced as aforesaid, duly submitted to the Stock Exchanges and also hosted on the website of the Company. All the above resolutions were passed in accordance with their proposals. The details of voting on the resolutions are as follows:

Particulars of Resolution	Total valid votes cast	votes in favour		votes against	
		No.	%	No.	%
Appointment of Mr. Hiroyuki Tanaka as a Director	3,42,81,038	3,42,80,848	99.99	190	0.00
Alteration to Articles of Association	3,55,69,458	3,53,72,621	99.44	1,96,837	0.55
Re-appointment of Janat Shah as an Independent Director	3,46,47,006	3,36,49,445	97.91	9,97,561	2.88

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9. Share Transfer System

Trading in equity shares of the Company is permitted only in dematerialized form. Transfer of shares held in physical mode is not permitted. In view of this, investors holding the shares in physical form are advised and recommended to dematerialise them at earliest to avoid any delay for transfer. A detailed process for dematerialising the securities is available on the website of the Company.

10. Listing Details

The equity shares of the Company are listed on BSE Limited and The National Stock Exchange of India Limited. Non-convertible debentures are listed on wholesale debt segment of BSE Limited. Necessary listing fees pertaining to equity shares and non-convertible debentures for 2020-21 have been paid to the Stock Exchanges.

11. Securities Codes

Type of security	ISIN no.	Scrip Code / Symbol	
		BSE	NSE
Equity	INE935Q01015	540798	FSC
Non-Convertible Debentures	INE935Q07012	958280	-
Non-Convertible Debentures	INE935Q07020	958281	-

12. Company Identity Number (CIN)

The CIN allotted by the Ministry of Corporate Affairs is L63030MH2006PLC160376.

13. Stock Performance

The performance of the price of the equity shares of the Company during 2019-20 is as follows:

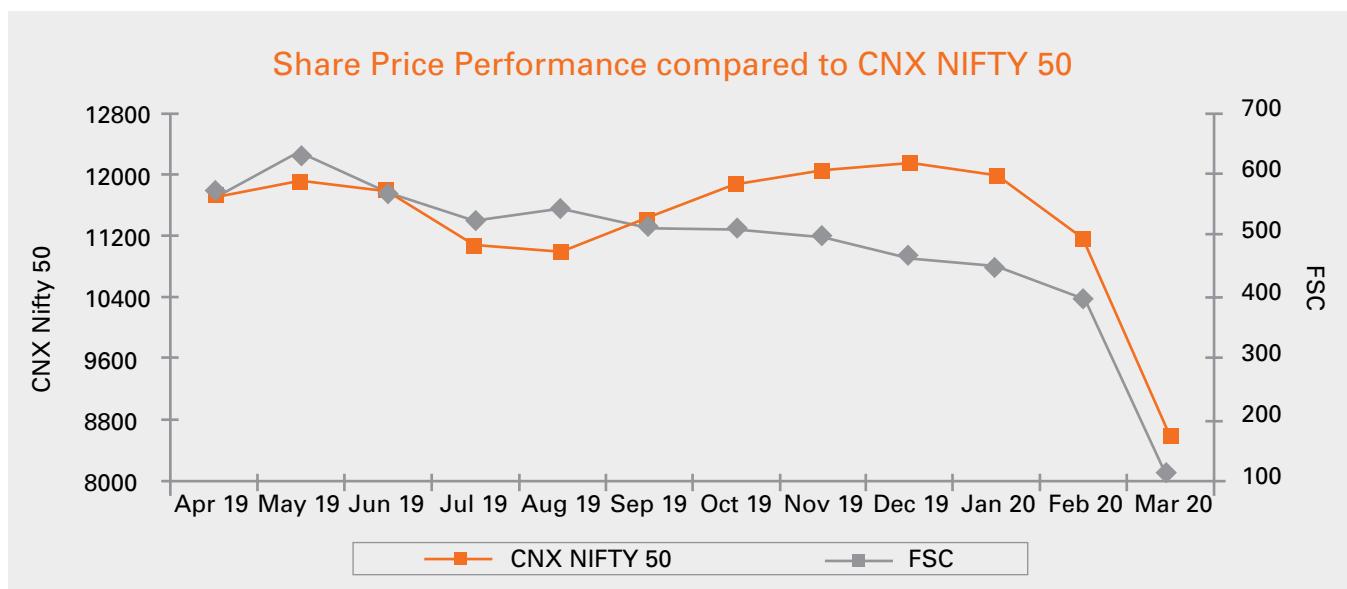
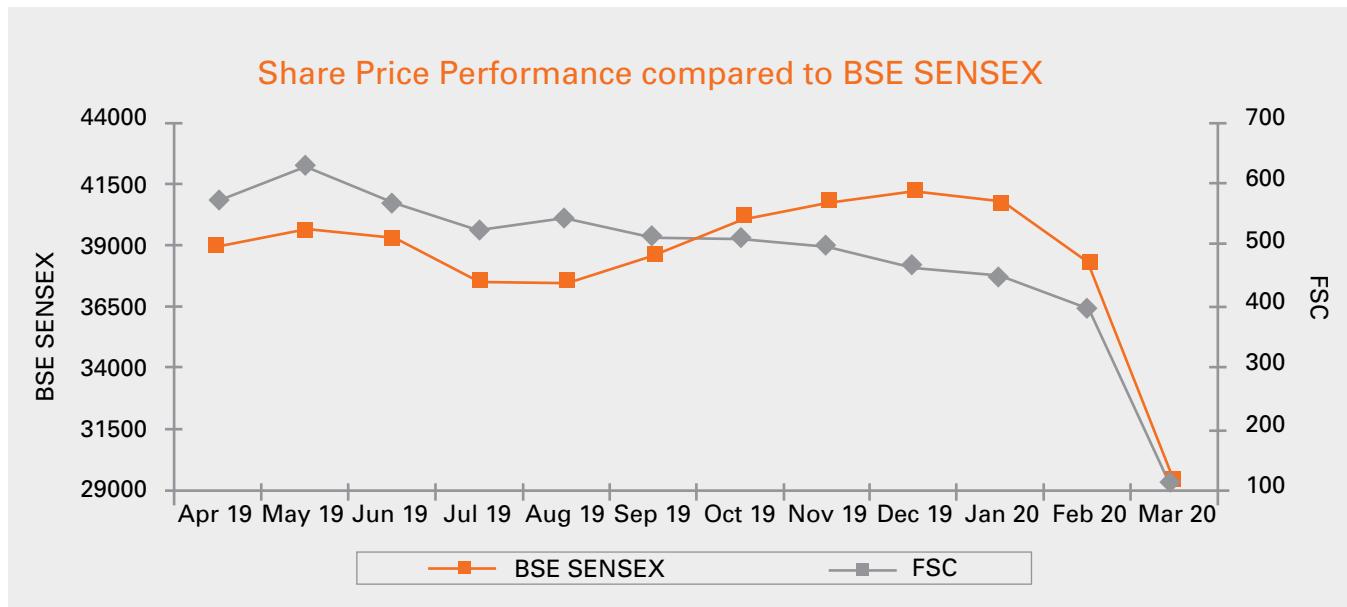
Months	BSE (in Rs)		NSE (in Rs)	
	High	Low	High	Low
April 2019	603.75	551.10	599.75	551.15
May 2019	700.00	560.10	710.80	559.00
June 2019	634.50	570.00	648.70	570.55
July 2019	632.00	516.85	634.85	519.00
August 2019	590.40	499.00	599.00	490.00
September 2019	594.15	505.05	593.90	511.00
October 2019	534.50	475.30	535.10	490.00
November 2019	515.00	450.00	518.00	450.50
December 2019	534.95	451.20	532.90	456.00
January 2020	467.50	429.00	468.45	436.75
February 2020	470.00	364.00	475.80	370.05
March 2020	404.30	104.65	409.00	104.55

There was no trading volume reported during 2019-20 with respect to the non-convertible debentures.

CORPORATE GOVERNANCE REPORT (CONTD.)

14. Performance of Share Price of the Company in comparison to Indices

The performance comparison is based on the closing price / Sensex & CNX Nifty 50 on the last trading day of the month.



CORPORATE GOVERNANCE REPORT (CONTD.)

15. Status of De-materialisation of shares

Entire shareholding of Promoter and Promoter Group is held in dematerialised form. Status of dematerialisation of equity shares of the Company as on March 31, 2020 is as under:

Particulars	No. of Shares	% of total Issued Capital
National Securities Depository Limited	2,17,56,043	49.58
Central Depository Services (India) Limited	2,21,27,549	50.42
Physical	6	0.00
Total	4,38,83,598	100.00

16. Outstanding GDR / ADR or warrants or any convertible instruments

The Company has not issued any GDRs / ADRs / Warrants etc. However, as on March 31, 2020, a total of 238,565 stock options were outstanding under "Future Supply Chain Solutions Limited Employee Stock Option Plan 2017". Each stock option is convertible into one equity share of ₹ 10 each.

17. Distribution of Shareholding of Equity Shares as on March 31, 2020

Distribution range	Shareholders		Equity Shares	
	No.	%	No.	%
1-500	28,244	99.38	7,38,884	1.68
501-1000	46	0.16	36,261	0.08
1001-2000	35	0.12	50,834	0.12
2001-3000	14	0.05	35,256	0.08
3001-4000	9	0.03	34,517	0.08
4001-5000	10	0.04	45,888	0.10
5001-10000	13	0.05	99,491	0.23
10001 & above	49	0.17	4,28,42,467	97.63
Total	28,420	100.00	4,38,83,598	100.00

18. Shareholding Pattern as on March 31, 2020

Category	No. of Equity shares	%
Promoters and Promoter Group	2,10,15,917	47.89
Mutual funds	44,27,637	10.09
Banks & Financial institutions	16,776	0.04
Alternate investment funds	22,58,587	5.15
Foreign companies	1,05,70,780	24.09
Insurance companies	24,331	0.06
Foreign portfolio investor	13,54,457	3.09
NRIs	18,017	0.04
Bodies corporate	14,13,051	3.22
Indian individuals	21,01,603	4.79
Directors & their relatives	16,322	0.04
Clearing members	10,959	0.02
HUFs	80,856	0.18
NBFCs	5,74,305	1.30
Total	4,38,83,598	100.00

CORPORATE GOVERNANCE REPORT (CONTD.)

19. Plant Locations

The Company is engaged in warehousing / distribution services and providing logistics solutions. It has 74 warehouse across the country as of March 31, 2020.

20. Credit ratings

As at March 31, 2020, the Company has following credit ratings on various facilities and instrument:

Facility / Instrument	Name of the Rating Agency	Outstanding rating as of March 31, 2020
Long Term Bank Facilities – Fund based	CARE Ratings Limited	CARE A+ (Credit watch with negative implications)
Long Term Bank Facilities – Term Loan		
Short Term Bank Facilities – Non-Fund Based	CARE Ratings Limited	CARE A1 (Credit watch with negative implications)
Commercial Paper*		
Non-Convertible Debentures	CARE Ratings Limited	CARE A+ (Credit watch with negative implications)

* Carved out of working capital limits and not availed as of March 31, 2020.

PART – C MANAGEMENT

A Management Discussion and Analysis (MDA) forms part of the Directors' Report.

PART - D CONFIRAMTIONS AND CERTIFICATION

- The Board of Directors confirms that in its opinion, the Independent Directors of the Company fulfil the conditions specified in the Listing Regulations and are independent from the management of the Company.
- As required under Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended March 31, 2020.
- The Board of Directors confirms that none of the members of the Senior Management had any material, financial and / or commercial transactions with the Company, which could have any potential conflict of interest with the Company at large.

Declaration on Compliance of Code of Conduct

The Directors and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct applicable to them as laid down by the Company in terms of regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year ended March 31, 2020.

For Future Supply Chain Solutions Limited

Mayur Toshniwal

Managing Director

Place: Mumbai

Date: July 31, 2020



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Future Supply Chain Solutions Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Future Supply Chain Solutions Limited bearing CIN L63030MH2006PLC160376 and having Registered Office at Knowledge House, Shyam Nagar, Off. Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai - 400 060 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in the Company
1	Rakesh Gopikishan Biyani	00005806	13/07/2007
2	Bala Deshpande	00020130	10/05/2017
3	Chandra Prakash Toshniwal	00036303	08/03/2006
4	Janat Shah	01625535	30/03/2015
5	Mayur Toshniwal	01655776	05/08/2017
6	Amar Sapra	05178849	05/08/2017
7	Malini Chopra	08195364	07/02/2019
8	Hiroyuki Tanaka	08657963	08/01/2020

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **K Bindu & Associates**
Company Secretaries

Bindu Darshan Shah
Proprietor
Membership No. A-20066 / CP No. 7378
Place: Mumbai
Date: 31.07.2020
UDIN : A020066B000541004

Independent Auditors' Certificate on Corporate Governance

To
 The Members of
 Future Supply Chain Solutions Limited

1. We, GMJ & Co, Chartered Accountants, the Statutory Auditors of Future Supply Chain Solutions Limited ("the Company") have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. The responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SOC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31st March, 2020.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **GMJ & Co.**
 Chartered Accountants
 FRN: 103429W

CA ATUL JAIN
 Partner
 M. No. 037097
 UDIN: 20037097AAAACQ1072
 Place: Mumbai
 Date: October 17th, 2020

INDEPENDENT AUDITORS' REPORT

To

The Members

Future Supply Chain Solutions Limited

Report on the Audit of the Standalone Ind AS Financial Statements

QUALIFIED OPINION

We have audited the accompanying Standalone Ind AS Financial Statements of **Future Supply Chain Solutions Limited**, ("the Company") which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

BASIS FOR QUALIFIED OPINION

- i. As depicted in Note 9 of the standalone Ind AS financial statements, total trade receivables amounting to ₹ 83,260.29 lakhs includes related party receivables amounting to ₹ 72,547.19 lakhs as at March 31, 2020. During the year, based on internal evaluation, the management has provided for additional loss allowance amounting to ₹ 1,576.24 lakhs. There have been substantial delays in receipt from customers and subsequent receipts have not been significant. In view of the above, we are unable to obtain sufficient and appropriate audit evidence and are unable to comment on the adequacy of loss provision, valuation and recoverability of balance outstanding amounting to ₹ 81,527.38 lakhs (net of provision).
- ii. As depicted in Note 16 of the standalone Ind AS financial statements, during the year, the Company has raised term loan from a bank amounting to ₹ 22,500 lakhs which has not been utilized for the purpose for which it was sanctioned and consequently used in the normal course of business. In the absence of any clarity on non-compliance with the terms and conditions of sanction as well as breach of covenants, we are unable to comment on the impact of aforesaid utilization and non-compliances on the standalone Ind AS financial statements.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the standalone Ind AS financial statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the standalone Ind AS financial statements.

INDEPENDENT AUDITORS' REPORT (Contd.)

EMPHASIS OF MATTER

We draw attention to note no 47 of the standalone Ind AS financial statements which describes management's assessment of the impact of the COVID 19 pandemic on the operations and standalone Ind AS financial statements of the Company.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	Auditor's Response
1. Revenue Recognition: Accuracy of recognition, measurement, presentation and disclosures of revenue and other related balances in view of adoption of Ind AS 115 " Revenue from Contracts with Customers" (new revenue accounting standard)	<p>Principal Audit Procedures</p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> ➡ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. ➡ Selected a sample of continuing and new contracts and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. ➡ We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. ➡ Tested the relevant information technology system's access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard. ➡ Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> ➡ Read, analysed and identified the distinct performance obligations in these contracts. ➡ Compared these performance obligations with that identified and recorded by the Company. ➡ Performed analytical procedures for reasonableness of revenues.

INDEPENDENT AUDITORS' REPORT (Contd.)

Key audit matter	Auditor's Response
<p>2. Disclosure of related party transactions:</p> <p>Due to high volume of business transactions with related parties during the year ended March 31, 2020, the matter pertaining to completeness of disclosures of related party transactions at arm's length price is considered as key audit matter.</p>	<p>Principal Audit Procedures</p> <ul style="list-style-type: none"> ➡ Assessed the procedures adopted by the management in order to establish arm's length price. ➡ Obtaining an understanding of the Company's procedures in identification of related parties and process followed for ensuring completeness of accounting and disclosures of related party transactions and balances. ➡ Reading the statutory records and books of records to identify related party transactions and audit committee approvals for related party transactions. ➡ Verification of balance confirmations received from related parties and testing the transaction amounts and closing balances.
<p>3. Accounting for Leases under Ind AS 116:</p> <p>As described in Note 1 (Accounting policies, judgements and estimates), Ind AS 116 'Leases' is effective for the accounting period commencing 1 April 2019.</p> <p>Ind AS 116 had a significant impact on the reported assets, liabilities and the income statement of the Company.</p> <p>The impact of the Ind AS 116 transition is reliant upon a number of key estimates, primarily determining the appropriate discount rates.</p> <p>Additionally, there is a risk that the lease data which is used in the calculation of Ind AS 116 transition calculation is incomplete or inaccurate.</p>	<p>Principal Audit Procedures</p> <ol style="list-style-type: none"> 1) Assessing the design and implementation of the key controls relating to the determination of the Ind AS 116 transition impact disclosure. 2) Our procedures to assess management's key modelling estimates and the completeness/ accuracy of the underlying lease data included: <ul style="list-style-type: none"> – assessing the discount rates used to calculate the lease obligation, – assessing the accuracy of the lease data by testing the lease data captured by management for a sample of leases through the inspection of lease documentation; and – testing the completeness of the lease data by reconciling the Company's existing lease commitments to the lease data used in the Ind AS 116 model. 3) Evaluating whether the disclosures included in the notes to the financial statements are in conformity with the applicable standard.

INDEPENDENT AUDITORS' REPORT (Contd.)

OTHER INFORMATION

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income/ (loss), changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, Board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (Contd.)

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the standalone Ind AS financial statements of the Company to express an opinion on the standalone Ind AS financial statements.

Materiality is the magnitude of misstatements in the standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS.

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, based on our audit we report that:
 - a. We have sought and except for the matters described in basis of qualified opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

INDEPENDENT AUDITORS' REPORT (Contd.)

- b. Except for the matters described in basis of qualified opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The company does not have any branches. Hence, the provisions of section 143(3)(c) is not applicable.
- d. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
- e. Except for the matters described in basis of qualified opinion paragraph above, in our opinion, the aforesaid standalone Ind AS financial statements comply with Indian Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under to the extent applicable to the company.
- f. The matters described in basis of qualified opinion paragraph above, in our opinion may have adverse effects on the functioning of the company.
- g. On the basis of written representations received from the Directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act.
- h. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the basis for qualified opinion paragraph above.
- i. With respect to the adequacy of Internal financial controls over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.
- j. With respect to the other matters to be included in the Auditor's Report in accordance with requirement of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- k. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For **GMJ & Co.**
Chartered Accountants
Firm Registration No: 103429W

CA Atul Jain
Partner
Membership No. 037097
UDIN: 20037097AAAABD5518

Mumbai
Date: July 31, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1 under the "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Future Supply Chain Solutions Limited of even date)

- i. In respect of Company's Property, plant and Equipment:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and Equipment.
 - b. The Company has a program of verification to cover all the items of Property, plant and Equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, plant and Equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. The Company did not have any immovable property of freehold or leasehold land and building as at March 31, 2020. Therefore paragraph 3(i) (c) of Order is not applicable.
- ii. The management has conducted physical verification of inventory at regular intervals during the year. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material having regard to the size of the operations of the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, paragraph 3 (iii) of the Order is not applicable.
- iv. According to the information and explanations given to us, the Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under section 185 and 186. Therefore, the provisions of clause 3(iv) of the said order are not applicable to the company.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020. Therefore, paragraph 3 (v) of the Order is not applicable.
- vi. In our opinion and according to the information and explanations given to us, maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Therefore, paragraph 3(vi) of the Order is not applicable.
- vii.
 - a. According to the information and explanations given to us, in our opinion, the Company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings from banks or debenture holders. The Company has not taken any loans from Government or any Financial Institution.
- ix. Except for the matters described in basis of qualified opinion paragraph above, in our opinion and according to the information and explanations given to us, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money by way of initial public offer or further public offer.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the provisions of section 197 read with Schedule V of the Act.
- xii. In our opinion and according to the information given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details have been disclosed in the Financial Statements as required by the applicable accounting standard.
- xiv. According to the information and explanations given to us and based on our examination of the records, Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records, Company has not entered into any non-cash transactions with the directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **GMJ & Co.**
 Chartered Accountants
 Firm Registration No: 103429W

CA Atul Jain
 Partner
 Membership No. 037097
 UDIN: 20037097AAAABD5518

Mumbai
 Date: July 31, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 2(i) under the "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Future Supply Chain Solutions Limited of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Future Supply Chain Solutions Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **GMJ & Co.**
Chartered Accountants
Firm Registration No: 103429W

CA Atul Jain
Partner
Membership No. 037097
UDIN: 20037097AAAABD5518

Mumbai
Date: July 31, 2020

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2020

Particulars	Note	(₹ in Lakh)	
		As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	50,965.49	41,101.87
Right of use assets	35	32,222.77	-
Capital work in progress		573.55	5,517.28
Intangible assets	3	216.42	122.08
Financial assets			
Investments	4	-	6,312.26
Other financial assets	5	5,535.39	5,212.60
Other non current assets	6	9,719.27	7,483.57
Total non-current assets		99,232.89	65,749.66
Current assets			
Inventories	7	352.08	552.95
Financial assets			
Investments	8	-	0.70
Trade receivables	9	81,527.38	34,982.19
Cash and cash equivalents	10	31.10	11,708.55
Bank balances other than cash and cash equivalents	11	270.90	160.65
Other financial assets	12	22,931.48	375.87
Other current assets	13	593.43	1,235.06
Assets classified as held for sale	40	-	3,626.55
Total current assets		1,05,706.37	52,642.52
Total assets		2,04,939.26	1,18,392.18
EQUITY & LIABILITIES			
Equity			
Equity share capital	14	4,388.36	4,008.11
Other equity	15	69,928.09	56,026.66
Total equity		74,316.45	60,034.77
Liabilities			
Non-current liabilities			
Financial liabilities			
Non current borrowings	16	34,210.73	20,752.19
Lease Liability	17	25,979.59	-
Other non current financial liabilities	18	55.63	90.05
Provisions	19	650.31	408.49
Total non-current liabilities		60,896.26	21,250.73
Current liabilities			
Financial liabilities			
Lease Liability		10,472.98	-
Borrowing		8,511.06	-
Trade payables			
- Micro and small enterprises	31	315.78	166.83
- Others		29,731.79	23,499.52
Other current financial liabilities	20	19,301.25	7,990.11
Other current liabilities	21	1,380.95	2,046.40
Provisions	22	12.74	719.71
Liabilities associated with assets classified as held for sale	40	-	2,684.11
Total current liabilities		69,726.55	37,106.68
Total equity and liabilities		2,04,939.26	1,18,392.18
Notes to the Financial Statements	1-49		

As per our report of even date attached

For GMJ & Co.

Chartered Accountants

Firm Registration No: 103429W

Atul Jain

Partner

Membership No.: 037097

Place: Mumbai

Date : July 31, 2020

For and on behalf of the Board of Directors

Future Supply Chain Solutions Limited

Mayur Toshniwal

(Managing Director)

DIN : 01655776

C P Toshniwal

(Director)

DIN : 00036303

Samir Kedia

(Chief Financial Officer)

Vimal Dhruve

(Company Secretary)



STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Lakh)

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	23	1,14,055.20	1,11,277.10
Other income	24	2,002.97	561.34
Total income		1,16,058.17	1,11,838.44
Expenses			
Cost of logistics services		69,963.47	77,354.26
Employee benefits expense	25	8,786.99	9,770.04
Depreciation and amortisation expense	3 & 35	16,593.59	4,170.10
Finance costs	26	8,081.04	1,608.14
Other expenses	27	9,940.89	9,297.82
Total expenses		1,13,365.98	1,02,200.36
Profit before exceptional items and tax		2,692.19	9,638.08
Exceptional items (Refer note no. 41)		9,080.43	-
Profit / (Loss) before tax		(6,388.24)	9,638.08
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Profit / (Loss) for the year from continuing operations		(6,388.24)	9,638.08
Loss for the year from discontinued operations		-	(3,122.36)
Tax expense of discontinued operations		-	-
Profit / (Loss) for the year from discontinued operations after tax		-	(3,122.36)
Profit / (Loss) for the year		(6,388.24)	6,515.72
Other comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurement of the defined benefit plan		(127.13)	62.05
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income, net of tax		(127.13)	62.05
Total comprehensive income / (Loss) for the year		(6,515.37)	6,577.77
Earnings per equity share (for continuing operations) (face value ₹ 10/- each):	34		
Basic (₹)		(15.51)	24.06
Diluted (₹)		(15.51)	24.03
Earnings per equity share (for discontinued operations) (face value ₹ 10/- each):			
Basic (₹)		-	(7.79)
Diluted (₹)		-	(7.79)
Earnings per equity share (for continuing and discontinued operations) (face value ₹ 10/- each):			
Basic (₹)		(15.51)	16.27
Diluted (₹)		(15.51)	16.24
Notes to the Financial Statements	1-49		

As per our report of even date attached

For GMJ & Co.

Chartered Accountants

Firm Registration No: 103429W

Atul Jain

Partner

Membership No.: 037097

For and on behalf of the Board of Directors

Future Supply Chain Solutions Limited

Mayur Toshniwal

(Managing Director)

DIN : 01655776

C P Toshniwal

(Director)

DIN : 00036303

Place: Mumbai

Date : July 31, 2020

Samir Kedia

(Chief Financial Officer)

Vimal Dhruve

(Company Secretary)



STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

Particulars	As at March 31, 2020	As at March 31, 2019
(A) EQUITY SHARE CAPITAL		
Opening balance	4,008.11	4,005.62
Add : Equity shares issued and allotted during the year	378.94	-
Add : Equity shares issued under Employee Stock Option Plan (ESOP)	1.31	2.49
Closing balance	4,388.36	4,008.11
(B) OTHER EQUITY		
Retained earnings		
Opening balance	31,487.53	27,892.66
Profit / (Loss) for the year	(6,388.24)	6,515.72
Other comprehensive income for the year (net of tax)	(127.13)	62.05
Dividend paid (including Dividend Distribution Tax)	(604.11)	(482.90)
Transfer to Debenture Redemption Reserve	-	(2,500.00)
Adjustment on transition to Ind AS 116- 'Leases'	(3,919.54)	-
Closing balance	20,448.51	31,487.53
Securities premium		
Opening balance	21,563.99	21,403.32
Add : Equity Shares issued under ESOP	44.66	84.57
Add : Equity Shares issued on Preferential basis (Nippon)	24,782.35	-
Add : Transfer from share options outstanding account on exercise of ESOP	40.18	76.10
Closing balance	46,431.18	21,563.99
Debenture Redemption Reserve		
Opening balance	2,500.00	-
Add: Transfer from surplus in Statement of Profit and Loss	-	2,500.00
Closing balance	2,500.00	2,500.00
Share options outstanding		
Opening balance	475.14	179.44
Add: Recognition of share based payments	113.44	371.80
Less: Transfer to securities premium on exercise of ESOP	(40.18)	(76.10)
Closing balance	548.40	475.14
Total other equity	69,928.09	56,026.66

As per our report of even date attached

For GMJ & Co.

Chartered Accountants

Firm Registration No: 103429W

Atul Jain

Partner

Membership No.: 037097

Place: Mumbai

Date : July 31, 2020

For and on behalf of the Board of Directors

Future Supply Chain Solutions Limited

Mayur Toshniwal

(Managing Director)

DIN : 01655776

C P Toshniwal

(Director)

DIN : 00036303

Samir Kedia

(Chief Financial Officer)

Vimal Dhruve

(Company Secretary)

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before tax	(6,388.24)	6,515.72
Adjusted for:		
Depreciation and amortisation expenses	16,593.59	4,511.42
Finance costs	8,081.04	1,784.83
Provision for doubtful debts	322.42	371.09
Loss / (Profit) on sale / Scrap of fixed assets	229.89	(10.05)
Gain on termination of lease asset	(10.04)	-
Provision for doubtful advances	45.00	95.11
Investment Written off	0.70	-
Expenses on employee stock option (ESOP)	113.44	371.80
Exceptional items	9,080.43	-
Interest income	(1,685.66)	(248.60)
Cash generated from operations before working capital changes	26,382.57	13,391.32
Adjusted for:		
(Increase) / decrease in trade receivables	(48,121.44)	(11,537.65)
(Increase) / decrease in inventories	200.87	(552.95)
(Increase) / decrease in other financial and other assets	(584.68)	(2,635.71)
Increase / (decrease) in trade payables, other liabilities and provisions	5,886.46	8,660.74
Cash flow from operations	(16,236.22)	7,325.75
Taxes paid	(3,104.16)	(754.90)
Net cash from operating activities	(19,340.38)	6,570.85
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment and intangible assets	(13,806.16)	(17,849.78)
Capital advance	868.46	(872.54)
Sale of property, plant & equipment and intangible assets	522.45	128.93
Loans and advances given	(21,571.72)	-
Sale of investment in Subsidiary	1.00	-
Interest received	987.40	248.60
Net cash used in investing activities	(32,998.57)	(18,344.79)
C CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability	(13,022.31)	-
Proceeds from issue of Equity Shares under ESOP	45.97	87.06
Proceeds from issue of Equity Shares on Preferential basis	25,161.29	-
Dividend paid (including Dividend Distribution Tax)	(604.11)	(482.90)
Proceeds from current borrowings (net)	8,511.06	-
Proceeds from non current borrowings	26,007.48	20,641.57
Repayment of non current borrowings	(50.36)	(3,180.80)
Interest paid	(5,277.27)	(731.61)
Net cash from financing activities	40,771.75	16,333.32

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

Particulars	(₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(11,567.20)	4,559.38
Cash and cash equivalents at the beginning of the year	11,869.20	7,968.02
Cash and cash equivalents at the end of the year	302.00	12,527.40
less: Cash and cash equivalents at the end of the year from discontinued operations	-	658.20
Cash and cash equivalents as per Balance Sheet	302.00	11,869.20

As per our report of even date attached

For GMJ & Co.

Chartered Accountants

Firm Registration No: 103429W

Atul Jain

Partner

Membership No.: 037097

Place: Mumbai

Date : July 31, 2020

For and on behalf of the Board of Directors

Future Supply Chain Solutions Limited

Mayur Toshniwal

(Managing Director)

DIN : 01655776

Samir Kedia

(Chief Financial Officer)

C P Toshniwal

(Director)

DIN : 00036303

Vimal Dhruve

(Company Secretary)

NOTES

TO THE FINANCIAL STATEMENTS

1. COMPANY OVERVIEW

Future Supply Chain Solutions Limited (the "Company") is a public company domiciled in India and incorporated on March 8, 2006. The Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

The Company is an integrated and IT enabled end-to-end Supply Chain and Logistics Company with capabilities in handling Modern Warehousing, Express Logistics, Cold Chain Logistics etc. The Company mainly caters to corporates in Food & Beverages, Lifestyle, Consumer Durables & Electronics, Automotive & Engineering, Home & Furniture, Healthcare, General Merchandise, E-Commerce sectors etc. Each category has a distinct supply chain requirement that needs customised solutions. The Company has been a pioneer and leader in modernising logistics and supply chain in India by having implemented cutting-edge technology and contemporary supply chain management practices through implementation of global best practices, indigenised and best adapted for Indian conditions. The Company has its registered office at Mumbai, Maharashtra, India.

2A. REVISED INDIAN ACCOUNTING STANDARD ("IND AS") ISSUED BUT NOT EFFECTIVE

Standards issued but not effective (based on Exposure drafts available as on date) The amendments are proposed to be effective for reporting periods beginning on or after April 1, 2020.

- (A) Issue of Ind AS 117 – Insurance Contracts Ind AS 117 supersedes Ind AS 104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Under the Ind AS 117 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. Application of this standard is not expected to have any significant impact on the Company's financial statements.
- (B) Amendments to existing Standards Ministry of Corporate Affairs has carried out amendments of the following accounting standards:
 - 1. Ind AS 103 – Business Combination
 - 2. Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
 - 3. Ind AS 40 – Investment Property

The Company is in the process of evaluating the impact of the new amendments issued but not yet effective.

2B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of Compliance

The Standalone Financial Statements comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 and other applicable laws.

2.2. Basis of Preparation and Presentation

The Standalone Financial Statements have been presented in Indian Rupees (₹), which is the Company's functional currency. All financial information presented in ₹ has been rounded off to the nearest two decimals of Lakhs, unless otherwise stated.

These Financial Statements are prepared in accordance with Ind AS under the historical cost convention on the accrual basis except for certain financial instruments, which are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such a basis, except for share-based payment

NOTES

TO THE FINANCIAL STATEMENTS (Contd.)

transactions that are within the scope of Ind AS 102 'Share-based payment', leasing transactions that are within the scope of Ind AS 116 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 'Inventories' or value in use in Ind AS 36 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

2.3. Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the assets carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably.

Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by the management.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Assets	Useful Life
Plant and Equipments	15 years
Office Equipments	5 years
Furniture and Fixtures	10 years
Electrical Installations	10 years
Vehicles	6 years
Computers	3 years
Leasehold Improvements	Lease term

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The cost of assets not put to use before such date are disclosed under 'Capital Work-In-Progress'.

2.4. Intangible Assets

Intangible assets are stated at acquisition cost and other cost incurred, which is attributable to preparing the asset for its intended use, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on straight line basis over their estimated useful economic life. The estimated useful lives of intangible assets are as follows:

Assets	Useful Life
Softwares	6 years



NOTES**TO THE FINANCIAL STATEMENTS (Contd.)**

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, estimated useful lives and methods of amortisation of Intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5. Leasing**The Company as lessee**

The Company's lease asset primarily consist of leases for building. The Company assesses whether a contract contains a lease, at inception of a contract. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether i) the contract involves use of an identified asset ii) the Company has substantially all of the economic benefits from use of the asset through the period of lease and iii) the Company has right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right- of- use asset ('ROU") at cost and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expenses on a straight-line basis over the term of the lease.

Certain lease arrangements includes the option to extend or terminate the lease before the end of lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right- of- use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct cost less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right- of- use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever event or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease Liabilities are remeasured with a corresponding adjustment to the related right- of- use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU have been separately presented in the Balance sheet and lease payment have been classified as financing cash flows.

The Company as lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of these lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it account for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from head lease.

For operating lease, rental income is recognised on straight line basis over terms of the relevant lease.

NOTES**TO THE FINANCIAL STATEMENTS (Contd.)****2.6. Financial Instruments****2.6. (i) Initial recognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

2.6. (ii) Subsequent measurement**a. Non-derivative financial instruments****(i) Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments, which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised in a business combination, which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

c. Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in Statement of Profit and Loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible instrument using the effective interest method.

2.6. (iii) Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset.

A financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.7. Foreign Currency

Functional currency

The functional currency of the Company is the Indian rupee ("₹").

i. Initial recognition

In preparing the Financial Statement of the Company, transactions in currencies other than the Companies' functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

ii. Conversion

- Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.
- Non-monetary items, if any are measured in terms of historical cost denominated in a foreign currency, are reported in Indian Rupee using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

- Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

NOTES

TO THE FINANCIAL STATEMENTS (Contd.)

- b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

2.8. Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged in the period they occur in the Statement of Profit and Loss.

2.9. Revenue Recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue recognition prescribed in five-step model:

Step 1: Identify the contract(s) with a customer – Contracts may be written, oral or implied by customary business practices, but revenue can be recognised only on those contracts that are enforceable and have commercial substance.

Step 2: Identify the separate performance obligations in the contract – Performance obligations are explicitly or implicitly promised goods or services in a contract as well those arising from customary business practices. An entity needs to identify performance obligations which are distinct.

Step 3: Determine the transaction price – The transaction price is the amount of consideration to which an entity expects to be entitled. It includes variable consideration, impact of significant financing components, fair value of non-cash consideration and impact of consideration payable to the customer.

Step 4: Allocate the transaction price to the separate performance obligations – The standard requires allocation of the total contract price to the various performance obligations based on their relative stand-alone selling prices, with limited exceptions.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation – Revenue recognition can occur either over time or at a point in time. Revenue recognition for a performance obligation occurs over time only if it meets one of the three prescribed criteria.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

2.10. Current versus Non-Current Classification

An asset is considered as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is considered as current when it is:

- Expected to be settled in normal operating cycle, or
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2.11. Employee Benefits

Retirement benefit costs and termination benefits

i. Defined Contribution Plan:

Company's contributions paid / payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

ii. Defined Benefits Plan:

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Past service cost is recognised in Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, performance incentives and similar benefits other than compensated absences in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of compensated absences are measured on the basis of actuarial valuation as on the balance sheet date.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.12. Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred

NOTES**TO THE FINANCIAL STATEMENTS (Contd.)**

tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

2.13. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.14. Provisions, Contingent liabilities & Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.15. Impairment

a. Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through Statement of Profit and Loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Statement of Profit and Loss.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

b. Non-financial assets

Intangible assets, property, plant and equipment

Intangible assets, property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.16. Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.17. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the Statement of Profit and Loss as incurred.

NOTES**TO THE FINANCIAL STATEMENTS (Contd.)**

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' ("Ind AS 12") and Ind AS 19 'Employee Benefits' ("Ind AS 19") respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Company determines where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Company then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase.

If the gain remains after this reassessment and review, the Company recognises it in other comprehensive income and accumulates the same in equity as capital reserve. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Company recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in Statement of Profit and Loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to Statement of Profit and Loss where such treatment would be appropriate if that interest were disposed of.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' ("Ind AS 37") and the amount initially recognised less cumulative amortisation recognised in accordance with Ind AS 18 'Revenue' ("Ind AS 18").

2.18. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.19. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in Balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2.20. Key sources of estimation uncertainty and critical accounting judgments

In the course of applying the accounting policies, the Company is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the management.

b. Impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimate in the value in use of cash generating units. It requires to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. When the actual cash flows are less than expected, a material impairment loss may arise.

c. Provisions, liabilities and contingencies

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past events that can reasonably be estimated. The timing of recognition requires application of judgment to existing facts and circumstances which may be subject to change.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of an outflow of resources embodying economic benefits are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

2.21. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.22. Investment in Subsidiary, Joint Ventures and Associates

Investment in subsidiaries, joint ventures and associates are shown at cost in accordance with Ind AS 27 'Separate Financial Statements'. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised as impairment loss in the Statement of Profit and Loss (refer policy on impairment of non-financial assets). On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

NOTES
TO THE FINANCIAL STATEMENTS (Contd.)
3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(₹ in Lakh)

Particulars	Leasehold Improvements	Plant and Equipments	Office Equipments	Computers	Furniture & Fittings	Electrical Installations	Vehicles	Total
Cost								
As at April 1, 2019	2,092.83	31,340.02	1,396.34	6,038.30	5,220.08	5,697.20	389.07	52,173.84
Additions	912.86	12,118.02	308.44	1,822.70	841.52	1,017.19	-	17,020.73
Deletions	89.29	817.73	9.95	67.87	68.04	270.09	10.10	1,333.07
As at March 31, 2020	2,916.40	42,640.31	1,694.83	7,793.13	5,993.56	6,444.30	378.97	67,861.50
Accumulated depreciation								
As at April 1, 2019	1,040.32	4,971.98	477.66	1,757.11	1,357.59	1,278.30	189.01	11,071.97
Depreciation for the year	195.51	2,612.04	341.57	1,884.74	613.03	697.63	61.04	6,405.56
Deletions	83.82	235.87	8.59	42.59	31.99	173.03	5.63	581.52
As at March 31, 2020	1,152.01	7,348.15	810.64	3,599.26	1,938.63	1,802.90	244.42	16,896.01
Net book value								
As at March 31, 2020	1,764.39	35,292.16	884.19	4,193.87	4,054.93	4,641.40	134.55	50,965.49
As at March 31, 2019	1,052.51	26,368.04	918.68	4,281.19	3,862.49	4,418.90	200.06	41,101.87

(₹ in Lakh)

Intangible assets	Computer Softwares	Total
Cost		
As at April 1, 2019	317.11	317.11
Additions	118.81	118.81
Deletions	8.03	8.03
As at March 31, 2020	427.89	427.89
Accumulated amortisation		
As at April 1, 2019	195.03	195.03
Amortisation for the year	23.69	23.69
Deletions	7.25	7.25
As at March 31, 2020	211.47	211.47
Net book value		
As at March 31, 2020	216.42	216.42
As at March 31, 2019	122.08	122.08

**NOTES
TO THE FINANCIAL STATEMENTS (Contd.)**

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (CONTD.)

(₹ in Lakh)

Particulars	Leasehold Improvements	Plant and Equipments	Office Equipments	Computers	Furniture & Fittings	Electrical Installations	Vehicles	Total
Cost								
As at April 1, 2018	2,705.17	24,573.39	1,093.77	3,048.98	5,053.37	3,672.74	520.35	40,667.77
Additions	-	6,936.52	585.91	3,736.39	1,116.29	2,388.82	-	14,763.93
Deletions	28.56	18.18	-	23.85	6.13	31.03	131.28	239.03
Assets classified as held for sale	583.78	151.71	283.34	723.22	943.45	333.33	-	3,018.83
As at March 31, 2019	2,092.83	31,340.02	1,396.34	6,038.30	5,220.08	5,697.20	389.07	52,173.84
Accumulated depreciation								
As at April 1, 2018	1,107.16	3,176.51	480.79	1,427.51	1,804.51	989.12	168.53	9,154.13
Depreciation for the year	476.08	1,881.30	168.98	833.00	307.05	405.58	78.56	4,150.55
Deletions	14.58	8.78	-	22.59	3.96	12.17	58.08	120.16
Assets classified as held for sale	528.34	77.05	172.11	480.81	750.01	104.23	-	2,112.55
As at March 31, 2019	1,040.32	4,971.98	477.66	1,757.11	1,357.59	1,278.30	189.01	11,071.97
Net book value								
As at March 31, 2019	1,052.51	26,368.04	918.68	4,281.19	3,862.49	4,418.90	200.06	41,101.87
As at March 31, 2018	1,598.01	21,396.88	612.98	1,621.47	3,248.86	2,683.62	351.82	31,513.64

(₹ in Lakh)

Intangible assets	Computer Softwares	Exclusive Business Rights	Total
Cost			
As at April 1, 2018	450.21	29.47	479.68
Additions	11.97	-	11.97
Deletions	-	-	-
Assets classified as held for sale	145.07	-	145.07
As at March 31, 2019	317.11	29.47	346.58
Accumulated amortisation			
As at April 1, 2018	235.45	24.47	259.92
Amortisation for the year	14.55	5.00	19.55
Deletions	-	-	-
Assets classified as held for sale	54.97	-	54.97
As at March 31, 2019	195.03	29.47	224.50
Net book value			
As at March 31, 2019	122.08	-	122.08
As at March 31, 2018	214.76	5.00	219.76

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

4. INVESTMENTS

Particulars	As at March 31, 2020	As at March 31, 2019
Non- current investments		
Non- trade investment (at cost)		
Unquoted		
Investments in Equity		
Associate		
6,69,568 (2019: 1,78,500) Equity shares of ₹10 each of Leanbox Logistics Solutions Private Limited	1,942.44	899.99
Less: Impairment in value of Investment	(1,942.44)	-
Subsidiary		
Nil (2019: 1,50,60,063) Equity shares of ₹10 each of Vulcan Express Private Limited	-	5,312.27
Investments in Debentures		
Others		
Nil (2019: 19,833) Compulsory Convertible Debentures of ₹ 10 each of Leanbox Logistics Solutions Private Limited	-	100.00
(a) Aggregate amount of quoted investments and market value thereof	-	-
(b) Aggregate amount of unquoted investments	-	6,312.26
(c) Aggregate amount of impairment in value of investments	1,942.44	-

5. OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
Non- current financial assets - others		
Unsecured considered good		
Security deposits	5,535.39	5,212.60
	5,535.39	5,212.60

6. OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2020	As at March 31, 2019
MAT credit	2,155.87	2,155.87
Advance tax	7,559.33	4,455.17
Capital advances	4.07	872.53
	9,719.27	7,483.57

7. INVENTORIES

Particulars	As at March 31, 2020	As at March 31, 2019
Packing materials*	352.08	552.95
* Valued at Weighted average basis	352.08	552.95

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

8. INVESTMENTS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Current investments		
Unquoted		
National Saving Certificate* (under lien)	-	0.70
	-	0.70

*Financial assets carried at amortised cost

9. TRADE RECEIVABLES

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	81,527.38	34,982.19
Trade receivables - credit impaired	1,732.91	881.72
Less: Allowances for expected credit loss	(1,732.91)	(881.72)
	81,527.38	34,982.19

- a) Trade or Other Receivable due from directors or other officers of the company either severally or jointly with any other person amounted to ₹ Nil (2018-19 ₹ Nil)
- b) Trade or Other Receivable due from firms or private companies respectively in which any director is a partner, a director or a member amounted to ₹ Nil (2018-19 ₹ Nil)

10. CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Balance with Bank	14.50	11,697.10
Cash on hand	16.60	11.45
	31.10	11,708.55

11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Bank deposits (under lien)	270.90	160.65
	270.90	160.65

12. OTHER FINANCIAL ASSETS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Other current financial assets		
Inter corporate deposits	21,747.08	50.00
Security deposits		
Unsecured, considered good	1,184.40	325.87
Security deposits- credit impaired	132.19	107.19
Less: Allowance for doubtful deposits	(132.19)	(107.19)
	22,931.48	375.87

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

13. OTHER CURRENT ASSETS

Particulars	₹ in Lakh	
	As at March 31, 2020	As at March 31, 2019
Insurance claim receivables	1.61	30.89
Balances with Government authorities	198.12	496.41
Others (includes prepaid expenses, advance to suppliers etc.)	393.70	707.76
	593.43	1,235.06

14. SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹ in Lakh	Number	₹ in Lakh
Authorised				
Equity shares of ₹10 each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10 each fully paid up	4,38,83,598	4,388.36	4,00,81,113	4,008.11
	4,38,83,598	4,388.36	4,00,81,113	4,008.11

(i) Reconciliation of Number of Shares

Equity Shares of ₹ 10/- each

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Opening balance	4,00,81,113		4,00,56,238	
Add: Equity shares issued and allotted during the year	37,89,350		-	
Add: Allotment pursuant to exercise of stock options granted	13,135		24,875	
	4,38,83,598		4,00,81,113	

(ii) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Holder of equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding after distribution of all preferential amounts.

(iii) Pursuant to the applicable laws, the Company has entered into a shareholders' agreement with an Investor. According to the said Agreement and Articles of Association of the Company, the Investor is entitled to exercise, inter alia, the following rights so long the Investor holds not less than 10% of issued and paid up capital of the Company:

1. The right to nominate a Director on the Board of Directors of the Company;
2. The right to have its nominee Director on the Audit Committee as an Observer;
3. Right of First Refusal and Right of First Offer with respect to transfer of shares of the Company by Promoter;
4. Pre-emptive rights with respect to issue of new equity shares or any other convertible securities;

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

5. Right to approve / disapprove, inter alia, following matters which are reserved for the consent of the Investor;
 - a. entry by the Company into any transaction involving: (i) buyback (ii) capital reduction (iii) scheme of arrangement or compromise between the Company and its creditors and / or Shareholders (iv) restructuring, (v) merger, (vi) demerger, (vii) amalgamation, (viii) consolidation;
 - b. Dissolution, winding-up or liquidation of the Company;
 - c. Any creation of an Encumbrance over the assets of the Company, other than in the Ordinary Course of Business;

(iv) Holding company-up to December 16, 2019

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Equity shares				
Future Enterprises Limited		100		100
Ritvika Trading Private Limited	2,05,15,817		2,05,15,817	

(v) More than 5 percent shareholding in the Company

Shareholders holding more than 5 percent of the equity shares in the Company are as under:

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Number	% of holding	Number	% of holding
Equity shares				
Ritvika Trading Private Limited	2,05,15,817	46.75	2,05,15,817	51.19
Griffin Partners Limited	-	-	58,63,475	14.63
Nippon Express (South Asia & Oceania) Pte. Limited	96,52,825	22.00	-	-
L&T Mutual Fund Trustee Limited- L&T Emerging Businesses Fund	27,91,351	6.36	27,84,372	6.95

(vi) Share options granted under the ESOP

Share options granted under the ESOP carry no rights as to dividend and voting.

(vii) As at March 31, 2020, total 2,38,565 (2019: 2,39,200) equity shares are reserved for issuance towards outstanding employee stock options granted. (Refer Note no. 33)

15. OTHER EQUITY

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings	20,448.51	31,487.53
Securities premium	46,431.18	21,563.99
Debenture Redemption Reserve	2,500.00	2,500.00
Employee stock option outstanding	548.40	475.14
Total other equity	69,928.09	56,026.66

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

15.1 Description of reserves

Securities Premium

This reserve is created to transfer a sum equal to the aggregate amount of the premium received on shares issued as per the applicable provisions of the Companies Act, 2013.

Debenture Redemption Reserve

The Companies Act, 2013 requires that where a Company issues debentures, it shall create a Debenture Redemption Reserve out of the profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the Debenture Redemption Reserve cannot be utilised by the Company except to redeem debentures.

Employee stock option outstanding

This reserve relates to share options granted by the Company to its employees and directors under ESOP. Further information about share-based payments to employees is set out in Note no. 33.

Retained earnings

This represents the surplus / (deficit) of the Statement of Profit and Loss. The amount that can be distributed by the Company as dividend to its equity shareholders is determined based on the separate Financial Statements of the Company and also considering the requirements of the Companies Act, 2013.

16. NON CURRENT BORROWINGS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Term loan		
Term loan from banks*	14,443.86	1,028.17
Non convertible debentures	19,766.87	19,724.02
	34,210.73	20,752.19

* Financial liabilities carried at amortised cost (Refer note no. 36)

17. OTHER NON CURRENT LIABILITIES

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Lease liability (Refer note no. 35)	25,979.59	-
	25,979.59	-

18. OTHER NON CURRENT FINANCIAL LIABILITIES

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Non current financial liabilities		
Security deposits*	55.63	90.05
	55.63	90.05

*Financial liabilities carried at amortised cost



**NOTES
TO THE FINANCIAL STATEMENTS (Contd.)**

19. NON CURRENT - PROVISIONS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Gratuity (Refer note no. 37)	419.70	257.10
Leave encashment (Refer note no. 37)	230.61	151.39
	650.31	408.49

20. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Current maturities of long term borrowings	13,581.83	1,030.72
Security deposits	11.75	4.40
Capital creditors	1,222.55	3,259.92
Other payables	4,485.12	3,695.07
	19,301.25	7,990.11

21. OTHER CURRENT LIABILITIES

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Statutory dues	824.54	1,222.20
Other payables (includes advance from customers etc.)	556.41	824.20
	1,380.95	2,046.40

22. PROVISIONS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Gratuity (Refer note no. 37)	7.85	7.71
Leave encashment (Refer note no. 37)	4.89	4.75
Provision for bonus	-	707.25
	12.74	719.71

NOTES
TO THE FINANCIAL STATEMENTS (Contd.)

23. REVENUE FROM OPERATIONS

Particulars	(₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Logistics services	1,14,055.20	1,11,277.10
	1,14,055.20	1,11,277.10

24. OTHER INCOME

Particulars	(₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on		
- Bank deposits	14.30	102.81
- Income Tax Refund	85.06	-
- Others (include Interest on ICD Interest ₹ 757.81 Lakh and Interest on advances ₹ 665.98 Lakh)	1,586.30	133.45
Profit on sale of fixed assets	-	10.05
Miscellaneous income	317.31	315.03
	2,002.97	561.34

25. EMPLOYEE BENEFITS EXPENSE

Particulars	(₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	7,820.90	8,724.32
Contribution to provident and other funds	441.59	282.02
Expenses on ESOP (Refer note no. 33)	113.44	371.80
Staff welfare expenses	411.06	391.90
	8,786.99	9,770.04

26. FINANCE COSTS

Particulars	(₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest expenses on		
- Lease Liabilities	3,178.25	-
- Others		
- on Working Capital Limit	669.41	271.64
- on Debentures	2,065.40	1,025.87
- on Term Loans	1,743.12	159.11
- on others	424.86	151.52
	8,081.04	1,608.14

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

27. OTHER EXPENSES

Particulars	(₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Power and fuel	1,912.64	1,955.95
Repairs and maintenance		
- Building	229.73	189.49
- Machinery	407.69	621.64
- Others	512.81	413.23
Insurance	166.78	161.90
Rates and taxes	367.87	165.54
Rent	28.54	184.78
Travelling and conveyance expenses	1,105.99	1,297.50
Auditors' remuneration		
- Statutory audit fees	18.00	15.50
- Other services	-	1.50
Security expenses	1,810.62	1,804.20
Corporate social responsibility	52.84	127.06
Allowances for expected credit loss	322.42	275.98
Provision for doubtful advances	45.00	95.11
Exchange Fluctuation Loss (Net)	0.14	7.70
Loss on sale / scrap of Fixed Asset	229.89	-
Miscellaneous expenses	2,729.93	1,980.74
	9,940.89	9,297.82

28. FINANCIAL RISK MANAGEMENT

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board of Directors.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including loans and borrowings, foreign currency receivables and payables.

The Company manages market risk through treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures and borrowing strategies.

Capital Management

The Company manages its capital to ensure that Company will be able to continue as going concern while maximising the return to shareholders by striking a balance between debt and equity. The capital structure of the Company consists of net debt (total debt offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings). The Company is not subject to any externally imposed capital requirements except financial covenants agreed with lenders.

NOTES

TO THE FINANCIAL STATEMENTS (Contd.)

In order to optimise capital allocation, the review of capital employed is done considering the amount of capital required to fund capacity expansion, increased working capital commensurate with increase in size of business and also fund investments in new ventures which will drive future growth. The Chief Financial Officer ("CFO") reviews the capital structure of the Company at regular interval. As part of this review, the CFO considers the cost of capital and the risks associated with each class of capital. The Company has a target Debt to Equity Ratio of 1:1 determined as the proportion of net debt to equity. The Company had net debt to equity ratio of 0.76x as on March 31, 2020 (March 31, 2019: 0.17x)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to significant interest rate risk, as at the respective reporting dates.

Foreign Currency Risk

The Company's exposure to exchange fluctuation risk is insignificant for its purchase from overseas suppliers in various foreign currencies.

The following table analyses foreign currency risk from financial instruments as of:

Trade Payable	As at March 31, 2020	As at March 31, 2019
In USD	-	38,079
₹ in Lakh	-	26.40
Conversion date of USD	Not Applicable	March 31, 2019

Foreign exchange risk sensitivity:

The Company analyses a 10% variation (sensitivity) in the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

A positive number below indicates an increase in profit and negative number below indicates a decrease in profit. Following is the analysis of change in profit where the Indian Rupee strengthens and weakens by 10% against the relevant currency:

Particulars	(₹ in Lakh)			
	Year ended March 31, 2020		Year ended March 31, 2019	
	10% strengthen	10% weakening	10% strengthen	10% weakening
USD	-	-	(2.64)	2.64

In management's opinion, the sensitivity analysis is not representative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Credit Risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from gross trade receivables amounting to ₹ 83,260.29 Lakh and ₹ 35,863.91 Lakh as of March 31, 2020 and March 31, 2019 respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company

NOTES**TO THE FINANCIAL STATEMENTS (Contd.)**

uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Company's historical experience for customers.

The Company has significant credit risk exposure on trade receivable from Future Retail Limited 57% (2018-19: 14%), Future Enterprises Limited 12% (2018-19: 6%) and Future Lifestyle Fashion Limited 7% (2018-19: 12%)

The average credit period on sale of services is 30 to 90 days. No interest is charged on trade receivables.

Credit Risk Exposure

Movement in expected credit loss :

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Beginning of the year	881.72	745.24
Movement in expected credit loss (Net)	851.19	136.48
Balances at the end	1,732.91	881.72

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The Company had a working capital of ₹ 46,452.80 Lakh (2018-19: ₹ 14,593.40 Lakh) including cash and cash equivalent of ₹ 31.10 Lakh (2018-19: ₹ 11,708.55 Lakh) and current investment of ₹ Nil (2018-19: ₹ 0.70 Lakh)

29. CONTINGENT LIABILITIES NOT PROVIDED FOR:

Disputed Service tax demand ₹ Nil (2018-19: ₹ 391.80 Lakh)

30. ESTIMATED AMOUNTS OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT:

₹ 1,084.81 Lakh (net of advances) (2018-19: ₹ 3,755.18 Lakh)

31. THE INFORMATION AS REQUIRED TO BE DISCLOSED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 HAS BEEN DETERMINED TO THE EXTENT SUCH PARTIES HAVE BEEN IDENTIFIED BASED ON INFORMATION AVAILABLE WITH THE COMPANY.

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at period end	315.78	166.83
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at period end	4.43	2.86
Interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-

NOTES
TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	4.43	2.86
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

32. RELATED PARTY DISCLOSURES
Names of Related Parties and nature of relationship

Holding / Ultimate holding company -	Future Enterprises Limited (till December 16, 2019)
Holding company -	Ritvika Trading Private Limited (till December 16, 2019)
Subsidiary company -	Vulcan Express Private Limited (till December 12, 2019)
	Leanbox Logistics Solutions Private Limited (from May 20, 2019 to June 27, 2019)
Associate company -	Leanbox Logistics Solutions Private Limited (w.e.f June 28, 2019)
Fellow subsidiary -	Work Store Limited (till December 16, 2019)

Group Entities:

- Future Lifestyle Fashions Limited
- Future Consumer Limited
- Future Retail Limited
- Future Ideas Company Limited
- Praxis Home Retail Limited
- Galaxy Entertainment Corporation Limited
- Future Speciality Retail Limited
- Future Stylelab Limited
- Rachika Trading Limited
- Aadhar Wholesale and Distribution Limited
- Future Generali India Life Insurance Company Limited
- Apollo Design Apparel Park Limited
- Goldmohur Design and Apparel Park Limited
- Nufuture Digital (India) Limited
- Shree Balaji Ethnicity Retail Limited
- Clarks Future Footware Private Limited
- Future Corporate Resources Private Limited
- Integrated Foodpark Private Limited
- Sublime Foods Private Limited
- The Nilgiris Dairy Farm Private Limited
- Hain Future Natural Products Private Limited
- Indus Tree Crafts Private Limited
- Turtle Limited
- Travel News Service (India) Private Limited
- Future Market Network Limited
- Retail Light Techniques India Limited
- Future 7-India Convenience Limited
- Work Store Limited (w.e.f. December 17, 2019)
- Future Enterprises Limited (w.e.f. December 17, 2019)

Key Management Personnel

- Mayur Toshniwal (Managing Director)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

During the year, following transactions were carried out with the related parties in the ordinary course of business

(₹ in Lakh)

Nature of Transactions	Ultimate holding company	Subsidiary company	Associate Company	Fellow subsidiary	Group entities	Key Management Personnel
Purchase of fixed assets	- (-)	- (-)	37.09 (-)	- (-)	1,854.73 (4,383.32)	- (-)
Sale of fixed assets	- (-)	- (-)	0.31 (-)	- (-)	4.41 (-)	- (-)
Income from operation	926.29 (2,397.39)	- (-)	436.76 (78.07)	48.28 (74.02)	84,866.44 (74,544.62)	- (-)
Interest income	- (-)	- (-)	11.91 (-)	- (-)	- (-)	- (-)
Reimbursement of expenses	23.65 (136.42)	- (-)	- (-)	- (-)	132.23 (233.68)	- (-)
Expenses	- (-)	- (-)	31.23 (-)	84.27 (113.38)	1,080.03 (1,049.81)	- (-)
Remuneration	- (-)	- (-)	- (-)	- (-)	- (-)	205.17 (248.87)
Purchase of Investment	- (-)	- (-)	942.44 (-)	- (-)	- (-)	- (-)
Inter corporate deposit	- (-)	- (-)	- (50.00)	- (-)	- (-)	- (-)
Advance given	- (-)	- (397.27)	- (-)	- (-)	- (-)	- (-)
As at March 31, 2020						
Receivables	- (2,298.01)	- (-)	849.50 (12.88)	- (30.27)	71,697.69 (16,339.70)	- (-)
Payables	- (17.78)	- (-)	92.58 (-)	- (67.48)	1,539.68 (1,076.06)	- (-)
Inter corporate deposit receivables	- (-)	- (-)	- (50.00)	- (-)	- (-)	- (-)
Deposit payable	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Advance	- (-)	- (397.27)	- (-)	- (-)	- (-)	- (-)

Break up of Material Related Party Transactions.

- Purchase of fixed assets includes Future Retail Limited ₹ 1,846.20 Lakh (2018-19: ₹ 4,382.49 Lakh)
- Sale of fixed assets includes Future Consumer Limited ₹ 4.41 Lakh (2018-19: ₹ Nil)
- Income from operation includes Future Retail Limited ₹ 59,181.10 Lakh (2018-19: ₹ 58,410.87 Lakh)
- Reimbursement of expenses includes Future Consumer Limited ₹ 5.26 Lakh (2018-19: ₹ 43.16 Lakh), Future Corporate Resources Limited ₹ 25.40 Lakh (2018-19: ₹ 27.51 Lakh), Future Lifestyle Fashions Limited Lakh ₹ 12.95 Lakh (2018-19: ₹ 62.96 Lakh), Future Retail Limited ₹ 59.55 Lakh (2018-19: ₹ 83.48 Lakh) and Praxis Home Retail Limited ₹ 16.46 Lakh (2018-19: ₹ 8.2 Lakh)

NOTES

TO THE FINANCIAL STATEMENTS (Contd.)

- e) Expenses includes Future Corporate Resources Private Limited ₹ 180 Lakh (2018-19: ₹ 180 Lakh), Future Generali India Life Insurance Company Limited ₹ 263.54 Lakh (2018-19: ₹ 153.11 Lakh), Integrated Foodpark Private Limited ₹ Nil (2018-19: ₹ 236.50 Lakh) and Nufuture Digital (India) Limited ₹ 505.48 Lakh (2018-19: ₹ 401.13 Lakh)
- f) Receivables includes Future Lifestyle Fashions Limited ₹ 5,964.77 Lakh (2018-19: ₹ 4,469.85 Lakh), Future Retail Limited ₹ 47,124.92 Lakh (2018-19: ₹ 4,945.38 Lakh), Future Enterprises Limited ₹ 9,844.09 Lakh (2018-19: Nil) and Praxis Home Retail Limited ₹ 4,270.92 Lakh (2018-19: ₹ 4,217.13 Lakh)
- g) Payables includes Future Retail Limited ₹ Nil (2018-19: ₹ 17.63 Lakh), Future Corporate Resources Private Limited ₹ 1,120.82 Lakh (2018-19: ₹ 920.99 Lakh), Integrated Foodpark Private Limited ₹ Nil (2018-19: ₹ 25.68 Lakh) and Nufuture Digital (India) Limited ₹ 344.41 Lakh (2018-19 ₹ 140.96 Lakh)

33. SHARE BASED PAYMENTS

(i) Details of the employee share based plan of the Group:

- a) The ESOP titled as Future Supply Chain Solutions Limited Employees Stock Option Plan 2017 ("FSC ESOP 2017") was approved by the Board on August 5, 2017 and by the Shareholders on August 8, 2017. The same was also ratified by the Shareholders in terms of Regulation 12(3) of SEBI (Share Based Employee Benefits) Regulations, 2014 at the annual general meeting held on August 22, 2018. In aggregate, 4,00,000 options were covered under the FSC ESOP 2017 for 4,00,000 equity shares of ₹ 10 each.

During the year 2017-18, the Nomination and Remuneration Committee ("NRC") of the Company granted 2,83,763 options under the FSC ESOP 2017 to certain directors and employees of the Company. The options granted are convertible into equal number of equity shares. The exercise price of each option is ₹ 350/- (including ₹ 340 as share premium).

During the year 2019-20, the NRC granted 50,000 options and 10,000 options under the FSC ESOP 2017 to employees of the Company on May 13, 2019 and July 31, 2019 respectively. The options granted are convertible into equal number of equity shares. The exercise price of each option is ₹ 457/- (including a premium of ₹ 447).

The options granted shall vest over a period of 3 years from the date of the grant in the manner specified in the resolution passed by the NRC while granting the options. Accordingly, such options may be exercised within 3 years from date of vesting.

- b) The following share-based payment arrangements were in existence during the year:

Option scheme	Number of Options Granted	Grant date	Expiry date	Exercise price (₹)	Fair value at grant date (₹)
FSC ESOP 2017	2,83,763	November 14, 2017	Note-1 below	350.00	599.00
FSC ESOP 2017	50,000	May 13, 2019	Note-1 below	457.00	606.80
FSC ESOP 2017	10,000	July 31, 2019	Note-1 below	457.00	526.10

Note-1 The options granted shall vest over a period of 3 years from the date of the grant in the manner specified in the resolution passed by the NRC while granting the options. Accordingly, these options may be exercised within 3 years from date of vesting.

- (ii) Options were priced using a Black Scholes option pricing model. Expected volatility is based on the historical share price volatility over the past 1 year:

Inputs	FSC ESOP 2017	FSC ESOP 2017	FSC ESOP 2017
Grant date	November 14, 2017	May 13, 2019	July 31, 2019
Expected volatility (%)	25.26%	23.59%	25.09%
Option life (Years)	2.50-4.50	2.50-4.50	2.50-4.50
Dividend yield (%)	-	0.21%	0.24%
Risk-free interest rate (Average)	6.75% - 7.01%	6.82% - 7.09%	6.11% - 6.27%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(iii) Movement in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Balance at beginning of year	2,39,200	350	2,69,700	350
Granted during the year	60,000	457	-	-
Exercised during the year	13,135	350	24,875	350
Cancelled during the year	47,500	372.53	5,625	350
Balance at end of year	238,565	372.43	239,200	350

(iv) Share options exercised during the year

The following options were exercised during the year:

Options scheme	Number exercised	Exercise date	Share price at exercise date (₹)
FSC ESOP 2017	5,020	May 13, 2019	606.80
FSC ESOP 2017	1,015	June 18, 2019	589.20
FSC ESOP 2017	800	July 31, 2019	526.10
FSC ESOP 2017	6,300	December 17, 2019	488.80

(v) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average remaining contractual life of 1,220 days (2018-19: 1,483 days).

Out of the ESOPs outstanding, the number of options exercisable are as under :

Particulars	As at March 31, 2020	As at March 31, 2019
FSC ESOP 2017	87,838	27,940

(vi) The expenses recognised for employee services received during the year is shown in the following table:

Particulars	(₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Expenses arising from equity settled share based payment transactions	113.44	371.80

34. EARNINGS PER SHARE

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Basic earnings per share		
From continuing operations (₹)	(15.51)	24.06
From discontinued operations (₹)	-	(7.79)
Total basic earnings per share (₹)	(15.51)	16.27

NOTES
TO THE FINANCIAL STATEMENTS (Contd.)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Diluted earnings per share		
From continuing operations (₹)	(15.51)	24.03
From discontinued operations (₹)	-	(7.79)
Total diluted earnings per share (₹)	(15.51)	16.24
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit / (Loss) for the year from continuing operations (₹ in Lakh)	(6,388.24)	9,638.08
Weighted average number of equity shares outstanding during the year for Basic EPS	411,86,178	4,00,59,473
Add: Weighted Average number of equity shares on account of Employee Stock Options outstanding	-	57,042
Weighted average number of equity shares outstanding during the year for Diluted EPS	411,86,178	4,01,16,515
Earnings per share of ₹ 10/- each from continuing operations		
- Basic (in ₹)	(15.51)	24.06
- Diluted (in ₹)	(15.51)	24.03

35. LEASE

The Company has entered into lease arrangements for its warehouses, office premises etc.

These leasing arrangements which are non-cancellable range between 3 months and 12 years generally or longer and are usually renewable by mutual consent on mutually agreeable terms.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustments to retained earnings, on the date of initial application. Consequently, the Company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under accounting policies included as part of our Annual Report for the year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of use' asset of ₹ 27,801.99 Lakh and a lease liability of ₹ 31,721.55 Lakh. The cumulative effect of applying the standard, amounting to ₹ 3,919.54 Lakh was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on profit before tax, profit for the period and earnings per share. Ind AS 116 will result in increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under note no 35 of annual standalone financial statements forming part of 2019 Annual report and value of lease liability as of April 1, 2019 is primarily on account of inclusion of extention and termination options resonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10.15%

The following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	(₹ in Lakh)
	Year ended March 31, 2020
Balance as on April 1, 2019	27,801.99
Addition	17,687.63
Deletion	(3,102.51)
Depreciation	(10,164.34)
Balance as on March 31, 2020	32,222.77

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation in Statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

Particulars	(₹ in Lakh)
	Year ended March 31, 2020
Non-current lease liabilities	25,979.59
Current lease liabilities	10,472.98
Total	36,452.57

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	(₹ in Lakh)
	Year ended March 31, 2020
Balance at the beginning	31,721.54
Addition	17,412.03
Deletion	(3,102.51)
Finance cost accrued during the period	3,178.25
Gain on termination of lease asset	(10.04)
Payment of lease liabilities	(12,746.70)
Total	36,452.57

The Company does not face a significant liquidity risk with regards to its lease Liabilities as the current assets are sufficient to meet obligations to lease liabilites as and when they fall due.

Rental expense recorded for short-term leases was ₹ 1,687.10 Lakh for the year ended March 31, 2020.

NOTES
TO THE FINANCIAL STATEMENTS (Contd.)

Reconciliation for the effects of the transition on Statement of Profit and loss for year ended March 31, 2020 as follows:

Particulars	Year ended March 31, 2020 Comparable basis	Changes due to Ind-AS 116 Increase / (decrease)	Year ended March 31, 2020 as reported
Cost of logistics services	82,767.16	(12,803.69)	69,963.47
Other expenses	10,178.70	(237.81)	9,940.89
Depreciation and amortisation expense	6,429.25	10,164.34	16,593.59
Finance costs	4,902.79	3,178.25	8,081.04
Gain on termination of lease asset	-	(10.04)	(10.04)
Profit before exceptional item and tax	2,983.24	(291.05)	2,692.19

36. SECURITY CLAUSE IN RESPECT TO SECURED BORROWINGS
A. Short Term Borrowing

Short term borrowings of ₹ 8,511.06 Lakh (2018-19: ₹ Nil) is secured by (a) first pari-passu charge on current assets of the Company (b) second pari-passu charge on fixed assets (c) secured by personal guarantee of a director.

B. Long Term Borrowing

During the previous year ended March 31, 2019, the Company has issued and allotted 19,900 Secured, Rated, Redeemable and Non Convertible Debentures (NCDs) of ₹ 1 Lakh each aggregating to ₹ 19,900 Lakh on private placement basis. The NCDs have been listed on Wholesale Debt Market segment of BSE Limited. The NCDs are secured by maintaining an overall minimum asset cover / security cover of 1.25 times on net block of fixed assets on first pari passu basis on the outstanding amount. The NCDs were issued in Series I and Series II of ₹ 9,900 Lakh and ₹ 10,000 Lakh respectively with tenure of 3 and 4 years from date of allotment respectively. The NCDs carry interest @10.15% payable annually and on redemption. The redemption date for Series 1 & Series 2 is September 26, 2021 and September 26, 2022 respectively. Amount repayable includes principal sum of ₹ 9,900 Lakh in 2021-22 and ₹ 10,000 Lakh in 2022-23 along with interest payment ₹ 2,020 Lakh in 2019-20, ₹ 2,020 Lakh in 2020-21, ₹ 2,020 Lakh in 2021-22 and ₹ 1,015 Lakh in 2022-23.

During the year ended March 31, 2020, the Company has taken a term loan of ₹ 3,784 lakh from Yes Bank Limited (2018-19: ₹ 1,216 lakh). The same is secured by way of first pari-passu charge on entire fixed assets (excluding land) and second pari-passu charge on current assets and personal undertaking of Kishore Biyani. Amount repayable is ₹ 1,250 Lakh each in 2020-21, 2021-22, 2022-23 and 2023-24. Rate of interest is 0.55% over and above 6 month MCLR and will be reset semi-annually and every half year thereafter. Interest shall be paid monthly.

During the year ended March 31, 2020, the Company has taken a term loan of ₹ 22,500 lakh from IDFC First Bank Limited. The same is secured by way of First pari-passu charge over fixed assets, second pari-passu charge over current assets and personal undertaking of Kishore Biyani. Amount repayable is ₹ 11,199.64 Lakh in 2020-21, ₹ 7,500 Lakh in 2021-22 and ₹ 3,750 Lakh in 2022-23 (Amount repaid is ₹ 50.36 Lakh in FY 19-20). Rate of interest is 12% pa. Interest shall be paid monthly.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

37. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

Amount recognised as an expenses and included in Schedule 25 under the “Contribution to Provident and Other Funds” of Statement of Profit and Loss ₹ 441.59 Lakh (2018-19: ₹ 282.02 Lakh).

Defined Benefit Plan – Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employee on retirement or on termination of employment. The gratuity benefit payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefit are met by the Company. In case of death while in service, the gratuity is payable irrespective of vesting. The Company's obligation towards Gratuity is a Defined Benefit plan and is not funded.

The plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk

A decrease in the Government bond interest rate will increase the plan liability.

Longevity Risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2020 by M/s. KP Actuaries and Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

As per Ind AS 19, the disclosures as defined in the Accounting Standard are given below:

Particulars	(₹ in Lakh)			
	Gratuity (Unfunded)	Leave Encashment		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Present value of obligation at the beginning of the year	268.26	238.69	156.14	126.77
Current service cost	82.99	58.39	57.79	51.90
Interest cost	20.70	18.60	12.05	9.88
Remeasurement-Actuarial (gain) / loss	127.13	(7.86)	70.53	6.80
Benefits paid by Company	(67.82)	(39.56)	(61.00)	(39.21)
Present value of obligation at the end of the year	431.26	268.26	235.51	156.14

NOTES
TO THE FINANCIAL STATEMENTS (Contd.)
Change in Fair Value of Plan Assets

Particulars	(₹ in Lakh)		
	Gratuity (Funded)	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets at the beginning of the year		3.45	3.20
Investment Income		0.27	0.25
Fair value of plan assets at the end of the year		3.72	3.45

Net Defined Benefit Liability / (Assets)

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Defined Benefit Obligation	431.26	268.26
Fair value of plan assets	(3.72)	(3.45)
Surplus / (Deficit)	427.54	264.81
Net defined benefit liability / (assets)	427.54	264.81

Expenses recognised in Statement of Profit and Loss

Particulars	(₹ in Lakh)			
	Gratuity (Unfunded)	Leave Encashment		
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	82.99	58.39	57.79	51.90
Net interest on the net defined benefit liability / asset	20.44	18.36	12.05	9.88
Remeasurement on (gain) / loss	-	-	70.53	6.80
Total expenses recognised in Statement of Profit and Loss	103.43	76.75	140.37	68.58

Re-measurement Effects recognised in Other Comprehensive Income (OCI)

Particulars	(₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial (gains) / loss	127.13	(7.86)
Total (gain) / loss included in OCI	127.13	(7.86)

Financial Assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	Gratuity		Leave Encashment	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Discounted rate (per annum)	6.8%	7.70%	6.8%	7.70%
Expected rate of future salary increase	5%	5%	5%	5%
Mortality rate (% of IALM 06-08)	100%	100%	100%	100%
Withdrawal rate (per annum)	1%	1%	1%	1%
Normal retirement age	58 Years	58 Years	58 Years	58 Years

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Sensitivity analysis : Gratuity

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible change of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity is given below : (₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	499.86	374.59	306.61	236.11
Salary Growth rate (- / + 1%)	373.20	500.43	235.79	306.52
Attrition rate (- / + 50% of attrition rates)	426.94	435.20	264.30	271.92
Mortality rate (- / + 10% of mortality rates)	430.94	431.58	267.94	268.57

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

38. FINANCIAL INSTRUMENTS

All categories of financial assets and financial liabilities are measured at amortised cost.

39. BUSINESS COMBINATION

During the previous year ended March 31, 2019, the Board of Directors of the Company had approved a Scheme of Arrangement under section 230-232 read with Section 66 of the Companies Act, 2013 ("Scheme") between the Company and its wholly owned subsidiary Vulcan Express Private Limited ("Vulcan") and their respective Shareholders and Creditors. The Scheme received all the requisite approvals and has been given effect to in the books with effect from the appointed date mentioned in the Scheme. The Scheme became effective on December 14, 2018.

The Scheme envisages demerger of "Fulfilment Business Undertaking" and "Last Mile Delivery Business Undertaking" of Vulcan and vest into the Company on October 1, 2016 on a going concern basis. In view of Vulcan being the wholly owned subsidiary of the Company, no consideration was proposed to be paid for the arrangements embodied in the Scheme.

Assets acquired and liabilities recognised on the appointed date under pooling of interest method:

Particulars	₹ in Lakh
Current assets	
Cash and cash equivalents	523.82
Trade and other receivables	2,914.24
Other current assets	1,410.45
Non-current assets	
Property, plant and equipment	5,565.03
Capital work in progress	1,221.12
Intangible assets	132.61
Other non-current assets	809.64
Current liabilities	
Borrowings	9,140.00
Trade and other payables	5,247.96
Other current liabilities and provisions	713.15
Non-current liabilities	
Other non current liabilities	64.98
Other equity	(2,589.18)

NOTES

TO THE FINANCIAL STATEMENTS (Contd.)

40. SALE OF LAST MILE DELIVERY BUSINESS ON SLUMP SALE BASIS

The Board of Directors of the Company at its meeting held on February 7, 2019, approved the sale of Last Mile Delivery Business ("Division") of the Company on a Slump Sale basis to Leanbox Logistics Solutions Private Limited ("Leanbox"), an Associate company. The Company has executed requisite agreement on May 20, 2019 with respect to transfer of business undertaking ("Delivery Business") to Leanbox Logistics Solutions Private Limited ("Leanbox"). The Company has been issued 4,71,235 equity shares @ ₹ 200 per equity share in Leanbox on May 20, 2019. After such allotment to the Company, the shareholding of the Company increased to 77.15% of total paid share capital of the Company on fully diluted basis and hence Leanbox became subsidiary of the Company. However consequent to issue and allotment of new equity share by Leanbox to Future Enterprises Limited (ultimate holding company) on June 28, 2019, shareholding of the Company in leanbox has reduced and accordingly, Leanbox has ceased to be subsidiary of the Company w.e.f June 28, 2019.

41. EXCEPTIONAL ITEMS

During the year ended, the Company divested its entire stake in Vulcan Express Private Limited. The resultant loss of ₹ 5,311.26 Lakh has been shown as an exceptional item in the financial results. Exceptional item for the quarter and year ended March 31, 2020 includes impairment loss of ₹ 1,942.44 Lakh on investment in associate, write off of Loan & advances of ₹ 572.90 Lakh and Expected Credit Loss on trade and other receivables amounting to ₹ 1,253.83 Lakh.

42. The current tax expenses for the year can be reconciled to the accounting profit as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit / (Loss) before tax from continuing operations	(6,388.24)	9,638.08
(Loss) before tax from discontinued operations	-	(3,122.36)
Profit / (Loss) for the year	(6,388.24)	6,515.72
Income tax expenses	-	2,276.85
Effect of allowance to the extent of income tax expenses	-	(2,276.85)
Current tax expenses recognised in Statement of Profit and Loss	-	-

43. The Board of Directors of the Company at its meeting held on September 17, 2019 had approved issue of 37,89,350 equity share @ ₹ 664/- per equity share (including premium of ₹ 654/- per equity share) aggregating to ₹ 251,61,28,400/- on preferential basis to Nippon Express (South Asia & Oceania) Pte. Ltd., a foreign company incorporated under the laws of Singapore, in accordance with the provisions of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "ICDR Regulations"), the Companies act, 2013 including applicable rules made thereunder (the "Act"). There was execution of share subscription agreement and shareholder's agreement and article of association was altered to reflect relative terms and condition of the shareholder's agreement subject to requisite approvals including shareholders of the Company. Subsequently Board of Directors of the Company at its meeting held on December 17, 2019 approved an allotment of 37,89,350 equity share of ₹10 each as full paid on preferential basis at a price of ₹ 664 per equity shares (including premium of ₹ 654 per equity share).

44. During the year, the Company has filed application under SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019 (SVLDRS) under Amnesty scheme for resolution of its disputed service tax liability of ₹391.80 Lakh. The Company has made payment of ₹195.90 Lakh and got discharge certificate under said scheme

45. The Company is engaged only in Logistics services in India and there are no separate reportable business and geographical segments under Ind AS 108 relating to operating segments.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

46. As required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 the Company has an outstanding loan amount of ₹ Nil (2018-19: ₹ 50.00 Lakh). Maximum Loan amount outstanding is ₹ 572.90 Lakh (2018-19: ₹ 50.00 Lakh).

47. The Outbreak of Coronavirus (COVID-19) pandemic in India and globally followed by a nationwide lockdown announced on March 24, 2020 impacted business. This caused significant disruption and slowdown of economic activities throughout the country, including that of FSC. Although specific relaxations in lockdown was granted by the Government, the level of economic activity in the country continues to remain curtailed.

Since the lockdown has started from last week of March 2020, it had a limited impact on operations of the Company for 2019-20. However, due to repeated extensions of the lockdown and in view of restrictions imposed thereunder, the sales performance of the Company subsequent to March 2020 has been adversely impacted. The Company is also engaged in the supply chain of essential commodities and hence, was permitted to carry on logistics and supply chain activities of essential commodities during the lockdown period with a view to support the availability of the essential commodities to the general public. However, it faced several issues due to severe transport restrictions, unavailability of labour etc., which adversely impacted operations across warehouses, branches and administrative offices.

Further, during the lockdown period, most of the warehouses and branches remained closed for operations, thereby impacting the sales performance post March 2020.

In finalising these financial statements, the Company has considered various internal and external sources of information and indicators of economic forecasts, including the impact of COVID-19 while assessing the carrying amounts of current and non-current assets and its repayment obligations on a timely basis up to the date of approval of these financial statements. However, the impact of the pandemic and other events may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes, due to future economic conditions.

48. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per section 135 of the Companies Act, 2013, a CSR committee has been formed by Company. The proposed area of CSR activities are taking measures for reducing inequality faced by socially and economically backward groups. The expenditure incurred during the year on this activities are specified in Schedule VII on the Companies Act, 2013

- (a) Gross amount required to be spent by the Company during the year: ₹ 52.84 Lakh
- (b) Amount spent during the year : Nil

49. APPROVAL OF FINANCIAL STATEMENT

The Financial Statements were approved by the Audit Committee and the Board of Directors at their respective meetings held on July 31, 2020.

As per our report of even date attached

For GMJ & Co.

Chartered Accountants

Firm Registration No: 103429W

Atul Jain

Partner

Membership No.: 037097

Place: Mumbai

Date : July 31, 2020

For and on behalf of the Board of Directors
Future Supply Chain Solutions Limited

Mayur Toshniwal

(Managing Director)

DIN : 01655776

C P Toshniwal

(Director)

DIN : 00036303

Samir Kedia

(Chief Financial Officer)

Vimal Dhruve

(Company Secretary)

Statement on Impact of Audit Qualifications (for audit report with modified opinion) on Standalone Audited Financial Results for the year ended March 31, 2020

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(₹ in Lakh)

Exhibit A to the Statement on Impact of Audit Qualifications (for audit report with modified opinion) on Standalone Audited Financial Results for the year ended March 31, 2020

Sr No.	Audit Qualification	Management response	Auditors remarks/comment
1	Total trade receivables amounting to ₹ 83,260.29 lakh includes related party receivables amounting to ₹ 72,547.19 lakh as at March 31, 2020. During the year based on internal evaluation, the management has provided for additional loss allowance amounting to ₹ 1,576.24 lakh. There have been substantial delays in receipt from customers and subsequent receipts have not been significant. In view of the above, we are unable to obtain sufficient and appropriate audit evidence and are unable to comment on the adequacy of loss provision, valuation and recoverability of balance outstanding amounting to ₹ 81,527.38 lakh (net of provision).	<p>The spread of COVID-19 disease has severely impacted economies and businesses in India. The spread of COVID-19 and the consequent lock-downs, disruptions in transportation and supply chains, travel bans, quarantines, social distancing and other such emergency measures have caused widespread disruptions in the economy and businesses. Business volumes started to decline since the beginning of the last quarter of the financial year under report. Many of our customers took precautionary measures in terms of payments, which has led to a sharper increase in our trade receivable days.</p> <p>The Company expects the receivables to be realised in full as normal business operations starts post the pandemic. The Company has also additional security of inventories of debtors lying in its warehouse to recover the outstanding.</p>	Impact cannot be ascertained for non-recoverable balances as on the date of signing of this report.
2	During the year, the Company has raised term loan from a bank amounting to ₹ 22,500 lakh which has not been utilised for the purpose for which it was sanctioned and consequently used in the normal course of business. In the absence of any clarity on non-compliance with the terms and conditions of sanction as well as breach of covenants, we are unable to comment on the impact of aforesaid utilisation and non-compliances on the financial statements.	The term loan raised has been initially utilized as per the terms of the arrangement. Subsequently, expansion plans of the Company have been temporarily kept on hold on account of slow-down of economy and outbreak of Coronavirus (COVID-19) pandemic. The orders raised were cancelled and advance refunded were subsequently utilized in the normal course of business because of constraints. The Company plans to repay this loan within this financial year.	Impact cannot be ascertained for non-compliances with terms and conditions of the loan sanctioned by the bank.

INDEPENDENT AUDITORS' REPORT

To
The Members
Future Supply Chain Solutions Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

QUALIFIED OPINION

We have audited the accompanying Consolidated Ind AS Financial Statements of **Future Supply Chain Solutions Limited**, ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), its associate which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor and financial information approved and furnished to us by the management on separate financial statements/ financial information, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group and its associate as at March 31, 2020, the Consolidated loss and total comprehensive loss, Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

BASIS FOR QUALIFIED OPINION

- i. As depicted in Note 9 of the Consolidated Ind AS Financial Statements, total trade receivables amounting to ₹ 83,260.29 lakhs includes related party receivables amounting to ₹ 72,547.19 lakhs as at March 31, 2020. During the year, based on internal evaluation, the management has provided for additional loss allowance amounting to ₹ 1,576.24 lakhs. There have been substantial delays in receipt from customers and subsequent receipts have not been significant. In view of the above, we are unable to obtain sufficient and appropriate audit evidence and are unable to comment on the adequacy of loss provision, valuation and recoverability of balance outstanding amounting to ₹ 81,527.38 lakhs (net of provision).
- ii. As depicted in Note 16 of the Consolidated Ind AS Financial Statements, during the year, the Holding Company has raised term loan from a bank amounting to ₹ 22,500 lakhs which has not been utilized for the purpose for which it was sanctioned and consequently used in the normal course of business. In the absence of any clarity on non-compliance with the terms and conditions of sanction as well as breach of covenants, we are unable to comment on the impact of aforesaid utilization and non-compliances on the financial statements.

We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

INDEPENDENT AUDITORS' REPORT (Contd.)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Consolidated Ind AS Financial Statements.

Emphasis of Matter

We draw attention to Note no 45 of the Consolidated Ind AS Financial Statements which describes management's assessment of the impact of the COVID 19 pandemic on the operations and Consolidated Ind AS Financial Statements of the Company.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report

Key audit matter	Auditor's Response
1. Revenue Recognition: Accuracy of recognition, measurement, presentation and disclosures of revenue and other related balances in view of adoption of IND AS 115 " Revenue from Contracts with Customers" (new revenue accounting standard)	Principal Audit Procedures We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: <ul style="list-style-type: none"> ➡️ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. ➡️ Selected a sample of continuing and new contracts and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. ➡️ We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. ➡️ Tested the relevant information technology systems's access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard. ➡️ Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> ➡️ Read, analysed and identified the distinct performance obligations in these contracts. ➡️ Compared these performance obligations with that identified and recorded by the Company. ➡️ Performed analytical procedures for reasonableness of revenues.

INDEPENDENT AUDITORS' REPORT (Contd.)

Key audit matter	Auditor's Response
2. Disclosure of related party transactions: <p>Due to high volume of business transactions with related parties during the year ended March 31, 2020, the matter pertaining to completeness of disclosures of related party transactions at arm's length price is considered as key audit matter.</p>	Principal Audit Procedures <ul style="list-style-type: none"> ➡ Assessed the procedures adopted by the management in order to establish arm's length price. ➡ Obtaining an understanding of the Company's procedures in identification of related parties and process followed for ensuring completeness of accounting and disclosures of related party transactions and balances. ➡ Reading the statutory records and books of records to identify related party transactions and audit committee approvals for related party transactions. ➡ Verification of balance confirmations received from related parties and testing the transaction amounts and closing balances.
3. Accounting for Leases under Ind AS 116: <p>As described in Note 1 (Accounting policies, judgements and estimates), Ind AS 116 'Leases' is effective for the accounting period commencing 1 April 2019.</p> <p>Ind AS 116 had a significant impact on the reported assets, liabilities and the income statement of the Company.</p> <p>The impact of the Ind AS 116 transition is reliant upon a number of key estimates, primarily determining the appropriate discount rates.</p> <p>Additionally, there is a risk that the lease data which is used in the calculation of Ind AS 116 transition calculation is incomplete or inaccurate.</p>	Principal Audit Procedures <ol style="list-style-type: none"> 1) Assessing the design and implementation of the key controls relating to the determination of the Ind AS 116 transition impact disclosure. 2) Our procedures to assess management's key modelling estimates and the completeness/ accuracy of the underlying lease data included: <ul style="list-style-type: none"> – assessing the discount rates used to calculate the lease obligation, – assessing the accuracy of the lease data by testing the lease data captured by management for a sample of leases through the inspection of lease documentation; and – testing the completeness of the lease data by reconciling the Company's existing lease commitments to the lease data used in the Ind AS 116 model. 3) Evaluating whether the disclosures included in the notes to the financial statements are in conformity with the applicable standard.

OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (Contd.)

MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Ind AS Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income/(loss), consolidated changes in equity and consolidated cash flows of the group including its associate in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the group and of its associate are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the holding company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Director of the company included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless management either intends to liquidate the Group or to cease the operations, or has no realistic alternative but to do so.

The respective Board of Director of the company in the Group and its associate are responsible for overseeing the financial reporting process of the Group and its associates.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and its associate's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in

INDEPENDENT AUDITORS' REPORT (Contd.)

the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

 Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

 Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associate to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are Independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Ind AS Financial Statements.

We communicate with those charged with governance of the holding company, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

We did not audit the financial statements and other financial information, in respect of 1 subsidiary which ceased to be subsidiary with effect from December 12, 2019, whose financial statement include total assets of ₹ Nil as at December 12, 2019, total revenues of ₹ 44.50 lakhs, total net loss after tax of ₹ 104.12 lakhs and total comprehensive loss of ₹ 104.12 lakhs for the period ended December 12, 2019. The Consolidated Ind AS financial statements also includes 1 associate which reflects Group's share of net loss of ₹ 1,675.48 lakhs and total comprehensive loss of ₹ 1,675.48 lakhs for the year ended March 31, 2020 whose financial information have not been audited by us.

In our opinion on the Consolidated Ind AS financial statements in so far as it relates to the amounts and disclosures included herein is based solely on the financial information approved and furnished to us by the management and consideration of the report of the other auditor.

Our opinion on the Consolidated Ind AS financial statements is not modified in respect of the above matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS.

1. As required by section 143(3) of the Act, we report that:
 - a. We have sought and except for the matters described in basis of qualified opinion paragraph above, obtained

INDEPENDENT AUDITORS' REPORT (Contd.)

all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

- b. Except for the matters described in basis of qualified opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the report of the other auditor.
- c. The company does not have any branches. Hence, the provisions of section 143(3)(c) is not applicable.
- d. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Consolidated Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
- e. Except for the matters described in basis of qualified opinion paragraph above, in our opinion, the aforesaid Consolidated Ind AS financial statements comply with Indian Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under to the extent applicable to the company.
- f. The matters described in basis of qualified opinion paragraph above, in our opinion may have adverse effects on the functioning of the company.
- g. On the basis of written representations received from the Directors of the holding company as on March 31, 2020, none of the directors of the Group and its associate is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act.
- h. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the basis for qualified opinion paragraph above.
- i. With respect to the adequacy of Internal financial controls over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in "**Annexure A**" which is based on the auditor's report of the Company and its Subsidiary Companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.
- j. With respect to the other matters to be included in the Auditor's Report in accordance with requirement of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- k. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Group.

For **GMJ & Co.**
Chartered Accountants
Firm Registration No: 103429W

CA Atul Jain
Partner
Membership No. 037097
UDIN: 20037097AAAABC3680

Mumbai
Date: July 31, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **Future Supply Chain Solutions Limited** ("the Company") and its Subsidiary company (ceased to be a subsidiary with effect from December 12, 2019), its associate company, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiary company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor and the information furnished to us by the management referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Ind AS Financial Statements.

LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTER

Our aforesaid reports under section 143(3)(i) of the act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to a subsidiary company and an associate company, which are companies incorporated in India are based on the corresponding information furnished to us by the management and report of the other auditor.

For **GMJ & Co.**
Chartered Accountants
Firm Registration No: 103429W

CA Atul Jain
Partner
Membership No. 037097
UDIN: 20037097AAAABC3680

Mumbai
Date: July 31, 2020

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2020

Particulars	Note	(₹ in Lakh)	
		As at March 31, 2020	As at March 31, 2019
ASSETS			
Non- current assets			
Property, plant and equipment	3	50,965.49	41,778.23
Right of use assets	35	32,222.77	-
Capital work in progress		573.55	5,517.28
Intangible assets	3	216.42	183.81
Financial assets			
Investment in Associate	4	-	733.03
Other financial assets	5	5,535.39	5,427.22
Other non current assets	6	9,719.27	7,483.68
Total non-current assets		99,232.89	61,123.25
Current assets			
Inventories	7	352.08	552.95
Financial assets			
Investments	8	-	0.70
Trade receivables	9	81,527.38	37,064.90
Cash and cash equivalents	10	31.10	12,366.75
Bank Balances other than cash and cash equivalents	11	270.90	164.15
Other financial assets	12	22,931.48	388.11
Other current assets	13	593.43	973.02
Total current assets		1,05,706.37	51,510.58
Total assets		2,04,939.26	1,12,633.83
EQUITY & LIABILITIES			
Equity			
Equity Share Capital	14	4,388.36	4,008.11
Other Equity	15	69,928.09	50,211.53
Total Equity		74,316.45	54,219.64
Liabilities			
Non-current liabilities			
Financial liabilities			
Non current borrowings	16	34,210.73	20,752.19
Lease Liability	17	25,979.59	-
Other non current financial liabilities	18	55.63	90.05
Provisions	19	650.31	489.18
Total non-current liabilities		60,896.26	21,331.42
Current liabilities			
Financial liabilities			
Lease Liability		10,472.98	-
Borrowings		8,511.06	-
Trade payables			
- Micro and small enterprises	31	315.78	166.83
- Others		29,731.79	26,015.33
Other current financial liabilities	20	19,301.25	8,079.43
Other current liabilities	21	1,380.95	2,061.18
Provisions	22	12.74	760.00
Total current liabilities		69,726.55	37,082.77
Total equity and liabilities		2,04,939.26	1,12,633.83
Notes to the Financial Statements	1-47		

As per our report of even date attached

For GMJ & Co.

Chartered Accountants

Firm Registration No: 103429W

Atul Jain

Partner

Membership No.: 037097

Place: Mumbai

Date : July 31, 2020

For and on behalf of the Board of Directors

Future Supply Chain Solutions Limited

Mayur Toshniwal

(Managing Director)

DIN : 01655776

C P Toshniwal

(Director)

DIN : 00036303

Samir Kedia

(Chief Financial Officer)

Vimal Dhruve

(Company Secretary)



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Lakh)

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	23	1,14,097.71	1,22,841.85
Other income	24	2,004.96	581.76
Total income		1,16,102.67	1,23,423.61
Expenses			
Cost of logistics services		70,012.30	88,604.18
Employee benefits expense	25	8,810.01	11,725.30
Depreciation and amortisation expense	3 & 35	16,608.52	4,542.21
Finance costs	26	8,081.04	1,784.83
Other expenses	27	10,014.25	10,404.23
Total expenses		1,13,526.12	1,17,060.75
Profit before tax		2,576.55	6,362.86
Exceptional items (Refer note no. 41)		1,474.19	-
Profit before tax		1,102.36	6,362.86
Share of loss in Associate company		(1,675.48)	(209.86)
Profit / (Loss) after share of Associate		(573.12)	6,153.00
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurement of the defined benefit plan		(127.13)	62.05
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income, net of tax		(127.13)	62.05
Total comprehensive income for the year		(700.25)	6,215.05
Earnings per equity share (face value ₹ 10/- each):	34		
Basic (in ₹)		(1.39)	15.36
Diluted (in ₹)		(1.39)	15.34
Notes to the Financial Statements	1-47		

As per our report of even date attached

For GMJ & Co.

Chartered Accountants

Firm Registration No: 103429W

For and on behalf of the Board of Directors

Future Supply Chain Solutions Limited

Atul Jain

Partner

Membership No.: 037097

Mayur Toshniwal

(Managing Director)

DIN : 01655776

C P Toshniwal

(Director)

DIN : 00036303

Place: Mumbai

Date : July 31, 2020

Samir Kedia

(Chief Financial Officer)

Vimal Dhruve

(Company Secretary)



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

Particulars	As at March 31, 2020	As at March 31, 2019
(A) EQUITY SHARE CAPITAL		
Opening balance	4,008.11	4,005.62
Add : Equity shares issued and allotted during the year	378.94	-
Add : Equity shares issued under Employee Stock Option Plan (ESOP)	1.31	2.49
Closing balance	4,388.36	4,008.11
(B) OTHER EQUITY		
Retained Earnings		
Opening balance	23,958.91	20,726.76
Profit / (Loss) for the year	(573.12)	6,153.00
Other comprehensive income for the year (net of tax)	(127.13)	62.05
Dividend paid (including Dividend Distribution Tax)	(604.11)	(482.90)
Transferred to Debenture Redemption Reserve	-	(2,500.00)
Adjustment on transition to Ind AS 116- 'Leases'	(3,919.53)	-
Closing balance	18,735.02	23,958.91
Capital reserve		
Opening balance	1,713.51	1,713.51
Closing balance	1,713.51	1,713.51
Securities premium		
Opening balance	21,563.97	21,403.32
Add : Equity Shares issued under ESOP	44.66	84.55
Add : Equity Shares issued on Preferential basis (Nippon)	24,782.35	-
Add : Transfer from share options outstanding account on exercise of ESOP	40.18	76.10
Closing balance	46,431.16	21,563.97
Debenture Redemption Reserve		
Opening balance	2,500.00	-
Add: Transfer from surplus in Statement of Profit and Loss	-	2,500.00
Closing balance	2,500.00	2,500.00
Share options outstanding		
Opening balance	475.14	179.44
Add: Recognition of share based payments	113.44	371.80
Less: Transfer to securities premium on exercise of ESOP	(40.18)	(76.10)
Closing balance	548.40	475.14
Total other equity	69,928.09	50,211.53

As per our report of even date attached

For GMJ & Co.
 Chartered Accountants
 Firm Registration No: 103429W

Atul Jain
 Partner
 Membership No.: 037097

Place: Mumbai
 Date : July 31, 2020

For and on behalf of the Board of Directors
Future Supply Chain Solutions Limited

Mayur Toshniwal
 (Managing Director)
 DIN : 01655776

Samir Kedia
 (Chief Financial Officer)

C P Toshniwal
 (Director)
 DIN : 00036303

Vimal Dhruve
 (Company Secretary)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before tax	(573.12)	6,153.00
Adjusted for:		
Depreciation and amortisation expenses	16,608.52	4,542.21
Share of loss in Associate	1,675.48	209.86
Finance costs	8,081.04	1,784.83
Provision for doubtful debts	322.42	371.09
Provision for doubtful advances	45.68	95.11
Gain on termination of lease asset	(10.04)	-
Loss on sale / Scrap of fixed assets	295.31	(10.05)
Investment written off	0.70	-
Exceptional items	1,826.72	-
Expenses on employee stock option (ESOP)	113.44	371.80
Interest income	(1,685.66)	(248.60)
Cash generated from operations before working capital changes	26,700.49	13,269.25
Adjusted for:		
(Increase) / decrease in trade receivables	(48,131.95)	(11,474.89)
(Increase) / decrease in inventories	200.87	(552.95)
(Increase) / decrease in other financial and other assets	(840.62)	(2,327.00)
Increase / (decrease) in trade payables, other liabilities and provisions	5,829.68	8,274.76
Cash flow from operations	(16,241.53)	7,189.17
Taxes paid	(3,104.05)	(755.01)
Net cash from operating activities	(19,345.58)	6,434.16
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment and intangible assets	(13,806.16)	(17,709.72)
Capital Advance	868.46	(872.54)
Sale of property, plant & equipment and intangible assets	525.15	128.92
Loans and advances given	(21,571.72)	-
Interest received	987.40	248.60
Net cash used in investing activities	(32,996.87)	(18,204.74)
C CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability	(13,022.30)	-
Proceeds from issue of Equity Shares under ESOP	45.97	87.04
Proceeds from issue of Equity Shares on Preferential basis	25,161.28	-
Dividend paid (including Dividend Distribution Tax)	(604.11)	(482.90)
Proceeds from current borrowings (net)	8,511.06	-
Proceeds from non current borrowings	26,007.48	20,641.57

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

Particulars	(₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Repayment of non current borrowings	(50.36)	(3,180.80)
Interest paid	(5,277.27)	(731.61)
Net cash from financing activities	40,771.75	16,333.30
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(11,570.70)	4,562.72
Cash and cash equivalents at the beginning of the year	12,530.90	7,968.18
Cash and cash equivalents at the end of the year	960.20	12,530.90
less: Cash and cash equivalents at the end of the year from discontinued operations	658.20	-
Cash and cash equivalents as per Balance Sheet	302.00	12,530.90

As per our report of even date attached

For GMJ & Co.

Chartered Accountants

Firm Registration No: 103429W

Atul Jain

Partner

Membership No.: 037097

Place: Mumbai

Date : July 31, 2020

For and on behalf of the Board of Directors

Future Supply Chain Solutions Limited

Mayur Toshniwal

(Managing Director)

DIN : 01655776

C P Toshniwal

(Director)

DIN : 00036303

Samir Kedia

(Chief Financial Officer)

Vimal Dhruve

(Company Secretary)

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY OVERVIEW

Future Supply Chain Solutions Limited (the "Company") is a public company domiciled in India and incorporated on March 8, 2006. The Equity Shares of the Company were listed on the BSE Limited and the National Stock Exchange of India Limited on December 18, 2017.

The Company is India's first fully integrated and IT enabled end-to-end Supply Chain and Logistics Company with capabilities in handling Modern Warehousing, Express Logistics, Cold Chain Logistics etc. The Company caters to corporates in Food & Beverages, Lifestyle, Consumer Durables & Electronics, Automotive & Engineering, Home & Furniture, Healthcare, General Merchandise and E-Commerce sectors etc. Each category has a distinct supply chain requirements that need customised solutions. The Company has been a pioneer and leader in modernising logistics and supply chain in India by having implemented cutting-edge technology and contemporary supply chain management practices through implementation of global best practices, indigenised and best adapted for Indian conditions. The Company has its registered office at Mumbai, Maharashtra, India.

2.A. REVISED INDIAN ACCOUNTING STANDARD ("IND AS") ISSUED BUT NOT EFFECTIVE

Standards issued but not effective (based on Exposure drafts available as on date) The amendments are proposed to be effective for reporting periods beginning on or after April 1, 2020.

- (A) Issue of Ind AS 117 – Insurance Contracts Ind AS 117 supersedes Ind AS 104 Insurance contracts. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. Under the Ind AS 117 model, insurance contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. Application of this standard is not expected to have any significant impact on the Group's financial statements.
- (B) Amendments to existing Standards Ministry of Corporate Affairs has carried out amendments of the following accounting standards:
 - 1. Ind AS 103 – Business Combination
 - 2. Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
 - 3. Ind AS 40 – Investment Property

The Group is in the process of evaluating the impact of the new amendments issued but not yet effective.

2.B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The Consolidated Financial Statements comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013, Companies (Indian Accounting Standards) Rules, 2015 and other applicable laws.

2.2. Basis of Preparation and Presentation

The Consolidated Financial Statements have been presented in Indian Rupees (₹), which is the Group's functional currency. All financial information presented in ₹ has been rounded off to the nearest two decimals of Lakhs, unless otherwise stated.

These Financial Statements are prepared in accordance with Ind AS under the historical cost convention on the accrual basis except for certain financial instruments, which are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 'Share-based payment', leasing transactions that are within the scope of Ind AS 116 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 'Inventories' or value in use in Ind AS 36 'Impairment of Assets'.

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

2.3. Basis of Consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company and its subsidiary (together referred to as the "Group"). Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit and Loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in Consolidated Statement of Profit and Loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these Consolidated Financial Statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the Consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's Consolidated Financial Statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Consolidated Financial Statements of the Group comprises Financial Statement of Future Supply Chain Solutions Limited and the following companies:

Name of the Company	Relationship	Country of Incorporation	Principle Activity	Proportion of ownership interest and voting power held by the Company	
				As at March 31, 2020	As at March 31, 2019
Vulcan Express Private Limited	Subsidiary	INDIA	Logistics Services	-	100%
Leanbox Logistics Solutions Private Limited	Associate	INDIA	Logistics Services	49.36%	50%

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.4. Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the assets carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably.

Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by the management.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Group depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Assets	Useful Life
Plant and Equipments	15 years
Office Equipments	5 years
Furniture and Fixtures	10 years
Electrical Installations	10 years
Vehicles	6 years
Computers	3 years
Leasehold Improvements	Lease term

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit and Loss.

The cost of assets not put to use before such date are disclosed under 'Capital Work-In-Progress'.

2.5. Intangible Assets

Intangible assets are stated at acquisition cost and other cost incurred, which is attributable to preparing the asset for its intended use, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on straight line basis over their estimated useful economic life. The estimated useful lives of intangible assets are as follows:

Assets	Useful Life
Softwares	6 years

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Consolidated Statement of Profit and Loss when the asset is derecognised.

The residual values, estimated useful lives and methods of amortisation of Intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6. Leasing

Group as lessee

The Group's lease asset primarily consist of leases for building. The Group assesses whether a contract contains a lease, at inception of a contract. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract

NOTES**TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

conveys the right to control use of an identified asset, the Group assesses whether i) the contract involves use of an identified asset ii) the Group has substantially all of the economic benefits from use of the asset through the period of lease and iii) the Group has right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right- of- use asset ('ROU") at cost and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expenses on a straight-line basis over the term of the lease.

Certain lease arrangements includes the option to extend or terminate the lease before the end of lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right- of- use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct cost less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right- of- use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever event or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease Liabilities are remeasured with a corresponding adjustment to the related right- of- use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU have been separately presented in the Balance sheet and lease payment have been classified as financing cash flows.

The Group as lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of these lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it account for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from head lease.

For operating lease, rental income is recognized on straight line basis over terms of the relevant lease.

2.7. Financial Instruments**2.7. (i) Initial recognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Consolidated Statement of Profit and Loss.

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.7. (ii) Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

c. Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

NOTES**TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in Consolidated Statement of Profit and Loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible instrument using the effective interest method.

2.7. (iii) Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset.

A financial liability (or a part of a financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.8. Foreign Currency

Functional currency

The functional currency of the Group is the Indian rupee ("₹").

i. Initial recognition

In preparing the Financial Statement of the Group, transactions in currencies other than the Companies functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

ii. Conversion

- Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Consolidated Statement of Profit and Loss.
- Non-monetary items, if any are measured in terms of historical cost denominated in a foreign currency, are reported in Indian Rupee using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Group accounts for exchange differences arising on translation / settlement of foreign currency monetary items as below:

- Realised gains and losses on settlement of foreign currency transactions are recognised in the Consolidated Statement of Profit and Loss.
- Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Consolidated Statement of Profit and Loss.

NOTES**TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)****2.9. Borrowing Costs**

Borrowing costs, directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged in the period they occur in the Consolidated Statement of Profit and Loss.

2.10. Revenue Recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue recognition prescribed in five-step model:

Step 1 : Identify the contract(s) with a customer – Contracts may be written, oral or implied by customary business practices, but revenue can be recognised only on those contracts that are enforceable and have commercial substance.

Step 2 : Identify the separate performance obligations in the contract – Performance obligations are explicitly or implicitly promised goods or services in a contract as well those arising from customary business practices. An entity needs to identify performance obligations which are distinct.

Step 3 : Determine the transaction price – The transaction price is the amount of consideration to which an entity expects to be entitled. It includes variable consideration, impact of significant financing components, fair value of non-cash consideration and impact of consideration payable to the customer.

Step 4 : Allocate the transaction price to the separate performance obligations – The standard requires allocation of the total contract price to the various performance obligations based on their relative stand-alone selling prices, with limited exceptions.

Step 5 : Recognize revenue when (or as) the entity satisfies a performance obligation – Revenue recognition can occur either over time or at a point in time. Revenue recognition for a performance obligation occurs over time only if it meets one of the three prescribed criteria.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

2.11. Current versus Non-Current Classification

An asset is considered as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle, or
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is considered as current when it is:

- Expected to be settled in normal operating cycle, or
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.12. Employee Benefits

Retirement benefit costs and termination benefits

i. Defined Contribution Plan:

Group's contributions paid / payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Consolidated Statement of Profit and Loss.

ii. Defined Benefits Plan:

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Past service cost is recognised in Consolidated Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, performance incentives and similar benefits other than compensated absences in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of compensated absences are measured on the basis of actuarial valuation as on the balance sheet date.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.13. Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in Consolidated Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

2.14. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15. Provisions, Contingent liabilities & Contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES**TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.16. Impairment**a. Financial assets**

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through Consolidated Statement of Profit and Loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

b. Non-financial assets**Intangible assets and property, plant and equipment**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Consolidated Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Consolidated Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.17. Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Consolidated Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

2.18. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in Consolidated Statement of Profit or Loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 'Income Taxes' ("Ind AS 12") and Ind AS 19 'Employee Benefits' ("Ind AS 19") respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognizing a gain in respect thereof, the Group determines where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase.

If the gain remains after this reassessment and review, the Group recognizes it in other comprehensive income and accumulates the same in equity as capital reserve. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognizes the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the Consolidated Statement of Profit and Loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to Consolidated Statement of Profit and Loss where such treatment would be appropriate if that interest were disposed of.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' ("Ind AS 37") and the amount initially recognised less cumulative amortisation recognised in accordance with Ind AS 18 'Revenue' ("Ind AS 18").

2.19. Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.20. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

NOTES**TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in Balance sheet.

2.21. Key sources of estimation uncertainty and critical accounting judgments

In the course of applying the accounting policies, the Group is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the management.

b. Impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimate in the value in use of cash generating units. It requires to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. When the actual cash flows are less than expected, a material impairment loss may arise.

c. Provisions, liabilities and contingencies

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past events that can reasonably be estimated. The timing of recognition requires application of judgment to existing facts and circumstances which may be subject to change.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of an outflow of resources embodying economic benefits are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

2.22. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(₹ in Lakh)

Particulars	Leasehold Improvements	Plant and Equipments	Office Equipments	Computers	Furniture & Fittings	Electrical Installations	Vehicles	Total
Cost								
As at April 1, 2019	2,761.17	31,581.94	1,689.67	6,812.51	6,187.58	6,039.44	389.07	55,461.38
Additions	912.86	12,118.02	308.44	1,822.70	841.52	1,017.19	-	17,020.73
Deletions	757.63	1,059.65	303.27	842.10	1,035.54	612.33	10.10	4,620.62
As at March 31, 2020	2,916.40	42,640.31	1,694.84	7,793.11	5,993.56	6,444.30	378.97	67,861.49
Accumulated depreciation								
As at April 1, 2019	1,681.25	5,089.90	698.98	2,436.78	2,170.13	1,417.10	189.01	13,683.15
Depreciation for the year	197.33	2,614.49	342.14	1,894.35	613.29	697.85	61.04	6,420.49
Deletions	726.57	356.24	230.49	731.92	844.78	312.01	5.63	3,207.64
As at March 31, 2020	1,152.01	7,348.15	810.63	3,599.21	1,938.64	1,802.94	244.42	16,896.00
Net book value								
As at March 31, 2020	1,764.39	35,292.16	884.21	4,193.90	4,054.92	4,641.36	134.55	50,965.49
As at March 31, 2019	1,079.92	26,492.04	990.69	4,375.73	4,017.45	4,622.34	200.06	41,778.23

(₹ in Lakh)

Intangible assets	Computer Softwares	Total
Cost		
As at April 1, 2019	462.18	462.18
Additions	118.81	118.81
Deletions	153.10	153.10
As at March 31, 2020	427.89	427.89
Accumulated amortisation		
As at April 1, 2019	278.37	278.37
Amortisation for the year	23.69	23.69
Deletions	90.59	90.59
As at March 31, 2020	211.47	211.47
Net book value		
As at March 31, 2020	216.42	216.42
As at March 31, 2019	183.81	183.81

**NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (CONTD.)

(₹ in Lakh)

Particulars	Leasehold Improvements	Plant and Equipments	Office Equipments	Computers	Furniture & Fittings	Electrical Installations	Vehicles	Total
Cost								
As at April 1, 2018	2,789.73	24,663.60	1,103.75	3,099.97	5,077.42	3,681.65	520.35	40,936.47
Additions	-	6,936.52	585.92	3,736.38	1,116.29	2,388.82	-	14,763.93
Deletions	28.56	18.18	-	23.84	6.13	31.03	131.28	239.02
As at March 31, 2019	2,761.17	31,581.94	1,689.67	6,812.51	6,187.58	6,039.44	389.07	55,461.38
Accumulated depreciation								-
As at April 1, 2018	1,179.85	3,196.69	487.03	1,456.53	1,826.56	993.83	168.53	9,309.02
Depreciation for the year	515.98	1,901.99	211.95	1,002.85	347.53	435.43	78.56	4,494.29
Deletions	14.58	8.78	-	22.60	3.96	12.16	58.08	120.16
As at March 31, 2019	1,681.25	5,089.90	698.98	2,436.78	2,170.13	1,417.10	189.01	13,683.15
Net book value								
As at March 31, 2019	1,079.92	26,492.04	990.69	4,375.73	4,017.45	4,622.34	200.06	41,778.23
As at March 31, 2018	1,609.88	21,466.91	616.72	1,643.44	3,250.86	2,687.82	351.82	31,627.45

(₹ in Lakh)

Intangible assets	Computer Softwares	Exclusive Business Rights	Total
Cost			
As at April 1, 2018	450.21	29.47	479.68
Additions	11.97	-	11.97
Deletions	-	-	-
As at March 31, 2019	462.18	29.47	491.65
Accumulated amortisation			
As at April 1, 2018	235.45	24.47	259.92
Amortisation for the year	42.92	5.00	47.92
Deletions	-	-	-
As at March 31, 2019	278.37	29.47	307.84
Net book value			
As at March 31, 2019	183.81	-	183.81
As at March 31, 2018	214.76	5.00	219.76

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
4. INVESTMENT IN ASSOCIATE

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Non- trade investment (at cost)		
Unquoted		
Investments in Equity		
Associate		
6,69,568 (2019: 1,78,500) Equity shares of ₹10 each of Leanbox Logistics Solutions Private Limited	-	633.03
Investments in Debentures		
Others		
Nil (2019: 19,833) Compulsory Convertible Debentures of ₹ 10 each of Leanbox Logistics Solutions Private Limited	-	100.00
(a) Aggregate amount of quoted investments and market value thereof	-	-
(b) Aggregate amount of unquoted investments	-	733.03
(c) Aggregate amount of impairment in value of investments	-	-

5. OTHER FINANCIAL ASSETS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Non- current financial assets - others		
Unsecured considered good		
Security deposits	5,535.39	5,427.22
	5,535.39	5,427.22

6. OTHER NON CURRENT ASSETS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
MAT credit	2,155.87	2,155.87
Advance tax	7,559.33	4,455.28
Capital advances	4.07	872.53
	9,719.27	7,483.68

7. INVENTORIES

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Packing materials*	352.08	552.95
* Valued at Weighted average basis	352.08	552.95



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

8. INVESTMENTS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Current investments		
Unquoted		
National Saving Certificate* (under lien)	-	0.70
*Financial assets carried at amortised cost	-	0.70

9. TRADE RECEIVABLES

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	81,527.38	37,064.90
Trade receivables - credit impaired	1,732.91	881.72
Less: Allowances for expected credit loss	(1,732.91)	(881.72)
	81,527.38	37,064.90

- a) Trade or Other Receivable due from directors or other officers of the company either severally or jointly with any other person amounted to ₹ Nil (2018-19 ₹ Nil)
- b) Trade or Other Receivable due from firms or private companies respectively in which any director is a partner, a director or a member amounted to ₹ Nil (2018-19 ₹ Nil)

10. CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Balance with Bank	14.50	12,341.78
Cash on hand	16.60	24.97
	31.10	12,366.75

11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Bank deposits (under lien)	270.90	164.15
	270.90	164.15

12. OTHER FINANCIAL ASSETS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Other current financial assets		
Inter corporate deposits	21,747.08	50.00
Security deposits	1,184.40	338.11
Unsecured, considered good		
Security deposits- credit impaired	132.19	107.19
Less: Allowance for doubtful deposits	(132.19)	(107.19)
	22,931.48	388.11

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
13. OTHER CURRENT ASSETS

Particulars	₹ in Lakh	
	As at March 31, 2020	As at March 31, 2019
Insurance claim receivables- credit impaired	1.61	30.89
Balances with Government authorities	198.12	528.92
Others (includes prepaid expenses, advance to suppliers etc.)	393.70	413.21
	593.43	973.02

14. SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹ in Lakh	Number	₹ in Lakh
Authorised				
Equity shares of ₹10 each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10 each fully paid up	4,38,83,598	4,388.36	4,00,81,113	4,008.11
	4,38,83,598	4,388.36	4,00,81,113	4,008.11

(i) Reconciliation of Number of Shares

Equity Shares of ₹ 10/- each

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Opening balance		4,00,81,113		4,00,56,238
Add: Equity shares issued and allotted during the year		37,89,350		-
Add: Allotment pursuant to exercise of stock options granted		13,135		24,875
	4,38,83,598		4,00,81,113	

(ii) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Holder of equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding after distribution of all preferential amounts.

Pursuant to the applicable laws, the Company has entered into a shareholders' agreement with an Investor. According to the said Agreement and Articles of Association of the Company, the Investor is entitled to exercise, *inter alia*, the following rights so long the Investor holds not less than 10% of issued and paid up capital of the Company:

1. The right to nominate a Director on the Board of Directors of the Company;
2. The right to have its nominee Director on the Audit Committee as an Observer;
3. Right of First Refusal and Right of First Offer with respect to transfer of shares of the Company by Promoter;
4. Pre-emptive rights with respect to issue of new equity shares or any other convertible securities;

**NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

5. Right to approve / disapprove, inter alia, following matters which are reserved for the consent of the Investor;
 - a. entry by the Company into any transaction involving: (i) buyback (ii) capital reduction (iii) scheme of arrangement or compromise between the Company and its creditors and / or Shareholders (iv) restructuring, (v) merger, (vi) demerger, (vii) amalgamation, (viii) consolidation;
 - b. Dissolution, winding-up or liquidation of the Company;
 - c. Any creation of an Encumbrance over the assets of the Company, other than in the Ordinary Course of Business

(iii) Holding company-up to December 16, 2019

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Equity shares				
Future Enterprises Limited		100		100
Ritvika Trading Private Limited	2,05,15,817		2,05,15,817	2,05,15,817

(iv) More than 5 percent shareholding in the Company

Shareholders holding more than 5 percent of the equity shares in the Company are as under:

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Number	% of holding	Number	% of holding
Equity shares				
Ritvika Trading Private Limited	2,05,15,817	46.75	2,05,15,817	51.19
Griffin Partners Limited	-	-	58,63,475	14.63
Nippon Express (South Asia & Oceania) Pte. Limited	96,52,825	22.00	-	-
L&T Mutual Fund Trustee Limited- L&T Emerging Businesses Fund	27,91,351	6.36	27,84,372	6.95

(v) Share options granted under the Company's employee share option plan

Share options granted under the ESOP carry no rights as to dividend and voting.

(vi) As at March 31, 2020, total 2,38,565 (2019: 2,39,200) equity shares are reserved for issuance towards outstanding employee stock options granted. (Refer Note no. 33)

15. OTHER EQUITY

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings	18,735.02	23,958.91
Capital reserve	1,713.51	1,713.51
Securities premium	46,431.16	21,563.97
Debenture Redemption Reserve	2,500.00	2,500.00
Employee stock option outstanding	548.40	475.14
Total Other Equity	69,928.09	50,211.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

15.1 Description of reserves

Capital Reserve

Capital reserve is created for excess of fair value of assets taken and liabilities assumed over the consideration transferred pursuant to acquisition of Subsidiary.

Securities Premium

This reserve is created to transfer a sum equal to the aggregate amount of the premium received on shares issued as per the applicable provisions of the Companies Act, 2013.

Debenture Redemption Reserve

The Companies Act, 2013 requires that where a Company issues debentures, it shall create a Debenture Redemption Reserve out of the profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the Debenture Redemption Reserve cannot be utilised by the Company except to redeem debentures.

Employee stock option outstanding

This reserve relates to share options granted by the Company to its employees and directors under ESOP. Further information about share-based payments to employees is set out in Note no. 33.

Retained earnings

This represent the surplus / (deficit) of the Consolidated Statement of Profit and Loss. The amount that can be distributed by the Company as dividend to its equity shareholders is determined based on the separate Financial Statements of the Company and also considering the requirements of the Companies Act, 2013.

16. NON CURRENT BORROWINGS

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Term loan		
Term loan from banks*	14,443.86	1,028.17
Non convertible debentures	19,766.87	19,724.02
	34,210.73	20,752.19

* Financial liabilities carried at amortised cost (Refer note no. 36)

17. OTHER NON CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liability (Refer note no. 35)	25,979.59	-
	25,979.59	-

**NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

18. OTHER NON CURRENT FINANCIAL LIABILITIES

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Non current financial liabilities		
Security deposits*	55.63	90.05
	55.63	90.05

* Financial liabilities carried at amortised cost

19. NON CURRENT - PROVISIONS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Gratuity (Refer note no. 37)	419.70	303.17
Leave encashment (Refer note no. 37)	230.61	186.01
	650.31	489.18

20. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Current maturities of long term borrowings	13,581.83	1,030.72
Security deposits	11.75	4.40
Capital creditors	1,222.55	3,259.92
Other payables	4,485.13	3,784.39
	19,301.25	8,079.43

21. OTHER CURRENT LIABILITIES

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Statutory dues	824.54	1,237.00
Other payables (includes advance from customers etc.)	556.41	824.18
	1,380.95	2,061.18

22. PROVISIONS

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Gratuity (Refer note no. 37)	7.85	8.00
Leave encashment (Refer note no. 37)	4.89	5.45
Provision for bonus	-	746.55
	12.74	760.00

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

23. REVENUE FROM OPERATIONS

Particulars	₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Logistics services	1,14,097.71	1,22,841.85
	1,14,097.71	1,22,841.85

24. OTHER INCOME

Particulars	₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on		
- Bank deposits	14.30	103.79
- Income tax refund	85.06	11.36
- Others (include Interest on ICD Interest ₹ 757.81 Lakh and Interest on advances ₹ 665.98 Lakh)	1,586.30	133.45
Profit on sale of fixed assets	-	10.05
Miscellaneous income	319.30	323.11
	2,004.96	581.76

25. EMPLOYEE BENEFITS EXPENSE

Particulars	₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	7,843.92	10,468.57
Contribution to provident and other funds	441.59	399.33
Expenses on ESOP (Refer note no. 33)	113.44	371.80
Staff welfare expenses	411.06	485.60
	8,810.01	11,725.30

26. FINANCE COSTS

Particulars	₹ in Lakh)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest expenses on		
- Lease Liabilities	3,178.25	-
- Others		
- on Working Capital Limit	669.41	271.64
- on Debentures	2,065.40	1,025.87
- on Term Loans	1,743.12	159.11
- on others	424.86	328.21
	8,081.04	1,784.83

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

27. OTHER EXPENSES

Particulars	Year ended March 31, 2020	(₹ in Lakh) Year ended March 31, 2019
Power and fuel	1,913.71	1,986.12
Repairs and maintenance		
- Building	229.73	189.49
- Machinery	407.69	621.64
- Others	512.90	515.44
Insurance	166.78	221.56
Rates and taxes	369.51	196.50
Rent	28.54	243.34
Travelling and conveyance expenses	1,106.39	1,358.82
Auditors' remuneration		
- Statutory audit fees	18.20	15.70
- Tax audit fees	0.10	0.10
- Other services	-	1.50
Security expenses	1,810.62	2,202.71
Corporate social responsibility	52.84	127.06
Allowances for expected credit loss	322.42	275.98
Exchange Fluctuation Loss (Net)	0.14	7.70
Provision for doubtful advances	45.68	95.11
Loss on sale / Scrap of Fixed Asset	229.89	-
Fixed assets written off	65.42	-
Miscellaneous expenses	2,733.69	2,345.46
	10,014.25	10,404.23

28. FINANCIAL RISK MANAGEMENT

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Board of Directors.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including loans and borrowings, foreign currency receivables and payables.

The Group manages market risk through treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by senior management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures and borrowing strategies.

Capital Management

The Group manages its capital to ensure that Group will be able to continue as going concern while maximizing the return to shareholders by striking a balance between debt and equity. The capital structure of the Group consists of net debt (total debt offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves,

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

retained earnings). The Group is not subject to any externally imposed capital requirements except financial covenants agreed with lenders.

In order to optimize capital allocation, the review of capital employed is done considering the amount of capital required to fund capacity expansion, increased working capital commensurate with increase in size of business and also fund investments in new ventures which will drive future growth. The Chief Financial Officer ("CFO") reviews the capital structure of the Group on a regular basis. As part of this review, the CFO considers the cost of capital and the risks associated with each class of capital. The Group has a target Debt to Equity Ratio of 1:1 determined as the proportion of net debt to equity. The Group had net debt to equity of 0.76x as on March 31, 2020 (March 31, 2019: 0.17x)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is not exposed to significant interest rate risk as at the respective reporting dates.

Foreign Currency Risk

The Group's exposure to exchange fluctuation risk is very limited for its purchase from overseas suppliers in various foreign currencies.

The following table analyses foreign currency risk from financial instruments as of:

Trade Payable	As at March 31, 2020	As at March 31, 2019
In USD	-	38,079
₹ in Lakh	-	26.40
Conversion date of USD	Not Applicable	March 31, 2019

Foreign exchange risk sensitivity:

The Group analyses a 10% variation (sensitivity) in the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

A positive number below indicates an increase in profit and negative number below indicates a decrease in profit. Following is the analysis of change in profit where the Indian Rupee strengthens and weakens by 10% against the relevant currency:

Particulars	(₹ in Lakh)			
	Year ended March 31, 2020		Year ended March 31, 2019	
	10% strengthen	10% weakening	10% strengthen	10% weakening
USD	-	-	(2.64)	2.64

In management's opinion, the sensitivity analysis is not representative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Credit Risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 83,260.29 Lakh and ₹ 37,946.62 Lakh as of March 31, 2020 and March 31, 2019 respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by

NOTES**TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Group's historical experience for customers. The average credit period on sale of services is 30 to 90 days. No interest is charged on trade receivables.

Credit Risk Exposure

Movement in expected credit loss :

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Opening balance	881.72	745.24
Movement in expected credit loss (Net)	851.19	136.48
Closing balance	1,732.91	881.72

Credit risk on cash and cash equivalents is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity Risk

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The Group had a working capital of ₹ 46,452.80 Lakh (2018-19: ₹ 14,427.81 Lakh) including cash and cash equivalent of ₹ 31.10 Lakh (2018-19: ₹ 12,366.75 Lakh) and current investment of ₹ Nil (2018-19: ₹ 0.70 Lakh)

29. CONTINGENT LIABILITIES NOT PROVIDED FOR:

Disputed Service tax demand ₹ Nil (2018-19: ₹ 391.80 Lakh)

30. ESTIMATED AMOUNTS OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT:

₹ 1,084.81 Lakh (net of advances) (2018-19: ₹ 3,755.18 Lakh)

31. THE INFORMATION AS REQUIRED TO BE DISCLOSED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 HAS BEEN DETERMINED TO THE EXTENT SUCH PARTIES HAVE BEEN IDENTIFIED BASED ON INFORMATION AVAILABLE WITH THE GROUP:

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at period end	315.78	166.83
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at period end	4.43	2.86
Interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	4.43	2.86
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

32. RELATED PARTY DISCLOSURES
Names of Related Parties and nature of relationship

Holding / Ultimate holding company -	Future Enterprises Limited (till December 16, 2019)
Holding company -	Ritvika Trading Private Limited (till December 16, 2019)
Associate company -	Leanbox logistics Solutions Private Limited (w.e.f. June 28, 2019)
Fellow subsidiary -	Work Store Limited (till December 16, 2019)

Group Entities:

- Future Lifestyle Fashions Limited
- Future Consumer Limited
- Future Retail Limited
- Future Ideas Company Limited
- Praxis Home Retail Limited
- Galaxy Entertainment Corporation Limited
- Future Speciality Retail Limited
- Future Stylelab Limited
- Rachika Trading Limited
- Aadhar Wholesale and Distribution Limited
- Future Generali India Life Insurance Company Limited
- Apollo Design Apparel Park Limited
- Goldmohur Design and Apparel Park Limited
- Nufuture Digital (India) Limited
- Shree Balaji Ethnicity Retail Limited
- Clarks Future Footware Private Limited
- Future Corporate Resources Private Limited
- Integrated Foodpark Private Limited
- Sublime Foods Private Limited
- The Nilgiris Dairy Farm Private Limited
- Hain Future Natural Products Private Limited
- Indus Tree Crafts Private Limited
- Turtle Limited
- Travel News Service (India) P Limited
- Future Market Network Limited
- Retail Light Techniques India Limited
- Future 7-India Convenience Limited
- Work Store Limited (w.e.f. December 17, 2019)
- Future Enterprises Limited (w.e.f. December 17, 2019)

Key Management Personnel

- Mayur Toshniwal (Managing Director)

**NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

During the year, following transactions were carried out with the related parties in the ordinary course of business

(₹ in Lakh)

Nature of Transactions	Ultimate holding company	Associate Company	Fellow subsidiary	Group entities	Key Management Personnel
Purchase of fixed assets	- (-)	37.09 (-)	- (-)	1,854.73 (4,383.32)	- (-)
Sale of fixed assets	- (-)	0.31 (-)	- (-)	4.41 (-)	- (-)
Income from operation	926.29 (2,397.39)	436.76 (78.07)	48.28 (74.02)	84,866.44 (75,110.25)	- (-)
Interest income	- (-)	11.91 (-)	- (-)	- (-)	- (-)
Reimbursement of expenses	23.65 (136.42)	- (-)	- (-)	132.23 (233.68)	- (-)
Expenses	- (-)	31.23 (-)	84.27 (113.38)	1,080.03 (1,049.81)	- (-)
Remuneration	- (-)	- (-)	- (-)	- (-)	205.17 (248.87)
Purchase of Investment	- (-)	942.44 (-)	- (-)	- (-)	- (-)
Inter corporate deposit	- (-)	- (50.00)	- (-)	- (-)	- (-)
Advance given	- (-)	- (-)	- (-)	- (-)	- (-)
As at March 31, 2020					
Receivables	- (2,298.01)	849.50 (12.88)	- (30.27)	71,697.69 (16,789.85)	- (-)
Payables	- (17.78)	92.58 (-)	- (67.48)	1,539.68 (1076.06)	- (-)
Inter corporate deposit receivables	- (-)	- (50.00)	- (-)	- (-)	- (-)
Deposit payable	- (-)	- (-)	- (-)	- (-)	- (-)
Advance	- (-)	- (-)	- (-)	- (-)	- (-)

Break up of Material Related Party Transactions.

- Purchase of fixed assets includes Future Retail Limited ₹ 1,846.20 Lakh (2018-19: ₹ 4,382.49 Lakh)
- Sale of fixed assets includes Future Consumer Limited ₹ 4.41 Lakh (2018-19: ₹ Nil)
- Income from operation includes Future Retail Limited ₹ 59,181.10 Lakh (2018-19: ₹ 58,976.52 Lakh)
- Reimbursement of expenses includes Future Consumer Limited ₹ 5.26 Lakh (2018-19: ₹ 43.16 Lakh), Future Corporate Resources Limited ₹ 25.40 Lakh (2018-19: ₹ 27.51 Lakh), Future Lifestyle Fashions Limited Lakh ₹ 12.95 Lakh (2018-19: ₹ 62.96 Lakh), Future Retail Limited ₹ 59.55 Lakh (2018-19: ₹ 83.48 Lakh) and Praxis Home Retail Limited ₹ 16.46 Lakh (2018-19: ₹ 8.2 Lakh)
- Expenses includes Future Corporate Resources Private Limited ₹ 180 Lakh (2018-19: ₹ 180 Lakh), Future Generali India Life Insurance Company Limited ₹ 263.54 Lakh (2018-19: ₹ 153.11 Lakh), Integrated Foodpark Private Limited ₹ Nil (2018-19: ₹ 236.50 Lakh) and Nufuture Digital (India) Limited ₹ 505.48 Lakh (2018-19: ₹ 401.13 Lakh)

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- f) Receivables includes Future Lifestyle Fashions Limited ₹ 5,964.77 Lakh (2018-19: ₹ 4,469.85 Lakh), Future Retail Limited ₹ 47,124.92 Lakh (2018-19: ₹ 5,395.53 Lakh), Future Enterprises Limited ₹ 9,844.09 Lakh (2018-19: Nil) and Praxis Home Retail Limited ₹ 4,270.92 Lakh (2018-19: ₹ 4,217.13 Lakh)
- g) Payables includes Future Retail Limited ₹ Nil (2018-19: ₹ 17.63 Lakh), Future Corporate Resources Private Limited ₹ 1,120.82 Lakh (2018-19: ₹ 920.99 Lakh), Integrated Foodpark Private Limited ₹ Nil (2018-19: ₹ 25.68 Lakh) and Nufuture Digital (India) Limited ₹ 344.41 Lakh (2018-19 ₹ 140.96 Lakh)

33. SHARE BASED PAYMENTS

(i) Details of the employee share based plan of the Group:

a) The ESOP titled as Future Supply Chain Solutions Limited Employees Stock Option Plan 2017 ("FSC ESOP 2017") was approved by the Board on August 5, 2017 and by the Shareholders on August 8, 2017. The same was also ratified by the Shareholders in terms of Regulation 12(3) of SEBI (Share Based Employee Benefits) Regulations, 2014 at the annual general meeting held on August 22, 2018. In aggregate, 4,00,000 options were covered under the FSC ESOP 2017 for 4,00,000 equity shares of ₹ 10 each.

During the year 2017-18, the Nomination and Remuneration Committee ("NRC") of the Group granted 2,83,763 options under the FSC ESOP 2017 to certain directors and employees of the Group. The options granted are convertible into equal number of equity shares. The exercise price of each option is ₹ 350/- (including ₹ 340 as share premium).

During the year 2019-20, the NRC of the Group granted 50,000 options and 10,000 options under the FSC ESOP 2017 to certain directors and employees of the Group on May 13, 2019 and July 31, 2019 respectively. The options granted are convertible into equal number of equity shares. The exercise price of each option is ₹ 457/- (including a premium of ₹ 447).

The options granted shall vest over a period of 3 years from the date of the grant in the manner specified in the resolution passed by the NRC while granting the options. Accordingly, such options may be exercised within 3 years from date of vesting.

b) The following share-based payment arrangements were in existence during the year:

Option scheme	Number of Options Granted	Grant date	Expiry date	Exercise price (₹)	Fair value at grant date (₹)
FSC ESOP 2017	2,83,763	November 14, 2017	Note-1 below	350.00	599.00
FSC ESOP 2017	50,000	May 13, 2019	Note-1 below	457.00	606.80
FSC ESOP 2017	10,000	July 31, 2019	Note-1 below	457.00	526.10

Note-1 The options granted shall vest over a period of 3 years from the date of the grant in the manner specified in the resolution passed by the NRC while granting the options. Accordingly, these options may be exercised within 3 years from date of vesting.

(ii) Options were priced using a Black Scholes option pricing model. Expected volatility is based on the historical share price volatility over the past 1 year:

Inputs	FSC ESOP 2017	FSC ESOP 2017	FSC ESOP 2017
Grant date	November 14, 2017	May 13, 2019	July 31, 2019
Expected volatility (%)	25.26%	23.59%	25.09%
Option life (Years)	2.50-4.50	2.50-4.50	2.50-4.50
Dividend yield (%)	-	0.21%	0.24%
Risk-free interest rate (Average)	6.75% - 7.01%	6.82% - 7.09%	6.11% - 6.27%



**NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

(iii) Movement in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Balance at beginning of year	2,39,200	350	2,69,700	350
Granted during the year	60,000	457	-	-
Exercised during the year	13,135	350	24,875	350
Cancelled during the year	47,500	372.53	5,625	350
Balance at end of year	238,565	372.43	239,200	350

(iv) Share options exercised during the year

The following options were exercised during the year:

Options scheme	Number exercised	Exercise date	Share price at exercise date (₹)
FSC ESOP 2017	5,020	May 13, 2019	606.80
FSC ESOP 2017	1,015	June 18, 2019	589.20
FSC ESOP 2017	800	July 31, 2019	526.10
FSC ESOP 2017	6,300	December 17, 2019	488.80

(v) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average remaining contractual life of 1,220 days (2018-19: 1,483 days).

Out of the ESOPs outstanding, the number of options exerciseable are as under :

Particulars	As at March 31, 2020	As at March 31, 2019
FSC ESOP 2017	87,838	27,940

(vi) The expenses recognised for employee services received during the year is shown in the following table:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Expenses arising from equity settled share based payment transactions	113.44	371.80

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
34. EARNINGS PER SHARE

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit / (Loss) for the year (₹ in Lakh)	(573.12)	6,153.00
Weighted average number of equity shares outstanding during the year for Basic EPS	4,11,86,178	4,00,59,473
Add : Weighted Average number of equity shares on account of Employee Stock Options outstanding	-	57,042
Weighted average number of equity shares outstanding during the year for Diluted EPS	4,11,86,178	4,01,16,515
Earnings per share of ₹ 10/- each		
- Basic (in ₹)	(1.39)	15.36
- Diluted (in ₹)	(1.39)	15.34

35. LEASE

The Group has entered into lease arrangements for its warehouses, office premises etc.

These leasing arrangements which are non-cancellable range between 3 months and 12 years generally or longer and are usually renewable by mutual consent on mutually agreeable terms

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustments to retained earnings, on the date of initial application. Consequently, the Group has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under accounting policies included as part of our Annual Report for the year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of use' asset of ₹ 27,801.99 Lakh and a lease liability of ₹ 31,721.55 Lakh. The cumulative effect of applying the standard, amounting to ₹ 3,919.54 Lakh was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on profit before tax, profit for the period and earnings per share. Ind AS 116 will result in increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under note no 35 of annual standalone financial statements forming part of 2019 Annual report and value of lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10.15%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020

(₹ in Lakh)

Particulars	Year ended March 31, 2020
Balance as on April 1, 2019	27,801.99
Addition	17,687.63
Deletion	(3,102.51)
Depreciation	(10,164.34)
Balance as on March 31, 2020	32,222.77

The aggregate depreciation expense on ROU assets is included under depreciation and amortisation in Consolidated Statement of Profit & Loss.

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

(₹ in Lakh)

Particulars	Year ended March 31, 2020
Non-current lease liabilities	25,979.59
Current lease liabilities	10,472.98
Total	36,452.57

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in Lakh)

Particulars	Year ended March 31, 2020
Balance at the beginning	31,721.54
Addition	17,412.03
Deletion	(3,102.51)
Finance cost accrued during the period	3,178.25
Gain on termination of lease asset	(10.04)
Payment of lease liabilities	(12,746.70)
Total	36,452.57

The Group does not face a significant liquidity risk with regards to its lease Liabilities as the current assets are sufficient to meet obligations to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 1,687.10 Lakh for the year ended March 31, 2020.

Reconciliation for the effects of the transition on Consolidated Statement of Profit and loss for year ended March 31, 2020 as follows:

Particulars	Year ended March 31, 2020 Comparable basis	Changes due to Ind- AS 116 Increase / (decrease)	Year ended March 31, 2020 as reported
Cost of logistics services	82,815.99	(12,803.69)	70,012.30
Other expenses	10,252.06	(237.81)	10,014.25
Depreciation and amortisation expense	6,444.18	10,164.34	16,608.52
Finance costs	4,902.79	3,178.25	8,081.04
Gain on termination of lease asset	-	(10.04)	(10.04)
Profit before exceptional item and tax	2,867.60	(291.05)	2,576.55

NOTES**TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)****36. SECURITY CLAUSE IN RESPECT TO SECURED BORROWINGS****A. Short Term Borrowing**

Short term borrowing of ₹ 8,511.06 Lakh (2018-19: ₹ Nil) is secured by (a) first pari-passu Charge on current assets of the Group (b) second pari-passu charge on fixed assets (c) secured by personal guarantee of a director.

B. Long Term Borrowing

During the previous year ended March 31, 2019, the Group has issued and allotted 19,900 Secured, Rated, Redeemable and Non Convertible Debentures (NCDs) of ₹ 1 Lakh each aggregating to ₹ 19,900 Lakh on private placement basis. The NCDs have been listed on Wholesale Debt Market segment of BSE Limited. The NCDs are secured by maintaining an overall minimum asset cover / security cover of 1.25 times on net block of fixed assets on first pari passu basis on the outstanding amount. The NCDs were issued in Series I and Series II of ₹ 9,900 Lakh and ₹ 10,000 Lakh respectively with tenure of 3 and 4 years from date of allotment respectively. The NCDs carry interest @10.15% payable annually and on redemption. The redemption date for Series 1 & Series 2 is September 26, 2021 and September 26, 2022 respectively. Amount repayable includes principal sum of ₹ 9,900 Lakh in 2021-22 and ₹ 10,000 Lakh in 2022-23 along with interest payment ₹ 2,020 Lakh in 2019-20, ₹ 2,020 Lakh in 2020-21, ₹ 2,020 Lakh in 2021-22 and ₹ 1,015 Lakh in 2022-23.

During the year ended March 31, 2020, the Company has taken a term loan of ₹ 3,784 lakh from Yes Bank Limited (2018-19: ₹ 1,216 lakh). The same is secured by way of first pari-passu charge on entire fixed assets (excluding land) and second pari-passu charge on current assets and personal undertaking of Kishore Biyani. Amount repayable is ₹ 1,250 Lakh each in 2020-21, 2021-22, 2022-23 and 2023-24. Rate of interest is 0.55% over and above 6 month MCLR and will be reset semi-annually and every half year thereafter. Interest shall be paid monthly.

During the year ended March 31, 2020, the Company has taken a term loan of ₹ 22,500 lakh from IDFC First Bank Limited. The same is secured by way of First pari-passu charge over fixed assets, second pari-passu charge over current assets and personal undertaking of Kishore Biyani. Amount repayable is ₹ 11,199.64 Lakh in 2020-21, ₹ 7,500 Lakh in 2021-22 and ₹ 3,750 Lakh in 2022-23 (Amount repaid is ₹ 50.36 Lakh in FY 19-20). Rate of interest is 12% pa. Interest shall be paid monthly.

37. EMPLOYEE BENEFIT PLANS**Defined Contribution Plan**

Amount recognised as an expenses and included in Schedule 27 under the "Contribution to Provident and Other Funds" of Consolidated Statement of Profit and Loss account ₹ 441.59 Lakh (2018-19: ₹ 399.33 Lakh).

Defined Benefit Plan – Gratuity

The Group operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the payment of Gratuity Act, 1972 or the Group scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employee on retirement or on termination of employment. The gratuity benefit payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefit are met by the Group. In case of death while in service, the gratuity is payable irrespective of vesting. The Group's obligation towards Gratuity is a Defined Benefit plan and is not funded.

The plan typically expose the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk

A decrease in the government bond interest rate will increase the plan liability.

Longevity Risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2020 by M/s. KP Actuaries and Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

As per Ind AS 19 the disclosures as defined in the Accounting Standard are given below:

Change in Present Value of Defined Benefit Obligation

Particulars	(₹ in Lakh)			
	Gratuity (Unfunded)	Leave Encashment		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Present value of obligation at the beginning of the year	314.61	314.20	191.47	173.72
Current service cost	82.99	77.54	57.79	110.27
Interest cost	20.70	24.48	12.05	13.54
Remeasurement-Actuarial (gain) / loss	127.13	(62.05)	70.53	(66.85)
Benefits paid by Group	(67.82)	(39.56)	(61.00)	(39.21)
On account of sale of Vulcan business	(46.35)	-	(35.33)	-
Present value of obligation at the end of the year	431.26	314.61	235.51	191.47

Change in Fair Value of Plan Assets

Particulars	(₹ in Lakh)	
	Gratuity (Funded)	
	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets at the beginning of the year	3.45	3.20
Investment Income	0.27	0.25
Fair value of plan assets at the end of the year	3.72	3.45

Net Defined Benefit Liability / (Assets)

Particulars	(₹ in Lakh)	
	As at March 31, 2020	As at March 31, 2019
Defined Benefit Obligation	431.26	314.61
Fair value of plan assets	(3.72)	(3.45)
Surplus / (Deficit)	427.54	311.16
Net Defined Benefit Liability / (Assets)	427.54	311.16

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
Expenses recognised in Consolidated Statement of Profit and Loss

(₹ in Lakh)

Particulars	Gratuity (Unfunded)		Leave Encashment	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	82.99	77.54	57.79	110.27
Net interest on the net defined benefit liability / asset	20.44	24.24	12.05	13.54
Remeasurement on (gain) / loss	-	-	70.53	(66.85)
Total expenses recognised in Consolidated Statement of Profit and Loss Account	103.43	101.78	140.37	56.96

Re-measurement Effects recognised in Other Comprehensive Income (OCI)

(₹ in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
Actuarial (gains) / loss	127.13		(62.05)
Total (gain) / Loss included in OCI	127.13		(62.05)

Financial Assumptions used for the purpose of the actuarial valuations were as follows:

(₹ in Lakh)

Particulars	Gratuity		Leave Encashment	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Discounted rate (per annum)	6.8%	7.70%	6.8%	7.70%
Expected rate of future salary increase	5%	5%	5%	5%
Mortality rate (% of IALM 06-08)	100%	100%	100%	100%
Withdrawal rate (per annum)	1%	1%	1%	1%
Normal retirement age	58 Years	58 Years	58 Years	58 Years

Sensitivity analysis : Gratuity

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible change of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity is given below :

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019	
Defined Benefit Obligation (Base)	431.26		314.61

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	499.86	374.59	306.61	236.11
Salary Growth rate (- / + 1%)	373.20	500.43	235.79	306.52
Attrition rate (- / + 50% of attrition rates)	426.94	435.20	264.30	271.92
Mortality rate (- / + 10% of mortality rates)	430.94	431.58	267.94	268.57

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

38. FINANCIAL INSTRUMENTS

All categories of financial assets and financial liabilities are measured at amortized cost.

39. BUSINESS COMBINATION

During the previous year ended March 31, 2019, the Board of Directors of the Company had approved a Scheme of Arrangement under section 230-232 read with Section 66 of the Companies Act, 2013 ("Scheme") between the Company and its wholly owned subsidiary Vulcan Express Private Limited ("Vulcan") and their respective Shareholders and Creditors. The Scheme has received all the approvals from stock exchange, Shareholders and Hon'ble National Company Law Tribunal, Mumbai Bench and New Delhi Bench and has been given effect to in the books with effect from the appointed date. The Scheme became effective on December 14, 2018.

The Scheme envisages demerger of "Fulfilment Business Undertaking" and "Last Mile Delivery Business Undertaking" of Vulcan and vest into the Company on October 01, 2016 on a going concern basis. In view of Vulcan being the wholly owned subsidiary of the Company, no consideration was proposed to be paid for the arrangements embodied in the Scheme.

Assets acquired and liabilities recognised on the appointed date under pooling of interest method:

Particulars	₹ in Lakh
Current assets	
Cash and cash equivalents	523.82
Trade and other receivables	2,914.24
Other current assets	1,410.45
Non-current assets	
Property, plant and equipment	5,565.03
Capital work in progress	1,221.12
Intangible assets	132.61
Other non-current assets	809.64
Current liabilities	
Borrowings	9,140.00
Trade and other payables	5,247.96
Other current liabilities and provisions	713.15
Non-current liabilities	
Other non-current liabilities	64.98
Other equity	(2,589.18)

NOTES**TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)****40. SALE OF LAST MILE DELIVERY BUSINESS ON SLUMP SALE BASIS**

The Board of Directors of the Company at its meeting held on February 7, 2019, approved the sale of Last Mile Delivery Business ("Division") of the Company on a Slump Sale basis to Leanbox Logistics Solutions Private Limited ("Leanbox"), an Associate company. The Company has executed requisite agreement on May 20, 2019 with respect to transfer of business undertaking ("Delivery Business") to Leanbox Logistics Solutions Private Limited ("Leanbox"). The Company has been issued 4,71,235 equity shares @ ₹ 200 per equity share in Leanbox on May 20, 2019. After such allotment to the Company, the shareholding of the Company increased to 77.15% of total paid share capital of the Company on fully diluted basis and hence Leanbox became subsidiary of the Company. However consequent to issue and allotment of new equity share by Leanbox to Future Enterprises Limited (ultimate holding company) on June 28, 2019, shareholding of the Company in leanbox has reduced and accordingly, Leanbox has ceased to be subsidiary of the Company w.e.f June 28, 2019.

41. EXCEPTIONAL ITEMS

During the year ended, the Group divested its entire stake in Vulcan Express Private Limited. The resultant gain of ₹ 352.54 Lakh has been shown as an exceptional item in the Consolidated financial results. Exceptional item for the quarter and year ended March 31, 2020 includes write off of Loans & advances of ₹ 572.90 Lakh and Expected Credit Loss on trade and other receivables amounting to ₹ 1,253.83 Lakh.

42. The Board of Directors of the Group at its meeting held on September 17, 2019 had approved issue of 37,89,350 equity share @ ₹ 664/- per equity share (including premium of ₹ 654/- per equity share) aggregating to ₹ 251,61,28,400/- on preferential basis to Nippon Express (South Asia & Oceania) Pte.Ltd., a foreign company incorporated under the laws of Singapore, in accordance with the provisions of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "ICDR Regulations"), the Companies act, 2013 including applicable rules made thereunder (the "Act"). There was execution of share subscription agreement and shareholder's agreement and article of association was altered to reflect relative terms and condition of the shareholder's agreement subject to requisite approvals including shareholders of the Group. Subsequently Board of Directors of the Group at its meeting held on December 17, 2019 approved an allotment of 37,89,350 equity share of ₹ 10 each as full paid on preferential basis at a price of ₹ 664/- per equity shares (including premium of ₹ 654/- per equity share).

43. During the year, the Group has filed application under SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019 (SVLDRS) under Amnesty scheme for resolution of its disputed service tax liability of ₹ 391.80 Lakh. The Group made payment of ₹ 195.90 Lakh and got discharge certificate under said scheme.

44. The Group is engaged only in Logistics services in India and there are no separate reportable business and geographical segments under Ind AS 108 relating to operating segments.

45. The Outbreak of Coronavirus (COVID-19) pandemic in India and globally followed by a nationwide lockdown announced on March 24, 2020 impacted business. This caused significant disruption and slowdown of economic activities throughout the country, including that of Group. Although specific relaxations in lockdown was granted by the Government, the level of economic activity in the country continues to remain curtailed.

Since the lockdown has started from last week of March 2020, it had a limited impact on operations of the Group for 2019-20. However, due to repeated extensions of the lockdown and in view of restrictions imposed thereunder, the sales performance of the Group subsequent to March 2020 has been adversely impacted. The Group is also engaged in the supply chain of essential commodities and hence, was permitted to carry on logistics and supply chain activities of essential commodities during the lockdown period with a view to support the availability of the essential commodities to the general public. However, it faced several issues due to severe transport restrictions, unavailability of labour etc., which adversely impacted operations across warehouses, branches and administrative offices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Further, during the lockdown period, most of the warehouses and branches remained closed for operations, thereby impacting the sales performance post March 2020.

In finalising these financial statements, the Group has considered various internal and external sources of information and indicators of economic forecasts, including the impact of COVID-19 while assessing the carrying amounts of current and non-current assets and its repayment obligations on a timely basis up to the date of approval of these financial statements. However, the impact of the pandemic and other events may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes, due to future economic conditions.

46. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per section 135 of the Companies Act, 2013, a CSR committee has been formed by Group. The proposed area of CSR activities are taking measures for reducing inequality faced by socially and economically backward groups. The expenditure incurred during the year on this activities are specified in Schedule VII on the Companies Act, 2013

- (a) Gross amount required to be spent by the Group during the year: ₹ 52.84 Lakh
- (b) Amount spent during the year : Nil

47. APPROVAL OF FINANCIAL STATEMENT

The Consolidated Financial Statements were approved by the Audit Committee and the Board of Directors at their respective meetings held on July 31, 2020.

As per our report of even date attached

For GMJ & Co.

Chartered Accountants

Firm Registration No: 103429W

Atul Jain

Partner

Membership No.: 037097

Place: Mumbai

Date : July 31, 2020

For and on behalf of the Board of Directors

Future Supply Chain Solutions Limited

Mayur Toshniwal

(Managing Director)

DIN : 01655776

Samir Kedia

(Chief Financial Officer)

C P Toshniwal

(Director)

DIN : 00036303

Vimal Dhruve

(Company Secretary)

Statement on Impact of Audit Qualifications (for audit report with modified opinion) on Consolidated Audited Financial Results for the year ended March 31, 2020

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(₹ in Lakh)

Exhibit A to the Statement on Impact of Audit Qualifications (for audit report with modified opinion) on Consolidated Audited Financial Results for the year ended March 31, 2020

Sr No.	Audit Qualification	Management response	Auditors remarks/comment
1	Total trade receivables amounting to ₹ 83,260.29 lakh includes related party receivables amounting to ₹ 72,547.19 lakh as at March 31, 2020. During the year based on internal evaluation, the management has provided for additional loss allowance amounting to ₹ 1,576.24 lakh. There have been substantial delays in receipt from customers and subsequent receipts have not been significant. In view of the above, we are unable to obtain sufficient and appropriate audit evidence and are unable to comment on the adequacy of loss provision, valuation and recoverability of balance outstanding amounting to ₹ 81,527.38 lakh (net of provision).	<p>The spread of COVID-19 disease has severely impacted economies and businesses in India. The spread of COVID-19 and the consequent lock-downs, disruptions in transportation and supply chains, travel bans, quarantines, social distancing and other such emergency measures have caused widespread disruptions in the economy and businesses. Business volumes started to decline since the beginning of the last quarter of the financial year under report. Many of our customers took precautionary measures in terms of payments, which has led to a sharper increase in our trade receivable days.</p> <p>The Company expects the receivables to be realised in full as normal business operations starts post the pandemic. The Company has also additional security of inventories of debtors lying in its warehouse to recover the outstanding.</p>	Impact cannot be ascertained for non-recoverable balances as on the date of signing of this report.
2	During the year, the Company has raised term loan from a bank amounting to ₹ 22,500 lakh which has not been utilised for the purpose for which it was sanctioned and consequently used in the normal course of business. In the absence of any clarity on non-compliance with the terms and conditions of sanction as well as breach of covenants, we are unable to comment on the impact of aforesaid utilisation and non-compliances on the financial statements.	The term loan raised has been initially utilized as per the terms of the arrangement. Subsequently, expansion plans of the Company have been temporarily kept on hold on account of slow-down of economy and outbreak of Coronavirus (COVID-19) pandemic. The orders raised were cancelled and advance refunded were subsequently utilized in the normal course of business because of constraints. The Company plans to repay this loan within this financial year.	Impact cannot be ascertained for non-compliances with terms and conditions of the loan sanctioned by the bank.

FUTURE SUPPLY CHAIN SOLUTIONS LIMITED

Information as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2020.

Sl. No., Employee Name, Designation, Age, Date of Joining, Experience (in Years), Qualification, Remuneration received (in ₹), Last Employment

1. Mayur Toshniwal, Managing Director, 52, August 5, 2017, 28, IIM-A, 19735642, Entrepreneur 2. P V Sheshadri, CEO, 52, November 27, 2006, 27, B.Sc., 11549487, Welspun Retail Limited 3. Jitender Lal, General Manager, 45, June 1, 2018, 21, B.E., 7924758, Vulcan Express Private Limited 4. Samir Kedia, CFO, 41, March 1, 2018, 21, CA, 6677078, Future Consumer Limited 5. Divyansh Rathore, Vice President, 48, July 21, 2011, 26, B.E., 6456050, Guetermann Private Limited 6. Sougato Shome, Vice President, 47, January 12, 2006, 23, MBA, 6310981, Phillips India 7. Hiren Kumar Ladva, General Manager, 39, April 2, 2018, 17, MBA, 6255322, Tata Communication Limited 8. ASR Prasad, Vice President, 49, October 31, 2007, 23, MBA, 5975128, The Himalaya Drug Company 9. Hariharan Parameswaran¹, Vice President, 51, May 2, 2019, 28, B.E., 5173699, Gati Limited 10. Jayesh Patil, General Manager, 45, December 21, 2007, 22, MBA, 4741496, Woodworth Wholesale.

Notes:

1. The employees have adequate experience to discharge the responsibilities assigned to them.
2. The nature of employment is contractual.
3. No employee is related to any director of the Company.
4. Gross remuneration received shown in this statement includes salary, allowances and perquisite and other terminal benefits, as applicable.
5. Terms and conditions of the employment are as per Company's rules and policy.

For Future Supply Chain Solutions Limited

Rakesh Biyani

Chairman

Mumbai, November 27, 2020

¹For part of the year 2019-20





FUTURE SUPPLY CHAIN SOLUTIONS LIMITED

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