



FMCG 2.0

**NEW RECIPE OF
CONSUMER DELIGHT**

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KEY PERFORMANCE INDICATORS



FY19 TOTAL INCOME FROM OPERATIONS

₹ 3,881 Cr



FY19 EBITDA

₹ 115 Cr



INCREASE IN CONSOLIDATED EBITDA
FOR FY19, Y-O-Y

74%*



Q4 FY19 marked the
achievement of profitability
at the PAT level

*adjusted for exceptional items



REVISITING FMCG 2.0

NEW RECIPE OF CONSUMER DELIGHT: INNOVATION

A new world is in the making. Powered by data and superior consumer insights, direct-to-consumer brands are bringing the consumer back in the consumer goods business. With data and customer proximity, FMCG 2.0 organisations create predictive, responsive, real-time brands. Brands that listen, talk and innovate for the consumer and acquire the lifetime value of today's Fast Moving Consumer Generation. This is the generation of consumers that Future Consumer Limited (hereinafter FCL) caters to with innovative brands that reinvent the paradigm of a good life, well lived.

OUR PEDIGREE

Future Group operates some of the country's most popular retail chains including Big Bazaar, Easyday, Heritage fresh, Foodhall, among others. FCL combines the wisdom gathered through serving millions of customers with new energy of a startup in creating consumer brands for the India of tomorrow.

ABOUT FUTURE CONSUMER LIMITED

FCL is among the first data-driven, modern trade-led FMCG companies with a wide range of consumer brands targeting the modern Indian consumer. FCL offers quality products through an integrated presence across the entire value chain of food and home and personal care (HPC) products.

OUR VISION

FCL will shape household choices in food and everyday needs for the fast moving consumer generation. We will strive to be responsive, agile and take decisions enabled through data to bring everyday delight through our products and brands.

OUR CULTURE OF INNOVATION

FCL fosters a rich culture of innovation centred on the Indian way of life and a deep understanding of how it is evolving for our various consumer segments. Modern retail and digital commerce enable a real-time flow of consumer data. Here are some of the key characteristics that define our approach:



DATA SCIENCE

We work with member or customer data to deliver frequency, understand repeats, create promotions and alerts to our customers. Data science is driving more optimised sampling of products, creating suggestive baskets and subscriptions to acquire lifetime value of consumers.



DEMAND SENSING

We are using data to predict customer cohorts that will be the early adopters of a new category or brand. Data science is helping us read early signals, prototype our launches and test various hypotheses.



CUSTOMER PROXIMITY

The fast growing neighbourhood store formats like Easyday along with Heritage fresh in South India, supported by digital channels, bring us closer to customers and capture their spends far more frequently.



PARTNERSHIPS

Establishing value-based partnerships with global brands enables us to enter newer categories, providing us with depth, knowledge of products and extensive product development capabilities.



FOOD INFRASTRUCTURE

Our nation-wide sourcing and manufacturing operations including the India Food Park at Tumkur, Karnataka, help us to shape and influence the entire value chain. It gives us further flexibility to optimise and innovate.



ORGANISATION DESIGN

We are fusing wisdom gained from decades of experience with the energy and enthusiasm that empowers young decision makers to innovate, take new initiatives and pursue multiplicity.

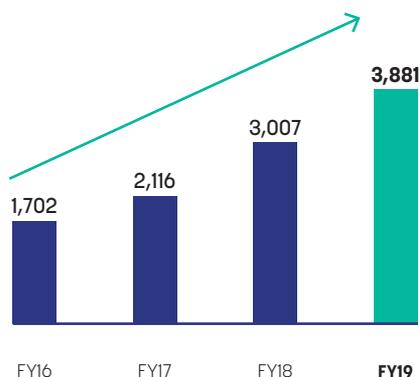
We believe we have the opportunity to become India's foremost FMCG company by using data science, modern retail and digital distribution networks to drive customer engagement, demand planning and an optimised value chain that creates shared value for customers and every stakeholder. While we have explored multiple categories and brands, our unique strengths and experience has now given us the confidence to explore more mainstream and highly competitive categories like dairy, biscuits and detergents in the forthcoming financial year.

KEY CONSOLIDATED FINANCIALS

FCL has consistently delivered high growth marking its profitability turnaround, backed by a consumer-obsessed strategy of value creation. Going forward, we are set to achieve higher returns through expansion of our range of value-added products and focus on margins.

STRONG REVENUE GROWTH

~32% CAGR

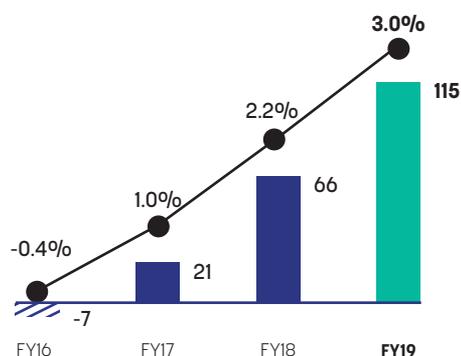


■ Revenue (₹ in Crores)

Strong revenue CAGR on the back of expanding distribution reach, increasing penetration and a wider product portfolio

EBITDA TURNAROUND

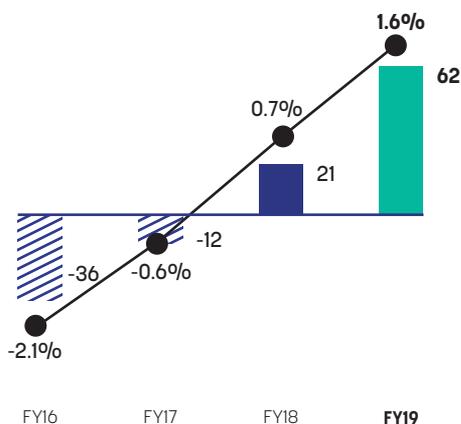
FY19 EBITDA: ₹115 Crores



■ EBITDA (₹ in Crores) ● EBITDA margin (%)

Strong improvement in operating profitability as operating leverage kicks in

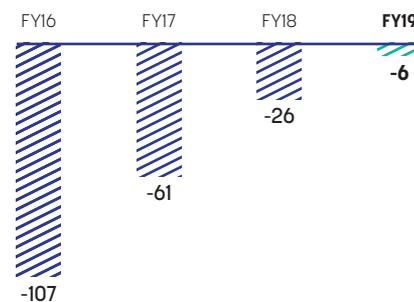
EBIT & EBIT MARGIN



■ EBIT (₹ in Crores) ● EBIT Margin (%)

Backed by healthy revenue growth and cost efficiencies

PAT*



■ PAT (₹ in Crores)

PAT improvement on the back of operating profitability

*attributable to owners of the Company

BRANDS

SOMETHING FOR EVERYONE

Key to FCL's winning performance and rapid growth is its unique ability to build brands that acquire the lifetime value of today's millennial Fast Moving Consumer Generation.



HOME, PERSONAL CARE, AND BEAUTY BRANDS



26% ↑

Cleaning solutions including a range of toilet and floor cleaners, utensil gels and bars, phenyls, scrubbers and garbage bags.



52% ↑

A range of products for personal grooming and make-up, to brighten your day.



41% ↑

Make life convenient with quality tissues, aluminium foils, cling films, handwash and party disposables.

And many more...



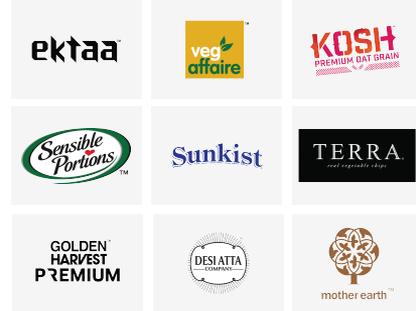
New recipe of consumer delight

FOOD BRANDS



- 
68% ↑ | Made for taste. A range of Indian and global snacks - from biscuits, wafers and popcorn to nachos, namkeens, and bhujias.
- 
23% ↑ | Everyday kitchen essentials comprising rice, flour, ready-to-cook meals, and pulses.
- 
120% ↑ | The first national dry fruits brand that celebrates health living.
- 
49% ↑ | Nature's bounty in its most original form. A range of teas, coffee, oils, honey, coconut water without any additives, flavours or colour.
- 
137% ↑ | Culinary accents of lip-smacking chutneys, sauces, dips, pastes, and spice mixes.
- 
6% ↑ | A brand that connects with the Southern Indian tastes and cuisines with unique ingredients including spices, pickles and filter coffee.

And many more...



↑ Y-O-Y REVENUE GROWTH



*Includes bulk

REWRITE RULES, RETAIN VALUES

Dear Shareholders,

I am pleased to share that your company has posted consolidated revenue of ₹ 3,881 Crores which is a growth of 29% over the previous year. Our EBITDA has grown by 74% as we registered EBITDA of ₹ 115 Crores. We are confident of mapping a strong growth trajectory going forward based on the large window of opportunity presented by favourable market trends as well as robust company-led initiatives.

TAPPING MARKET OPPORTUNITIES

We see a huge opportunity in the Indian branded FMCG space and our strategic planning is focused on equipping ourselves to tap this emerging opportunity through data-driven consumer insights and a more

integrated organisation design, from a hierarchy we have become a holacracy. Our new way of functioning has made us more flexible and agile.

We have our finger on the pulse of the evolving trends in consumer tastes and preferences through consumer data gathered from various platforms both physical and digital. We are launching new innovative products in categories that are emerging as well as established, through differentiated range of products. This is accompanied by our focus on building a predictive supply chain, which serves to improve our ability to ensure product supply across the various retail outlets.

We have entered several mainstream and large product categories such as biscuits and Indian and western snacking, and made our presence felt with an approach that distinguishes our brands. We are reinterpreting snacks with the element of health uppermost in mind. We are also investing in the brand Tasty Treat and a building a strong association with consumers through celebrity endorsements and Indian Premier League.

We are expanding our presence in the home care, personal care, and beauty segments. Our personal care brand TS clocked in a growth of 52% during FY19 on y-o-y basis. It also has a strong presence on the online platforms like Nykaa, listing over 116 SKUs on the website.

THE EVOLVING INDIAN MARKET

Digital technologies have generated a new momentum in the consumer space, with the consumer's preferences and interactions across all touchpoints, driving businesses to adapt.

On the other hand, the Indian market has witnessed a steady growth over the past few years driven by various macroeconomic factors. Government-led economic reforms such as Goods and Services Tax (GST) and FSSAI regulations have helped the sector evolve further through formalisation of the economy, requiring that businesses adhere to stricter norms.

We believe that the sector is now ready for disruption. The consumers today are demanding a greater value-driven proposition, encouraging businesses to do more to understand them better in order to customise their products. FCL's products are designed for this fast moving consumer generation.



In business as in life, winners don't stand out by just using their skills but also by employing their imagination and putting it into action. I believe it's our differentiated approach and innovation-led thinking which is leading us on our path to success.

CONTROLLED ENVIRONMENTS

For any consumer goods company, distribution and retailing and the number of touch points is key. With the Group's extensive retail presence through more than 1,500 food and grocery stores, as on March 31, 2019, we have a great degree of control on our distribution. The country's leading ecommerce sites and retail chains feature our products.

India's food and grocery consumption stood at ₹ 30.8 Trillion in FY17 and is anticipated that it will continue to increase at a CAGR of ~10% till FY25. The organised Food & Grocery market is expected to grow at a much faster pace with a CAGR of 32% over FY17 to FY25. Modern trade is now 25% of the total trade in the Top 17 cities of the country, led by Chennai at around 40% share and in Pune at 35% as per market research from Nielsen. In cities like Lucknow, it is 27%, in Kochi at 38% and Amritsar at 14%.

The fast-growing neighbourhood's store networks of Easyday and Heritage fresh, coupled with our digital distribution strategy with Aadhaar Wholesale Centres in rural India will provide a strong platform for growth across all categories the company is present in.

FCL is steadily investing in a rural distribution model through its Aadhaar Wholesale Centres (AWC). Each Aadhaar Wholesale Center can be linked to over 100 Aadhaar Mitra or franchisee stores located in small villages and towns in and around the area. The AWC connects and supplies to these Aadhaar Mitra stores and to local business, hotels, restaurants and canteens in the area.

We have already rolled these out in Gujarat, Punjab, and Rajasthan, and will take it to many more states soon. We are also developing a digital distribution backbone for this network wherein Aadhaar Mitra stores can order, take payments from customers and manage their store – all on a digital platform.

OUR VALUE CHAIN

We are growing our in-house production capability while our integrated farm-to-fork model help us to innovate rapidly. Our flagship India Food Park at Tumkur, Karnataka, is associated with more than 1,200 farmers and has nearly 25 factories, boosting our capacities. We also have sourcing hubs across 26 states in India with over 40 processing centres.

These facilities give us an edge in product research and development and a quick go to market. We have strategised our joint ventures with leading domestic and multinational companies, enabling us to enter specialised segments including the dairy space with the world's leading dairy company, Fonterra, during this year.

PRODUCT INNOVATIONS

We are consumer-obsessed in our approach to product development, with more than 24 brands in over 70 key product categories. We work backwards from what we know about our consumers. Through the year, FCL has successfully undertaken the mainstreaming of dryfruits and healthier food products as snacks through Karmiq, continued extending the range of flours through Desi Atta Company, entered the highly competitive segment of biscuits through high quality variants like digestive, cream and marie biscuits, recipe ready kits from Golden Harvest. FCL also intends to venture into detergents category during FY20.

OUTLOOK

We remain optimistic about growth prospects, expecting the momentum in revenue growth to continue as our brands develop higher trust and confidence of customers, entering more and more Indian households. Our company has imbibed the Indian ethos of empathy, joy, and care, which when combine the entrepreneurial spirit of our young professionals with decades of understanding and wisdom, power our strong connect with the Indian consumer. Armed with our consumer's trust, we are driven to creating value for all our stakeholders. I would like to take this opportunity to thank you all for being a part of this growth journey; we are committed to taking FCL to greater heights.

Rewrite Rules, Retain Values



Ashni Biyani

Managing Director

TASTY TREAT

CHAK CHAK CHABAO: THE SNACKING & MUNCHING FAVOURITE



**AN ASSORTMENT OF IRRESISTIBLE SNACKS,
SAVOURY AND SWEET**

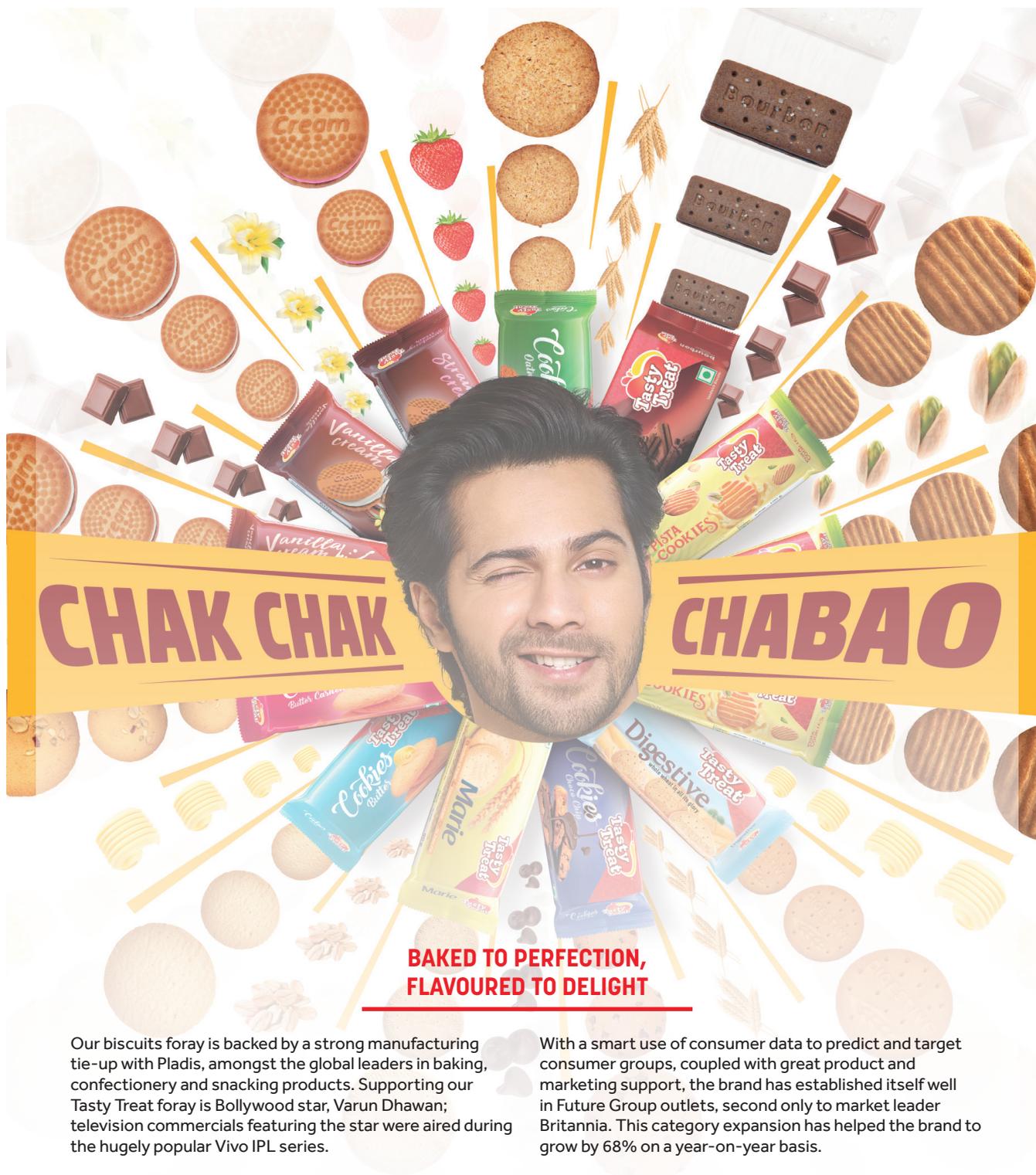
The year marked the entry of Tasty Treat into a key mainstream category of biscuits, building on its vast range of snacking and munching products that reflect Indian and global tastes - from mithais, namkeens, and bhujias to nachos, wafers and popcorn.

Backed by strong consumer data and insights, the brand forayed into four of the six sub-categories in biscuits - marie, digestive, cream biscuits and cookies. Innovative variants such as digestive cream, marie cream and chai marie ensure we stand out on the shelves.

68%

YEAR-ON-YEAR REVENUE GROWTH

New recipe of consumer delight



Our biscuits foray is backed by a strong manufacturing tie-up with Pladis, amongst the global leaders in baking, confectionery and snacking products. Supporting our Tasty Treat foray is Bollywood star, Varun Dhawan; television commercials featuring the star were aired during the hugely popular Vivo IPL series.

With a smart use of consumer data to predict and target consumer groups, coupled with great product and marketing support, the brand has established itself well in Future Group outlets, second only to market leader Britannia. This category expansion has helped the brand to grow by 68% on a year-on-year basis.

TERRA

THE GOOD FOR YOU BRAND



LIP-SMACKING TASTE AND CRUNCH, THE HEALTHY WAY

Terra is a brand of chips made from nutritious root vegetables such as beet, carrot, kabocha, parsnip, taro, sweet potato, among others.

The brand is owned by Hain Celestial, a US-based company that champions a healthier way of life through a wide range of food products.

Terra was first introduced in Foodhall and subsequently in Big Bazaar. The ₹400 Terra packs met with unprecedented success with customers. FCL then formed a joint venture with Hain Celestial to manufacture it at the India Food Park in Tumkur. We aim to offer these locally manufactured variants at ₹100 a pack.



PRODUCT OFFERINGS

ORIGINAL



BLUES



MEDITERRANEAN



SWEETS MEDLEY



**SAY NAMASTE! TO GOURMET SNACKING:
MADE IN INDIA**

During FY19, the factory first went live with another brand, Sensible Portions. Its Veggie Sticks contain 30% less fat than regular potato chips, are tastier and 100% natural. Its three flavours, Sea Salt, Zesty Ranch, and Cheddar Cheese, in three pack sizes – single, sharing

and party – are stocked at almost every modern retail chain. These are also being exported to the Middle East through our partnership with Dubai-based Choithrams. A similar rollout is planned for Terra chips and will help make snacking healthier overall.

GOLDEN HARVEST

WINNING WITHIN THE HOUSEHOLD PANTRY



CENTRE OF PLATE AND CENTRE OF THE CONVERSATION

Golden Harvest is all about spreading the love that is associated with homecooked food. It caters to the daily kitchen needs of our consumers by offering quality kitchen essentials. This brand is all about offering a wide range of product with consistent quality and competitive prices that ensure it becomes a repetitive purchase item in the consumers' basket.

Through the year, Golden Harvest* consolidated its position as a ₹1,000 Crore-plus brand in revenues, growing at 23% year-on-year, backed by enhancing its assortment of products and product quality.

23%

YEAR-ON-YEAR REVENUE GROWTH

*Includes bulk

New recipe of consumer delight



PRODUCT OFFERINGS

RECIPE READY



SPICES, SALTS, SUGARS



PULSES



CEREALS



RICE



FLOURS



MODERNISING THE AGRIBUSINESS VALUE CHAIN

We enhanced our capacities for manufacturing and packaging in the South, West, and the North regions during the sourcing of the agri produce. We also digitised the process of competitive bidding in which a thousand reliable suppliers participate, through an app called Agribid.

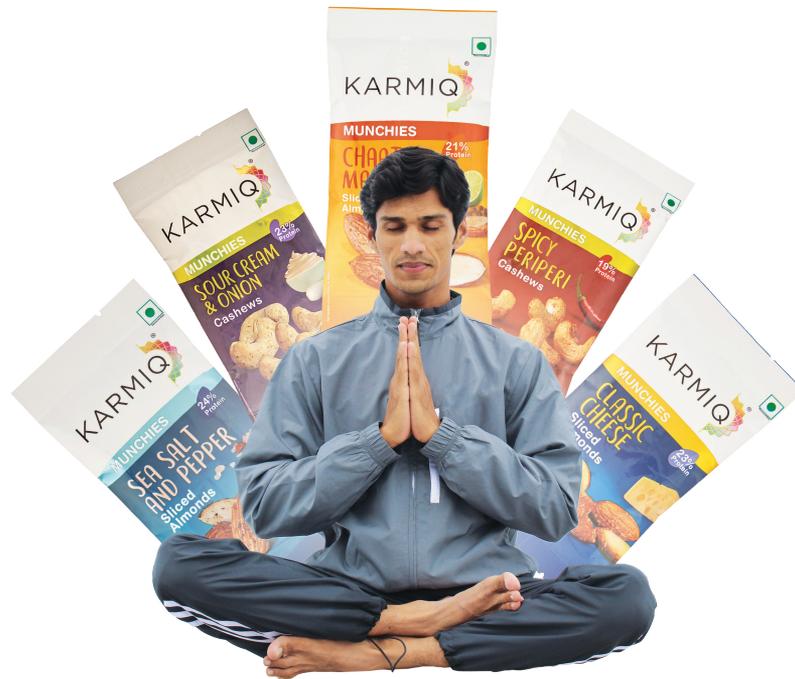
Our strategy for deepening our farmer connect includes initiatives for skill development and upgradation to enable

them to produce the desired quality. The initiative is aimed at a group of hundred farmers across two different locations for the time being.

Enabling freshness in supplies, shelf life extension, and faster reaction time in case of market changes will be our key focus areas going ahead.

KARMIQ

MARRYING TASTE WITH HEALTH



GOING NUTS FOR GOOD HABITS AND RICH NUTRITION

Dry fruits have always been popular in India and associated with high nutritional value. However, consumer demand used to spike only during festivities and barely any national brand had emerged to cater to consumer expectations and aspirations.

FCL took on the challenge to disrupt the existing scenario with Karmiq and has met with exceptional success in making it a year-round consumption product, becoming the first national brand in the dry fruits space. The products are being sourced directly from leading suppliers in California, Iran, Afghanistan and various parts of India.

120%

YEAR-ON-YEAR REVENUE GROWTH

New recipe of consumer delight

PRODUCT OFFERINGS

MUNCHIES



FLAVOURED DRY FRUITS



BERRIES



DRY FRUITS & NUTS



ALTERNATE HEALTHIER & EXOTIC OILS



TRADITIONAL GOODNESS IN MODERN, INNOVATIVE FLAVOURS

We have innovated by bringing in small munchies packs with flavoured dry fruits such as cashews with sea salt and pepper, cashew classic cheese, and sliced almond peri peri marketed as a healthy replacement for the snacks you generally crave.

Additionally, the brand also introduced a range of premium dry fruits such as prunes, dried apricots, and almonds packaged in unique tin cans and specially designed gift packs. Also available are berries, dried Afghan figs, pistachios, and walnuts. Trail mixes and seed mixes, along with munakka and khurmanis are to be launched soon.

DESI ATTA COMPANY

CELEBRATING THE DIVERSITY OF AUTHENTIC INDIAN CUISINE



FLOORED WITH THE COMBINATION OF QUALITY, TASTE, AND VARIETY

India is a country of diverse cultures, traditions, and language. With its wide range of flours from every corner of India, Desi Atta Company is ready to make your platter just as diverse. We are helping to bring back the love of cooking by focusing on the following three aspects:

VARIETY

We bring you some 50-odd varieties of delicious, healthy, high-quality atta made from the finest of ingredients.

EASY ACCESS

Our products are available through various ecommerce channel partners and the brand's digital portal, www.desiattacompany.com

CONVENIENCE

Our ready mixes help our consumers to enjoy items like dosa, idli, chakli, thepla, reducing the long preparation time they once used to require.

22%

YEAR-ON-YEAR REVENUE GROWTH

New recipe of consumer delight

PRODUCT OFFERINGS

FASTING FLOURS



FLOURS



READY MIXES



DIFFERENT MIXES FOR DIFFERENT NEEDS

Keeping a strong consumer focus, Desi Atta made the following product assortments available:

- Our fasting and feasting pack contains atta of rajgira, sabudana, singhara, samak, and kuttu.
- Our South Indian pack features mixes for dosa, medu vada, multigrain dosa, rice idli, upma, rava idli, and rava dosa.
- The snack pack includes mixes for khaman dhokla, besan pakora, khatta dhokla, dahi vada, peri peri idli, and moong pakora.

KARA

INSTANT FIXES FOR BEAUTY ON-THE-GO



**FEEL EFFORTLESSLY
FRESH AND BEAUTIFUL, ALWAYS**

Kara's instant wipes are the right fix when you want to feel beautiful and fresh while being on-the-go. The name Kara is derived from the Punjabi word karā meaning pure and unblemished.

Made from pure viscose fibre, the wipes are soft and dermatologically tested as well as paraben- and alcohol-free.

Kara has strong presence and popularity in modern trade outlets, more than 35,000 general trade stores, and leading online marketplaces such as Amazon and Nykaa. It has partnered with the Femina Miss India beauty pageant and built its own fan following. Kara has also matured on digital media as a brand, with more than 25,000 followers.

We are extremely encouraged by the consumers' response to Kara, which has become a part of their daily beauty regimen. We have introduced wipes aimed at specialised skincare for different seasons, which has emerged as a key differentiator.

> 35,000
GENERAL TRADE STORES

New recipe of consumer delight

THE WIPES ARE DIFFERENTIATED BY THE PURPOSE THEY ARE DESIGNED FOR



REFRESHING

Feel fresh with wipes with neem and tea tree oil; aloe vera and cucumber; and aloe vera and mint oil.



SKINCARE

With toning, moisturising and cleansing wipes, as well as those with sunscreen, get your beauty regimen in control. Also, different wipes for different seasons.



REMOVER

Remove your nail paint (in rose, orange, strawberry, and lemon fragrances) and makeup on the go.



SANITISING

Forget the sanitiser, use wipes instead. Make your baby feel fresh and happy with our baby cleansing wipes.

FORAY INTO SHEET MASKS

Kara has recently launched a range of sheet masks for the face, helping to beat the summer heat and stay fresh. These are made with handpicked ingredients like aloe vera, blueberry, and more.

CLEANMATE

EVERYDAY SOLUTIONS FOR SPIC & SPAN LIVING



CUSTOM-MADE OFFERINGS CATERING TO EVERY HOUSEHOLD NEED

Our flagship brand in the home and personal care segment, CleanMate offers a complete range of products to fulfill all cleaning needs of a modern household. Building upon the cultural connotation 'cleaning is an act of purification', CleanMate offers a wide array of effective cleaning solutions. This brand is known to combine innovation with consumer insights and introduce unique products in the market.

26%

YEAR-ON-YEAR REVENUE GROWTH

New recipe of consumer delight

PRODUCT OFFERINGS

TOILET CLEANERS



FLOOR CLEANERS



GLASS CLEANERS, UTENSIL GELS



BATHROOM CLEANERS



SIMPLIFYING CLEANING SOLUTIONS

With growing awareness about hygiene, there is increasing demand for cleaning solutions in India. Due to the constantly changing consumer needs the cleaning products industry is truly dynamic. The market is flooded with a variety of products and product differentiation is key to be successful and enjoy consumer recall. CleanMate has achieved its target to reach out to a greater number of consumers with its attractive price proposition and has

seen a consistent increase in sales over the last few years. FY19 was a milestone year for the brand as it crossed the ₹80 cr mark in sales for the first time. We witnessed robust growth in some of the highly competitive categories of Toilet Cleaners, Floor Cleaners, Utensil Gels. We have launched first-of-its-kind, specifically designed toilet cleaner with high viscosity, for Indian toilets.

PRIM

YOUR PARTNER IN HOME IMPROVEMENT



CREATIVE WAYS OF MANAGING YOUR HOME

Prim is our young and innovative brand that offers an array of do-it-yourself (DIY) homecare solutions. The essence of the brand has been rightfully captured by its tag line 'Easy Breezy Done'. Our idea behind brand Prim is to empower you to accomplish simple, manageable homecare tasks without depending on external help.

186%

YEAR-ON-YEAR REVENUE GROWTH

New recipe of consumer delight



PRODUCT OFFERINGS

RANGE OF CLEANING WIPES



HEMOCARE SOLUTIONS



MICROFIBRE RANGE



PERSONAL CARE



DIY, THE IN THING FOR INDIAN MILLENNIALS

The DIY trend has caught up with the young Indian population. Millennials today spend hours online on various platforms learning new things and getting work done. Platforms like YouTube are full of informative videos about doing things on your own such as assembling a piece of furniture and easy methods of cleaning shelves and wardrobes among others.

Prim aims to leverage the opportunities from this trend and offers a wide range of products such as wipes, cleaning

sponge, fabric care products, odour/moisture removers and food storage solutions to help consumers with quick and easy fixes for better living.

FY19 witnessed the launch of three key products- Moisture Absorber to dehumidify wardrobes, cabinets and shelves, Fridge Odour Absorber to deodorize refrigerators, and Toilet Seat Sanitizing Spray for the modern-day consumer. Besides traditional stores, Prim has its presence in the digital and ecommerce space as well.

BUSINESS MODEL

A CONSUMER-LED VALUE PROPOSITION

Driving FCL's encouraging performance and rapid growth is its unique integrated organisation design. It allows the company to innovate, incubate, and accelerate all at the same time.

We're using our

Strengths

DATA SCIENCES

FCL uses consumer and member transaction data from modern retail networks to understand, interpret, anticipate, and predict demand for its brands and products. The data is also used for demand sensing of new products prior to launch.

AGILE ORGANISATION DESIGN

At FCL, our organisation is designed to combine the initiative and energy of the new generation of our professionals with the wisdom that comes from decades of experience in modern retail through Future Group.

OWNING THE VALUE CHAIN

FCL now has a large presence across agri-sourcing, new product development and brands, manufacturing and food processing, as well as access to modern distribution networks through Future Group.

CONSUMER PROXIMITY

Easyday, Heritage fresh and Nilgiris are growing at a rapid pace with the aim to be present within 2 kilometer radius of urban consumers.

To gain business

Advantage

Consumer data allows us to deliver frequency, understand repeats, recency of purchase, create promotions and alerts for our customers in order to acquire the customer lifetime value.

We are using data to predict consumer cohorts likely to be the early adopters of a new category or brand, who all are likely to shift to new brands or adopt new habits. We target them specifically and communicate with personalised content and instinctive rewards and samples.

A young organisation allows for the agility and the ability to respond faster and evolve with the changing consumer dynamics. At the same time, the wisdom from those who have created and led modern retail networks brings in insights on 'what not to do' as well as first-hand knowledge and learnings on consumer communities and competitor brands performance.

Owning the value chain allows us to innovate and evolve with consumers' tastes and preferences, maintain high quality and consistency of products and operate within controlled environments that modern retail provides. More importantly, it allows us to capture value through every stage of the product evolution – from farm to customers' homes.

Being available closer to the customer allows us to capture frequent and weekly purchase cycles, offer targeted communication, develop subscription models in the future and enhance customer lifetime value.

OUR MANTRA

INNOVATE

The Zero to One process, comprised of conception and ideation stages, involves different functions like data science and analytics, design, marketing and new product development teams working simultaneously towards conceptualising products, brands, communication and go-to-market strategies.

INCUBATE

After prototyping and testing of products with a closed group of consumers, products are rapidly introduced on shop floor. Its performance and consumer response are closely monitored on a real time basis. The feedback from the stores is then incorporated for a quick iteration for rapid scale up or it goes back to the drawing board.

ACCELERATE

The One to Hundred process, which is about the execution, focusses on perfecting the sales and communication strategy, achieving excellence in supply chain and product fill rates and using data science to increase frequency and bill penetration across all members and customers.

Leading to robust

Outcomes

(Financials on consolidated basis)



₹3,881 Crores
REVENUE



29%
REVENUE GROWTH Y-0-Y



₹115 Crores
EBITDA



74%
EBITDA GROWTH Y-0-Y

SCALE TO DRIVE GROWTH AND PROFITABILITY

(Brand revenue in ₹ Crores)

Clean Mate

care mate

on track for ₹ 100 Cr

Tasty Treat

KARMIQ

Over ₹ 100 Cr

FRESH & PURE

Milgiris

Over ₹ 200 Cr

GOLDEN HARVEST

Over ₹ 1,000 Cr

- We have more than 40 agribusiness sourcing and distribution centres
- With APMC licenses in more than 26 states, we are ensuring a reliable supply
- We are rapidly scaling up on the digital front with our state-of-the-art Agribid app, to be used on the sourcing side
- The 110-acre India Food Park, Tumkur, houses a variety of manufacturing and processing facilities as well as R&D infrastructure
- Our retail reach of approx. 1,20,000 outlets is the key to our customer-proximity
- Our Aadhaar Wholesale Centres are helping to expand our footprint in rural areas with access to a wide network of general trade stores

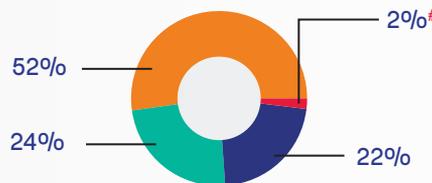
CHANNEL-WISE SALES MIX

BIG BAZAAR

easycare Club

Heritage fresh

Milgiris



आधार होलसेल

STAR BAZAAR

BOOKER WHOLESALE

Nature's Basket

Haiko SUPERMARKET

amazon

General Trade and Others

spencer's

NYKAA

#includes bulk

#adjusted for intercompany revenues



CORPORATE INFORMATION

BOARD OF DIRECTORS

G.N. Bajpai
Chairman, Independent Director

Kishore Biyani
Vice Chairman

Ashni Biyani
Managing Director

Adhiraj Harish
Independent Director

Deepak Malik
Nominee Director

Frederic de Mevius
Director

Harminder Sahni
Independent Director

Krishan Kant Rathi
Director

Narendra Baheti
Executive Director

Neha Bagaria
Independent Director

M/s. S R B C & Co LLP
Statutory Auditors

Ravin Mody
Chief Financial Officer

Manoj Gagvani
Company Secretary & Head-Legal

BANKERS

State Bank of India
RBL Bank Limited
Kotak Mahindra Bank Limited
Coöperatieve Rabobank U.A.
IndusInd Bank Limited
HDFC Bank Limited
Yes Bank Limited

WEBSITE

www.futureconsumer.in

CORPORATE IDENTIFICATION NUMBER

L52602MH1996PLC192090

REGISTERED OFFICE

Knowledge House, Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai- 400 060.
Tel No.: +91 22 6644 2200
Fax No.: +91 22 6644 2201

CORPORATE OFFICE

Embassy 247, Tower 'C',
LBS Marg, Vikhroli (West),
Mumbai - 400 083
Tel No.: +91 22 6119 0000
Fax No.: +91 22 6199 5391
Email ID : investor.care@futureconsumer.in

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-101, Embassy 247, 1st Floor,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083
Tel No.: +91 22 4918 6000
Fax: +91 22 4918 6060
Email: rnt.helpdesk@linkintime.co.in

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 23rd Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2019.

FINANCIAL HIGHLIGHTS

The summarized financial performance (Standalone and Consolidated) of the Company:

| Particulars | Standalone | | Consolidated | |
|---|------------|------------|--------------|------------|
| | FY 18-19 | FY 17-18 | FY 18-19 | FY 17-18 |
| Total income | 304,987.89 | 248,024.98 | 391,203.15 | 303,971.71 |
| Profit / (Loss) before exceptional items | 6,096.62 | 3,262.37 | 551.96 | (1,151.77) |
| Share of Loss in Associate Company and Joint Ventures | NA | NA | (2,949.42) | (2,162.30) |
| Add / (Less) : Exceptional Items | (1,923.14) | - | 22.41 | - |
| Profit / (Loss) before Tax | 4,173.48 | 3,262.37 | (2,375.05) | (3,314.07) |
| Profit / (Loss) After Tax | 6,053.10 | 3,234.68 | (718.31) | (3,064.35) |
| Profit / (Loss) After Share of Associates and Minority Interest | NA | NA | (638.75) | (2,598.42) |

(₹ in Lakhs)

BUSINESS OPERATIONS

Future Consumer Limited (FCL) is a next generation food & HPC company focusing on launching new products in emerging categories and value-added space. The Company has followed a strategy of launching differentiated products catering to a wide range of categories of consumer's basket.

The Company continues its journey to launch new / innovative products and has entered mainstream categories such as biscuits, snacking amongst others. Tasty Treat brand emerged into the leading snacks brand in FCL portfolio with a topline of over ₹185 crores growing at 68% on YoY basis. The brand is gaining scale as we continue to advertise on prime-time television during widely viewed events such as IPL. The campaign featured brand ambassador Varun Dhawan celebrating every foodie's love for snacking, munching and sipping. Karmiq, the lifestyle wellness brand, with a premium product range of dry fruits, munchies and flavored dry-fruits nuts reached a new milestone recording sales of over ₹155 crore in FY 19 growing at 120% on YoY basis. FCL is also focusing on home care, personal care and beauty, as leading brands Clean Mate and Care Mate clocked revenues of over ₹80 crore and ₹60 crore in topline in FY 19. The Company's brand TS- in the beauty accessories space has recorded great acceptance with customers. FCL is becoming a data centric organization and is setting up tools that will enable real time demand sensing and build a predictive supply chain network.

During the year, your Company expanded its distribution footprint to over ~120,000 touch points. The Company expanded its presence through the 3,500 Canteen Stores Department (CSD). Further, the Company launched its rural distribution strategy through a membership-based program "Mitra". The Company has created presence in over 4 states with 7 centers and has enrolled over 60 Mitras.

FCL has established a robust sourcing ecosystem and the capability to manufacture products in-house as well as through

subsidiaries, joint ventures and associate companies. The Integrated Food Park enables end-to-end food processing along the value chain from the farm to the market. It has also led to reduction in lead time for the introduction of new products. During the year, FCL announced a joint venture partnership with global dairy nutrition company Fonterra. The partnership shall work towards building Dairy 2.0 through creation of value-added portfolio by leveraging more than 125 years of rich history and expertise of Fonterra and Future Group led modern trade network and select high end traditional food retail stores across the Country. Both the JV partners intend to follow an asset light model in the initial years to contain the capital investment at the same time keeping a strong focus on quality standards. The initial stages of the partnership will focus on product development, and marketing with the right capital investment made during this period. The first consumer products will be launched by the middle of 2019, using both locally sourced milk and dairy products from New Zealand.

During the year under review, your Company has recorded revenue from operations of ₹3,88,064.97 Lakhs as against revenue from operations of ₹3,00,746.50 Lakhs registering year over year growth of 29%. EBITDA of the Company almost doubled from ₹6,628.25 Lakhs in previous year to ₹ 11,543.59 Lakhs during the year under review. Profit before tax turned positive for the first time as FCL registered PBT of ₹574.37 Lakhs in FY19 as against loss before tax of ₹1,151.77 Lakhs during FY18. The loss after tax attributable to the Company shrank significantly from ₹2,598.42 Lakhs in FY18 to ₹638.75 Lakhs in FY19.

Save and expect those mentioned in this Report, there were no material changes and commitments affecting the financial position of the Company between end of financial year under review and date of this report.

FUTURE OUTLOOK

India's GDP in FY 2017 stands at ~US\$ 2,464 bn and is projected to reach US\$ 3,555 bn in nominal terms by FY 2020. With a projected real GDP growth of 7%-8% till FY 2020, India is now among the fastest growing major economies in the world. The growth is driven by high private consumption, favorable demographics, dropping dependency ratio, rapidly rising education levels and steady urbanization. A large consumer base driving high private consumption coupled with government's focus on skill development, job creation, infrastructure and investments will act as key drivers of growth for India.

Globally, India is seen as one of the key consumer markets from where future growth is likely to emerge. It is estimated that India's consumption expenditure will increase from US\$ 1,453bn in FY 2016 to US\$ 2,062bn by FY 2020 and will surpass the consumption expenditure of developed economies like Italy, France and UK.

Currently, the food & groceries (F&G) segment forms the major share of the retail market (~67%). F&G will continue to be the dominant contributor in the retail market with 65% share in 2025. The Indian Food & Beverage (F&B) sector has seen multiple catalysts on the demand and supply sides. The sector is witnessing a strong shift from unbranded to branded products in categories such as staples led by increasing affluence level and consumer awareness. There has been a significant shift in consumer preferences led by digitization, social media and strong product innovation on one hand and supply chain investments on the other.

FCL has a healthy mix of staples (with high volume) and premium food products (high margins) and is now expanding its household and personal care categories as well. FCL will continue to focus on emerging categories where there is immense headroom for growth. With constant innovations, new offerings and change in product mix in brands like Golden Harvest, Tasty Treat, Karmiq, Desi Atta Company, Mother Earth and Cleanmate, FCL is expected to continue its focus on delivering topline growth with margin expansion. FCL continues to focus on categories suitable for modern trade and is now exploring opportunities to expand into general trade. FCL will continue to leverage Future Group's retail muscle to expand its distribution reach.

UNCLAIMED SHARES

In terms of the provisions of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

("SEBI Listing Regulations"), details about unclaimed shares in suspense account as on 31st March, 2019 are as under:

| Description | No. of Shareholders | No. of Shares |
|--|---------------------|---------------|
| Aggregate number of shareholders and outstanding shares in the suspense account as on 1 st April, 2018 | 2 | 18,600 |
| Aggregate number of shareholders who approached the Company for transfer from suspense account upto 31 st March, 2019 | 1 | 18,000 |
| Number of shareholders to whom shares were transferred from suspense account upto 31 st March, 2019 | 1 | 18,000 |
| Aggregate number of shareholders and outstanding shares in the suspense account as on 31 st March, 2019 | 1 | 600 |

The Company has opened separate suspense account with Central Depository Services (India) Limited and has credited the said unclaimed shares to this suspense account. The voting rights in respect of shares maintained under the suspense account shall remain frozen till the rightful owner makes any claim over such shares.

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to reserves.

DIVIDEND

Your Directors have not recommended any dividend on equity shares in respect of the financial year 2018-19, in view of conserving the funds for envisaged business requirements.

In terms of the provisions of Regulation 43A of SEBI Listing Regulations, the Company has adopted a Dividend Distribution Policy. The Dividend Distribution Policy is annexed to this Report as Annexure I and is also available on the website of the Company - <http://futureconsumer.in/Investors.aspx#policies.html>

INCREASE IN SHARE CAPITAL

During the year under review, your Company has issued and allotted in aggregate 70,29,017 equity shares of the Company to eligible employees on exercise of options granted under Employees Stock Option Scheme(s) formulated by the Company.

Consequent to the aforesaid, the issued, subscribed and paid-up capital of the Company increased from 1,91,34,33,663 equity shares of ₹ 6/- each to 1,92,04,62,680 equity shares of ₹ 6/- each.

SUBSIDIARIES AND JOINT VENTURE COMPANIES

As at 31st March, 2019, your Company had following Subsidiary and Joint Venture companies:

| Sr. No. | Name of the company | Category |
|---------|--|--|
| 1. | Aadhaar Wholesale Trading and Distribution Limited | Subsidiary |
| 2. | Affluence Food Processors Private Limited | Subsidiary |
| 3. | Appu Nutritions Private Limited | Subsidiary |
| 4. | Aussee Oats India Limited (formerly known as Aussee Oats India Private Limited) | Subsidiary |
| 5. | Aussee Oats Milling (Private) Limited | Subsidiary |
| 6. | Avante Snack Foods Private Limited | Subsidiary |
| 7. | Bloom Foods and Beverages Private Limited | Subsidiary |
| 8. | FCEL Food Processors Limited | Subsidiary |
| 9. | FCEL Overseas FZCO | Subsidiary |
| 10. | FCL Tradevest Private Limited | Subsidiary (w.e.f. 24 th December, 2018) |
| 11. | Future Consumer Products Limited | Subsidiary |
| 12. | Future Food and Products Limited | Subsidiary |
| 13. | Future Food Processing Limited (formerly known as Future Food Processing Private Limited) | Subsidiary |
| 14. | Fonterra Future Dairy Private Limited | Joint Venture (w.e.f. 1 st December, 2018) |
| 15. | Genoa Rice Mills Private Limited | Joint Venture |
| 16. | Hain Future Natural Products Private Limited | Joint Venture |
| 17. | Integrated Food Park Limited (formerly known as Integrated Food Park Private Limited) | Subsidiary |
| 18. | Mibelle Future Consumer Products A.G. | Joint Venture |
| 19. | MNS Foods Limited (formerly known as MNS Foods Private Limited) | Subsidiary |
| 20. | Nilgiris Franchise Limited (formerly known as Nilgiris Franchise Private Limited) | Subsidiary |
| 21. | Nilgiri's Mechanised Bakery Private Limited | Subsidiary |
| 22. | Sublime Foods Limited (formerly known as Sublime Foods Private Limited) | Subsidiary |
| 23. | The Nilgiri Dairy Farm Private Limited | Subsidiary |

During the year under review:

- a) Amar Chitra Katha Private Limited ("ACKPL") has ceased to be a subsidiary of the Company with effect from 14th December, 2018. Consequent to the same, ACK Media Direct Limited, IBH Books & Magazines Distributors Limited and Ideas Box Entertainment Limited subsidiaries of ACKPL have also ceased to be the subsidiaries of the Company with effect from the same date.

- b) Fonterra Future Dairy Private Limited is a joint venture entity pursuant to the joint venture agreement executed between the Company and Fonterra (Europe) Cooperatie U.A., joint venture partner.
- c) Affluence Food Processors Private Limited become a wholly owned subsidiary of the Company with effect from 6th November, 2018, consequent to acquisition of entire stake from of the joint venture partner by the Company.
- d) For the purpose of consolidation of investments held by the Company in few subsidiary /joint venture companies engaged in manufacturing activities, the respective shareholding of the Company in these companies have been transferred to a wholly owned subsidiary viz. FCL Tradevest Private Limited. Consequent to the same, Affluence Food Processors Private Limited, Aussee Oats India Limited, Sublime Foods Limited, MNS Foods Limited, Integrated Food Park Limited, Future Food and Products Limited, Future Food Processing Limited have become subsidiary of FCL Tradevest Private Limited. Genoa Rice Mills Private Limited has become a joint venture of FCL Tradevest Private Limited.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of Subsidiaries and Joint Venture companies in Form AOC-1 is attached separately to this Annual Report.

The performance, financial position and contribution of each of the Subsidiaries and Joint Venture companies to the performance of the Company, is provided under Management Discussion and Analysis Report, which is presented separately and forms part of this Report.

The policy for determining material subsidiaries as approved by the Board of Directors of the Company is available on the website of the Company - <http://futureconsumer.in/Investors.aspx#policies.html>

As on 31st March, 2019, FCL Tradevest Private Limited and Bloom Foods and Beverages Private Limited have been identified as material subsidiary of the Company as per the thresholds laid down under the aforesaid policy.

In accordance to the provisions of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein standalone and the consolidated financial statements of the Company and the audited financial statements of each of the subsidiary companies have been placed on the website of the Company - www.futureconsumer.in.

The audited financial statements in respect of each subsidiary company shall also be kept open for inspection at the Registered Office of the Company during working hours for a period of 21

days before the date of ensuing Annual General Meeting. The aforesaid documents relating to subsidiary companies can be made available to any Member interested in obtaining the same upon a request in that regards made to the Company.

FINANCIAL STATEMENTS

Pursuant to the Companies (Indian Accounting Standards) Rules, 2015 ("IND AS") notified by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards with effect from 1st April, 2016. Accordingly, the Standalone and Consolidated Financial Statements of the Company and its subsidiaries, for the year ended 31st March, 2019 and 31st March, 2018 have been prepared in accordance with IND AS.

The audited Consolidated Financial Statements prepared in accordance with IND AS are provided in this Annual Report.

PARTICULARS OF LOANS GRANTED, GUARANTEE PROVIDED AND INVESTMENTS MADE PURSUANT TO THE PROVISIONS OF SECTION 186 OF THE COMPANIES ACT, 2013

Details of loans granted, guarantees provided and investments made by the Company under the provisions of Section 186 of the Companies Act, 2013, are provided in the Notes to Standalone Financial Statements of the Company, forming part of this Annual Report.

RELATED PARTY TRANSACTIONS

The Company has formulated policy on materiality of related party transactions and dealing with related party transactions ("RPT Policy") in accordance to the provisions of Companies Act, 2013 and SEBI Listing Regulations. The RPT Policy is available on the website of the Company - <http://futureconsumer.in/Investors.aspx#policies.html>

All transactions with related parties are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for transactions with related parties which are repetitive in nature.

All transactions entered into with related parties during the financial year under review were in the ordinary course of business and on an arm's length basis. The disclosure in respect of material contracts or arrangements with related parties, as required under Section 134(3)(h) of the Companies Act, 2013 is made in Form AOC-2 which is annexed to this Report as **Anneuxre II**.

INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROLS

The Company has put in place an adequate internal control system to safeguard all its assets and ensure operational

excellence. The system meticulously records all transaction details and ensures regulatory compliance. The Company also has a team of internal auditors to conduct internal audit. KPMG as our Internal Auditor ensures that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee. Wherever necessary, internal control systems are strengthened and corrective actions are initiated. The Internal Auditors assist in setting Industry benchmarks and help us drive and implement best Industry practice within our organization.

Internal Audit team conducts Internal Financial Review (IFC) testing on yearly basis as per Companies Act 2013, to ensure adequate and effective Internal Control over Financial Reporting. The same is also being certified by our Statutory Auditors on a yearly basis.

Based on the assessment carried out by the Company, the internal financial controls were adequate and effective and no reportable material weakness or significant deficiencies in the design or operation of internal financial controls were observed, during the financial year ended 31st March, 2019.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In terms of provisions of the Companies Act, 2013, Mr. Deepak Malik and Ms. Ashni Biyani are liable to retire from the Board of the Company by rotation at the forthcoming Annual General Meeting ("AGM") and being eligible, have offered themselves for re-appointment.

Ms. Ashni Biyani has been appointed as the Managing Director of the Company with effect from 22nd May, 2018 for a period of three years pursuant to the approval granted by the Shareholders of the Company at the Annual General Meeting held on 29th August, 2018.

The Board of Directors of the Company ("Board") had at their meeting held on 22nd May, 2019, on the recommendation of the Nomination and Remuneration/Compensation Committee ("Committee") and pursuant to the provision of Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, approved re-appointment of Mr. G. N. Bajpai as the Non-Executive Independent Director on the Board of Directors of the Company for a further term of 5 (Five) consecutive years with effect from 26th August, 2019, subject to approval of the Shareholders of the Company. Further, the Board has at the said meeting based on the recommendation of the Committee and subject to approval of the Shareholders, approved re-appointment of Mr. Narendra Baheti as an Executive Director on the Board of Directors of the Company for a further period of 3 years with effect from 30th August, 2019.

The Notice convening forthcoming Annual General Meeting includes the proposal for appointment / re-appointment of the aforesaid Directors. A brief resume of the Directors seeking appointment/ re-appointment at the forthcoming AGM and other details as required to be disclosed in terms of Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) forms part of the Notice calling the AGM.

As on 31st March, 2019, none of the Directors are disqualified for appointment/re-appointment under Section 164 of the Companies Act, 2013.

Mr. Harminder Sahni and Ms. Neha Bagaria have been appointed as an Independent Director(s) of the Company for a period of 5 years with effect from 14th September, 2018 and 20th March, 2019 respectively.

The Company has received individual declarations from following Independent Director(s) of the Company stating that they meet the criteria of independence as provided under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations:

- a) Mr. G. N. Bajpai
- b) Mr. Harminder Sahni
- c) Mr. Adhiraj Harish
- d) Ms. Neha Bagaria

During the year under review, Ms. Vibha Rishi resigned as an Independent Director of the Company with effect from 14th September, 2018. The Board wish to place on record their appreciation for contributions made by Ms. Vibha Rishi during her tenure as a member of the Board of Directors of the Company.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met 5 (five) times during the financial year 2018-19. The details of composition of the Board and its meetings held during the year under review and the attendance of the Directors at those meetings is provided in the Corporate Governance Report which forms part of this Annual Report.

AUDIT COMMITTEE

As on 31st March, 2019, the composition of Audit Committee has been as under:

- a. Mr. G. N. Bajpai
- b. Mr. Harminder Sahni
- c. Mr. K K Rathi
- d. Mr. Adhiraj Harish

During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As on 31st March, 2019, the composition of Corporate Social Responsibility Committee has been as under:

- a. Mr. Kishore Biyani
- b. Ms. Ashni Biyani
- c. Mr. Harminder Sahni

PERFORMANCE EVALUATION OF BOARD

A formal evaluation of performance of the Board, its Committees, the Chairman and that of the individual Directors was carried out for the financial year 2018-19. The evaluation process was done based on structured questionnaire in accordance to the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India.

The evaluation of Individual Directors was done taking into consideration the contributions made by each Director as a member at the respective meetings, in pursuit of the purpose and goals, participation at the meetings, independent views and judgement, initiative, ownership of value building.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of Committees, effectiveness of Committee meetings, information shared and participation of members. In respect of evaluation for performance of the Board, the parameters *inter alia* comprised of key areas such as Board composition, competency of Directors, diversity, frequency of Board and Committee meetings, information sharing and disclosures made to the Board and its Committees. The responses received on evaluation of the Board and its Committees and that of the individual Directors were shared with the Chairman.

The overall performance evaluation process for functioning of Board and its Committees was based on discussions amongst the Board Members, Committee Members and responses shared by each Member. The Board found that there was considerable value and richness in the discussions and deliberations and has agreed for possible continuous improvisation and effectiveness in functioning of the Board and Committees.

CORPORATE GOVERNANCE

A report on Corporate Governance together with Auditors' Certificate as required under Regulation 34 of SEBI Listing Regulations forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report as required under Regulation 34 of SEBI Listing Regulations is presented separately and forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

A report in terms of Regulation 34 of the SEBI Listing Regulations, on the business responsibility initiatives taken by the Company is presented separately and forms part of this Annual Report.

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism and Whistle Blower Policy to provide a framework for promoting responsible and secure whistle blowing and to provide a channel to the employee(s), Directors and other stakeholders to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or policy/ies of the Company. The details of said vigil mechanism is given in Corporate Governance Report, which forms part of this Annual Report.

NOMINATION AND REMUNERATION POLICY

In terms of requirements prescribed under Section 178 of the Companies Act, 2013, the Company has framed a Nomination and Remuneration Policy for appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the "Policy").

During the year under review, the Company has amended the Policy in terms of requirements prescribed under the SEBI Listing Regulations.

The purpose of this Policy is to establish and govern the procedure as applicable *inter alia* in respect to the following:

- a) To evaluate the performance of the members of the Board.
- b) To ensure remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Policy is available on the website of the Company - <http://futureconsumer.in/Investors.aspx#policies.html> and is annexed to this Report as **Annexure III**.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Company has constituted a Corporate Social Responsibility Committee ("CSR Committee") in accordance with Section 135 of the Companies Act, 2013. The Board of Directors of the Company have based on recommendations made by the CSR Committee formulated and approved Corporate Social Responsibility Policy ("CSR Policy") for the Company. The salient features of CSR Policy *inter-alia* comprises of framing of guidelines to make Corporate Social Responsibility ("CSR") a key business process for sustainable development of the society to directly/indirectly undertake projects/programmes which will enhance the quality of life and economic well-being of the communities in and around our operations and society and to generate goodwill and recognition among all stakeholders of the Company.

The disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is made in prescribed form which is annexed to this Report as **Annexure IV**.

RISK MANAGEMENT POLICY AND INTERNAL ADEQUACY

Your Company has Enterprise Risk Management (ERM) Policy in place. The aim of this policy is not only to eliminate risks but to also assist FCL personnel to manage the risks involved concerning the business and to achieve maximum opportunities and minimize adverse consequences.

It involves:

- Identifying and taking opportunities to improve performance as well as taking actions to avoid or reduce the chances of adverse consequences
- A systematic process that can be used when making decisions to improve the effectiveness and efficiency of performance
- Effective communication
- Accountability in decision making

Risk Management Committee meeting is held once in every six months wherein all the critical risks along with current mitigation plans identified during the period are presented to the Board. This ensures all the critical risks are covered and suitable mitigation plans are in place or needs to be implemented to overcome /avoid the risk to ensure controls are operating effectively. The Audit Committee has additional oversight in the areas of financial risk and controls.

AUDITORS AND AUDITORS' REPORT

M/s. S R B C & CO LLP, Chartered Accountants, have been appointed as the Statutory Auditors of the Company

for a period of five years at the 21st Annual General Meeting of the Company held on 29th August, 2017.

The notes on financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments and explanations. The Auditors' Report does not contain any qualification, reservation or adverse remark. No instances of fraud have been reported by the Statutory Auditors of the Company under Section 143(12) of the Companies Act, 2013.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

The Company has appointed M/s. Sanjay Dholakia & Associates, Company Secretaries to conduct Secretarial Audit of the Company for the financial year 2018-19 in terms of the provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report is annexed to this Report as **Annexure V**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

PUBLIC DEPOSITS

Your Company has not been accepting any deposits from the public and hence there are no unpaid / unclaimed deposits or any instance of default in repayment thereof.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return as on 31st March, 2019 in Form MGT 9 in terms of provisions of Section 92(3) of the Companies Act, 2013 read with Rules thereto is available on website of the Company <https://futureconsumer.in/investors.aspx#financials.html>

PARTICULARS OF EMPLOYEES

Disclosure with respect to the remuneration of Directors and employees as required under Section 197 of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided under **Annexure VI**, which is annexed to this Report.

In terms of the provisions of first proviso to Section 136(1) of the Companies Act, 2013, the statement containing particulars of top ten employees and the employees drawing remuneration in excess of limits prescribed under 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, is excluded from the Annual Report being sent to the Members of the Company and is available for inspection by the Members at the Registered Office of the Company during business hours on working days up to the date of the forthcoming Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary and the same shall be provided.

The full Annual Report including aforesaid information is being sent electronically to all those Members who have registered their email addresses and is also available on the website of the Company.

PARTICULARS OF EMPLOYEE STOCK OPTION PLAN

Pursuant to the approval of the Shareholders, the Company has formulated following employee stock option schemes:

- a. FVIL Employees Stock Option Plan-2011 ("FVILE SOP-2011")
- b. Future Consumer Enterprise Limited - Employee Stock Option Plan 2014 ("FCEL ESOP - 2014")

The aforesaid Employee Stock Option Plans are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time ("**SEBI Employee Benefits Regulations**") and there have been no material changes to these Plans during the financial year under review.

The details of options granted and exercised under FVIL ESOP-2011 and FCEL ESOP-2014 and other disclosures as required under SEBI Employee Benefits Regulations, are available on the website of the Company - <http://futureconsumer.in/investors.aspx#statutory-documents.html> and are also provided in **Annexure VII**, which is annexed to this Report.

MAINTENANCE OF COST RECORDS

Your Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and accordingly such accounts and records have not been maintained by the Company.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, EXPENDITURE ON RESEARCH AND DEVELOPMENT, FOREIGN EXCHANGE EARNINGS AND OUTGO, ETC.

The Company in its regular course of business is vigilant to conserve the resources and continuously implements measures required to save energy.

The Company's initiative towards Energy and Carbon Policy sets forth guidelines towards low carbon transformation through energy efficiency and sourcing energy from alternative and renewable sources. The Company's Environment Management Systems (EMS) help them in identifying and assessing environmental risks, preventing and mitigating the environmental impact caused due to its operations and products. The Company monitors its environmental performance against key performance indicators and works towards increasing manufacturing efficiency, wastage reduction and enhancing capacity utilization.

The business activities of the Company are not specific to any technology requirements. In the course of operations, processes are formed and implemented to achieve operational efficiencies in the Company and also at its subsidiaries which assist in maintaining product quality and cost control.

In respect of the manufacturing units of the Company and its subsidiaries, the brief particulars in respect of various steps and initiatives taken regarding conservation of energy and technology absorption are as under:

(A) Conservation of Energy

The energy utilization in each manufacturing unit is being monitored regularly in order to achieve effective conservation of energy. The significant energy conservation measures under taken during the year under review were as under:

(i) the steps taken or impact on conservation of energy:

- Controlled shut down of Freezers and freezer room design optimisation resulted in savings of 421 kwh/day w.e.f. January 2019.
- Rationalization in capacity utilization of freezer and movement of man and materials in the freezer room restricted temperature increase.
- Light circuit modification for auto power cut-off through installation of limit switches at cold chambers has resulted in savings of 92 kwh/month w.e.f. from March 2019.
- Height reduction in the ante room with false ceiling briquette fired steam boiler.
- Maximum utilization of the Steam in effective way by arresting steam through steam traps and monitoring water to steam ratio.
- Refurbishing of boiler through insulation of the steam line and replacement of refractory bricks has reduced loss of heat from the steam .
- Pressure regulating system have been initiate in steam line ensuring optimal utilization of steam.
- Electrical boiler replaced by briquette fired boiler has resulted in savings of 1152 kwh/day w.e.f. March 2019.
- Auto power factor correction (APFC) resulted in savings of 600 kwh/month w.e.f. March 2019.
- Street lights automated by timer mechanism resulted in savings of 3.2 KWH/month w.e.f March 2019.

In the current year, India Food Park plans to initiate following measures to conserve energy:

- Replace the use of LPG with PNG as fuel to boilers and the same will be complemented with briquettes at Food Park.
- Automate street lighting through timer based switches.
- Automate power factor correction at all units.

In the current year, the Company plans to replace the Surface Aerating system by Diffuser Aeration system at 'Aerator Tank 02' and install condensate recovery systems at the F&V division.

(ii) the steps taken by the Company for utilising alternate sources of energy:

India Food Park at Tumkur has installed 3MW solar power generating units by third party which is operational now and is being used across manufacturing units at India Food Park. The Company currently consumes 4,51,790 KWh at India Food Park. A 3 MW solar power plant caters to 48 % of the electricity requirements.

(iii) the capital investment on energy conservation equipments:

The total capital investment on energy conservation equipment during financial year 2018-19 across all the business verticals of the Company and its subsidiaries is approximately ₹ 24.50 lakhs.

(B) Technology absorption

In the India Food Park at Tumkur, surface aeration system has been changed to diffused aeration system and migrated to renewable energy source over conventional energy sources. These changes are expected to bring in process improvement, cost reduction and GHG reduction. The Company's water stewardship policy encourages water conservation efforts while monitoring, measuring and reporting progress against key performance indicators and complying with the local regulations.

(C) Foreign exchange earning and outgo

The details in respect of Foreign Exchange earnings/ outgo for the year under review, is provided below:

Foreign Exchange Earnings: ₹ 601.65 lakhs

| Particulars | Amount (₹ in lakhs) |
|-----------------|---------------------|
| Interest Income | 257.03 |
| Sale of Goods | 297.36 |
| Sales Promotion | 47.26 |
| Total | 601.65 |

Foreign Exchange Outgo: ₹ 7,273.53 lakhs

| Particulars | Amount (₹ in lakhs) |
|----------------------|---------------------|
| Marketing Expenses | 33.76 |
| Purchases | 7,138.17 |
| Recruitment Expenses | 3.51 |
| Royalty Fees | 96.01 |
| Sitting Fees | 0.50 |
| Travelling Expenses | 1.59 |
| Total | 7,273.54 |

GENERAL

- 1) The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.
 - 2) The Managing Director and Executive Director have not received any commission from the Company nor any remuneration in the form of salary/perquisites from any of its subsidiary companies.
 - 3) There are no significant / material orders passed by the regulators/courts/tribunals during the year under review which would otherwise impact the going concern status of your Company and its future operations.
 - 4) The Company has complied with the provisions regarding the constitution of the Internal Complaints Committee (ICC) in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules thereto. During the year under review, there were no reported instances of cases filed pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
 - 5) The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.
- standards have been followed along with proper explanation relating to material departures, if any;
- b) the Directors 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 as at 31st March, 2019 and of the profit or loss of the Company for that period;
 - c) the Directors 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;
 - d) the Directors have prepared the annual accounts for the financial year ended 31st March, 2019, on a going concern basis;
 - e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
 - f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement it is hereby confirmed that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting

standards have been followed along with proper explanation relating to material departures, if any;

- b) the Directors 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 as at 31st March, 2019 and of the profit or loss of the Company for that period;
- c) the Directors 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;
- d) the Directors have prepared the annual accounts for the financial year ended 31st March, 2019, on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors would like to thank and place on record their appreciation for the support and co-operation provided to your Company by its Shareholders, Future Group entities and in particular, regulatory authorities and its bankers. Your Directors would also like to place on record their appreciation for the efforts put in by employees of the Company during the year under review.

On behalf of the Board of Directors

G.N. Bajpai
Chairman

Date: 22nd May, 2019

Place: Mumbai

DIVIDEND DISTRIBUTION POLICY

Annexure I

BACKGROUND:

Pursuant to the requirements prescribed under Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Dividend Distribution Policy ("Policy") is formulated by Future Consumer Limited ("FCL" / "Company") to establish dividend distribution framework which shall be considered by the Board of Directors of the Company ("Board") prior to recommending dividend. This Policy is required to be disclosed in the Annual Report and on the website of the Company.

The objective of this Policy is to broadly specify the external and internal factors including financial parameters that shall be considered by the Board while recommending dividend to the shareholders of the Company ("Shareholders"). The Board shall while recommending dividend comply with this Policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable laws, rules and regulations.

COMPANY'S PHILOSOPHY:

FCL believes in long term value creation for its Shareholders while maintaining the desired liquidity, leverage ratios and protecting the interest of all the stakeholders. In terms of the same, FCL will focus on sustainable returns in terms of dividend, in consonance with the dynamics of business environment and the regulatory requirements.

FCL 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 maximize 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 which will attempt to maintain a consistent dividend record to reward its Shareholders.

DECLARATION OF DIVIDEND:

'Declaration of Dividend' is one of the key financial decisions of the Company, forming part of the overall strategy for efficient allocation of capital as well as increasing shareholder's wealth.

Subject to the applicable regulations, the recommendation of dividend for approval of the Shareholders shall be at the discretion of the Board since ultimately, it is the Board that is best placed to envisage what is in the best interests of the Company.

The Board shall endeavor to strike a balance between: (i) the Company's interest to capitalize its profits, boost cash flows

and use surplus funds for its business operations and (ii) the interests of its shareholders, in benefiting from their decision to invest in the shares of the Company.

In line with the philosophy described above, the Board shall review the operating performance every quarter and shall strive to distribute appropriate level of profits in the form of interim / final dividends, from time to time. All dividends shall be subject to statutory regulations and approvals, as applicable.

PER SHARE BASIS:

The dividend will be declared on per share basis only.

CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR 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.

FINANCIAL PARAMETERS AND INTERNAL/EXTERNAL FACTORS CONSIDERED WHILE DECLARING DIVIDEND:

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

The Board shall illustratively have regard to the following internal and external factors, in declaring dividend:

Internal factors:

- Operations and Earnings of the Company;
- General financial condition;
- Short term and long term capital requirements;
- Resources required to fund acquisitions and / or new businesses;
- Cash flow required to meet contingencies
- Outstanding borrowings;
- Liquidity position;
- Contractual obligations;
- Restrictive covenants under financing arrangements with lenders.

External:

- Macro-economic environment;
- Competitive Environment;
- Government Policy;
- Changes in accounting policies and applicable standards;
- Any other matter / risks that the Board may apprehend.

USAGE OF RETAINED EARNINGS:

The Company firmly believes that consistent growth will maximise shareholders value. Thus the Company shall endeavor to utilize retained earnings towards its business priorities, expansions, growth opportunities, acquisitions, investments or towards distribution to Shareholders via dividend or other

means as permitted by applicable regulations, as will be in the best interests of the Company and its stakeholders.

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 to the investors of each class.

This Policy sets out the general parameters adopted by the Company for declaration of dividend for guidance purposes. This Policy would be subject to revision / amendment on a periodic basis, as may be considered necessary by the Board.

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of 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 including certain arms length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

The Company has not entered into any contracts or arrangements or transactions with its related parties which are not on arm's length basis during the financial year 2018-19.

2. Details of material contracts or arrangement or transactions at arm's length basis:

| Name(s) of the related party | Nature of relationship | Nature of contracts / arrangements / transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any: | Date(s) of approval by the Board, if any: | Amount (₹ in Lakhs) |
|------------------------------|---|---|--|---|---|---------------------|
| Future Retail Limited | Entities controlled / having significant influence by KMP and their relatives | Sales | Ongoing | As per Purchase Order placed from time to time | 8 th February, 2018 | 246,773.68 |

On behalf of the Board of Directors

G.N. Bajpai
Chairman

Date: 22nd May, 2019
Place: Mumbai

NOMINATION AND REMUNERATION POLICY

Annexure III

1. PURPOSE OF THIS POLICY:

In terms of requirements prescribed under Section 178 of the Companies Act, 2013 (the "Act"), and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (the "SEBI Listing Regulations"), Future Consumer Limited (the "Company") had adopted Remuneration Policy for appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the "Policy"). Pursuant to the amendments in SEBI Listing Regulations, the amended Policy is being adopted by the Company which comes into effect from 1st April, 2019.

The purpose of this Policy is to establish and govern the procedure as applicable *inter alia* in respect to the following:

- a) To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive/Non-Executive) and recommend to the Board (as defined), policies relating to the remuneration (payable in whatever form) of the Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board.
- c) To ensure remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- d) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

2. DEFINITIONS:

- a) "Board" shall mean Board of Directors of the Company as constituted from time to time.
- b) "Independent Director" means a director referred to in Section 149(6) of the Act and Regulation 16(b) of the SEBI Listing Regulations, as amended from time to time.
- c) "Key Managerial Personnel" or "KMP" shall mean Key Managerial Personnel as defined in Section 2(51) of the Act.
- d) "Committee" shall mean Nomination and Remuneration/Compensation Committee of Board of

Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Regulation 19 of the SEBI Listing Regulations.

- e) "Senior Management" shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall include the company secretary, chief financial officer and all functional heads of the Company.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Regulations 19 or the Accounting Standards shall have the meanings assigned to them in SEBI Listing Regulations.

3. COMPOSITION AND SCOPE OF NOMINATION AND COMPENSATION /REMUNERATION COMMITTEE:

The Nomination and Remuneration/Compensation Committee ("Committee") has been constituted to undertake the functions in accordance to the provisions of Section 178 of the Act and the Regulation 19 of the SEBI Listing Regulations as amended from time to time.

4. APPOINTMENT AND REMOVAL OF DIRECTOR, KMPs AND SENIOR MANAGEMENT:

4.1 Appointment criteria and qualification:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his / her appointment.

For the appointment of KMP (other than Managing / Whole-time Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is being considered. Further, for administrative convenience, the appointment of KMP (other than Managing / Whole time Director) or Senior Management, the Managing Director /Whole Time Director are authorised to identify and appoint a suitable person for such position. However, if need be, the Managing Director /Whole Time Director may consult the Committee / Board for further directions / guidance.

The appointment of Independent Directors shall be in adherence with the Act and applicable rules thereunder and the provisions of SEBI Listing Regulations.

4.2 Term:

The Term of the Directors including Managing Director / Whole-time Director / Independent Director shall be governed as per the provisions of the Act and Rules made thereunder and the SEBI Listing Regulations, as amended from time to time.

The terms of appointment of Independent Directors shall be in adherence with the Act and applicable rules thereunder and the provisions of SEBI Listing Regulations.

Whereas the terms and conditions of the KMP (other than the Managing / Whole time Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

4.3 Evaluation:

The Committee shall provide manner for effective evaluation of performance of Board, its Committees and individual Directors, which shall be carried out by the Board or the Committee or an independent external agency. The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.

The criteria for evaluation of Independent Director shall *inter-alia* include:

- (a) Performance of the Directors; and
- (b) Fulfillment of the independence criteria as specified in these regulations and their Independence from the management.

4.4 Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations, thereunder, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, KMPs (other than Managing / Whole-time Director) or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

4.5 Retirement:

The Directors, KMPs (other than Managing/ Whole-time Director) and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMPs (other than Managing/ Whole- time Director), Senior Management in the same

position/ remuneration or otherwise even after attaining the retirement age for the benefit of the Company.

5. REMUNERATION OF MANAGING / WHOLE-TIME DIRECTOR, KMPs AND SENIOR MANAGEMENT:

The remuneration/ compensation/ commission, etc., as the case may be payable to the Managing /Whole time Director , will be determined by the Committee and recommended to the Board for its approval. The same shall be subject to the prior / post approval of the Shareholders of the Company and shall be in accordance with the provisions of the Act and Rules and other applicable Regulations made thereunder. The Committee shall recommend to the Board the criteria for remuneration in whatever form payable to KMPs and Senior Management based on the standard market practice and prevailing HR policies of the Company.

6. REMUNERATION TO NON-EXECUTIVE/ INDEPENDENT DIRECTOR:

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and Rules made thereunder for the time being in force or as may be decided by the Board from time to time.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and Regulation 19 of SEBI Listing Regulations.

7. MINIMUM REMUNERATION:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole Time Director / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V thereto.

8. REVIEW:

The Committee shall review and recommend to the Board alterations to this Policy as and when necessary, provided they are not inconsistent with the provisions of the applicable laws. In the event of any conflict between the provisions of this Policy and Act or Rules and SEBI Listing Regulations or any other statutory enactments (as amended from time to time), the applicable provisions of Act or Rules and SEBI Listing Regulations or such other statutory enactments, shall prevail over this Policy and shall be construed accordingly.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

Annexure IV

1. **Brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

Future Consumer Limited ("FCL" or "Company"), believes that its business is built around strong social relevance of inclusive growth by supporting the common man in meeting their financial needs. The Company equally believes that creation of large societal capital is as important as wealth creation for our stakeholders. As a responsible organization, the Company is committed towards the above objective and is keen on developing a sustainable business model to ensure and activate our future growth drivers. The Company has been contributing to the societal wealth creation for the last several years irrespective of any regulatory compulsions as a realization of its above belief. In line with the regulatory expectations, the Company has put in place a formal policy as a guide towards its social commitment going forward. The Corporate Social Responsibility Policy ("CSR Policy") has been recommended by CSR Committee and approved by the Board of Directors of the Company. The CSR Policy is available on the website of the Company - <http://futureconsumer.in/Investors.aspx#policies.html>

2. **The Composition of the CSR Committee is as under:**

- a) Ms. Ashni Biyani - Chairperson
- b) Mr. Kishore Biyani - Member
- c) Mr. Harminder Sahni - Member

3. **Average net profit of the company for last three financial years:** For the last three financial years, the Company has incurred Average Net Loss of ₹ 676.37 lakhs

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Not Applicable**

5. **Details of CSR spent during the financial year:**

(a) Total amount to be spent for the financial year: NIL

(a) Amount unspent, if any: Not Applicable

(a) Manner in which the amount spent during the financial year is detailed below:

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|----------------|------------------------------------|--|---|---|--|---|--|
| Sr. No. | CSR project or activity identified | Sector in which the Project is covered | Projects or programs Local area or other 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* |
| Not Applicable | | | | | | | |

*Give details of implementing agency

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.**

Not Applicable, since the Company has incurred Average Net Loss for the last three financial years.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company, to the extent applicable.

Ashni Biyani
Managing Director and Chairperson – CSR Committee

SECRETARIAL AUDIT REPORT

Annexure V

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,
The Members
Future Consumer Limited
(Formerly known as Future Consumer Enterprise Limited)
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Future Consumer Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/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 of the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 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, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - (Not applicable to the Company during the Audit Period);
- v. The following Regulations and Guidelines prescribed under the 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) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- 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 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period);
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period); and
- j. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015.

We have also examined compliance with the applicable clauses of Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations and Guidelines, as mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors / Committees of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 notice is 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.

Majority decisions of the Board are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

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.

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

For Sanjay Dholakia & Associates

(Sanjay Dholakia)
Practising Company Secretary
May 22, 2019
Membership No. 2655 /CP No. 1798

ANNEXURE I

To,
The Members
Future Consumer Limited
(Formerly known as Future Consumer Enterprise Limited)
Mumbai

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 our 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 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 happening of events.
5. The compliance of the provisions of the Corporate and other applicable laws, rules, regulations and norms is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. 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.

For Sanjay Dholakia & Associates

(Sanjay Dholakia)
Practising Company Secretary
May 22, 2019
Membership No. 2655 /CP No. 1798

Details 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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Director, Company Secretary and Manager during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 are as under:

| Sr. No. | Name of Director/KMP and designation | Remuneration of Director / KMP for Financial Year 2018-19* (₹ in lakhs) | % increase in Remuneration for Financial Year 2018-19 | Ratio of remuneration of each Director to median remuneration of employees |
|---------|---|--|---|--|
| 1. | Ashni Biyani# Managing Director | 170.50 | 94% | 60.74 |
| 2 | Narendra Baheti Executive Director | 149.56 | 7% | 53.28 |
| 3 | Manoj Gagvani Company Secretary and Head-Legal | 95.90 | 8% | 34.16 |
| 4 | Ravin Mody Chief Financial Officer | 109.79 | 7% | 39.11 |

Appointed as Managing Director with effect from 22nd May, 2018.

* remuneration does not include the perquisite value on stock options exercised during the year.

a) Narendra Baheti: ₹ 656.88 Lakhs

b) Ravin Mody: ₹ 3.10 Lakhs

c) Manoj Gagvani: ₹ 115.55 Lakhs

- (ii) **Percentage increase in the median remuneration of employees in the financial year**

In the financial year 2018-19, there was an increase of 13% in the median remuneration of employees.

- (iii) **Number of permanent employees on the rolls of Company**

There were 1,599 permanent employees on the rolls of Company as on 31st March, 2019.

- (iv) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average percentage increase made in the salaries of employees other than the managerial personnel for the financial year i.e. 2018-19 was 13% whereas the increase in the managerial remuneration for the same financial year was 24%.

- (v) **Key parameters for any variable component of remuneration availed by the directors**

No variable component forms part of remuneration paid to Managing Director. In respect of the executive Director, the variable component of remuneration is in line with policy of the Company which largely takes into consideration the performance of the Company as well as the individual concerned.

- (vi) **Affirmation that the remuneration is as per the remuneration policy of the Company**

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

Annexure VII

Disclosures relating to Employee Stock Option Scheme(s) in respect of Options granted till 31st March, 2019

| Sr. No | Particulars | FVIL ESOP-2011 | FCEL ESOP-2014 | | | | | | | | | | | | |
|---|---|---|--|------------------------|---|------------------------|---|------------------------|---|---|------------------------|---|------------------------|---|------------------------|
| A | Disclosures in terms of the Guidance note on accounting for employee share based payments issued by ICAI or any other relevant accounting standards as prescribed from time to time | Refer Note 36 in Notes to Financial Statements | | | | | | | | | | | | | |
| B | Diluted Earnings Per Share (EPS) on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Accounting Standard 20 – Earnings Per Share issued by ICAI or any other relevant accounting standards as prescribed from time to time | ₹ 0.32 | | | | | | | | | | | | | |
| C | Details related to ESOS | | | | | | | | | | | | | | |
| (i) | A description of each ESOS that existed at any time during the year including the general terms and conditions of each ESOS | | | | | | | | | | | | | | |
| (a) | Date of Shareholders' Approval | 10 th August, 2010 and 16 th January, 2012 | 12 th January, 2015 and 12 th May, 2015 | | | | | | | | | | | | |
| (b) | Total Number of Options approved under ESOS | 5,00,00,000 | Primary Route: 3,19,50,000 Secondary Route: 7,98,00,000 | | | | | | | | | | | | |
| (c) | Vesting Requirements | <table border="1"> <tr> <td>At the end of one year from the date of Grant</td> <td>30% of options granted</td> </tr> <tr> <td>At the end of two year from the date of Grant</td> <td>30% of options granted</td> </tr> <tr> <td>At the end of three year from the date of Grant</td> <td>40% of options granted</td> </tr> </table> | At the end of one year from the date of Grant | 30% of options granted | At the end of two year from the date of Grant | 30% of options granted | At the end of three year from the date of Grant | 40% of options granted | <table border="1"> <tr> <td>At the end of one year from the date of Grant</td> <td>20% of options granted</td> </tr> <tr> <td>At the end of two year from the date of Grant</td> <td>30% of options granted</td> </tr> <tr> <td>At the end of three year from the date of Grant</td> <td>50% of options granted</td> </tr> </table> | At the end of one year from the date of Grant | 20% of options granted | At the end of two year from the date of Grant | 30% of options granted | At the end of three year from the date of Grant | 50% of options granted |
| At the end of one year from the date of Grant | 30% of options granted | | | | | | | | | | | | | | |
| At the end of two year from the date of Grant | 30% of options granted | | | | | | | | | | | | | | |
| At the end of three year from the date of Grant | 40% of options granted | | | | | | | | | | | | | | |
| At the end of one year from the date of Grant | 20% of options granted | | | | | | | | | | | | | | |
| At the end of two year from the date of Grant | 30% of options granted | | | | | | | | | | | | | | |
| At the end of three year from the date of Grant | 50% of options granted | | | | | | | | | | | | | | |
| (d) | Exercise price or Pricing formula | ₹ 6 | Primary Route : The exercise price per Option shall not be less than the face value of Equity Shares and shall not exceed market price of the Equity Share of the Company as on date of grant of Options, as may be decided by Nomination and Remuneration / Compensation Committee. Secondary Route : The exercise price per Option shall not exceed market price of the Equity Share of the Company as on date of grant of Options or the cost of acquisition of such shares to the Company applying FIFO basis, whichever is higher, as may be decided by Nomination and Remuneration / Compensation Committee. | | | | | | | | | | | | |
| (e) | Maximum term of Options granted | Three Years from the date of Vesting | Three Years from the date of Vesting | | | | | | | | | | | | |
| (f) | Source of Shares (primary, secondary or combination) | Primary | Primary & Secondary | | | | | | | | | | | | |
| (g) | Variation of terms of Options | Nil | Nil | | | | | | | | | | | | |
| (ii) | Method used to account for ESOS - Intrinsic or fair value | Fair Value | Fair Value | | | | | | | | | | | | |
| (iii) | Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | Not Applicable | | | | | | | | | | | | | |

(iv) Option Movement during the year (for each ESOS)

| | | FVIL ESOP-2011 | FCEL ESOP-2014 | FCEL ESOP-2014 |
|----|---|-----------------|--------------------------|-----------------|
| | | (Primary Route) | (Secondary Market Route) | (Primary Route) |
| a) | Number of Options outstanding at the beginning of the Period | 50,25,017 | 1,54,41,500 | 72,82,000 |
| b) | Number of Options granted during the year | Nil | Nil | Nil |
| c) | Number of Options forfeited / lapsed during the year | 2,00,000 | 1,39,980 | 8,00,000 |
| d) | Number of Options vested during the year. | 46,00,000 | 75,70,000 | 22,50,000 |
| e) | Number of Options exercised during the year | 46,25,017 | 34,17,520 | 24,04,000 |
| f) | Number of shares arising as a result of exercise of Options | 46,25,017 | 34,17,520 | 24,04,000 |
| g) | Money realized by exercise of Options | ₹ 277.50 Lakhs | ₹ 731.81 Lakhs | ₹ 514.46 Lakhs |
| h) | Loan repaid by the Trust during the year from exercise price received | Not Applicable | ₹ 787.66 Lakhs | Not Applicable |
| i) | Number of options outstanding at the end of the year | 2,00,000 | 11,884,000 | 40,78,000 |
| j) | Number of Options exercisable at the end of the year. | 2,00,000 | 51,64,000 | 3,28,000 |

| Sr. No | Particulars | FVIL ESOP-2011 | FCEL ESOP-2014 |
|--------|---|---|----------------|
| v) | Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. | Refer Note No. 36 in Notes to Standalone Financial Statements | |
| vi) | Employee wise details of options granted to: | | |
| (a) | Senior Managerial Personnel (Directors and Key Managerial Personnel) | No Options granted during the financial year 2018-19 | |
| (b) | Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year. | No Options granted during the financial year 2018-19 | |
| (c) | 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 from the time of grant. | Nil | |
| vii) | A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information: | | |
| (a) | the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model; | Refer Note No. 36 in Notes to Standalone Financial Statements | |
| (b) | the method used and the assumptions made to incorporate the effects of expected early exercise; | The fair value of each Option is estimated using the Black Scholes Option Pricing model. | |
| (c) | how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and | The volatility used in the Black Scholes Option Pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the Options and is based on the daily volatility of the Company's stock price on NSE. The Company has incorporated the early exercise of Options by calculating expected life on past exercise behaviour. | |
| (d) | whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition. | There are no market conditions attached to the grant and vest. | |

Details related to Trust:

The details *inter alia*, in connection with transactions made by the Trust meant for the purpose of administering the Future Consumer Enterprise Limited Employee Stock Option Plan -2014 are as under:

(i) General information on all schemes

| Sr. No. | Particulars | Details |
|---------|--|---|
| 1 | Name of the Trust | Future Consumer Enterprise Employees Welfare Trust |
| 2 | Details of the Trustee(s) | Vistra ITCL (India) Limited (formerly known as IL & FS Trust Company Limited) |
| 3 | Amount of loan disbursed by Company / any company in the group, during the year | Nil |
| 4 | Amount of loan outstanding (repayable to Company / any company in the group) as at the end of the year | ₹ 3,857.58 Lakhs |
| 5 | Amount of loan, if any, taken from any other source for which Company / any company in the group has provided any security or guarantee. | Nil |
| 6 | Any other contribution made to the Trust during the year | Nil |

(ii) Brief details of transactions in shares by the Trust

| Sr. No. | Particulars | Details |
|---------|---|---|
| (a) | Number of shares held at the beginning of the year; | 1,12,85,134 |
| (b) | Number of shares acquired during the year through: | |
| | (i) primary issuance | Nil |
| | (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share | 54,22,679 equity shares Constituting 0.28% of the paid up equity share capital of the Company as on 31 st March, 2019. Weighted average cost of acquisition is ₹ 42.28 per share |
| (c) | Number of shares transferred to the employees / sold along with the purpose thereof | 33,87,520 equity shares pursuant to exercise of options granted to the employees* |
| (d) | Number of shares held at the end of the year | 1,33,20,293 equity shares |

(iii) In case of secondary acquisition of shares by the Trust

| Sr. No | Particulars | Number of shares | As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained |
|--------|--|------------------|---|
| a) | Held at the beginning of the year | 1,12,85,134 | 0.68% |
| b) | Acquired during the year | 54,22,679 | 0.33% |
| c) | Sold during the year | Nil | Nil |
| d) | Transferred to the employees during the year | 33,87,520* | 0.20% |
| e) | Held at the end of the year | 1,33,20,293 | 0.80% |

* 30,000 equity shares for options exercised have been transferred after 31st March, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

Future Consumer Limited (hereinafter referred as "FCL" or "Company") is a unique and futuristic FMCG company engaged in branding, marketing, sourcing, manufacturing, and distribution of a wide portfolio of established food and FMCG brands across categories like Basic Foods, Ready to Eat Meals, Snacks, Beverages, Personal Hygiene Care, Beauty and Home Care. With robust joint venture partnerships with domestic and international companies, it has forayed into specialized product categories such as dairy, snacking products, personal care, etc.

GLOBAL ECONOMY

Overview

The first half of 2018 saw the global economy gain momentum, driven by manufacturing growth across geographies and an improvement in trade conditions. However, as the year progressed, the growth momentum moderated due to multiple factors such as the escalating US-China trade tension, credit tightening in China and financial tightening among others. Global growth remained strong, at 3.8% in the first half of 2018, but dropped to 3.2% in the second half of the year [Source: International Monetary Fund (IMF)]. Moderate expansion in most emerging markets and developing economies are expected to help global economic output stabilise at around 3.6% in 2020 and beyond, offsetting the weakness in major advanced economies according to the IMF.

GLOBAL CONSUMPTION STORY

Global consumption has risen steadily in industrial nations for decades and it is currently growing rapidly in many developing countries. As incomes rise, people are gaining access to a multitude of consumer items associated with greater prosperity. Population growth is also expected to further bolster the global consumption. China and India alone claim more than 20% of the global total consumer class of 362 million.

INDIAN ECONOMY

Overview

Maintaining its steady position as the world's fastest growing major economy, India's GDP growth for fiscal year 2019 is expected to be 7%, boosted by conducive policy reforms and a credit rebound. The nation is currently experiencing a favourable phase of growth based on strong macro fundamentals of the economy, making growth prospects sustainable.

Fiscal deficit has been brought down to 3.4% in the government's revised estimate of fiscal year 2019. The Current Account Deficit (CAD), against a high of 5.6% six years ago, is around 2.5% of the GDP in fiscal year 2019. India has also moved up by 23 places to rank 77 in the World Bank's Ease of Doing Business 2019 report. All these changes have taken place on the back of the recent structural reforms initiated by the Indian

Government, such as a formalised tax structure, enhanced focus on infrastructure creation all of which have strengthened the economy, catalysed domestic demand, rising consumption and improved growth prospects.

India's consumption story:

India's growth as one of the fastest growing major economy is being driven by high private consumption and favourable demographics among others. The nation's private consumption, currently expected to be 59% of the GDP will continue to be the main driver of growth, growing at a robust CAGR of ~11% between 2017-2025. Factors such as dropping dependency ratio, increase in literacy levels and steady urbanization are expected to be key in driving private consumption. Globally, India is being looked upon as an important consumer market from where future growth is likely to emerge. The nation's consumption expenditure is expected to increase from US\$ 1,453bn in FY 2016 to US\$ 2,062bn by FY 2020 and will surpass the consumption expenditure of developed economies like Italy, France and UK.

Consumer demand has witnessed a pick-up towards the second half of 2018 with both modern trade and wholesale normalising post GST implementation and demonetization. In addition, as a result of increased exposure to global lifestyle and newer technologies, consumer perception in India has been shifting in favour of premium consumer durables thus leading to premiumisation of certain product categories.

Consumption is also rising in the rural markets due to the advent of technology and internet coupled with the young profile of the Indian consumer. Smaller towns and villages are expected to play a major role in fuelling the nation's consumption story in 2019 driven by factors such as rising rural incomes, better rainfall and strong policies directed towards enhancing farmer incomes.

Government initiatives

Insolvency and Bankruptcy Code:

The Insolvency and Bankruptcy Code (IBC) was launched in December 2016 with the objective of consolidating all laws related to insolvency and bankruptcy and to tackle Non-Performing Assets (NPA) which have been pulling the Indian economy down for years.

Result: Post its implementation, this reform has provided a significant boost to the credit mechanism of the economy which allows for consumption smoothing and facilitates entrepreneurship.

Pradhan Mantri Jan Dhan Yojana:

Pradhan Mantri Jan Dhan Yojana (PMJDY) was one of the biggest reforms undertaken in India for financial inclusion with an integrated approach to ensure comprehensive financial inclusion and provide banking services to all households in the country.

Result: This scheme has helped the economically weaker sections of the society to become financially confident, aiding consumption.

Goods and Service Tax (GST):

The GST has been one of the biggest tax reforms implemented in India to streamline the nation's indirect taxation system to bring in a more unified domestic system of indirect taxes. This reform has eliminated the cascading effects of indirect taxes.

Result: This initiative has contributed to the formalisation of the Indian economy leading to an increase in organised retail and consumption. Average monthly GST revenue has increased by 9.2% in fiscal year 2019.

Doubling farmers income by 2022:

This initiative was not only directed towards improving the livelihood of farmers but also to boost the agri-based manufacturing growth in rural India with an aim to move away from agri-production based model to a rural manufacturing-based model.

Result: Many rural households are connected to mass consumption markets and this initiative is expected to enhance the purchasing power of farmers, driving the rural consumption demand.

Improving credit mechanism and favourable environment to entrepreneurship, increased formalization of the economy on the back of initiatives such as GST, improving purchasing power of farmers shall provide a significant boost to the consumption in the coming years.

Outlook

India is expected to retain its tag as one of the fastest growing nation in fiscal year 2019-20. The government's policy measures to boost the investment climate and public consumption will help the country continue steadily upon its growth trajectory. Income support to farmers, hikes in the purchasing price of food grains and relief to taxpayers earning less than ₹ 5 lakhs are all expected to boost the household income of the rural population.

India also has an opportunity to strengthen its recent economic gains by initiating more integration in the global value chain. Factors such as a young working population, improving business climate and renewed focus on export expansion would support this opportunity.

INDIAN FMCG SECTOR

Overview

India's Food and Grocery consumption was estimated at ₹ 17.5 trillion in 2011-12, which rose to ₹ 30.8 trillion in 2016-17 at a CAGR of 12%. It is anticipated that the nation's food consumption will continue to increase at a CAGR of 10% till 2024-25. The organized Food & Grocery market is expected to grow at a much faster CAGR of 32% over 2016-17 to 2024-25 as the share of Modern Retail estimated to increase from 3.4% in 2016-17 to 8% in 2024-25. A large part of this growth will be led

by creation of new categories, entry of new players in the market and the launch of premium products.

Over the years, India has become one of the most attractive food and beverage markets and the fast growing under-30 consumer group is the largest contributor to the sales growth in this sector with their increasing purchasing power and inclination towards westernised, convenient and easy-to-prepare foods and beverages.

Evolving Modern Trade:

The shift to modern trade channel has been driven by convenience, better promotional offers, and wider assortment of products. Modern Trade channel for Food and Groceries is expected to grow at 3x growth of the overall growth. Modern Trade by virtue of effective merchandise display has spurred sales of certain FMCG categories. The growing popularity of this channel is evident from the fact that this is the preferred channel for the sale of FMCG products such as branded staples, liquid soap, floor cleaners and breakfast cereals among others. Post GST scenario, general trade took time to adjust to the new norms and modern trade came up to speed very fast, improving its overall saliency.

FCL in context:

FMCG companies predominantly have relied on general trade as a channel of distribution but FCL's business model is distinctly different from its peers due to its focus on Modern Trade. Shopping through modern trade is largely urban led and the pace of shift has accelerated over the past few years; FCL is likely to benefit from the same. As of fiscal year 2019, modern trade constituted over 75% of FCL's total sales.

The emergence of modern trade has coaxed consumers to opt for premium products and FCL is targeting to leverage this opportunity. Moreover, FCL's major thrust has been on premium and emerging value-added categories like dry fruits, health oils, oats, premium range of staples, snacks and beverages, home care, beauty etc. For example, Karmiq offers a premium range of dry fruits where there is virtually no competition from branded players and the margins are higher.

Upcoming trends in the FMCG sector

- **Rising smartphone penetration will aid consumption:** Increasing use of internet will drive the sales of quality FMCG products. Extensive use of smartphones is expected to increase searches by consumers about new products, price comparisons and product availability.
- **Globalisation of consumer preferences:** India's consumption patterns are expected to change rapidly in the next decade. A potent combination of favourable demographics, rising per capita incomes and urbanisation is expected to increase aspirational consumption. India is expected to cross the USD 2,000 per capita GDP mark in 2019 which will cause a disproportionate increase in

consumers' discretionary spending, leading to the evolution of a 'Glocal' consumer pattern.

- **Changing FMCG model:** Growth in technology is leading to the creation of an alternate business model which will mainly rely on customer acquisition closer to the point of sale with niche product categories on offer, in-store product sampling, targeted promotional campaigns, differentiated product values against competing brands and digital and social media led branding.

BUSINESS AND PERFORMANCE OVERVIEW

Centre of Plate (COP)

The Company has a wide portfolio of brands that cater to all the everyday essentials for the Indian kitchen. Centre of Plate is the leading contributor to the Company's top-line with a share of 51%. In the year under review, the Company continued its fast-paced expansion of this category by enhancing assortment and increasing penetration across the distribution network. All the major brands under this category achieved robust growth indicating stronger consumer connect. The COP business grew by 22% y-o-y with a robust underlying volume growth of 27%. Golden Harvest, our largest brand exhibited strong revenues in excess of ₹1,300 crores*.

The Company's brand Fresh & Pure, with its promise for "SHUDHATTA JO DIKHE" and competitive pricing is garnering higher share within big-box stores and is poised for an encore in the convenience stores next year. The brand generated revenues of more than ₹ 230 crores including revenues of ~₹ 48 crore primarily from tea and coffee captured under processed food and beverages category.

FCL's conscious efforts of premiumization of the Centre of Plate portfolio are yielding great results. This premium portfolio "COP Foods" consisting of brands such as Karmiq, Golden Harvest Premium, Ektaa, Sangi's Kitchen, Mother Earth, Desi Atta among others grew by almost 127% in the year under review also reaching ~₹ 250cr mark in revenues. Karmiq, part of COP Foods, crossed the important milestone of ₹ 150cr in revenues during the year. At present, COP Foods constitutes ~13% COP revenues almost doubling from 7% in fiscal year 2018. FCL aspires to further enhance the contribution of COP Foods in the revenue pie enhancing the overall gross margins.

This rapid growth was supported by enhanced capacities for processing and packaging in South, West and North for commodities sourced in respective regions. The Company's procuring capabilities have also been enhanced through digitization of competitive bidding by over a thousand reliable suppliers by developing a specific app "AGRIBID". AGRIBID shall provide a nationwide pricing visibility for sourcing activities leading to an informed purchase decision. As a next step,

initiative has been taken to make this digitalisation transparent in aspects such as online supplier rating during live bidding, upstream supply chain and quality feedback.

Processed Food and Beverages

The processed food category of FCL consists of popular brands such as Tasty Treat, Nilgiris, Sunkist and Sangi's Kitchen among others. This category contributes to the total revenues by 14% and has achieved a y-o-y growth of approximately 14% over the previous fiscal.

Tasty Treat, the leading brand in this category has achieved a sales figure of over ₹ 186cr in fiscal year 2019. The brand has grown by 68% over the previous year primarily driven by growth in biscuits, wafer biscuits and sweets. This year also marked Tasty Treat's foray into biscuits category and has performed extremely well capturing nearly 20% share in Future Group stores. During the year FCL relaunched namkeen range and added potato chips in five exciting flavours, wafer biscuit variants, jelly candies in four fruity flavours among others.

Varun Dhawan unveiled the new advertising campaign "Taste ka Attack" during the IPL playoffs in continuation with "Chak Chak Chabao" campaign designed during IPL 2018. The TV campaign accompanied by in store marketing initiatives, social media campaigns and promotions in the cricket stadiums effectively reached a wider audience through a 360 degree marketing approach.

Nilgiris registered healthy revenues of ₹ 245cr as the brand brought home traditional, refreshing Indian drinks with the product launches including spiced buttermilk, two variants of lassi and flavoured milk variants.

Home Care, Personal Care and Beauty

FCL has a growing presence in the home and personal care category as the category grew by 37% on year over year basis contributing nearly 7% to the overall FCL top line.

CleanMate, our leading brand in the Home and Personal Care category crossed ₹ 84cr in revenues growing at a solid 26% on year on year basis. This year we launched toilet cleaner with unique higher viscosity formulation aimed at Indian Toilets. Caremate crossed ₹ 61cr top-line in fiscal year 2019 registering 41% over fiscal year 2018. Caremate saw the launch of a wide range of bio-degradable party disposables. Pratha, our brand of lifestyle home fragrances & spiritual needs, grew at 53% year over year registering revenues of ₹ 27cr.

The beauty and accessories brand TS clocked 52% growth in the fiscal year 2019 to touch a revenue figure of ₹ 33cr. This brand focused on four major categories, hair accessories, bath accessories, makeup accessories and nail enamel accessories and has increased its presence on Nykaa, listing over 116 SKUs on the website. In April, 2019, FCL announced acquisition of

*Includes bulk

personal care portfolio comprising of Iraya (ayurvedic personal care brand), D'Free (anti-dandruff solutions), Hair For Sure (hair regrowth formula) of Athena Life Sciences Limited. This acquisition enables FCL to expand its portfolio in high margin categories of skin & hair care based on the Ayurveda platform.

FCL is making huge strides under the Personal Care category with the launch of new brands viz. Puretta and Aroha. FCL has entered into the Baby Accessories market with launch of 40+ SKUs in 6 categories under the brand Puretta. We also introduced Aroha, a premium range of 2-in-1 herbal handmade soaps, with special benefits derived from nature to add the glow and revitalize your skin.

Aadhaar

Aadhaar is a wholesale distribution business operated by the Company and these centres are expected to build a digital distribution highway for FCL brands. This digitally distribution network is expected to include kirana stores along with various other formal and informal institutions. During the year, FCL set up 7 Aadhaar Wholesale Centers ("AWCs") in the rural areas of Gujarat, Punjab, Rajasthan and Telangana. Aadhaar also launched a membership-based programs ("Mitra") signing up general trade stores in a 100-kilometre radius.

Other than membership-based participation, even non-member general trade stores shop at AWC. At present, these wholesale centres cater to over 60 such Mitra stores.

In rural areas, these centres will lead to better and wider product availability for the end consumers residing in these areas. Initially, FCL shall also supply products of other FMCG players under this model in order to service a full basket, while gradually the emphasis would be on increasing share of FCL products. FCL will be further expanding the rural distribution network via setting up wholesale centres into newer states and newer districts.

HUMAN RESOURCES

Future Consumer Limited had 1,599 employees as on 31st March 2019 vis-à-vis 1,603 on 31st March 2018. The Company has a sustained industrial dispute free work atmosphere which has enhanced employee productivity. This has been possible due to our transparent and fair employee policies and the strong bond between the senior management and the employees. We have a fair remuneration system where deserving employees are rightfully rewarded. Systematic wage settlement, a fruitful bonus policy and an encouraging work environment has enhanced the level of engagement of the employees in the organisation. The Company has also maintained healthy and cordial industrial relations during the year.

RISK, THREATS INTERNAL CONTROLS AND ADEQUACY

The industry in which the Company operates has some inherent risks such as ever-changing consumer demand, competitive intensity and cost volatility. This requires identifying, monitoring and mitigating risks predominantly in the areas of business, operations, finance and compliance.

The Company has an adequate internal control system through Internal Audit and Enterprise Risk Management to safeguard all its assets and ensure operational excellence.

Enterprise Risk Management :

FCL has Enterprise Risk Management (ERM) Policy in place. The aim of this policy is not only to eliminate risk but to also assist FCL personnel to manage the risks involved concerning the business and to achieve maximum opportunities and minimize adverse consequences.

It involves:

- Identifying and taking opportunities to improve performance as well as taking actions to avoid or reduce the chances of adverse consequences
- A systematic process that can be used when making decisions to improve the effectiveness and efficiency of performance
- Effective communication
- Accountability in decision making

Risk Management Committee meeting is held once in every six months wherein all the critical risks along with current mitigation plans identified during the period are presented to the Board members. This ensures all the critical risks are covered and suitable mitigation plans are in place or needs to be implemented to overcome /avoid the risk to ensure controls are operating effectively.

Internal Audit and Internal Financial Controls :

The Company has put in place an adequate internal control system to safeguard all its assets and ensure operational excellence. The system meticulously records all transaction details and ensures regulatory compliance. The Company also has a team of internal auditors to conduct internal audit. KPMG as our Internal Auditors ensures that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee. Wherever necessary, internal control systems are strengthened, and corrective actions are initiated. The Internal Auditors assist in setting Industry benchmarks and help us drive implement best Industry practice within our organization.

Internal Audit team conducts Internal Financial Review (IFC) testing on yearly basis as per Companies Act 2013, to ensure adequate and effective Internal Control over Financial Reporting is in place. The same is also being certified by our statutory auditors on a yearly basis.

Key initiatives undertaken during the year:

I. Strengthening Access Controls and Segregation of Duties in ERP:

The Company operates on SAP HANA. The Company recently implemented Governance Risk & Compliance (GRC) module in SAP resulting in:

- Effective deployment of Segregation of duties (SoD) rules and sensitive access for SAP applications.
- Remediate and mitigate SoD conflicts.
- Enforce compliance to ensure SAP roles designed are without inherent conflicts.
- Periodic access and SoD reviews for governance.

II. Information Technology General Controls:

Policies and procedure to identify risk and access management, defining relevant security management process and controls exists and is approved by the Chief Information Security Officer of Future Group which is communicated to all the employees. Controls can be segregated into Physical controls, Logical controls and Access Controls.

a) Physical controls:

- Primary responsibility lies with the employees to maintain and take care of the Laptops/desktops and other accessories allocated to them.
- Periodic e-mail communications with respect to steps to be followed for proper handling of the Company Assets is being circulated by the IT team.
- Physical Assets are always insured.

b) Logical Controls:

- Ensures safeguarding of organization's systems, including user identification and password access, authenticating, access rights and authority levels.
- Appropriate communication through e-mails by IT team is sent to the employees for safeguarding their login passwords.
- Access to USB is strictly restricted and is given to relevant employees post necessary approvals.

c) Access Controls:

- Monitored through implementation of GRC module in SAP.

ITGC audit is being conducted on a yearly basis by statutory audit team.

Business continuity plan (BCP) refers to the activities required to keep the organization running during a period of displacement or interruption of normal operations. BCP helps in continuing the business even after a disaster occurs. Hence an efficient BCP and Disaster Recovery Plan (DRP) can be used to actively run and maintain the business activities. For Future Consumer Limited, DRP and BCP for data stored on Future Group centralised server is in place and is controlled by Centralised IT team of Future Group. Back up of the data stored on the centralised Server is created on a regular basis to ensure there is no loss of data in case of any natural calamities or system failure. This shall effectively ensure no business loss to FCL.

REVIEW OF CONSOLIDATED FINANCIALS

The financial statements have been prepared in accordance with Indian Accounting Standards and the relevant provisions of the Companies Act, 2013 and Rules made thereunder, as amended/ re-enacted, from time to time, as applicable.

| Particulars (₹ Lakhs) | FY19 | FY18 |
|--|-------------------|-------------------|
| Revenue from Operations | 388,064.97 | 300,746.50 |
| Cost of Goods Sold | 335,607.78 | 258,508.98 |
| Gross Profit | 52,457.19 | 42,237.52 |
| Gross Margin (%) | 13.50% | 14.00% |
| Other Income | 3,138.18 | 3,225.21 |
| Expenses | | |
| Employee Benefit Expense | 13,117.77 | 12,536.74 |
| Other Expense | 29,262.42 | 24,273.12 |
| Finance Costs | 7,347.73 | 5,256.79 |
| Depreciation and amortization expense | 5,315.49 | 4,547.84 |
| Exceptional items | (22.41) | - |
| Profit / (Loss) Before Tax | 574.37 | (1,151.77) |
| Share of Profit / (Loss) in Associates & JVs | (2,869.86) | (1,696.36) |
| Net tax expense | 1,656.74 | 249.72 |
| Net Profit/(Loss) for the Year* | (638.75) | (2,598.42) |

Turnover

The Company has recorded consolidated turnover of ₹ 3,88,064.97 Lakhs in the fiscal year 2019 as against ₹ 3,00,746.50 Lakhs in last fiscal, a growth of 29%. Our turnover consists of income from sale of products and other operating income by the Company and its subsidiaries.

Cost of Goods Sold

Our cost of goods sold primarily includes costs in relation to purchases of finished goods and raw materials and other cost. Our cost of goods sold accounted for 86.5% and 86.0% of our turnover for fiscal year 2019 and fiscal year 2018 respectively.

Attributable to owners of the Company

Employee Costs

Employee cost include salaries and bonuses to our employees, ESOP charges, contributions to provident funds and other funds as well as staff welfare expenses. During fiscal year 2019, employee benefit expenses grew 4.6% over the previous year and accounted for 3.4% and 4.2% of our Revenue from Operations for fiscal year 2019 and fiscal year 2018, respectively. The increase is lower at 4.6% primarily on account of outsourcing of bakery operations under Nilgiris and lower provisions on account of retirement benefits and lower ESOP charge.

Other Expenses

Other Expenses primarily include expenses towards payment of rent and fuel, power, water, advertisement, publicity and selling expenses, travelling expenses, legal and professional charges etc. Other expenses accounted for 7.5% and 8.1% of Revenue from Operations for fiscal year 2019 and fiscal year 2018, respectively. Our overall Other Expenses for fiscal year 2018 grew by 20.6% over fiscal year 2018.

Interest and Financing Charges

Interest and financing cost primarily consist of interest on working capital loans, fixed loans and term loans. FCL incurred interest and financing charges of ₹ 7,347.73 Lakhs in fiscal year 2019 an increase of ₹ 2,090.94 Lakhs over the previous fiscal year. The increase was primarily on account of increased working capital requirements, capital expenditure and funding for expansion plans of Joint Ventures. Our interest and financing charges accounted for 1.9% and 1.7% of Revenue from Operations for fiscal year 2019 and fiscal year 2018, respectively. Interest and Financing Charges stood at ~10% on average borrowing balance.

Depreciation and Amortization

For the year, Depreciation and Amortization expense has increased from ₹ 45.48 crore in fiscal year 2018 to ₹ 53.15 crore in fiscal year 2019. The increase is primarily on account of additional depreciation charge pertaining rice mill and combi mill which have been capitalised during the year.

Profit before Tax

FCL turned profitable at profit before tax with a profit of ₹ 574.37 Lakhs for fiscal year 2019 vs a loss of ₹ 1,151.77 Lakhs for the fiscal year 2018.

Losses on account of JVs, Subsidiaries and Associates and minority interest

Losses on account of JVs, Subsidiaries and Associates and minority interest stood at ₹ 2,869.86 Lakhs in fiscal year 2019 vs ₹ 1,696.36 Lakhs for fiscal year 2018. The losses increased primarily due to expenses pertaining to Hain Future Natural Products Private Limited and Fonterra Future Dairy Partners which were yet to begin commercial operations during the period under review and increased consolidation of losses on

account Aussee Oats Milling (Private) Limited. During the fiscal year 2019, FCL divested its investment in Amar Chitra Katha Private Limited and have consolidated FCL's share of losses till the date of divestment.

Profit after Tax

FCL has conservatively created a deferred tax asset of ₹ 1879.62 Lakhs to normalize earnings on account of visibility of profitability at the standalone level. Loss for fiscal year 2019 was ₹ 638.76 Lakhs, an improvement of 75.4% over fiscal year 2018.

SUMMARY OF BALANCE SHEET

| Assets (₹ Lakhs) | FY19 | FY18 |
|--|-------------------|-------------------|
| Non-Current Assets | | |
| Property Plant & Equipment, Intangibles & Capital Work in Progress | 97,604.23 | 97,903.72 |
| Financial Assets (Non-Current) | 10,257.88 | 7,009.72 |
| Other Non-Current Assets | 5,566.25 | 2,951.66 |
| Total Non-Current Assets | 113,428.37 | 107,865.10 |
| Current Assets | | |
| Inventories | 24,684.80 | 22,424.31 |
| Trade Receivables | 67,466.28 | 49,284.46 |
| Cash & Bank Balances | 6,836.07 | 4,475.22 |
| Other Current Assets | 14,512.35 | 18,194.30 |
| Total Current Assets | 113,499.51 | 94,378.29 |
| Total Assets | 226,927.88 | 202,243.39 |
| Equity and Liabilities (₹ Lakhs) | | |
| Shareholder's Funds | 98,781.05 | 99,948.39 |
| Liabilities | | |
| Non-Current Liabilities | | |
| Borrowings | 27,770.87 | 31,014.16 |
| Other Non-Current Liabilities | 9,210.82 | 8,913.89 |
| Total Non-Current Liabilities | 36,981.70 | 39,928.05 |
| Current Liabilities | | |
| Borrowings | 48,172.92 | 23,035.48 |
| Current maturities of long term debt | 5,423.02 | 7,716.13 |
| Trade Payables | 30,034.84 | 24,029.75 |
| Other Current Liabilities | 7,534.34 | 7,585.59 |
| Total Current Liabilities | 91,165.13 | 62,366.95 |
| Total Equity and Liabilities | 226,927.88 | 202,243.39 |

FINANCIAL POSITION

Property Plant & Equipment, Intangibles & Capital Work in Progress (Fixed Assets)

Fixed Assets marginally declined from ₹ 97,903.72 Lakhs at the end of fiscal year 2018 to ₹ 97,604.24 Lakhs at the end of fiscal 2019. There was addition of ₹ 7,551.65 Lakhs in Fixed Assets which was offset by depreciation charge/ deletion of ₹ 5,725.27 lakhs and impairment of ₹ 2,690.48 Lakhs towards KBFP and Sach business.

Other Non-Current Assets

Other Non-Current Assets increased from ₹ 2,951.66 Lakhs for fiscal year 2018 to ₹ 5,566.25 Lakhs for fiscal year 2019 primarily due to increase in net deferred tax assets of ₹ 1,870.65 Lakhs.

Financial Assets (Non-Current)

Financial Assets increased from ₹ 7,009.72 Lakhs for fiscal year 2018 to ₹ 10,257.88 Lakhs for fiscal year 2019 primarily due to conversion of inter corporate deposits of ₹ 4,977 Lakhs held in Amar Chitra Katha Private Limited into 0.001% Compulsorily Convertible Debentures (CCDs). This has resulted in corresponding decrease in Other Current assets.

Other Current Assets

Other Current Assets decreased from ₹ 18,194.30 Lakhs for fiscal year 2018 to ₹ 14,512.35 Lakhs for fiscal year 2019 primarily due to conversion of inter corporate deposits of ₹ 4,977 Lakhs held in Amar Chitra Katha Private Limited into 0.001% Compulsorily Convertible Debentures (CCDs). This has resulted in corresponding increase in Financial Assets (Non – Current).

Cash and Bank Balances

Cash & Bank Balances stood at ₹ 6,836.07 Lakhs (fiscal year 2018: ₹ 4,475.22 Lakhs).

Shareholders' Funds

As on 31st March, 2019 (fiscal year 2019), Shareholder's Funds of the Company amounted to ₹ 98,781.05 Lakhs (fiscal year 2018: ₹ 99,948.39 Lakhs).

Net Working Capital

As on 31st March, 2019, the Net Working Capital of the Company amounted to ₹ 62,116.25 Lakhs (fiscal year 2018: ₹ 47,679.03 Lakhs), this included ₹ 24,684.80 Lakhs (fiscal year 2018: ₹ 22,424.31 Lakhs) of Inventories, ₹ 67,466.28 Lakhs (fiscal year 2018: ₹ 49,284.46 Lakhs) of Trade Receivables and ₹ 30,034.84 Lakhs (fiscal year 2018: ₹ 24,029.75 Lakhs) of Trade Payables. Net Working Capital Days increased from 49 days at the end of fiscal year 2018 to 51 days at the end of fiscal year 2019.

Borrowings

As on 31st March, 2019, the Company's Gross Debt stood at ₹ 81,366.81 Lakhs comprising Non-current borrowings of ₹ 27,770.87 Lakhs, short-term borrowings of ₹ 48,172.92 Lakhs and Current Maturities of long-term borrowings of ₹ 5,423.02 Lakhs (fiscal year 2018 Gross Debt: ₹ 61,765.77 Lakhs; Non-current borrowings: ₹ 31,014.16 Lakhs; Short-term borrowings: ₹ 23,035.48 Lakhs and Current Maturities of long-term borrowings: ₹ 7,716.13 Lakhs). Long-term borrowing repayment of FCL is split evenly over a tenure of six years providing necessary liquidity in the medium term.

The increase in borrowings was primarily on account of absolute increase in net working capital requirements and investment in joint ventures. FCL is also in the process of completing a

fund-raise of ₹ 34,962.00 Lakhs in the form of equity linked instruments from existing investors International Finance Corporation, Verinvest SA as well as Promoters which shall help contain the overall borrowing levels.

Details of Significant Changes in Key Financial Ratios

1. Debtors Turnover

Debtors Turnover ratio increased marginally from 50 days at the end of fiscal year 2018 to 55 days at the end of fiscal year 2019 primarily on account expansion of product portfolio.

2. Inventory Turnover

Inventory Turnover ratio improved from 28 days of Cost Of Goods Sold (COGS) at the end of fiscal year 2018 to 26 days of COGS at the end of fiscal year 2019.

3. Payables Turnover

Payables Turnover ratio remained constant at 29 days of COGS for fiscal year 2019 and 2018.

4. Interest Coverage Ratio

Interest coverage ratio improved significantly from -0.18x for fiscal year 2018 to 0.39x for fiscal year 2019 primarily on account of top line growth of 29% coupled with EBIT margin expansion from -0.17% for fiscal year 2018 to 0.39% for fiscal year 2019.

6. Current Ratio

Current ratio remains comfortable at 1.2x for the fiscal year 2019 as compared to 1.5x for the fiscal year 2018, the ratio declined primarily on account of increase in short term borrowings.

7. Debt to Equity Ratio

Debt to Equity ratio (calculated on net debt) stood at 0.8x for the fiscal year 2019 as compared to 0.6x for the fiscal year 2018. Increase in the ratio was primarily due to increase in short term borrowing to ₹ 48,172.92 Lakhs for the fiscal year 2019 from ₹ 23,035.48 Lakhs for the fiscal year 2018.

8. Operating Profit Margin (EBITDA) %

EBITDA margin (EBITDA calculated as Earnings before Interest, Taxes, Depreciation and Amortisation, Exceptional Items and including Other Income {excluding interest income} for the Company improved significantly from 2.2%* for the fiscal year 2018 to 3.0% for the fiscal year 2019 as a result of improvement in operating expenses as a % of revenues from 12.2% for the fiscal year 2018 to 10.9% for the fiscal year 2019.

9. Net Profit Margin (%)

Net profit margin (attributable to owners of the Company) improved from -0.9% for the fiscal year 2018 to -0.2% for the fiscal year 2019 as a result of improvement in EBITDA margins from 2.2% to 3.0% in respective years.

* excluding gain on redemption of debentures in Capital Foods Private Limited

10. Return on Net Worth (%)

Return on Net Worth improved from -2.6% for the fiscal year 2018 to -0.7% for the fiscal year 2019 as net losses shrunk significantly from ₹ 2,598.42 Lakhs for the fiscal year 2018 to ₹ 638.75 Lakhs for the fiscal year 2019.

Performance of Subsidiary, Joint Venture and Associate companies:

Subsidiary Companies:

1. Aadhaar Wholesale Trading and Distribution Limited ("Aadhaar")

Aadhaar, a wholly owned subsidiary of the Company, is in the business of rural and semi-urban wholesale and distribution of primarily fast-moving consumer products of the Company. It is actively pursuing wholesale distribution and franchisee models in this segment. During the fiscal year 2019, Aadhaar has built seven wholesale centers across four states which facilitate effective access to General Trade. General trade store operating in a 100-kilometre radius can become a member ("Mitra") of a wholesale centre. These Mitras in turn will get an access to the Company's brands along with other FMCG products and shall also benefit from technology and systems expertise. These wholesale centers also cater to other businesses in the radius such as hotel, restaurants and canteens, FCL intends to improve its reach to rural India via this digital distribution model. Aadhaar has registered revenues of ₹ 33,621.47 Lakhs representing growth of 10% on year over year basis.

2. The Nilgiri Dairy Farm Private Limited ("Nilgiris")

With origin in 1905, Nilgiris is a leading dairy and bakery brand in South India with a franchisee network of ~242 stores. The brand Nilgiris has grown to become a household name in the south India with consumers spanning successive generations. The brand has a unique portfolio, supported by manufacturing facilities for dairy. Nilgiris also has franchisee operated chain of convenience stores with a strong presence in urban centers across India's southern states. Nilgiris has registered consolidated revenues of ₹ 24,533.53 Lakhs for the fiscal year 2019 as the top line grew by 6% on year over year basis.

The subsidiaries of Nilgiris are mentioned as below:

- a) Appu Nutritions Private Limited
- b) Nilgiri's Mechanised Bakery Private Limited
- c) Nilgiris Franchise Limited, *formerly known as Nilgiris Franchise Private Limited*

3. Bloom Foods and Beverages Private Limited ("Bloom"),

Bloom, a wholly owned subsidiary of the Company, is predominantly engaged in the business of trading in all types of fruits and vegetables. Bloom has registered revenues of ₹ 48,458.54 Lakhs (year over year growth of 129%) and

Profit after Tax of ₹ 467.53 Lakhs for the fiscal year 2019 as compared to loss of ₹ 87.32 Lakhs for fiscal year 2018.

4. Integrated Food Park Limited ("IFPL"), *formerly known as Integrated Food Park Private Limited*

IFPL, a subsidiary of FCL Tradevest, has in partnership with the Ministry of Food Processing Industries, Government of India, set-up a state-of-the-art India Food Park facilitates which provides end-to-end food processing along the value chain (grading, sorting, pulping, packaging & distribution) from the farm to the market. Equipped with world-class food processing units, storage capacity, cold storage unit and in-house pulping, dehydration and frying and roasting line, IQF, milling, flouring, spice and dal units, this massive park is spread across 110 acre land at Tumkur region in Karnataka. IFPL is home to several food processing firms where it enables them to work through a single window system. IFPL also houses other facilities such as effluent / sewage treatment plant, central canteen, meeting and conference rooms, office cabin, micrology lab and research and development lab.

IFPL has registered revenues of ₹ 2,797.07 Lakhs as revenues grew by 43% on year over year basis and EBITDA of ₹ 1,452.60 Lakhs for the fiscal year 2019 as compared to EBITDA of ₹ 839.16 Lacs.

5. Aussee Oats Milling (Private) Limited ("Aussee Oats")*, *formerly known as Aussee Oats Milling (Private) Limited*

Aussee Oats operates a state-of-the-art "oats based" breakfast cereals manufacturing facility (EOU - Export Oriented Unit) in Sri Lanka through a Joint Venture initiative with SVA India Limited and the Company. The Company holds 50% plus one ordinary share of Aussee Oats. Aussee Oats predominantly focuses on manufacturing and sale of wide range of oats such as flavoured oats, steel cut oats etc.. Aussee Oats has registered revenues of ₹ 3,838.29 Lakhs for the fiscal year 2019 as revenues grew by 33% on year over year basis (converted into Indian Rupees at the exchange rate of USD 1= ₹ 69.8889).

6. Aussee Oats India Limited ("Aussee Oats India")*, *formerly known as Aussee Oats India Private Limited*

Aussee Oats India is engaged in the business of selling, importing, primarily oats and oats based products in India. FCL Tradevest holds 50% plus one equity share of Aussee Oats India. Aussee Oats India has registered revenues of ₹ 3,507.60 Lakhs for the fiscal year 2019 as the revenues grew significantly by 105% on year over year basis.

7. Sublime Foods Limited ("Sublime")*, *formerly known as Sublime Foods Private Limited*

Sublime is engaged in the business of manufacturing convenient food products such as sauces, chutneys, condiments, dressings and mayonnaise for Company's brand - "Sangi's Kitchen". The manufacturing unit has

been set up by Sublime Foods at the India Food Park, Tumkur, which mainly which produces dips and sauces such as sweet, chilli garlic, schezwan, mayonnaise, tamarind (imli), coriander & mint and Italian classic arrabiata and alfredo. It has capabilities to produce other variety of such food products such as jams, jellies, confectionery fillings, different types of cheese and few dairy products. These products are made in equipment imported from Italy with an automated manufacturing system to ensure safety and hygiene standards. FCL Tradevest owns 51% stake in Sublime Foods. Sublime has registered consolidated revenues of ₹ 1,722.28 Lakhs for the fiscal year 2019 as the revenues grew by 20% on year over year basis.

Avante Snack Foods Private Limited ("Avante Foods")*

Avante Foods is a subsidiary of Sublime Foods is engaged in the business of manufacturing, processing, branding, packaging, warehousing and dealing in items in snack food category, fried chips of various fruits and vegetables, nuts and seeds based snacks, dehydrated fruits and vegetables snacks, extruded snacks made from rice and other grains and other food products. Avante Foods has registered revenues of ₹ 543.57 Lakhs for the fiscal year 2019.

8. MNS Foods Limited ("MNS Foods")*, formerly known as MNS Foods Private Limited

MNS Foods, a subsidiary of FCL Tradevest is engaged in the business of manufacturing and trading of all kinds of wafer biscuits, chocolate enrobed wafer biscuits, confectionaries, bakery, cookies, pastries, cereals foods, canned foods, lemon drops, extruded foods, tinned fruits, preserved foods, nutrients, vegetables, fruits, jams, pickles, sausages, diet foods, toffees, chocolates and packaging activities. MNS Foods supports manufacturing of Tasty Treat wafer biscuits from its manufacturing facilities set up at India Food Park, Tumkur. FCL Tradevest holds 50.01% stake in MNS Foods. MNS Foods has registered revenues of ₹ 1,459.51 Lakhs for the fiscal year 2019 as the revenues grew by 6% on year over year basis.

9. Future Food and Products Limited ("FFPL") and Future Food Processing Limited ("FFPRL"), formerly known as Future Food Processing Private Limited

FFPL and FFPRL have been set-up with the objective to focus on establishment of food processing units. These entities are subsidiaries of FCL Tradevest and are in the process of setting up necessary infrastructural facilities at Nagpur.

10. Future Consumer Products Limited ("FCPL")

FCPL has established a JV in association with the iconic cricketer Sachin Tendulkar for the brand "Sach", which establishes an emotional connect with young consumers.

11. FCEL Overseas FZCO ("FCEL Overseas")

FCEL Overseas has been set up in UAE to undertake the business of dealing in furthering exports of range of Company's products.

12. FCEL Food Processors Limited ("FCEL Food Processors")

FCEL Food Processors, a wholly owned subsidiary, has diversified its objects to carry on the business of manufacturing, processing, branding, packaging, warehousing, and/or otherwise dealing in food products.

13. FCL Tradevest Private Limited ("FCL Tradevest")

FCL is in the process of creating a culture of manufacturing excellence, reorganized the businesses and accordingly, certain investments in entities mentioned below with manufacturing operations have been sold to a newly formed wholly owned subsidiary, FCL Tradevest Private Limited at fair value.

As a result of this transaction, there is a one time exceptional gain of ₹ 2,988.41 Lakhs in fiscal year 2019 in FCL standalone books.

- Aussee Oats India Limited (Subsidiary of FCL Tradevest)
- Future Food and Products Limited (Subsidiary of FCL Tradevest)
- Future Food Processing Limited (Subsidiary of FCL Tradevest)
- Integrated Food Park Limited (Subsidiary of FCL Tradevest)
- MNS Foods Limited (Subsidiary of FCL Tradevest)
- Sublime Foods Limited (Subsidiary of FCL Tradevest)
- Affluence Food Processors Private Limited (Subsidiary of FCL Tradevest)
- Genoa Rice Mills Private Limited (Joint Venture of FCL Tradevest)

14. Affluence Food Processors Private Limited ("Affluence")

Affluence is a subsidiary of FCL Tradevest which operates a combi mill facility at the India Food Park, Tumkur and has a capacity of 60,000 MTPA. Affluence reported revenues of ₹ 3,340.50 Lakhs during the fiscal year 2019.

* As per Ind AS 28, these entities are classified as Joint Ventures.

Joint Venture Companies:

1. Mibelle Future Consumer Products A.G. ("Mibelle")

The Company entered into a joint venture arrangement with Swiss based Mibelle A. G., a division of Migros Group, amongst the largest consumer goods company

in Central Europe, by forming a 50:50 joint venture company under the name Mibelle Future Consumer Products AG at Switzerland. The brand 'Swiss Tempelle' launched a variety of body wash and lotions and is further extending the range, during the year under review. The brand Swiss Tempelle generated revenues of over ~₹ 10.00 crore during the fiscal year 2019.

2. Genoa Rice Mills Private Limited ("Genoa")

Genoa is a 50:50 joint venture of FCL Tradevest with LT Foods Limited, amongst the leaders in the packaged rice space, undertaking the business of manufacturing and distribution of rice and with an objective of developing the first national brand outside the Basmati rice space. Genoa is engaged in the business of processing, marketing and distribution of rice and has set up its milling and processing plant at India Food park, Tumkur. Genoa generated revenues of ₹ 6,024.05 Lakhs during the fiscal year 2019.

3. Hain Future Natural Products Private Limited ("Hain")

Hain is a 50:50 joint venture with Tilda Hain India Private Limited. Tilda Hain India Private Limited is part of Hain Celestial Group Inc., a leading organic, natural and better-for-you products and is listed on

NASDAQ. Hain Celestial Group participates in almost all-natural categories with nearly 57 brands and introduced brands and products comprising Terra vegetable chips, Sensible Portions etc. Hain has set up a state of art manufacturing facility for brands Terra and Sensible Portions at India Food Park, Tumkur with a frying capacity of over 2 million cases per year. During the fiscal year 2019, Hain has initiated manufacturing of various SKUs of brand Sensible Portions from this facility. Hain incurred a loss of ₹ 528.89 Lakhs in fiscal year 2019.

4. Fonterra Future Dairy Private Limited ("Fonterra")

FCL and Fonterra Co-Operative Group, a leading global dairy nutrition company have formed a 50:50 joint venture to meet the growing demand for high-quality dairy nutrition in India. The partnership will leverage Fonterra's global dairy expertise and Future Consumer's strong local consumer insights and distribution scale, to launch a full range of consumer and foodservice dairy products. The first consumer products will be launched during mid of year 2019, using both locally sourced milk and imported dairy products from New Zealand. Fonterra incurred a net loss of ₹ 1,192.92 Lakhs for fiscal year 2019.

BUSINESS RESPONSIBILITY REPORT

Overview

Future Consumer Limited (“FCL”/“Company”), India’s first sourcing-to-supermarket food company caters to the fast moving consumer who shops at modern retail chains.

Customers increasingly demand for products that are innovative, economical, healthy, safe and responsible. The Company strives to achieve these aspirations and earn its customer’s trust, whilst improving its environmental and social impacts.

The Directors of FCL hereby present the Business Responsibility Report (“BRR”) of the Company for the financial year ended on 31st March, 2019, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This BRR delineates FCL’s endeavours to conduct business with responsibility and accountability towards all its 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 prescribed by Securities and Exchange Board of India (“SEBI”).

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| Sr. No. | Particulars | Company Information |
|---------|---|---|
| 1 | Corporate Identity Number (CIN) of the Company | L52602MH1996PLC192090 |
| 2 | Name of the Company | Future Consumer Limited |
| 3 | Registered address | Knowledge House, Shyam Nagar, Off. Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060 |
| 4 | Website | www.futureconsumer.in |
| 5 | E-mail id | investor.care@futureconsumer.in |
| 6 | Financial Year reported | 2018-19 |
| 7 | Sectors/key products/services | <ol style="list-style-type: none"> Food - Branded Packaged Food Business (Groceries, Dairy, Beverages, Bakery, Snacks and Munch and other World Foods) Home Care Products Personal Hygiene Care Products |
| 8 | Total number of locations where business activity is undertaken by the Company: | |
| | (a) Number of International Locations (Provide details of major 5) | The Company operates in India and has presence in UAE and Sri Lanka through its subsidiaries. |
| | (b) Number of National Locations | FCL carries out business activities all over India with major manufacturing locations at Karnataka, Maharashtra and Haryana. |
| 9 | Markets served by the Company - Local/State/National/ International | FCL predominantly serves national markets with exports to few countries. |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| Sr. No. | Particulars | Company Information |
|---------|---|--|
| 1 | Paid up Capital (INR) | INR 115,227.76 Lakhs |
| 2 | Total Turnover (INR) | INR 298,996.39 Lakhs (standalone) |
| 3 | Total profit after taxes (INR) | INR 6,053.10 Lakhs (standalone) |
| 4 | Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | With regard to the year under review, the Company was not required to spend any amount on CSR activities, since the criteria of average net profits of the Company during the three immediately preceding financial years, to be calculated under Section 198 of the Companies Act, 2013 was not achieved. |
| 5 | List of activities in which expenditure in 4 above has been incurred | Not Applicable |

SECTION C: OTHER DETAILS

| Sr. No. | Particulars | Company Information |
|---------|--|---|
| 1 | Does the Company have any Subsidiary Company/ Companies? | Yes |
| 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) | The Company encourages its subsidiaries to participate in Business Responsibility (BR) initiatives of the Company. |
| 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%] | The Company encourages adoption of BR initiatives by its business partners, which currently aggregates to less than 30% of all the business partners. |

SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR:

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) | 00058775 |
| 2 | Name | Ms. Ashni Biyani |
| 3 | Designation | Managing Director* |
| 4 | Telephone number | 022 – 6119 0000 |
| 5 | E-mail id | ashni.biyani@futuregroup.in |

*w.e.f. 22nd May, 2018

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 marginalized.
- 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.

(a) Details of compliance (Reply in Y/N)

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|---|---|----|----|----|----|----|----|----|----|
| 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? (50 words) | 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? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

| Details of compliance (contd...) | | | | | | | | | | |
|----------------------------------|--|---|----|----|----|----|----|----|----|----|
| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| 5 | Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy? | The functional heads of the respective departments oversee the implementation of the policies. | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online? | http://futureconsumer.in/Investors.aspx#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 |
| 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 with the help of Future Group's sustainability cell, FCL aims to integrate the sustainability guidelines through strengthening of environmental and social performance of significant aspects, 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 2018-19 forms part of the Annual Report, which is published annually. It is available on the website of the Company at - http://www.futureconsumer.in/investors.aspx#annual-reports.html |

SECTION E: PRINCIPLE WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

FCL diligently follows the corporate governance practices, policies and procedures that ensures ethical conduct at all levels.

The Company has been built on a strong corporate governance foundation and seeks to positively impact every stakeholder it works with and the environment it impacts. This has been possible because of a robust governance structure and compliance with the Company's code of conduct and its policies.

These are made available to all stakeholders through the Company website <http://futureconsumer.in/investors.aspx#companypresentations> and vide declarations in the annual report.

Governance

FCL's governance structure, consists of various committees such as Audit Committee, Nomination and Remuneration/ Compensation Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. These committees' *inter-alia* help to address concerns with respect to policies and procedures enforced across the Company's business.

Vigilance Policy

FCL treats any act of fraud, bribery and corruption very seriously and expects its business partners to adopt the same approach. During the reporting period, the Company adopted the Anti-Corruption and Anti Bribery Policy.

The Company invested significant man-hours in sensitization of 287 employees on awareness raising and the required steps to register and resolve such complaints. Stakeholders are trained to report any potential or actual instance to compliance.abac@futureconsumer.in. The policy is also being incorporated in all contracts with stakeholders associated with FCL 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.

The Company's Vigil mechanism empowers employees to bring to the attention of the management, any concerns about suspected misconduct, unethical behavior, suspected fraud or violations to come forward and express their concerns without fear of punishment or unfair treatment by reporting at ethics@futureconsumer.in. The mechanism promotes responsible and secure whistle blowing whilst assuring adequate safeguards to the whistle blower.

There were no complaints received by FCL under the Vigil Mechanism and Whistle Blower Policy as on 31st March, 2019.

Grievance Redressal Mechanism

Stakeholder complaints, concerns and queries are addressed vide grievance mechanism and processes to ensure that the Company resolves such cases satisfactorily thus improving its relationship with stakeholders and adding value to business through transparency and disclosure.

Employee Grievance Mechanism

The Company has an established grievance redressal procedure for employees. To enable easy resolution of issues, a grievance box is made accessible to employees. The Internal Complaints Committee ("ICC") receives the complaints, investigates the issue and resolves the grievance. During the reporting period, no complaints were received by the ICC.

The Prevention of Sexual Harassment (POSH) Policy is accessible to employees vide the intranet. Employees may report cases of sexual harassment by writing at - posh@futuregroup.in and seek redressal of their grievances.

During the year under review, no POSH complaints were filed with the Company.

Investor Grievance Mechanism

The Corporate Governance Department regularly engages with the shareholders to resolve queries, grievances, if any, and provides guidance to shareholders for any Company-related matter. The Company has a designated e-mail ID - investor.care@futureconsumer.in for addressing the investor complaints.

During the reporting period, the Company has received 4 (Four) investor complaints which have been satisfactorily resolved by the Company and its Registrar and Share Transfer Agents ("RTA").

Customer Grievance Mechanism

The customer relationship management team and the quality team work simultaneously towards resolving grievances of FCLs' customers. FCL believes in expeditious resolution of its customer grievances and has a robust and vigilant mechanism in place.

During the reporting period the Customer relations team received 388 customer complaints which have been resolved in close conjunction with the quality team.

Principle 2: Product Stewardship

The Company has begun its journey of sensitizing its employees, customers, and suppliers on the environmental and social impacts of its actions. During the year, a number of the Company's brands have aligned itself with social causes and customers have valued these actions by voting with their wallets.

The Company over the coming reporting period will endeavor to develop a sustainability road map, undertake audits and create awareness amongst all value chain members of their respective responsibilities.

Conscious Product development

The Company focuses on continuously improving product quality and develop new products through the Tumkur based Research and Development Lab.

The personal and home care category brands in which the Company deals have begun embedding environmental consciousness during product development stage itself.

- 'IRAYA' a 100% vegetarian cosmetic brand makes available sulphate free and silicon free products including those comprising of no synthetic dyes.
- 'Aroha' brand of soaps is 100% vegetarian and paraben free.
- 'Caremate', in the home care category produces deluxe kitchen rolls tissues made from 100% virgin fibre derived from Indonesian pulp that is certified by the Forest Stewardship Council.
- The brand also endeavors to source disposables that are biodegradable thus reducing the environmental burden.
- 'Swiss Tempelle' and 'Think Skin' body wash and face wash are paraben free and do not contain formaldehyde releasing preservatives and micro beads.
- 'Kara' brand of Wipes are made of viscous fibres that are 100% alcohol free.
- 'Puretta' Baby liquid cleanser and laundry detergent is alcohol, phosphorus and fluorescent free and is ideal for washing all baby accessories, toys and any articles that come in contact with the baby.

Healthy foods:

- Sunkist through its detox range of fruit juices ensures fully natural juices with no added sugar.
- The Organic flour and flax seeds retailed under the Mother Earth brand is USDA certified.
- The Sunkist range of jams contain no added sugar.
- Fresh and Pure tender coconut drink has no added sugar and is 100% coconut water.

Product Health and Safety

FCL endeavours to improve and attain the highest standards of quality and food safety. Food testing lab, batch tracking for manufactured products, dedicated teams for monitoring quality at each work center of production lines and a formal reporting systems are key drivers to the goal. One of the major activities initiated in FY 18-19 was BRC certification for the Fruit & Vegetable division at India Food Park.

The Company's manufacturing locations comply with ISO 22000, FSSC 22000 standards for Food Safety Management.

The Company does not compromise on food safety by undertaking periodic workshops, trainings and internal audits.

The Company promotes healthy eating habits by making available organic food products, fortified products and health drinks. The Company is also addressing hunger and malnutrition especially with young school going children (for more details refer to Principle 8). The Company markets 'atta' fortified with iron through the 'Golden Harvest' brand and cooking oil fortified with Vitamin A and D through the "Fresh and Pure" brand.

Sourcing

The Company sources produce from the second harvest of organic farmers, who are assured of offtake, thereby enhancing their earnings.

Farm collection centres located at 16 locations source onion, tomato, oranges, watermelon, potatoes and vegetables from farmer producer organizations. 21 distribution centers located pan – India are well equipped with packing infrastructure, cold storages and quality equipment. Best efforts are made to ensure delivery to stores within a 12 hour window from harvesting.

Commodities are sourced by the Company's Centre of Plate division from over 250 centers, which are cleaned and packaged at five processing centers. The finished goods are sent to 38 locations which in turn serve to more than 300 store locations.

The Centre of Plate division has established transparency in prices of staples, spices, dry fruits and nuts by managing close to 50% of sourcing vide Agribid, a SaaS application that connects suppliers/ farmers with the buyers, logistics team and quality assurance team. Additional benefits of Agribid include ease in vendor registration processes, placing of e-quotations and negotiations which lead to substantial time saving for buyers and cost saving for the Company. Going forward, the price trends being captured will help sourcing product efficiently.

The Company through its partnership with FoodTech India has set up a Polyhouse for growing of fruits and vegetables at Tumkur, India Food Park as a joint initiative with the Netherlands Government. The polyhouse covering 1 acre land has a capacity of producing 50 MT of cherry tomatoes and is a modern state of the art facility operated by automated environmental control and scientific irrigation practices that ensure better quality of produce and reduce food wastage.

During the reporting period, 20% of the suppliers of the Company were small and micro enterprise categories, which comprised of 4.5% of the total value of supplies received by the Company in FY 18-19. The Company also sources incense sticks, agarbattis, dhoop for its brand "Pratha" locally from small co-operatives and women entrepreneurs from Ahmedabad, Bangalore and Delhi.

Recycling

In adherence to the Plastic Waste Management Rules, 2016 and on implementation of the rules by Maharashtra Pollution Control Board, the Company has taken steps to comply with the regulatory requirements by ensuring plastic used in product packaging is recyclable and have tied up with a local Producer Responsible Organization (PRO) to recycle the plastic material at the end of its useful life.

The Company also participated in Plastic Lao Paise Kamao plastic recycling campaign in Mumbai and parts of Maharashtra based Big Bazaars. The campaign invited customers to bring back your Company's own brand bottles and in the process were incentivised with buy-back price. A total of 200kgs of FCL brand plastic has been collected and recycled so far. The campaign is in the process of being strengthened by piloting these in small format stores and in partnership with other recyclers.

Further, with the requirement of brand owners to demonstrate extended producer responsibility for Multilayered Plastic (MLP) in 17 states, the Company recycled 89 MT of MLP in Maharashtra and 10MT of MLP in Punjab in partnership with leading processors. (For further details on the compliance to Plastic Waste Management Rules, 2016 please refer Principle 6).

Principle 3: Employee Welfare

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

Non Discrimination in recruitment and employment

FCL follows a streamlined process, to conduct a fair and effective recruitment and career development process free off caste, creed, age, colour or gender biases, which is consistent with employment related legislation. To be an inclusive employer, FCL provides equal opportunities to people with disabilities. In order to build a pro-inclusion mind-set and create a positive environment amongst stakeholders, FCL has designed appropriate communication and training programs.

The manpower at FCL as on 31st March, 2019 was 4023

| No. of Permanent Employees | | | No. of Temporary/ contractual workers | | | Total Manpower | | |
|----------------------------|--------|-------|---------------------------------------|--------|-------|----------------|--------|-------|
| Male | Female | Total | Male | Female | Total | Male | Female | Total |
| 1400 | 199 | 1599 | 1304 | 1120 | 2424 | 2704 | 1319 | 4023 |

Diversity and Women's Empowerment

The Company is keen to improve diversity, right from entry level to its senior leadership, with a focus on women's representation. FCL currently employs 12% women in its workforce.

Currently women occupy 3% of the top management positions within the Company.

| Group | Total Strength | No. of female employees | % of female employees to total strength |
|--------|----------------|-------------------------|---|
| Band 1 | 752 | 83 | 11% |
| Band 2 | 514 | 70 | 14% |
| Band 3 | 231 | 38 | 16% |
| Band 4 | 73 | 7 | 10% |
| Band 5 | 29 | 1 | 3% |
| Total | 1599 | 199 | 12% |

Strengthening the Leadership pipeline:

- **Leadership Academy:** Future Group looks at identifying its leadership pipeline across various businesses through the institution of its Leadership Academy, an intricately curated 10 month intervention for leaders which has been developed to identify employees with leadership potential and strengthen their capacities through adequate training and project exposure. During the reporting period, FCL invested in 80 man hours on 5 employees, participating in the initiative.
- **Assessor Certification-** A 16 hour training programme for senior management is conducted annually. During the year under review the Company invested in 176 man hours for 11 employees who will now be able to be a part of the recruitment team in hiring new candidates.

Young Leader induction programs:

Future Business Innovator Program (FBI):

FCL conducts the Management Trainee Program at Tier 1 B School to hire management graduates for 1 year in a General Management role, whose role is mapped as per business requirement and their preferences based on 3 projects they will undertake with different concepts after a year. In the reporting year 2 FBIs were hired, by the Company.

Future Summer Samurai:

The program provided summer internship to 24 candidates from MICA, IES, MET, MISB Boconni and NDRI (National Dairy Research Institute) in the month of April-May for a period of 2 months wherein they are mentored by Business Heads and get hands on experience.

Future Ready

An interactive and engaging induction & orientation program for all new joiners which explains them an overview of Future Group, its businesses, its values & culture and prepares them for their journey at Future Group. During the reporting period, the Company invested 336 manhours for 42 employees beginning their journey at FCL.

Facilities for employee well-being

Khushali program(Employee wellbeing):

Employees are benefitted through a host of corporate partnerships under the Group's Khushali program focusing on home, education and health.

• Home

The Company has partnered with reputed real estate developers such as Dosti Realty, Shapoorji Pallonji, Piramal, Arkade Group, Kanakia Group, Wadhwa Group and JP Corp. Employees are provided discounts and other benefits such as buy back offerings and flexi-payment plan for houses at their desired location.

• Education

The Company partnered with organisations such as Jaro Education and NIIT on a PAN India basis to provide employees management and technical courses and technology programs from reputed institutes, universities and colleges for pursuing courses online.

• Health:

The Company has forged a partnership with health care institutions like Wockhardt, Fortis and diagnostic centres like Dr. Lal Path Labs and Welcome Cure. Employees and their family members can avail of priority treatment, free ambulance services, availing discounts on consultations, radiological diagnostic services, check-ups and alternative health care packages.

Insurance policies such as Medclaim, EDLI and Life security plans continue on a group level for eligible employees as per their grade. Similarly employees are provided the liberty of a flexi time window to enable them to achieve a work life balance.

At Nilgiris Dairy and the India Food Park, Tumkur, Karnataka, shuttle and volleyball sports facility were made available during the reporting period.

Employee incentives:

The Company provides employee benefits to its employees and dependents* that can be availed at any stores run under the Future Group brand including Big Bazaar, fbb, Central, Brand Factory, Foodhall, Hometown, Easyday, Hypercity, Nilgiris to name a few. This helps meet the daily and aspirational needs of the employees and its dependents in food, bakery, fashion, homecare, electronics and personal care products categories.

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.

* upto a maximum of three

Employee Retention

FCL believes in overall development of the employee at a Future Group level, integrated with customized growth plans. Aligned with this, an Employee assistance plan is intended to help employees deal with personal and professional problems that might adversely impact work performance, health and overall well-being. The Company encourage employees to apply for Internal Job Postings so as to explore other formats and verticals.

Employee growth, training and development and overall well-being

Apart from physical and mental health, FCL focuses on continuous learning and building organizational capabilities of its people on an equal and non-discriminatory basis.

Job skill analysis of employees ensure that they are well equipped with the knowledge and skills required as per their job roles and responsibilities and are kept aware of the latest trends and competitive landscape to adapt themselves to business challenges.

The Company nurtures its employees through trainings that are skill/ knowledge based (including food safety, good manufacturing practice, 5S, good health practice, SAP, root cause analysis, process improvement, allergens and handling, filling and packing, housekeeping, dispatch checklist filling, water testing and analysis, sample analysis, traceability, chemical analysis) and behavior based (like anti-corruption and bribery, personal hygiene and safety, electrical safety, fire safety, workplace ergonomics, first aid, energy saving, waste disposal)

The Company through these trainings have invested in 1,907 man hours for 2,339 participants.

Ban Jao Biyani

The flagship event of FCL allows the Company to harness a large talent pool of future leaders who become brand entrepreneur. Within the Company brand entrepreneurs are solely responsible to manage the P&L of their brand and coordinate with multiple teams across the Future Group.

The candidates undergo psychometric analysis, case study analysis followed by an extensive personal evaluation through interviews.

Shortlisted candidates were called during reporting period for a boot camp session to garner entrepreneurial experiences for 10 days, by undertaking store visits and working on projects and recommendations.

During the reporting year 40 candidates applied for the contest of which 16 profiles were selected for the boot camp session to provide an opportunity to fulfil their aspirations as brand entrepreneurs and product leads.

POSH Training

The Company believes in providing equal opportunity and has a Policy on Prevention of Sexual Harassment to ensure a harassment-free workspace for the employees. Awareness on the Code of Conduct and the sexual harassment policy is provided to all new employees during induction.

The employees of the Company participated in 5 POSH trainings undertaken at Group level and have been sensitized about the definition of sexual harassment, how to identify sexual harassment, how to avoid/protect oneself from being a victim

of sexual harassment and the reporting procedure of sexual harassment complaints.

| Particulars | Value |
|--|-------|
| Number of Awareness Sessions for Employees | 1 |
| Number of Employees Participated | 25 |
| Total Training Man Hours | 100 |
| Total Training Man Days | 12.5 |

Health and Safety:

FCL embraces its environment health and safety policy to ensure employee welfare through accident free operations. FCL has a dedicated EHS manager at each business who is responsible for inspection of safety concerns.

Standard operation procedures include wearing of personal protective equipment and maintaining personal hygiene to prevent contamination of food.

The Company has developed Safety Guidelines which include:-

- List of personal protective equipment
- Safe Cutter Policy
- EHS Clauses for all Purchase orders and Agreements.
- Electrical safety
- Machine Guarding
- Incident reporting
- Project Pre-commissioning Check sheets

FCL ensures compliance to fire safety as mandated by the local authority requirements. Audit is also conducted on an annual basis through an insurance company. The Company also conducts mock drills on quarterly basis at offices and operating locations. Appropriate checks and measures have been incorporated that ensure seamless functioning of all equipment such as sprinklers and fire hydrants at all units, emergency exits remain unblocked and can be easily identified through appropriate signage for loss prevention during a fire.

Performance

| Key Performance Indicator | Number |
|--------------------------------|--------|
| No. of injuries (Minor+Major) | 60 |
| Lost time Accident | 2 |
| Medical Cases | 1 |
| First Aid Cases | 57 |

Activities undertaken towards Health and Safety

- Preparation of Environmental and Social management systems roadmap
- Ensure implementation of safety guidelines
- Monthly reporting of KPIs related to health and safety

- Morning tool bob talk before start of work
- Monthly trainings as per schedule to inculcate to safety culture and driving ownership
- Observing and reporting leading and lagging indicators
- Hazard identification and risk assessment
- Installation of fire alarm and manual Call Point at F&V unit at India Food Park.
- Undertaking evacuation mock drills
- Internal safety audits to ensure compliance
- The Company aims at attaining ISO 14001 and ISO 45001 for India Food Park units in a phased manner in the forthcoming financial year.

Safety Trainings Undertaken

| Category of Employees | Health Related Training conducted | Safety Training conducted |
|-----------------------|-----------------------------------|---------------------------|
| Permanent Employees | 14 | 920 |
| Contractual Employees | 15 | 423 |
| TOTAL | 29 | 1343 |

Employees were given skill up-gradation training in the reporting period:

| Category | India Food Park | Nilgiris Dairy | Centre of Plate |
|--|-----------------|----------------|-----------------|
| Permanent Employees | 90% | 14% | 85% |
| Permanent Women Employees | 100% | 6% | 75% |
| Casual/Temporary/Contractual Employees | 100% | 4% | 75% |

Principle 4: Stakeholder Engagement

Stakeholder engagement and partnership is essential to grow the Company's business and achieve aspirational goals. The Company actively engages with statutory bodies, trade bodies and associations, employees, investors, suppliers, customers, and civil society organisations to create a supportive environment.

In this process the Company understands the operating environment, its risks and challenges, identifying solutions as also opportunities that can give it quick successes.

Investor Engagement

The Company regularly interacts with its shareholders and investors through results announcements, annual report, media releases, Company's website and subject-specific communications. The Annual General Meeting gives the shareholders an opportunity to engage directly with the Board of Directors and the Management. During this meeting, the Board engages with shareholders and answers their queries on varied subjects.

The Investor Relations team also interacts regularly with investors and analysts, through quarterly results calls,

one-on-one and group meetings, participation at investor conferences and the annual investors meet.

Statutory bodies

FCL participates and engages with governments, regulators and legislators, both directly and through trade associations, towards legislative framework which may affect the Company's business interests.

Employee Engagement

FCL believes that its employees are its key stakeholder. During the period under review, the Company has engaged with its employees through various programs and activities such as:

- Celebrating monthly birthdays
- Providing surprise gift hampers, food and snacks, and overall grooming sessions for all women, while they inspired others through leadership talks on Women's Day.
- Conducting weekly town halls. Town halls are organized to encourage ideation and create awareness amongst employees, promote thought leadership and exchange of views amongst top management and peers. 30 Town Halls were conducted during the reporting period.
- Celebrating days of national importance including the Republic and Independence Day and various festivals namely Ganesh Chaturthi, Ayudha Pooja, Eid, Diwali, Christmas and Holi by distributing sweets and conducting competitions for employees and their children .
- Engaging with employees during Navratri through colour coded dressing competitions. The best dressed female and male employees were awarded across such as categories namely hairstyle, dress and footwear.

Supplier Engagement

The Company engages on a regular basis with suppliers to help innovate, create value, build capacity and capability, deliver quality and service and drive market transformation.

FCL undertakes internal audit of its suppliers in adherence to supplier code of conduct and benchmarks performance by rating its suppliers on 19 aspects such as statutory requirements, quality control, employee hygiene, pest control, cleaning and sanitation practices, processing control, allergen control, equipment suitability, cleaning & maintenance, traceability and recall process, HACCP, warehouse and transportation processes, operational risk assessment to name a few.

"Demonstration Polyhouse" training was conducted at the Polyhouse at India Food Park, Tumkur, by vegetable seed supplier Rijk Zwaan India, Broekman Logistics and Koppert India (crop protection) on polyhouse management.

With the objective of encouraging farmers to start a polyhouse in their respective fields, the Company invited 60 farmers

from Tumkur and Chikkaballapur for trainings on polyhouse management at India Food Park.

The Company encourages farmers to initiate organic farming to minimize health & safety impacts to customers and improve soil health. FCL field officers interact with local farmers and educate them on sorting and grading standards.

In the coming reporting period the Company plans to include environment, social and health and safety parameters as a part of the internal audit process.

Customer Engagement

The Company undertakes surveys and identify unique spaces within existing categories that capture consumption pattern and pursues customers for their valuable feedback in developing new products.

The Company uses a combination of channels, which include product labels, websites, phone numbers and leaflets to communicate with its consumers.

Customer polling through automated engines and neuro-linguistic programming (NLP) enables the Company to capture customer free flow. This process helps resolve grievances at the Point of Sale by identifying detractors.

Principle 5: Human Rights

The Company seeks to uphold and promote human rights in its operations, in relationships with business and partners through its human rights policy.

The Company's human rights policy recognizes the following priorities: compliance with applicable labour laws, zero tolerance to child labour, forced or compulsory labour in operations, equal opportunity for all employees to express concerns and seek redressal, health and safety of employees, respect and support of social and cultural norms of local communities.

The principles of human rights are followed in the same spirit within as well as outside the organisation when engaging with business partners.

To ensure no child labour in its operations, the Company documents age proofs and PAN cards of all candidates hired and contracted.

FCL ensures non-discrimination while communicating the job description through recruitment channels to give equal opportunity to all candidates irrespective of their caste, race, religion or gender.

FCL provides its employees ample opportunities to voice their needs. Senior management team follows an open door policy and attend to their grievances, feedback or suggestion. Adequate feedback and response mechanisms encourage openness and

quick resolutions, hence FCL employees do not feel the need to participate in collective bargaining activities.

The Company has deployed security personnel who have been trained on specific procedures applicable to their role to prevent human rights violation.

The Company is working towards deploying processes to ensure that its suppliers are in conformance to the human rights policy.

No complaints were received regarding human rights violation during the year under review.

Principle 6: Environment

FCLs' Environment Management Systems (EMS) help them in identifying and assessing environmental risks, preventing and mitigating the environmental impact caused due to its operations and products. The Company monitors its environmental performance against key performance indicators and works towards increasing manufacturing efficiency, wastage reduction and enhancing capacity utilization.

Energy efficiency and Climate stewardship:

FCLs' Energy and Carbon Policy sets forth guidelines towards low carbon transformation through energy efficiency and sourcing energy from alternative and renewable sources.

Energy

| | India Food Park | Nilgiris Dairy |
|---------------------------------------|-----------------|----------------|
| Electricity Sourced (KWh) | 37,77,000 | 15,05,405 |
| Renewable Energy from Solar (KWh) | 34,86,433 | 0 |
| Diesel Gensets (KWh) | 51,225 | 90,112 |
| LPG (kg) | 1,35,826 | 0 |
| Briquettes/rice husk for boilers (Kg) | 67,812 | 8,28,637 |

FCL currently consumes 73,14,658 KWh at India Food Park, in Tumkur, Karnataka. A 3 MW solar power plant caters to 48 % of the electricity requirements.

During the reporting year at India Food Park some of the energy efficiency measures undertaken include:-

- Controlled shut down of Freezers and freezer room design optimisation resulted in savings of 421 kwh/day w.e.f. January 2019.
- Rationalization in capacity utilization of freezer and movement of man and materials in the freezer room restricted temperature increase.
- Light circuit modification for auto power cut-off through installation of limit switches at cold chambers has resulted in savings of 92 kwh/month w.e.f. from March 2019.
- Height reduction in the ante room with false ceiling briquette fired steam boiler.

- Maximum utilization of the Steam in effective way by arresting steam through steam traps and monitoring water to steam ratio.
- Refurbishing of boiler through insulation of the steam line and replacement of refractory bricks has reduced loss of heat from the steam .
- Pressure regulating system have been initiate in steam line ensuring optimal utilization of steam.
- Electrical boiler replaced by briquette fired boiler has resulted in savings of 1152 kwh/day w.e.f. March 2019.
- Auto power factor correction (APFC) resulted in savings of 600 kwh/month w.e.f. March 2019.
- Street lights automated by timer mechanism resulted in savings of 3.2 KWH/month w.e.f March 2019.

In the upcoming period India Food Park plans to have following initiatives for energy conservation:

- Replace the use of LPG with PNG as fuel to boilers and the same will be complemented with briquettes at Food Park.
- Automate street lighting through timer based switches.
- Automate power factor correction at all units.

In the current year, the Company plans to replace the Surface Aerating system by Diffuser Aeration system at 'Aerator Tank 02' and install condensate recovery systems at the F&V division.

Water conservation:

The Company's water stewardship policy encourages water conservation efforts while monitoring, measuring and reporting progress against key performance indicators and complying with the local regulations.

Water Stewardship Performance

| | India Food Park | Nilgiris Dairy |
|--------------------------|-----------------|----------------|
| Water Consumption(KL) | 36,263 | 75,163 |
| Water Intensity (KL/Ton) | 1.012 | 17.553 |

At India Food Park water balancing project was undertaken across the food park operations, to benchmark water consumption at current operating level.

The RO reject from the Fruits and Vegetables division at India Food Park is reused for floor washing, hand washing and toilet flushing purposes which has resulted in reducing annual water consumption by 7.8 million KL.

The Company discharges effluents responsibly. During the reporting period 37,611 KL of effluents have been treated vide common effluent treatment plants at India Food Park and Nilgiris Dairy having 300 KLD and 80 KLD capacity and reused it for landscaping purposes.

The Company has plants to set up common effluent treatment plant of additional 412 KLD capacity due to increasing utilization rate at India Food Park in the coming financial year.

Air Emissions:

The Company's India Food Park and dairy unit adhere to the emission norms as per the National Air Quality Standards defined by CPCB and undertakes audits on quarterly basis.

Solid Waste management:

The Company works towards optimizing resources through reduce-reuse-recycle. At India Food Park, waste bins are in place to segregate the plastic waste, dry waste and organic waste. Waste management Standard Operating Procedures are in place across India Food Park.

Waste segregation takes place at source level, organic waste is composted and used in gardens as manure. Plastic waste is segregated, recyclable plastic sent for recycling and non-degradable plastic waste is sent for end-of-life treatment to a PCB authorised vendor.

Waste Management Performance

| Types of Waste | India Food Park | Nilgiris Dairy |
|-------------------------|-----------------|----------------|
| Hazardous Waste(kg) | 220 | 160 |
| Non Hazardous Waste(kg) | 336,377 | 31,560 |

Demonstrating Extended Producer Responsibility

In adherence to the Plastic Waste Management Rules, 2016, the Company partnered with Big Bazaar in the reporting period to create a collection mechanism for the brand's packaging at Point of Sale in stores.

This Extended Producer Responsibility (EPR) mechanism is available at BB stores in Mumbai, Navi Mumbai, Thane, Solapur, Kolhapur, Latur, Tarapore, Nasik and Ahmednagar, while creating awareness amongst customers of Big Bazaar (For further details refer to Principle 2).



Multi Layered Plastic (MLP) Recycling:

Again in adherence with the Plastic Waste Management Rules, 2016, 99 tonnes of tetrapack, used in packaging of Sunkist by the Company was recycled (For further details refer to Principle 2).



Principle 7: Public Advocacy

FCL focuses on building excellence in manufacturing food products, while interacting with key stakeholders. The senior leadership team continue to share invaluable experience to provide incisive insights at various conferences involving industry leaders that give inputs to key decision makers framing policies.

The Company learns from the best practices of others and collaborate with various trade and industry associations.

Principle 8: Inclusive Growth

Inclusive growth and sustainability are key components of strategy and business practices at FCL in creating 'Happy Communities'.

FCL recognizes the social value of its products and leverages its value to address various challenges within the community by working with various not-for-profits in co-branded initiatives and addressing the needs of affected communities in partnership with customers vide point of sale promotions. With an ambition to play a key role in addressing nutrition challenges in the Country, the Company's activities largely focus on improving the health and wellbeing of children from deprived communities that enables growth and development. During the reporting period the following interventions were undertaken:-

KOSH- Address Hunger Challenges

KOSH, the Company's brand for oats products participated in Future Retails' initiative to tie up with not-for-profits across Mumbai, Delhi NCR, Bangalore and Kolkata to provide 3,38,131 oats meals served as breakfasts at children's homes, shelter homes and non-formal education centres. The initiative supported by addressing hunger and nutrition challenges of over 16,200 food insecure children.

The brand also partnered with Salaam Balaak Trust to undertake a roti donation drive on World Food Day. The Company created opportunities for its customers to contribute a roti for every ₹ 1 donation and for every engagement (likes, retweet and shares) vide social media.

Nilgiris: Share the Joy of Giving

Nilgiris has been synonymous with fresh, delightful dairy & bakery products in the Southern part of India for over 100 years. This Christmas Nilgiris tied up with Responenet Development Services in a co-branded initiative for the month of December through which 1,100 children of Sparsha Trust and Ashraya Childrens' Home received a weeklong ration.

Some of the other cobranded initiatives included vocational training for youth:

TS: Dreamlab Initiative

TS the all new beauty and grooming accessories brand by the Company collaborated with the Salaam Bombay Foundation, with the objective of empowering women since Womens Day 2019.

Under the DreamLab initiative girls in the age group of 14 to 18 years are given the opportunity to support their formal education with vocational courses of their choice. Through this program 10 youth were given the chance to gain training and develop skills to run or work in beauty salons. Based on their performance the girls were selected to promote TS Nail Paints and TS Kosmique Kajal at Big Bazaar stores in the Country.



Pratha: School to School

Pratha is the Company's brand of lifestyle home fragrances & spiritual needs products.

Pratha tied up with Goonj, with the objective of educating children from the marginalized communities. The School to School initiative of Goonj builds a relationship of empathy and dignity between urban and rural children, on two opposite sides of a big divide of resources and opportunities.



Through this initiative Pratha has provided educational support to 48 children.

Principle 9: Customer Value

Being a Customer centric organization, FCL values its customers and works towards increasing customer loyalty by adhering to quality and compliance requirements, while addressing social and environmental concerns of the community.

The Company proactively interacts with its customers (For more details refer to Principle 4) and have a robust grievance mechanism cum feedback mechanism, conducted through post

product launch surveys to address complaints. (For more details refer to Principle 1)

Product Labelling

All Company products comply with the applicable acts and regulations such as the Drugs and Cosmetics Act, Legal Metrology Act, Bureau of Indian Standards Specifications, Trademark Act and Copyright Act, Food Safety and Standards Act, Tea Act, Tea Board Regulations for Labels and Pack Information and Plastic Waste Management Rules, 2016.

Responsible marketing and communication

FCL is committed to building trust by disclosing information truthfully and factually including cautionary statements and through transparent communication.

The Company ensures that its products are safe and provides clear information on the safe and responsible usage of their products. FCL upholds a consumer's right to information about the products by maintaining transparency of ingredients, nutritional values and the health and beauty properties of its products.

FCL always endeavours that its advertising and communications do not mislead or confuse the consumers or violate any of the principles regulating such matters. The Company adheres to the principles and codes in the area of advertising and marketing developed by Advertising Standards Council of India (ASCI).

During the year, no complaints were filed with ASCI against advertisements made by the Company.

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report outlines the governance practice followed by Future Consumer Limited ("the Company") in compliance with the requirements prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI Listing Regulations").

COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Corporate Governance refers to system of practices and processes by which a company is directed, controlled and governed. Corporate Governance essentially involves balancing the interests of the many stakeholders and maximize the value for all stakeholders which predominantly includes its shareholders, management, customers, suppliers, financiers, Government and the community. Good corporate governance helps to build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth for the company to fulfill its goals and objectives.

Corporate Governance for the Company comprises of processes and principles conforming to the highest standards which are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness for all stakeholders. The Company constantly strives to generate long term value and trust for its stakeholders.

The Company ensures regular dissemination of information to the Board of Directors of the Company ("Board") to ensure effective oversight of the Company's business activities. The Board reviews corporate policies, overall performance, accounting and reporting standards and other significant areas of management, corporate governance and regulatory compliance. The Company's philosophy on Corporate Governance envisages the attainment of highest levels of transparency, accountability and equity, in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, the government, lenders and the society.

The Company's governance framework is continuously monitored to facilitate effective entrepreneurial and prudent management that can deliver long-term success to the Company.

BOARD OF DIRECTORS

Composition

The Board has an optimum combination of Executive and Non-Executive Directors including Independent Directors in compliance with the provisions of the Companies Act, 2013 ('the Act') and SEBI Listing Regulations. The Board comprises of more than fifty percent Non-Executive Directors, one-third Independent Directors and two women Directors.

Mr. G. N. Bajpai is the Non-Executive Chairman of the Board and Mr. Kishore Biyani is the Vice Chairman of the Board. Ms. Ashni Biyani, Managing Director does not serve as an Independent Director of any other listed company.

The profile of each Director of the Company is available on Company's website at www.futureconsumer.in

During the year under review, Mr. Harminder Sahni and Ms. Neha Bagaria have been appointed as an Independent Director(s) of the Company for a period of five years with effect from 14th September, 2018 and 20th March, 2019 respectively.

As on 31st March, 2019, the number of directorship / committee membership / chairmanship of all the Directors is within the respective limits prescribed under the Companies Act, 2013 and SEBI Listing Regulations.

None of the Directors are related *inter-se* to each other, save and except Mr. Kishore Biyani and Ms. Ashni Biyani. Ms. Ashni Biyani is the daughter of Mr. Kishore Biyani.

In terms of confirmation received from respective Independent Directors of the Company, the Board is of the opinion that the Independent Directors fulfill the conditions specified under the Companies Act, 2013 read with Rules thereunder and SEBI Listing Regulations and are independent of management.

Ms. Vibha Rishi resigned as an Independent Director with effect from 14th September, 2018, due to her personal reasons. There was no other reason mentioned in the resignation letter as provided by Ms. Vibha Rishi.

Board Meetings and details of Directorship, Membership/ Chairmanship of Committees

During the financial year 2018 -19, five meetings of the Board of Directors were held on the following dates:

22nd May, 2018, 8th August, 2018, 3rd November, 2018, 6th February, 2019 and 29th March, 2019.

The minimum information required to be placed before the Board under Part A of Schedule II of SEBI Listing Regulations (to the extent applicable), is placed before the Board at their meetings.

The details of Directorship and Membership/Chairmanship of the Committees of the Board held by the Directors as on 31st March, 2019 and their attendance at the meetings (including meetings attended through electronic mode) during the year are as follows:

| Name of the Director | Category | No. of Board Meetings held during the financial year 2018-19 | No. of Board Meetings attended by the Director during the financial year 2018-19 | Attendance at the last AGM | No. of Directorships in other public limited companies# | No. of Committee positions held including the Company* | | Directorship in other listed company |
|----------------------------------|---|--|--|----------------------------|---|--|--------|---|
| | | | | | | Chairman of the Committee | Member | |
| Mr. G. N. Bajpai | Chairman, Independent Director & Non-Executive Director | 5 | 5 | Yes | 5 | 4 | 8 | <ul style="list-style-type: none"> Usha Martin Limited (Independent and Non-Executive Director, Chairman) |
| Mr. Kishore Biyani | Promoter, Vice-Chairman & Non-Executive Director | 5 | 5 | Yes | 6 | 1 | 3 | <ul style="list-style-type: none"> Future Retail Limited (Executive Director, Chairman) Future Lifestyles Fashions Limited (Executive Director, Managing Director) Future Enterprises Limited (Non Independent and Non Executive Director) Inox Leisure Limited (Independent and Non Executive) |
| Ms. Vibha Rishi## | Independent Director & Non-Executive Director | 5 | 2 | No | - | - | - | - |
| Mr. Frederic de Mevius | Non-Executive Director | 5 | 2 | No | 0 | 0 | 0 | - |
| Mr. K K Rathi | Non-Executive Director | 5 | 5 | Yes | 4 | 1 | 7 | <ul style="list-style-type: none"> AU Small Finance Bank Limited (Independent and Non-Executive Director) Aavas Financiers Limited (Independent and Non-Executive Director, Chairman) |
| Ms. Ashni Biyani** | Managing Director | 5 | 5 | Yes | 5 | 0 | 2 | - |
| Mr. Adhiraj Harish | Independent Director & Non-Executive Director | 5 | 4 | No | 2 | 0 | 5 | <ul style="list-style-type: none"> Advani Hotels and Resorts (India) Limited (Independent and Non Executive Director) |
| Mr. Deepak Malik | Non-Executive Director & Nominee Director | 5 | 4 | No | 0 | 0 | 0 | - |
| Mr. Narendra Baheti | Executive Director | 5 | 5 | Yes | 2 | 0 | 1 | - |
| Mr. Harminder Sahni [§] | Independent Director & Non-Executive Director | 5 | 3 | - | 0 | 0 | 1 | - |
| Ms. Neha Bagaria ^{§§} | Independent Director & Non-Executive Director | 5 | 0 | - | 0 | 0 | 0 | - |

Excludes directorship in private companies, foreign companies and Section 8 companies.

* Membership/Chairman of only Audit Committee and Stakeholders' Relationship and Share Transfer Committee in public limited companies have been considered.

Ceased to be Director with effect from 14th September, 2018.

** Appointed as Managing Director with effect from 22nd May, 2018.

§ Appointed as an Independent Director with effect from 14th September, 2018 for a term of five years.

§§ Appointed as an Independent Director with effect from 20th March, 2019 for a term of five years.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has in place familiarization programme for the Independent Directors to familiarize them with their role and responsibilities and to enable them to understand the nature of industry in which the Company operates and the business model of the Company. Presentations are periodically made at the Board and Committee meetings *inter alia* covering the key traits of the Company as a FMCG organisation, its vision, strategy, operations, markets, brands, new product launches, budget, financial performance, risk management framework and internal control processes and for such other areas as may be considered necessary. During financial year 2018-19, strategic meeting was also held to provide insight to the Independent Directors concerning several aspects of the Company's business and operations.

The details of the familiarization programme of Independent Directors is placed on the website of the Company – <http://futureconsumer.in/Investors.aspx#policies.html>

MEETING OF INDEPENDENT DIRECTORS

During the financial year 2018-19, a separate meeting of the Independent Directors of the Company was held on 13th March, 2019, without the presence of Executive Directors or Management representatives.

The meeting was attended by majority of Independent Directors.

MATRIX SETTING OUT THE SKILLS/ EXPERTISE /COMPETENCE OF THE BOARD OF DIRECTORS

In terms of the requirements prescribed under SEBI Listing Regulations, the Board has identified the following skills/ expertise/competencies for the Directors in the context of the Company's business for effective functioning:

| Key Skills | Description |
|---|--|
| Business Strategies and Planning | Experience in developing strategies, critically accessing strategic opportunities and threats for growth of the business in a sustainable manner, taking into consideration the diverse and varied business environment. |
| Financial and Accounting Understanding | Financial management skills with an understanding of accounts and financial statements |
| Understanding of Consumer Insights in varied conditions | Knowledge and experience in managing organisations with consumer interface in varied conditions and leverage consumer insights in the interest of business |

| Key Skills | Description |
|--|---|
| Stakeholder Value Creation | Ability to appreciate the process for shareholder value creation, understanding contributing factors and critique interventions towards value creation for the other stakeholders. |
| Experience and Understanding of Regulatory Landscape | Experience and skills to provide oversight towards all dimensions of business, taking into consideration maintenance of high governance standards, Board accountability and understanding of the changing regulatory framework. |
| Board Cohesion | Ability to participate in cohesive manner and synergise a range of ideas for benefit of the organisation. |

COMMITTEES OF BOARD

In terms of applicable provisions of the Act and the SEBI Listing Regulations, the terms of reference of the Committees of Board are determined by the Board from time to time, The role and composition of these Committees, including the number of meetings held during the financial year 2018-19 and attendance thereof is provided below.

AUDIT COMMITTEE

Terms of reference

The terms of reference of Audit Committee *inter alia* includes the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board the appointment, re-appointment, remuneration and terms of appointment of auditors of the Company;
- Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- To approve transactions and subsequent modification(s) to the transactions of the Company with related parties;
- To scrutinize inter-corporate loans and investments of the Company;
- Valuation of undertaking or assets of the Company, wherever it is necessary;

- i. Evaluation of internal financial controls and risk management systems;
- j. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee under the provisions of Companies Act, 2013 and Rules thereto and that of the Listing Agreement.
- k. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
- l. Reviewing the compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and amendments thereunder and shall verify that the systems for internal control are adequate and are operating effectively.

The Statutory Auditors and Internal Auditors and executives from accounts, finance and corporate secretarial function also attend Audit Committee Meetings.

Composition and Attendance at Meetings

As on 31st March, 2019, the composition of the Audit Committee has been as under:

- a) Mr. G.N. Bajpai
- b) Mr. Harminder Sahni
- c) Mr. K K Rathi
- d) Mr. Adhiraj Harish

During the financial year 2018-19, four meetings of Audit Committee were held on the following dates:

22nd May, 2018, 8th August, 2018, 3rd November, 2018 and 6th February, 2019.

Attendance of the Directors at the Audit Committee Meetings held during the financial year 2018-19 is as under:

| Name of Directors | Designation | Category | No. of Meeting(s) Attended |
|----------------------------------|-------------|--------------------------------------|----------------------------|
| Mr. G. N. Bajpai | Chairman | Independent & Non-Executive Director | 4 |
| Ms. Vibha Rishi [#] | Member | Independent & Non-Executive Director | 2 |
| Mr. K K Rathi | Member | Non-Executive Director | 4 |
| Mr. Adhiraj Harish | Member | Independent & Non-Executive Director | 3 |
| Mr. Harminder Sahni [*] | Member | Independent & Non-Executive Director | 1 |

[#]Ceased to be Member with effect from 14th September, 2018

^{*}Appointed as Member with effect from 3rd November, 2018

Mr. G. N. Bajpai, Chairman of the Audit Committee was present at the last Annual General Meeting held on 29th August, 2018.

NOMINATION AND REMUNERATION/COMPENSATION COMMITTEE

Terms of reference

The terms of reference of Nomination and Remuneration / Compensation Committee *inter alia* includes the following:

- a. To undertake a process of due diligence to determine the 'fit and proper' status of existing Directors, if required;
- b. To undertake a process of due diligence to determine the 'fit and proper' status of the person proposed to be elected as a Director of the Company;
- c. To finalise the format and obtain declarations from the Directors as may be required under the Companies Act, 1956, and/or other statutory provisions and update on the same to the Board of Directors from time to time;
- d. To recommend the suitable change(s), if required to the Board of Directors of the Company;
- e. Framing suitable policies and systems to ensure that there is no violation by an employee of any applicable laws in India or overseas, including:
 - i) The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
 - ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995;
- f. Determine on behalf of the Board and the shareholders the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment;
- g. Perform such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("ESOP Guidelines"), in particular, those stated in Clause 5 of the ESOP Guidelines;
- h. Formulating criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- i. Formulation of criteria for evaluation of Independent Directors and the Board and also criteria for evaluation of performance of the Independent Directors;
- j. Devising a policy on Board diversity;
- k. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

- I. To carry out evaluation of every Director's performance.
- m. Such other matters as may be delegated by the Board of Directors of the Company.
- n. Recommend to the board all remuneration, in whatever form, payable to senior management.

Composition and Attendance at Meetings

As on 31st March, 2019, the composition of Nomination and Remuneration / Compensation Committee has been as under:

- a) Mr. Adhiraj Harish
b) Mr. G. N. Bajpai
c) Mr. Kishore Biyani
d) Mr. Deepak Malik

During the financial year 2018-19, two meetings of Nomination and Remuneration / Compensation Committee were held on 22nd May, 2018 and 8th August, 2018.

Attendance of the Directors at the Nomination and Remuneration / Compensation Committee Meetings held during the financial year 2018-19 is as under:

| Name of Directors | Designation | Category | No. of Meeting(s) Attended |
|--------------------|-------------|--|----------------------------|
| Mr. Adhiraj Harish | Chairman | Independent & Non-Executive Director | 1 |
| Mr. G. N. Bajpai | Member | Independent & Non-Executive Director | 2 |
| Mr. Kishore Biyani | Member | Promoter, Vice-Chairman & Non-Executive Director | 2 |
| Mr. Deepak Malik | Member | Non-Executive Director & Nominee Director | 2 |
| Ms. Vibha Rishi* | Member | Independent & Non-Executive Director | 2 |

* Ceased to be Member with effect from 14th September, 2018

Performance Evaluation of Board

In compliance with the provisions of the Act and SEBI Listing Regulations, the Company has undertaken the performance evaluation process for the Board of Directors, its Committees and that of individual Directors. The performance evaluation was undertaken as per the Guidance Note on Board evaluation issued by Securities and Exchange Board of India and framework provided by Nomination and Remuneration/Compensation Committee, setting out parameters for conducting performance evaluation of the Board, its Committees and that of Individual Directors.

The details of the performance evaluation undertaken is provided in the Directors' Report, which forms part of this Annual Report.

Remuneration of Directors

The Nomination and Remuneration Policy of the Company has been disclosed in the Directors Report as **Annexure III**.

The details of remuneration paid to the Directors during the financial year 2018-19:

| Name of the Director | Sitting Fees* (₹) | Remuneration (₹) | Total (₹) | No of Stock Options outstanding as on 31 st March, 2019 |
|----------------------------------|-------------------|------------------|---------------|--|
| Mr. Kishore Biyani | 3,25,000 | Nil | 3,25,000 | Nil |
| Mr. G. N. Bajpai | 4,25,000 | Nil | 4,25,000 | Nil |
| Ms. Vibha Rishi [©] | 2,00,000 | Nil | 2,00,000 | Nil |
| Mr. Frederic de Mevius | 1,00,000 | Nil | 1,00,000 | Nil |
| Ms. Ashni Biyani [#] | Nil | 1,70,50,508 | 1,70,50,508 | Nil |
| Mr. K K Rathi | 4,00,000 | Nil | 4,00,000 | Nil |
| Mr. Adhiraj Harish | 3,50,000 | Nil | 3,50,000 | Nil |
| Mr. Deepak Malik | Nil | Nil | Nil | Nil |
| Mr. Narendra Baheti [§] | Nil | 1,49,55,740** | 1,49,55,740** | 25,00,000 |
| Mr. Harminder Sahni [§] | 1,75,000 | Nil | 1,75,000 | Nil |
| Ms. Neha Bagaria ^{§§} | Nil | Nil | Nil | Nil |

* Fees paid for Board, Committee and Independent Directors Meetings.

** does not include perquisite value of ₹ 6,56,87,500 on stock options exercised during the year.

[©] Ceased to be Director with effect from 14th September, 2018.

[§] Appointed as an Independent Director with effect from 14th September, 2018 for a term of five years.

^{§§} Appointed as an Independent Director with effect from 20th March, 2019 for a term of five years.

[#] Remuneration paid by way of salary (plus permissible contribution to provident fund, other funds and payment of gratuity, which are not included in computation of the ceiling on perquisites) plus other allowances and reimbursements payable as per Company policy.

In terms of the respective Agreements entered into by the Company with Ms. Ashni Biyani and Mr. Narendra Baheti, notice period is six months and severance fees is equal to remuneration payable for six months.

Non-Executive Directors

The Non-Executive Directors of the Company are not paid any remuneration except by way of sitting fees for attending meetings of Board of Directors and its Committee(s). The Non-Executive Independent Directors of the Company are paid sitting fees for attending the Meeting(s) of Independent Directors. The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the

financial year 2018-19. Details of shares held by Non-Executive Directors are as under:

| Sr. No. | Name of the Director | No. of equity shares/ convertible instruments held as on 31 st March, 2019 (Own or held by / for other persons on a beneficial basis) |
|---------|----------------------|--|
| 1 | Mr. G. N. Bajpai | 2,50,000 equity Shares |
| 2 | Mr. K K Rathi | 2,275 equity Shares |

STAKEHOLDERS' RELATIONSHIP AND SHARE TRANSFER COMMITTEE

Terms of Reference

The terms of reference of Stakeholders' Relationship and Share Transfer Committee *inter alia* includes the following:

- To approve Transfer / Transmission / Dematerialisation of Equity Shares of the Company;
- To approve issue of Duplicate/Consolidated/Split Share Certificate(s);
- To do all necessary acts, deeds and things, as may be required, including authorizing any person(s) to endorse the Share Certificate(s), affixing Common Seal of the Company on Share Certificate(s) as per Article of Association of the Company etc;
- To do all acts, deeds and things as may be required for admission of Equity Shares of the Company with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL];
- To decide and approve matters relating to Equity Shares and /or any other securities issued by the Company and any other matters as may be specifically authorized by the Board of Directors;
- To oversee and resolve grievances of shareholders and other security holders of the Company;
- To do all acts, deeds and things as may be required to be undertaken in terms of the provisions of Companies Act, 2013 and rules made there under.
- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Proactively communicate and engage with stockholders including engaging with the institutional shareholders at least once a year along with members of the Committee/

Board/KMPs, as may be required and identifying actionable points for implementation.

- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.

Composition and Attendance at Meetings

As on 31st March, 2019, the composition of Stakeholders' Relationship and Share Transfer Committee has been as under:

- Mr. Kishore Biyani
- Mr. Adhiraj Harish
- Ms. Ashni Biyani

During the financial year 2018-19, one meeting of Stakeholders' Relationship and Share Transfer Committee was held on 6th February, 2019.

Attendance of the Directors at the Stakeholders' Relationship and Share Transfer Committee Meetings held during the financial year is as under:

| Name of Directors | Designation | Category | No. of Meeting(s) Attended |
|--------------------|-------------|--|----------------------------|
| Mr. Kishore Biyani | Chairman | Promoter, Vice-Chairman & Non-Executive Director | 1 |
| Mr. Adhiraj Harish | Member | Independent & Non-Executive Director | 1 |
| Ms. Ashni Biyani | Member | Managing Director | 1 |

During the year under review, 4 (Four) complaints/ correspondences were received by the Company and Link Intime India Private Limited, Registrar and Share Transfer Agent. All shareholder's complaints / correspondences were resolved and there were no pending complaints or unattended correspondences as on 31st March, 2019.

Name, Designation and Address of Compliance Officer

Mr. Manoj Gagvani - Company Secretary & Head-Legal
Future Consumer Limited
Knowledge House, Shyam Nagar,
Off. Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai – 400 060

RISK MANAGEMENT COMMITTEE

The Company has constituted Risk Management Committee to oversee and monitor risk management plan of the Company.

Composition and Attendance at Meetings

As on 31st March, 2019, the composition of Risk Management Committee has been as under:

- a) Mr. K K Rathi
- b) Ms. Ashni Biyani
- c) Mr. Ravin Mody

During the financial year 2018-19, two meetings of the Risk Management Committee were held on 22nd May, 2018 and 29th November, 2018.

Attendance of the Directors/Members at the Risk Management Committee meetings held during the financial year 2018-19 is as under:

| Name of Directors/ Members | Designation | Category | No. of Meeting(s) Attended |
|----------------------------|-------------|-------------------------|----------------------------|
| Mr. K K Rathi | Chairman | Non-Executive Director | 2 |
| Ms. Ashni Biyani | Member | Managing Director | 2 |
| Mr. Ravin Mody | Member | Chief Financial Officer | 2 |

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted a Corporate Social Responsibility Committee in accordance with Section 135 of the Companies Act, 2013. The Board has also adopted Corporate Social Responsibility Policy, the salient features of which *inter-alia* comprises of framing of guidelines to make Corporate Social Responsibility a key business process for sustainable development of the society to directly/indirectly undertake projects/programs which will enhance the quality of life and economic well-being of the communities in and around our operations and society and to generate goodwill and recognition among all stakeholders of the Company.

Composition and Attendance at Meetings

As on 31st March, 2019, the composition of Corporate Social Responsibility Committee has been as under:

- a) Mr. Kishore Biyani
- b) Ms. Ashni Biyani
- c) Mr. Harminder Sahni

During the financial year 2018-19, no meeting of the Corporate Social Responsibility Committee was held. Since the Company has incurred loss during the last three preceding years, the Company was not required to make contribution to CSR initiatives.

COMMITTEE OF DIRECTORS

The Company has constituted a Committee of Directors to undertake certain activities in the regular course of business and to further perform such other functions pursuant to the powers granted by the Board of Directors from time to time.

Composition and Attendance at the Meetings

As on 31st March, 2019, the composition of Committee of Directors has been as under:

- a) Mr. Kishore Biyani
- b) Mr. G. N. Bajpai
- c) Ms. Ashni Biyani

During the financial year 2018-19, no meeting of the Committee of Directors was held. However, various matter(s) have been approved by the Committee of Directors by way of resolution passed through circulation during the financial year 2018-19.

During the financial year 2018-19, the Board of Directors have accepted all recommendation(s) made by Committee(s) as provided from time to time.

GENERAL BODY MEETINGS

The details of Annual General Meetings held during the last three years are as follows:

| Year | Day, Date and Time | Venue |
|---------|--|---|
| 2015-16 | Monday, 29 th August, 2016 at 2.30 p.m. | Rangswar Hall, 4 th Floor, Yashwantrao Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Opp. Mantralaya, Mumbai-400 021 |
| 2016-17 | Tuesday, 29 th August, 2017 at 11.30 a.m. | Rangswar Hall, 4 th Floor, Yashwantrao Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Opp. Mantralaya, Mumbai-400 021 |
| 2017-18 | Wednesday, 29 th August, 2018 at 11.30 a.m. | Rangswar Hall, 4 th Floor, Yashwantrao Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Opp. Mantralaya, Mumbai-400 021 |

Special Resolution(s) passed at the last three Annual General Meeting ("AGM")

| AGM | AGM Date | Special Resolutions passed |
|------------------|-------------------------------|---|
| 20 th | 29 th August, 2016 | None |
| 21 st | 29 th August, 2017 | a) Appointment of Mr. Narendra Baheti (DIN: 00057255) as an Executive Director of the Company and payment of remuneration. b) Re-appointment of Ms. Ashni Biyani (DIN: 00058775) as an Whole Time Director of the Company and payment of remuneration |
| 22 nd | 29 th August, 2018 | a) Approval for continuation of Mr. G. N. Bajpai (DIN: 00946138) as a Non-Executive Director who has attained the prescribed age. b) Appointment of Ms. Ashni Biyani (DIN: 00058775) as a Managing Director of the Company and payment of remuneration c) Alteration of object clause of the Memorandum of Association of the Company d) Adoption of new set of Articles of Association of the Company e) Approval of the Scheme for Reduction of Capital of the Company. |

POSTAL BALLOT**Special Resolution(s) passed through Postal Ballot:**

During the financial year 2018-19, no Special Resolution(s) were approved by the Shareholders of the Company through postal ballot process.

No special resolution(s) are proposed to be passed by postal ballot at the 23rd Annual General Meeting.

DISCLOSURES**Vigil Mechanism and Whistle Blower Policy**

The Company has framed and adopted 'Vigil Mechanism and Whistle Blower Policy' ("Policy") for its Directors, Employees and other stakeholders. The Policy promotes openness and encourages reporting of any sought of misconduct. While providing adequate protection to Employees and Other Stakeholders it encourages them to raise concerns and provides them opportunity to receive feedback in relation to the actions taken in that regard. It also plays a vital role in the investigation of cases pertaining to suspected misconduct, unethical behavior, misuse of power, violation of any legal or regulatory requirements.

The Company adheres to the highest standards of ethical, moral and legal conduct of business operations. In order to maintain these standards, the Company encourages its employees and other stakeholders who have concerns about suspected misconduct to come forward and express their concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) mechanism provides a channel to the Employees, Directors and other stakeholders to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Policy. The Policy also provides for adequate safeguards against victimization of Employees, Directors and other stakeholders in availing the mechanism and also provide for direct access to the CEO / Chairman of the Audit Committee in exceptional cases. No personnel have been denied access to the Audit Committee under the Policy.

The Policy is in line with the vision and objectives of the Company and should be read in conjunction with applicable regulations and existing policies and procedures of the Company.

Related Party Transactions

Policy for dealing with related party transactions ("RPT Policy") is placed on the website of the Company - <http://futureconsumer.in/Investors.aspx#policies.html>

Policy on Material Subsidiary

The Company had adopted a Policy for determining material subsidiary in line with the requirements prescribed under the SEBI Listing Regulations, as amended from time to time. The Policy for determining material subsidiary is available on the website of the Company - <http://futureconsumer.in/Investors.aspx#policies.html>

Statutory Compliance, Penalties and Strictures

The Company has complied with requirements of Stock Exchanges, the Securities and Exchange Board of India and other statutory authorities to the extent applicable and accordingly no penalties have been levied or strictures have been imposed on the Company on any matter related to capital markets during the last three years.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

a) Risk management policy of the Company with respect to commodities including through hedging:

The Company does not undertake material trading activities into commodity derivatives. The Company is generally exposed to commodity price risk since the agricultural products are open to frequent changes in the prices. The commodities are bought against business requirements of the Company. Few commodities are bought on the basis of projected annual requirement mainly to ensure quality consistency. Any variation in sales as compared with procurement is taken care by top up purchase or market disposal at spot prices. With respect to import of commodities, market rates of the commodities and dollar

prices are closely monitored and appropriate decisions are made to execute the transactions. Necessary steps are taken to mitigate the price risks in accordance with the policies of the Company.

- b) Exposure of the Company to commodity and commodity risks faced by the Company throughout the year under review:
- i) Total exposure of the Company to commodities in INR - 1,688 Cr plus
- ii) Exposure of the Company to various commodities:

| Commodity Name | Exposures in INR towards the particulars commodity | Exposures in Quantity terms towards the particular commodity | % of such exposure hedged through commodity derivatives | | | | |
|------------------|--|--|---|----------|----------------------|----------|-------|
| | | | Domestic Market | | International Market | | Total |
| | | | OTC | Exchange | OTC | Exchange | |
| Pulses | 368 Cr | 67,057 Tons | - | 2.59% | - | - | 2.59% |
| Rice | 251 Cr | 61,792 Tons | - | - | - | - | - |
| Sugar | 171 Cr | 50,909 Tons | - | - | - | - | - |
| Oil and Oil Seed | 184 Cr | 19,068 Tons | - | 4.54% | - | - | 4.54% |
| Spices | 121 Cr | 8,264 Tons | - | 9.89% | - | - | 9.89% |
| Dryfruit | 400 Cr | 8,262 Tons | - | - | - | - | - |
| Wheat | 22 Cr | 10,018 Tons | - | 0.28% | - | - | 0.28% |

- iii) Commodity risks faced by the listed entity during the year and how they have been managed.

For select agricultural commodities primarily held for trading, futures contracts are used to hedge price risks till positions in the physical market are matched. Such hedges are generally for short time horizons and recognized in profit or loss account. The Company's net exposure to commodity price risk is not material.

The Company is exposed to foreign exchange risk arising from import of goods and services. The Company manages the foreign exchange risk with appropriate hedging activities. The aim of the Company's approach to manage currency risk is to leave the Company with no material residual risk. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2019 are disclosed in Note No. 35.5 under notes to the Standalone Financial Statements.

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.

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to M/s. S R B C & CO LLP, Chartered Accountants, Statutory Auditors of the Company and all the entities in the network firm/network entity of which Statutory Auditor is a part is as under:

| Company name | Relationship | Name of Auditor | (₹ In Lakhs) |
|--|--------------|---------------------------------------|----------------|
| Future Consumer Limited | - | S R B C & CO LLP Ernst & Young LLP | 99.90 77.92 |
| The Nilgiri Dairy Farm Private Limited | Subsidiary | S.R Batliboi and Associates LLP | 34.07 |
| FCL Tradevest Private Limited | Subsidiary | S R B C & CO LLP | 7.5 |
| Total | | | 219.39 |

CONFIRMATION AND AFFIRMATIONS

Details of utilization of funds raised through preferential allotment or qualified institutions placement during the financial year 2018-19

During the financial year 2018-19, the Company has not raised any funds through preferential allotment or Qualified Institutional Placement.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has zero tolerance towards any kind of harassment, including sexual harassment, or discrimination. Your Company has constituted an Internal Complaints Committee (ICC) to investigate and resolve sexual harassment complaints. Employees are encouraged to speak up and report any such incidences to the ICC. Your Company has also implemented a Policy on Prevention of Sexual Harassment which is reviewed by the ICC at regular intervals. Any complaint made to the ICC is treated fairly and confidentially. The details as required in respect of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is provided below:

- a. number of complaints filed during the financial year : Nil
- b. number of complaints disposed of during the financial year : Nil
- c. number of complaints pending as on end of the financial year : Nil

Disclosures of the compliance with Corporate Governance requirements as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46

Your Company has made adequate disclosures with respect to the compliance with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

Certificate from Practising Company Secretary

The Company has obtained a certificate from Practising Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this Report.

Insider Trading

The Company has adopted 'The Code of Conduct for Regulating, Monitoring and Reporting of trading by Designated Persons' ("Code of Conduct") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time ("SEBI Insider Regulations"). The Code of Conduct is applicable to Designated Persons as defined therein.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' ("the Code") in compliance with the SEBI Insider Regulations. This Code is uploaded on the website of the Company - www.futureconsumer.in. The Company has also formulated "Policy and Procedure for Dealing with leak of Unpublished Price Sensitive Information".

The Company's Code of Conduct *inter alia* prohibits dealing in securities of the Company by the designated persons defined therein, while in possession of unpublished price sensitive information.

Code of Conduct

The Company has framed and adopted the Code of Conduct for all its Board Members and Senior Management personnel. The Code of Conduct for the employees as well as the Board Members is posted on the website of the Company www.futureconsumer.in

The Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year 2018-19. A declaration to this effect in terms of Regulation 26 of the SEBI Listing Regulations, forms part of the Annual Report.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Annual Report and includes discussion on various matters specified under Schedule V of SEBI Listing Regulations.

MEANS OF COMMUNICATION AND SHAREHOLDER INFORMATION

The financial results are regularly submitted to the Stock Exchanges in accordance with the SEBI Listing Regulations. The extract of financial results of the Company is published in newspapers viz. The Free Press Journal and Navshakti. The financial results are also uploaded on the website of the Company - www.futureconsumer.in.

The Official news releases and presentations made to institutional investors or analyst are also displayed on the website of the Company www.futureconsumer.in, from time to time.

General Shareholder Information

Annual General Meeting

| | |
|---------------------------------|---|
| Date and Time | 30 th July, 2019, 9.30 a.m. |
| Venue | Rangswar Hall, 4 th Floor, Yashwantrao Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Opp. Mantralaya, Mumbai - 400 021 |
| Financial Year | The financial year of the Company is from April 1 to March 31 of the following year. |
| First Quarter Results | By second week of August, 2019 |
| Second Quarter Results | By second week of November, 2019 |
| Third Quarter Results | By second week of February, 2020 |
| Fourth Quarter / Annual Results | By end of May, 2020 |
| Dividend Payment Date | Not Applicable |

Corporate Identity Number (CIN):L52602MH1996PLC192090

Listing on Stock Exchange

The Company's Equity Shares are listed on the following Stock Exchange(s):

1. BSE Limited ("BSE") - Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
2. National Stock Exchange of India Limited ("NSE") - Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051

Stock Code

BSE Limited : 533400
 National Stock Exchange of India Limited : FCONSUMER
 International Securities Identification : INE220J01025
 Number ("ISIN")

Listing Fees

Listing fees for both the Stock Exchange(s) for the year 2018-19 has been paid.

Debentures

The Company had issued and allotted 5,000 Senior, Rated, Listed, Redeemable, Secured, Non-Convertible Debentures ("NCDs 1") in the form of Separately Transferable Redeemable Principal Parts ("STRPP"), having face value of ₹ 1,00,000/- each on 16th March, 2017. The NCDs 1 are listed on WDM of BSE Limited. The details of NCDs 1 redeemed during the financial year 2018-19 are as under:

| Description of NCDs1 | Date of Redemption |
|---|----------------------------------|
| 750 Series I NCDs STRPP 1 750 Series II NCDs STRPP 1 | 16 th September, 2018 |
| 750 Series I NCDs STRPP 2 750 Series II NCDs STRPP 2 | 16 th March, 2019 |

Further, the Company had issued and allotted 5,000 Senior, Rated, Listed, Redeemable, Secured, Non-Convertible Debentures ("NCDs 2") in the form of Separately Transferable Redeemable Principal Parts ("STRPP"), having face value of ₹ 1,00,000/- each on 5th September, 2017. The NCDs 2 are listed on WDM of BSE Limited. The details of NCDs 2 redeemed during the financial year 2018-19 are as under:

| Description of NCDs2 | Date of Redemption |
|------------------------------|-----------------------------|
| 1500 Series III NCDs STRPP 1 | 5 th March, 2019 |

The Company had also issued 1,500 Senior, Redeemable, Secured, Non-Convertible Debentures ("NCDs 3") having face value of ₹ 10,00,000/- each on 15th February, 2018. During the year under review, the Company has further issued and allotted 500 Senior, Redeemable, Secured, Non-Convertible Debentures ("NCDs 4") having face value of ₹ 10,00,000/- each on 12th October, 2018. NCDs 3 and NCDs 4 are redeemable in seventeen installments within seven years from the first date of allotment i.e. 15th February, 2018.

Security Code and ISIN for NCDs 1, NCDs 2, NCDs 3 and NCDs 4:

| NCDs | Security Code | ISIN | |
|--------|--|------------------|------------------------------|
| NCDs 1 | 1000 Series I NCDs STRPP 3 1000 Series II NCDs STRPP 3 | 955949 955953 | INE220J07055 INE220J07089 |
| NCDs 2 | 1500 Series III NCDs STRPP 2 2000 Series III NCDs STRPP 3 | 956886 956887 | INE220J07105 INE220J07113 |
| NCDs 3 | 1500 NCDs | Unlisted | INE220J07121 |
| NCDs 4 | 500 NCDs | Unlisted | INE220J07139 |

CREDIT RATING

The Credit Rating assigned to the Company by CARE Ratings Limited in respect of Bank Facilities, Non-Convertible Debentures and Commercial Paper are as under:

| Facilities / Instrument | Amount (₹ In Crore) | Rating |
|---|------------------------|---|
| Long-term Bank Facilities (Fund Based) | 260.00 | CARE A: Stable (Single A: Outlook: Stable) |
| Short-term Bank Facilities (Fund Based) | 70.00 | CARE A1 (A One) |
| Short-term Bank Facilities (Non-Fund Based) | 25.00 | CARE A1 (A One) |
| Long/ Short-term Bank Facilities (Fund Based) | 95.00 | CARE A: Stable / CARE A1 (Single A: Outlook : Stable/ A One) |
| Long-term Bank Facilities (Term Loan) | 50.00 | CARE A: Stable (Single A: Outlook : Stable) |
| Non-Convertible Debentures | 100.00 | CARE A: Stable (Single A: Outlook : Stable) |
| Commercial Paper | 100.00 | CARE A1 (A One) |

During the year under review, there has been no revision in credit rating obtained by the Company.

Debenture Trustee(s)**For NCDs 1 and NCDs 2**

Visra ITCL (India) Limited
 (Formerly IL & FS Trust Company Limited)
 The IL & FS Financial Centre,
 Plot No. C-22, G Block, Bandra Kurla Complex,
 Bandra (East), Mumbai - 400 051
 Tel.: + 91 22 2659 3535
 Fax.: + 91 22 2653 3297

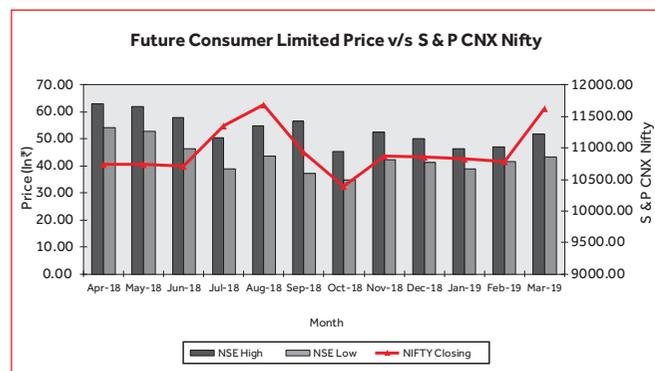
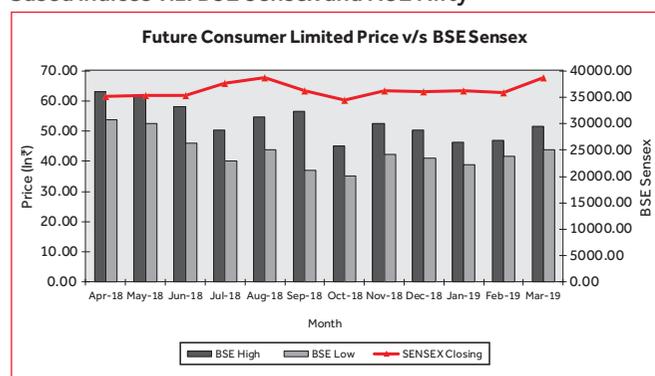
For NCDs 3 and NCDs 4**Catalyst Trusteeship Limited**

GDA House, Plot No 85,
 Bhusari Colony (Right),
 Paud Road,
 Pune – 411 038

Market Price Data during Financial Year 2018-19:

| Month | BSE | | NSE | |
|-----------------|----------|---------|----------|---------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April, 2018 | 63.10 | 53.95 | 63.00 | 54.05 |
| May, 2018 | 61.95 | 52.70 | 61.95 | 52.70 |
| June, 2018 | 58.00 | 46.05 | 57.80 | 46.25 |
| July, 2018 | 50.40 | 40.00 | 50.35 | 39.10 |
| August, 2018 | 54.60 | 43.85 | 54.75 | 43.70 |
| September, 2018 | 56.70 | 37.15 | 56.70 | 37.10 |
| October, 2018 | 45.25 | 35.25 | 45.25 | 35.00 |
| November, 2018 | 52.65 | 42.25 | 52.60 | 42.25 |
| December, 2018 | 50.30 | 41.05 | 50.00 | 41.20 |
| January, 2019 | 46.40 | 38.90 | 46.40 | 38.80 |
| February, 2019 | 47.10 | 41.70 | 47.15 | 41.60 |
| March, 2019 | 51.70 | 43.95 | 51.75 | 43.35 |

Performance of share price in comparison with the board - based indices viz. BSE Sensex and NSE Nifty



Registrar and Share Transfer Agents

LINK INTIME INDIA PRIVATE LIMITED

C 101, Embassy 247, 1st Floor, L.B.S. Marg,
Vikhroli (West), Mumbai – 400083.

Tel: + 91 22 4918 6000 Fax: +91 22 4918 6060

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

Share Transfer System

Shares held in physical form are processed by the Registrar and Share Transfer Agents in the prescribed manner and if the documents are complete in all respects, are transferred within the timeframe under the applicable provisions of law.

Distribution of Shareholding as on 31st March, 2019

| Share holding (Number of Shares) | Number of Shareholders | % to total | No. of Shares | % to total |
|----------------------------------|------------------------|---------------|-----------------------|---------------|
| 1 - 500 | 1,02,260 | 68.43 | 1,75,07,176 | 0.91 |
| 501 - 1000 | 20,120 | 13.46 | 1,66,64,380 | 0.87 |
| 1001 - 2000 | 11,663 | 7.81 | 1,82,13,700 | 0.95 |
| 2001 - 3000 | 4,428 | 2.96 | 1,15,56,861 | 0.60 |
| 3001 - 4000 | 2,066 | 1.38 | 75,27,698 | 0.39 |
| 4001 - 5000 | 2,274 | 1.52 | 1,08,82,272 | 0.57 |
| 5001 - 10000 | 3,391 | 2.27 | 2,60,35,689 | 1.35 |
| 10001 and above | 3,242 | 2.17 | 1,81,20,74,904 | 94.36 |
| Total | 1,49,444 | 100.00 | 1,92,04,62,680 | 100.00 |

Categories of Shareholding as on 31st March, 2019

| Category | No. of Shares | Shareholding % |
|---|-----------------------|----------------|
| Promoters and their relatives / Promoter Group Companies | 88,91,83,098 | 46.30 |
| Clearing Members | 96,48,054 | 0.50 |
| Indian Companies | 17,56,70,545 | 9.15 |
| Foreign Company | 20,45,87,517 | 10.65 |
| Financial Institutions | 12,00,812 | 0.06 |
| Hindu Undivided Family | 1,01,83,857 | 0.53 |
| Mutual Funds | 3,67,29,252 | 1.91 |
| Nationalised Banks | 200 | 0.00 |
| Non Nationalised Banks | 3,33,192 | 0.02 |
| Non Residents Indians | 84,75,530 | 0.44 |
| Non Residents Indians (Non Repatriable) | 34,73,960 | 0.18 |
| Office Bearers | 62,90,963 | 0.33 |
| Indian Public | 23,57,19,388 | 12.27 |
| Trusts | 8,500 | 0.00 |
| Directors/Relatives of Directors | 52,39,405 | 0.28 |
| Independent Director | 2,50,000 | 0.01 |
| Foreign Portfolio Investors (Corporate) | 31,88,40,873 | 16.60 |
| Employee Benefit Trust - under SEBI (Share Based Employee Benefits) Regulations, 2014 | 1,33,20,293 | 0.70 |
| Alternate Investment Funds | 2,25,000 | 0.01 |
| NBFCs registered with RBI | 10,82,241 | 0.06 |
| Total | 1,92,04,62,680 | 100.00 |

Dematerialization of Shares and Liquidity

As on 31st March, 2019, a total of 1,92,03,12,360 equity shares aggregating to 99.99% of the total issued, subscribed and paid-up equity share capital of the Company are in dematerialised form.

The Company's Equity Shares are regularly traded on BSE Limited and on National Stock Exchange of India Limited.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments : NIL.

Plant Location :

- India Food Park, Vasanthanarasapur Industrial Area, Phase - 3, Kora - Hobli Dist - Tumkur, Karnataka - 572 138
- Plot No. D 222/1A, TTC MIDC, Shirwane, Nerul, Navi Mumbai - 400 706
- Plot No. 1280, Sector-38, Ph-I, HSIIDC, Industrial Estate Rai, Haryana

Address for Correspondence:

Registrar and Share Transfer Agents

Link Intime India Private Limited
C 101, Embassy 247, 1st Floor, L.B.S. Marg,
Vikhroli (West), Mumbai - 400083

Tel: + 91 22 4918 6000

Fax: +91 22 4918 6060

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

Company

Future Consumer Limited

Registered Office:

Knowledge House, Shyam Nagar,
Off. Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai - 400 060
Tel: +91 22 6644 2200 Fax: + 91 22 6644 2201

Corporate Office:

Embassy 247, Tower C,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083
Tel.: +91 22 6119 0000
Fax: +91 22 6199 5391
Website: www.futureconsumer.in

Designated Email ID: investor.care@futureconsumer.in

COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS OF THE SEBI LISTING REGULATIONS

The Company has complied with mandatory requirements of the SEBI Listing Regulations to the extent applicable.

The status of compliance with the non-mandatory requirements is as under:

1. The Board

No separate office for the Chairman is maintained and hence no reimbursement of expenses is made towards the same.

2. Shareholders' Rights

Quarterly and Half Yearly financial results are furnished to the Stock Exchanges and published in prescribed newspaper and also uploaded on website of the Company. The

same are not separately sent to each household of the Shareholders. Significant events are posted on Company's website from time to time.

3. Modified Opinion(s) in Audit Report

During the year under review, there are no modified opinion(s) on the financial statements of the Company for the financial year 2018-19. Standard practices and procedures are followed to ensure unmodified financial statements.

4. Separate Posts of Chairman and CEO / Managing Director

The Company has held separate post for Chairman and CEO. Currently Chairman of the Board is an Independent Director. Ms. Ashni Biyani is the Managing Director of the Company.

5. Reporting of Internal Auditor

The Internal Auditor reports to the Audit Committee.

DECLARATION

I, Ashni Biyani, Managing Director of Future Consumer Limited, hereby declare that all the members of the Board of Directors and the Senior Management 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 for the financial year ended 31st March, 2019.

For Future Consumer Limited

Place : Mumbai
Date: 22nd May, 2019

Ashni Biyani
Managing Director

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 of
FUTURE CONSUMER LIMITED**

Knowledge House, Shyam Nagar,
Off. Jogeshwari Vikhroli Link Road,
Jogeshwari(East), Mumbai -400 060

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of FUTURE CONSUMER LIMITED having CIN L52602MH1996PLC192090 and having registered office at Knowledge House, Shyam Nagar, Off. Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400060 (hereinafter referred to as 'the Company'), produced before me 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 my opinion and to the best of my 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 me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of Appointment in the Company |
|---------|--|----------|------------------------------------|
| 1 | KISHORE LAXMINARAYAN BIYANI | 00005740 | 8/10/2007 |
| 2 | NARENDRA BAHETI | 00057255 | 30/08/2016 |
| 3 | ASHNI KISHORE BIYANI | 00058775 | 15/11/2014 |
| 4 | NEHA ANURAG BAGARIA | 00178703 | 20/03/2019 |
| 5 | HARMINDER SAHNI | 00576755 | 14/09/2018 |
| 6 | DEEPAK MALIK | 00662141 | 26/04/2016 |
| 7 | GHYANENDRA NATH BAJPAI | 00946138 | 20/02/2008 |
| 8 | FREDERIC CHARLES JOSSE MUTIEN GHISLAIN DE MEVIUS BARON | 03359921 | 9/11/2012 |
| 9 | ADHIRAJ ANIL HARISH | 03380459 | 1/9/2015 |

Ensuring the eligibility of 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 **SANJAY DHOLAKIA & ASSOCIATES**

(SANJAY DHOLAKIA)

Practising Company Secretary
Proprietor

Place: Mumbai

Date 22nd May, 2019

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED FROM TIME TO TIME

TO THE MEMBERS OF FUTURE CONSUMER LIMITED

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

1. The Corporate Governance Report prepared by Future Consumer Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2019. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

AUDITOR'S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include.
 - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Directors Register as on March 31, 2019 and verified that at least one women Independent Director was on the Board during the year;
 - iv. Obtained and read the minutes of the following meetings held from April 1, 2018 to March 31, 2019:
 - (a) Board of Directors Meeting;
 - (b) Audit Committee;
 - (c) Annual General Meeting;
 - (d) Nomination and Remuneration/ Compensation Committee;

- (e) Stakeholders Relationship and Share Transfer Committee;
 - (f) Independent Directors Meeting; and
 - (g) Risk Management Committee;
- v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and
- vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

OPINION

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2019, referred to in paragraph 1 above.

OTHER MATTERS AND RESTRICTION ON USE

9. This report 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.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Per Pramod Kumar Bapna
Partner
Membership Number: 105497
UDIN: 19105497AAAAAL5226

Place of Signature: Mumbai
Date: May 22, 2019

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Future Consumer Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS financial statements of Future Consumer Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2019. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Ind AS financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| <p>A. Impairment of Investments (as described in note 43 of the Standalone Ind AS financial statements)</p> <p>During the year, impairment indicators were identified by management on certain investments wherein net worth is negative or investment value is higher than the Company's share in net worth. As a result, an impairment assessment was required to be performed by the Company by comparing the carrying value of these investments to their recoverable amount to determine whether an impairment loss was required to be recognized.</p> <p>For the purpose of the above impairment testing, value in use has been determined by forecasting and discounting future cash flows. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows.</p> <p>Also, the determination of the recoverable amount of the investments involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amount of these investments.</p> <p>Accordingly, the impairment of investments was determined to be a key audit matter in our audit of the Standalone Ind AS financial statements.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding, evaluating the design and testing the operating effectiveness of controls that the Company has in relation to impairment review processes; • Assessing the appropriateness of Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we evaluated the objectivity and independence of Company's specialists involved in the process; • Assessing the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used; • Assessing the recoverable value headroom by performing sensitivity testing of key assumptions used; • We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate the inputs and assumptions used in the cash flow forecasts; |

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| | <ul style="list-style-type: none"> Involving experts to assess the Company's valuation methodology and assumptions around the key drivers of the cash flow forecasts, applied in determining the recoverable amount. We assessed the disclosures made in the Ind AS financial statements as per Ind AS 107. |
| B. Related Party Transactions | |
| <p>The Company has significant transactions with Related Parties (see Note 37 of the Standalone Ind AS Financial Statements) including sale of products, services, rent, loans and advances given and interest income.</p> <p>Company's top customer which is a related party contributes about 83% of the total revenue.</p> <p>Considering the high volume of transactions with related parties and determination of arm's length price to be a key audit matter in our audit of the Standalone Ind AS financial statements.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Performing test of controls over related party transactions with respect to approval of transactions by the Board of Directors of the Company, entering into agreements/contracts and recording in books of account; Reading contracts and agreements with related parties to understand the nature of the transactions; Reading the transfer pricing report as prepared by third party consultant to assess whether the transactions are at arm's length; Reading the inputs used in the transfer pricing report as prepared by third party consultant. We assessed the disclosures made in the Ind AS financial statements as per Ind AS 24. |
| C. Recognition of Deferred Tax Assets (as described in note 8 of the Standalone Ind AS financial statements) | |
| <p>The Company has recognized deferred tax asset related to tax losses to the extent that the setoff of the related tax balances through future taxable profits are probable. The estimate of future taxable profits is based on the future business plan. The recognition of deferred tax asset is therefore sensitive to changes in the business plan. The financial statements include deferred tax assets amounting to ₹ 1,868 lakhs that mainly result from unused tax losses carried forward. Management provides disclosures on these deferred tax assets in Note 2.12 "Accounting policies" section "Taxation" as well as in Note 8 "Deferred tax assets (net)" in the Standalone Ind AS financial statements.</p> <p>This area was important to our audit due to the amount of the tax losses as well as the judgment involved in management's assessment of the likelihood and magnitude of creating future taxable profits to offset the tax losses. This assessment requires the management to make assumptions to be used in the forecasts of future taxable profits, including expectations for future sales and margin developments and overall market and economic conditions.</p> <p>Accordingly, recognition of deferred tax asset was determined to be a key audit matter in an audit of the Standalone Ind AS financial statements.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Comparing the consistency of management's profit forecasts with those included in the budget approved by the Board of Directors. This included evaluation of management's assumptions on the projected profit forecasts, discount and terminal yield rates by comparing them against recent profit trends and externally available information. Assessing the historical accuracy of management's assumptions and estimation process by comparing the actual financials against previously forecasted financials. Testing the completeness and accuracy of the amounts recognised as deferred tax assets, including the review of correspondences with the tax authorities and other uncertain tax positions. Involving our tax experts in order to assess the Company's disclosures on deferred tax positions and assumptions used. We assessed the disclosures made in the financial statements. |
| D. Impairment of goodwill (as described in note 44 of the Standalone Ind AS financial statements) | |
| <p>The Company is required to, at least annually, perform impairment assessments of goodwill recognized in books.</p> <p>The Company performs an annual impairment assessment of Goodwill to determine whether the recoverable value is below the carrying amount. We focused on this area as the assessments made by management involved significant estimates and judgments, including sales growth rates, gross profit margin, net profit margin and perpetual growth rates used to estimate future cash flows and discount rates applied to these forecasted future cash flows. These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding, evaluating the design and testing the operating effectiveness of controls that the Company has in relation to goodwill impairment review processes Assessing the Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we also evaluated the objectivity and independence of Company's specialists involved in the process. |

| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| <p>The current economic climate also increases the complexity of forecasting.</p> <p>Accordingly, the impairment test of goodwill is considered to be a key audit matter in our audit of the Standalone Ind AS financial statements.</p> | <ul style="list-style-type: none"> Assessing the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used. Assessing the recoverable value headroom by performing sensitivity testing of key assumptions used. We discussed potential changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. Testing the arithmetical accuracy of the models. We assessed the disclosures made in the Ind AS financial statements as per Ind AS 36. |

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report, Director's Report and Management Discussion and Analysis, 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 such other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Responsibilities of Management 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also 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 skepticism 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.

- 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 Company'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 the 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 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.

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 for the financial year ended March 31, 2019 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 of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) 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 Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

- (h) 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 explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 38 – to the 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Pramod Kumar Bapna
Partner
Membership Number: 105497

Place of Signature: Mumbai
Date: May 22, 2019

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FUTURE CONSUMER LIMITED

(Referred to in paragraph 1, under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.
- (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 Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a Company in which the Director is interested to which provisions of section 185 of the Companies Act 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has given loans and advances, guarantees and securities and made investments in accordance with the provision of section 186 of the Companies Act 2013.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products/ services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of custom, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, duty of custom, cess and other statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales tax, goods and services tax, duty of custom and cess which have not been deposited on March 31, 2019 on account of any dispute, are as follows:

| Statue | Nature of the dues | Amount (₹ In Lacs)* | Period to which the amount relates | Forum where the dispute is pending |
|---|--------------------|---------------------|------------------------------------|---|
| Kerala - VAT | Sales Tax | 1.16 | 2012-13 | Deputy Commissioner of Commercial Tax (Appeals) |
| | | 22.80 | 2013-14 | Deputy Commissioner of Commercial Tax (Appeals) |
| | | 25.33 | 2014-15 | Deputy Commissioner of Commercial Tax (Appeals) |
| Madhya Pradesh Value Added Tax Amendment Act 2010 | Sales Tax | 2.62 | 2014-15 | Deputy Commissioner of Commercial Tax (Appeals) |
| Maharashtra Value Added Tax Act, 2002 | | Sales Tax | 9.94 | 2014-15 |
| | 10.71 | | 2010-11 | Joint Commissioner of Sales Tax (Appeals) |
| | 19.22 | | 2011-12 | Joint Commissioner of Sales Tax (Appeals) |
| | 38.87 | | 2012-13 | Joint Commissioner of Sales Tax (Appeals) |
| | 54.00 | | 2014-15 | Joint Commissioner of Sales Tax (Appeals) |
| | 109.89 | | 2013-14 | Joint Commissioner of Sales Tax (Appeals) |

| Statue | Nature of the dues | Amount (₹ In Lacs)* | Period to which the amount relates | Forum where the dispute is pending |
|---|--------------------|------------------------|------------------------------------|--|
| Maharashtra Value Added Tax Act, 2002 - CST Act | Sales Tax | 6.77 | 2013-14 | Joint Commissioner of Sales Tax (Appeals III) |
| The Central Excise Act, 1944 | Central Excise | 0.93 | 2013-14 | Customs, Excise and Service Tax Appellate Tribunal |
| West Bengal Value Added Tax Act, 2003 | Sales Tax | 639.16 | 2015-16 | Joint Commissioner of Commercial Tax |

*Net of deposits

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments and term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For SRBC & COLLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Pramod Kumar Bapna
Partner
Membership Number: 105497

Place of Signature: Mumbai
Date: May 22, 2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF FUTURE CONSUMER LIMITED

Report on the Internal Financial Controls 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 Consumer Limited ("the Company") as of March 31, 2019 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. 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 with reference to these Standalone Ind AS financial statements 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 over financial reporting with reference to these Standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference

to these Standalone Ind AS financial statements, 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 judgement, including the assessment of the risks of material misstatement of the 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 internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements 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 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements, 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 with reference to these Standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Standalone Ind AS financial statements 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, adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements and such internal financial controls over financial reporting with

reference to these Standalone Ind AS financial statements were operating effectively as at March 31, 2019, 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 SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Pramod Kumar Bapna
Partner
Membership Number: 105497

Place of Signature: Mumbai
Date: May 22, 2019

BALANCE SHEET

as at 31st March 2019

| Particulars | Note | (₹ In lakhs) | |
|---|------|--------------------------|--------------------------|
| | | As at 31st March 2019 | As at 31st March 2018 |
| ASSETS | | | |
| 1 Non current assets | | | |
| (a) Property, plant and equipment | 4 | 16,143.30 | 10,148.33 |
| (b) Capital work in progress | 42 | 130.10 | 4,798.86 |
| (c) Goodwill | 4 | 2,951.82 | 3,566.32 |
| (d) Other intangible assets | 4 | 13,992.11 | 15,810.50 |
| (e) Financial assets | | | |
| (i) Investments | 5 | 70,620.35 | 67,054.32 |
| (ii) Loans | 6 | 2,125.67 | 2,915.90 |
| (iii) Other financial assets | 7 | 725.64 | 627.89 |
| (f) Deferred tax assets (net) | 8 | 1,867.50 | - |
| (g) Other non-current assets | 9 | 1,329.88 | 940.73 |
| Total non-current assets | | 109,886.37 | 105,862.85 |
| 2 Current assets | | | |
| (a) Inventories | 10 | 21,880.27 | 19,852.11 |
| (b) Financial assets | | | |
| (i) Investments | 11 | - | 892.80 |
| (ii) Trade receivables | 12 | 58,900.32 | 43,517.10 |
| (iii) Cash and cash equivalents | 13 | 913.45 | 2,741.51 |
| (iv) Bank balances other than (iii) above | 13 | 1,247.02 | 162.84 |
| (v) Loans | 6 | 35,956.22 | 30,033.00 |
| (vi) Other financial assets | 7 | 6,817.29 | 3,871.51 |
| (c) Other current assets | 9 | 1,601.19 | 1,668.49 |
| | | 127,315.76 | 102,739.36 |
| Asset held for Sale | 43.2 | 1,626.00 | - |
| Total current assets | | 128,941.76 | 102,739.36 |
| Total assets | | 238,828.13 | 208,602.21 |
| EQUITY AND LIABILITY | | | |
| 1 Equity | | | |
| (a) Equity share capital | 14 | 114,428.54 | 114,128.91 |
| (b) Other equity | 15 | 22,352.32 | 16,107.19 |
| Total equity | | 136,780.86 | 130,236.10 |
| Liability | | | |
| 2 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 26,343.52 | 28,280.17 |
| (ii) Other financial liabilities | 17 | 568.10 | 56.77 |
| (b) Provisions | 18 | 559.74 | 514.25 |
| Total non-current liabilities | | 27,471.36 | 28,851.19 |
| 3 Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19 | 43,498.96 | 20,054.22 |
| (ii) Trade payables | 20 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 3,040.36 | 427.82 |
| (b) Total outstanding dues of trade payables other than micro enterprises and small enterprises | | 21,628.45 | 19,396.35 |
| (iii) Other financial liabilities | 21 | 4,584.59 | 7,304.42 |
| (b) Provisions | 18 | 1,110.22 | 1,209.09 |
| (c) Other current liabilities | 22 | 713.33 | 1,123.02 |
| Total current liabilities | | 74,575.91 | 49,514.92 |
| Total equity and liability | | 238,828.13 | 208,602.21 |
| Summary of significant accounting policies | 2 | | |
| The accompanying notes are an integral part of the financial statements | 1-48 | | |

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**
Partner
Membership No : 105497

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai
Chairman
Manoj Gagvani
Company Secretary & Head - Legal

Ashni Biyani
Managing Director
Ravin Mody
Chief Financial Officer

Place : Mumbai
Date : 22 May 2019
Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

Place : Mumbai
Date : 22 May 2019

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March 2019

| Particulars | Note | ₹ In lakhs) | |
|---|------|-------------------------------|-------------------------------|
| | | Year ended 31st March 2019 | Year ended 31st March 2018 |
| 1 REVENUE | | | |
| (a) Revenue from operations | 23 | 298,996.39 | 243,110.96 |
| (b) Other income | 24 | 5,991.50 | 4,914.02 |
| Total income | | 304,987.89 | 248,024.98 |
| 2 EXPENSES | | | |
| (a) Cost of materials consumed | 25 | 6,223.09 | 4,960.08 |
| (b) Purchases of stock-in-trade (traded goods) | | 252,352.87 | 210,770.97 |
| (c) Changes in inventories of finished goods and stock-in-trade | 26 | (1,980.66) | (5,426.64) |
| (d) Employee benefits expense | 27 | 9,995.16 | 9,235.29 |
| (e) Finance costs | 28 | 6,605.50 | 4,550.03 |
| (f) Depreciation and Amortisation expense | 29 | 3,486.60 | 2,523.60 |
| (g) Other expenses | 30 | 22,208.71 | 18,149.28 |
| Total expenses | | 298,891.27 | 244,762.61 |
| 3 Profit before exceptional items(1-2) | | 6,096.62 | 3,262.37 |
| 4 Exceptional items | 43 | (1,923.14) | - |
| 5 Profit before tax (3+4) | | 4,173.48 | 3,262.37 |
| 6 Tax expense | | | |
| (a) Current tax | 8 | - | - |
| (b) Deferred tax | 8 | (1,879.62) | 27.69 |
| Net tax expense | | (1,879.62) | 27.69 |
| 7 Profit for the period (5-6) | | 6,053.10 | 3,234.68 |
| 8 Other comprehensive income (OCI) | | | |
| (a) Items that will not be reclassified to statement of profit or loss | | | |
| Remeasurement of losses on defined benefit plans | | 34.70 | (89.62) |
| (b) Income tax relating to items that will not be reclassified to statement of profit or loss | | (12.12) | 27.69 |
| Total other comprehensive income | | 22.58 | (61.93) |
| 9 Total comprehensive income for the year, net of tax (7+8) | | 6,075.68 | 3,172.75 |
| Earnings per share (face value ₹ 6 each) | 32 | | |
| (a) Basic (₹) | | 0.32 | 0.17 |
| (b) Diluted (₹) | | 0.32 | 0.17 |
| Summary of significant accounting policies | 2 | | |
| The accompanying notes are an integral part of the financial statements | 1-48 | | |

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**

Partner

Membership No : 105497

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai

Chairman

Manoj Gagvani

Company Secretary & Head - Legal

Ashni Biyani

Managing Director

Ravin Mody

Chief Financial Officer

Place : Mumbai

Date : 22 May 2019

Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

Place : Mumbai

Date : 22 May 2019

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2019

(a) Share Capital (Refer Note 14)

| Particulars | (₹ In lakhs) |
|--|-------------------|
| | Amount |
| Balance as at 31st March 2017 | 98,836.24 |
| Changes in Equity Share capital during the Year : | |
| Equity shares issued and allotted during the year | 14,759.91 |
| Issue of Equity shares under employee share option plan (ESOP) (Refer Note 36) | 296.58 |
| Shares transferred to employees by ESOP trust during the year (net) | 236.18 |
| As at 31st March 2018 | 114,128.91 |
| Changes in Equity Share capital during the Year : | |
| Equity shares issued and allotted during the year | - |
| Issue of Equity shares under employee share option plan (ESOP) (Refer note 36) | 421.74 |
| Shares purchased (net) by ESOP trust treated as treasury shares | (122.11) |
| As at 31st March 2019 | 114,428.54 |

(b) Other Equity (Refer Note 15)

| Particulars | (₹ In lakhs) | | | | | | | | | |
|--|--|---|---|-----------------|-----------------------------------|----------------------------|--------------------|---------------------------------------|----------------------------|--------------------|
| | Equity Component of compound financial instruments | Capital Reserve for bargain purchase combinations | Reserves & Surplus Securities Premium Account | General Reserve | Share Options Outstanding Account | Capital Redemption Reserve | Retained Earnings | Money received against share warrants | Other comprehensive income | Total Other Equity |
| Balance at 31st March 2017 | 38,021.02 | 314.94 | 4,067.29 | 0.59 | 2,254.13 | 5.20 | (31,527.30) | 1,675.00 | 20.38 | 14,831.25 |
| Profit for the year | - | - | - | - | - | - | 3,234.68 | - | - | 3,234.68 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | (61.93) | (61.93) |
| Total comprehensive income for the year | - | - | - | - | - | - | 3,234.68 | - | (61.93) | 3,172.75 |
| Issue of Share Warrants | - | - | - | - | - | - | - | 5,025.00 | - | 5,025.00 |
| Recognition of share-based payments | - | - | - | - | 1,376.95 | - | - | - | - | 1,376.95 |
| Shares held by ESOP Trust treated as treasury shares | - | - | - | - | - | - | 453.83 | - | - | 453.83 |
| Transfer to securities premium on exercise of ESOP | - | - | 932.74 | - | (932.74) | - | - | - | - | - |
| Transfer to retained earning on exercise of ESOP | - | - | - | - | (268.05) | - | 268.05 | - | - | - |
| Issue of Shares | (38,021.02) | - | 35,968.43 | - | - | - | - | (6,700.00) | - | (8,752.59) |
| As at 31st March 2018 | - | 314.94 | 40,968.46 | 0.59 | 2,430.29 | 5.20 | (27,570.74) | - | (41.55) | 16,107.19 |

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2019

| Particulars | Equity | | | Reserves & Surplus | | | | Retained Earnings | Money received against share warrants | Other comprehensive income | Total Other Equity |
|---|---|---|----------------------------|--------------------|-----------------------------------|----------------------------|--------------------|-------------------|---------------------------------------|----------------------------|--------------------|
| | Component of compound financial instruments | Capital Reserve for bargain purchase combinations | Securities Premium Account | General Reserve | Share Options Outstanding Account | Capital Redemption Reserve | | | | | |
| Profit for the year | - | - | - | - | - | - | 6,053.10 | - | - | 6,053.10 | |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | 22.58 | 22.58 | |
| Total comprehensive income for the year | - | - | - | - | - | - | 6,053.10 | - | 22.58 | 6,075.68 | |
| Recognition of share-based payments | - | - | - | - | 1,263.33 | - | - | - | - | 1,263.33 | |
| Shares held by ESOP Trust treated as treasury shares | - | - | - | - | - | - | (1,445.38) | - | - | (1,445.38) | |
| Transfer to securities premium on exercise of ESOP | - | - | 1,318.66 | - | (1,318.66) | - | - | - | - | - | |
| Transfer to retained earning on exercise of ESOP | - | - | - | - | (267.15) | - | 267.15 | - | - | - | |
| Issue of Shares | - | - | 351.50 | - | - | - | - | - | - | 351.50 | |
| As at 31st March 2019 | - | 314.94 | 42,638.62 | 0.59 | 2,107.81 | 5.20 | (22,695.87) | - | (18.97) | 22,352.32 | |
| Summary of significant accounting policies | | | | | | 2 | | | | | |
| The accompanying notes are an integral part of the financial statements | | | | | | 1-48 | | | | | |

As per our report of even date
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**
Partner
Membership No : 105497

Place : Mumbai
Date : 22 May 2019
Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai
Chairman

Manoj Gagvani
Company Secretary & Head - Legal

Ashni Biyani
Managing Director

Ravin Mody
Chief Financial Officer

Place : Mumbai
Date : 22 May 2019

STATEMENT OF CASH FLOWS

for the year ended 31st March 2019

| Particulars | (₹ in lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Cash flows from operating activities | | |
| Net profit before tax as per the Statement of Profit and Loss | 4,173.48 | 3,262.37 |
| Adjustments to reconcile profit before tax to net cash flows: | | |
| Exceptional items (Refer Note 43) | 1,923.14 | - |
| Finance costs (including fair value change in financial instruments) | 6,605.50 | 4,550.03 |
| Finance income (including fair value change in financial instruments) | (4,736.56) | (3,566.14) |
| Interest on income tax refund | (66.01) | (0.54) |
| Provision no longer required written back | (53.72) | - |
| Loss on disposal of property, plant and equipment | 27.92 | 18.37 |
| Net loss/ (gain) on financial assets measured at fair value through profit or loss | (241.23) | (936.00) |
| Loss on disposal of investments | - | 5.60 |
| Impairment of investments | - | 880.00 |
| Impairment Allowance on trade receivables | 23.62 | 15.26 |
| Amortisation of intangible assets | 1,560.33 | 1,443.48 |
| Depreciation of property, plant and equipment | 1,926.27 | 1,080.12 |
| Share-based payment expenses | 392.46 | 476.71 |
| Net gain on financial guarantees contract | (32.05) | (30.50) |
| | 11,503.15 | 7,198.76 |
| Working capital adjustments: | | |
| Increase in trade and other receivables | (18,838.79) | (17,718.72) |
| Increase in inventories | (2,028.16) | (5,700.06) |
| Decrease in other assets | 131.44 | 396.46 |
| Increase in trade payables | 4,844.64 | 7,198.05 |
| (Decrease) / Increase in provisions | (18.68) | 481.02 |
| (Decrease) / Increase in other liabilities | (47.32) | 263.18 |
| | (15,956.87) | (15,080.07) |
| Cash flow used in operations | (4,453.72) | (7,881.31) |
| Income taxes (paid)/refund | (358.85) | (169.13) |
| Net cash flow used in operating activities | (4,812.57) | (8,050.44) |
| Cash flows from investing activities | | |
| Investment in Subsidiaries/Joint Ventures | (4,346.13) | (1,238.11) |
| Disposal of Investment | 5,332.07 | 0.19 |
| Loans given | (40,536.32) | (32,923.09) |
| Loans refunded | 30,442.24 | 22,132.03 |
| Interest received | 3,874.86 | 2,574.43 |
| Purchase of property, plant and equipment including CWIP | (3,057.08) | (5,078.43) |
| Proceeds from sale of property, plant and equipment | 16.11 | 302.87 |
| Purchase of intangible assets | (144.95) | (51.34) |
| Net cash flow used in investing activities | (8,419.20) | (14,281.45) |
| Cash flows from financing activities | | |
| Proceeds from issue of equity instruments of the Company | 791.96 | 458.53 |
| Proceeds from issue of share warrants | - | 5,025.00 |
| Purchase of treasury shares | (2,292.68) | - |
| Proceeds on exercise of ESOP out of treasury shares | 725.00 | 690.00 |
| Proceeds from long term borrowings (Net of expenses) | 4,987.50 | 24,725.77 |
| Repayment of long term borrowings | (9,485.47) | (8,731.98) |
| Proceeds from short term borrowings (net) | 23,444.74 | 4,352.67 |
| Interest paid | (6,767.34) | (4,170.30) |
| Net cash flow from financing activities | 11,403.71 | 22,349.69 |
| Net increase / (decrease) in cash and cash equivalents | (1,828.06) | 17.80 |
| Cash and cash equivalents at the beginning of the year | 2,741.51 | 2,723.71 |
| Cash and cash equivalents at the end of the year (Refer Note 13) | 913.45 | 2,741.51 |

STATEMENT OF CASH FLOWS

for the year ended 31st March 2019

Changes in liability due to financial activities

| Particulars | (₹ in lakhs) | | | |
|--|-----------------------|------------------|--|------------------------|
| | As at 1 April 2018 | Cash flows | Changes in fair value of financial instruments | As at 31 March 2019 |
| Current borrowings (Refer Note 19) | 20,054.22 | 23,444.74 | - | 43,498.96 |
| Non- current borrowings, including current maturities (Refer Note 16) | 34,432.08 | (4,497.97) | 113.02 | 30,047.13 |
| Total | 54,486.30 | 18,946.77 | 113.02 | 73,546.09 |
| Summary of significant accounting policies | 2 | | | |
| The accompanying notes are an integral part of the financial statements | 1-48 | | | |

As per our report of even date
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**
Partner
Membership No : 105497

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai
Chairman

Manoj Gagvani
Company Secretary & Head - Legal

Ashni Biyani
Managing Director

Ravin Mody
Chief Financial Officer

Place : Mumbai
Date : 22 May 2019
Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

Place : Mumbai
Date : 22 May 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

1. GENERAL INFORMATION ABOUT THE COMPANY

Future Consumer Limited (the "Company") is a Company incorporated in India on 10th July 1996, under the name "Subhikshith Finance and Investments Limited". The name of the Company was changed to "Future Ventures India Private Limited" with effect from 9th August 2007 and it became a Public Limited Company with effect from 7th September 2007 as "Future Ventures India Limited". The shares of the Company are listed on the National Stock Exchange Limited and BSE Limited since 10th May 2011. The name of the Company was changed to "Future Consumer Enterprise Limited" w.e.f. 30th September 2013 and then to "Future Consumer Limited" effective from 13th October 2016. The Company is engaged in the business of sourcing, manufacturing, branding, marketing and distribution of fast moving consumer goods ("FMCG"), Food and Processed Food Products in Urban and Rural India. Earlier the Company was regulated by the Reserve Bank of India (the "RBI") as a non-deposit taking Non-Banking Financial Company ("NBFC"). The RBI in terms of application made by the Company has vide its order passed on 21st July 2015 cancelled the Certificate of Registration granted to the Company. Consequently, the Company ceased to be an NBFC.

The registered office of the Company is located at Knowledge House, Shyam Nagar, Off. Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060 and the corporate office is located at Embassy 247, Tower 'C', LBS Marg, Vikhroli (West), Mumbai 400 083

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors passed on 22 May 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified pursuant to section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Defined benefit planned – plan assets measured at fair value

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 transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17 'Leases' ("Ind AS 17"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 'Inventories' ("Ind AS 2") or value in use in Ind AS 36 'Impairment of Assets' ("Ind AS 36").

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.

The financial statements are presented in INR, which is the functional currency and all values are rounded up to two decimal points to the nearest lakh (₹ 00,000), except when otherwise indicated.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

2.2 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- 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 current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is 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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of services and the normal time between the acquisition of assets and their realisation into cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities

2.3 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 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 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 recognizing 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 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 Company 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 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 or 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 or loss where such treatment would be appropriate if that interest were disposed off.

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 115 "Revenue from contract with customers" ("Ind AS 115").

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

2.4 Goodwill and impairment of goodwill

Goodwill arising on acquisition of a business is carried at cost as established at date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash generating units (or groups of cash-generating units, "CGU") that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.5 Revenue from contract with customers

With effect from 1st April 2018, Ind AS 115 – "Revenue from Contracts with Customers" (Ind AS 115) supersedes Ind AS 18 – "Revenue" and related Appendices. The Company has adopted Ind AS 115 using the modified retrospective approach, applied to all the contracts that were not completed as of 1st April 2018. Hence, the Company has not retrospectively restated the comparative information. The application of Ind AS 115 did not have any material impact on recognition and measurement principles related to revenue recognition of the Company. However, it results in additional presentation and disclosure requirements for the Company. The Company has updated presentation and disclosures in accordance with Ind AS 115 in the financial statements (also read with Note 23). Following is revised significant accounting policies related to revenue recognition.

The Company recognises revenue from the following major sources:

- Sale of consumer product
- Other operating revenue

Sale of consumer product

The Company sells fast moving consumer goods ("FMCG"), Food and Processed Food Products.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue was reduced for estimated customer returns, rebates and similar allowances, if any. Revenue from sale of goods was recognised when the goods were delivered and titles have passed. i.e. the Company had transferred to the buyer the significant risks and rewards of ownership of goods; the Company retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue could be measured reliably; it was probable that the economic benefits associated with the transaction would flow to the Company; and the costs incurred or to be incurred in respect of the transaction could be measured reliably.

The Company recognizes revenue on the sale of goods, net of discounts, sales incentives and rebates granted, if any, when control of the goods is transferred to the customer.

Nature, timing of satisfaction of performance obligation and transaction price (Fixed and variable)

The Company recognises revenue when it transfers control of a product or service to a customer.

The control of goods is transferred to the customer depending upon the terms or as agreed with customer or delivery basis (i.e. at the point in time when goods are delivered to the customer or when the customer purchases the goods from the Company warehouse). Control is considered to be transferred to customer when customer has ability to direct the use of such goods and obtain substantially all the benefits from it such as following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods.

At inception of the contract, Company assesses the goods or services promised in a contract with a customer and identifies each promise to transfer to the customer as a performance obligation which is either:

- (a) a good or service that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Based on the terms of the contract and as per business practice, the Company determines the transaction price considering the amount it expects to be entitled in exchange of transferring promised goods or services to the customer. It excluded amount collected on behalf of third parties such as taxes.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

The Company provides volume discount and rebate schemes, to its customers on certain goods purchased by the customer once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Volume discount and rebate schemes give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Company considers that either the expected value method or the most likely amount method, depending on which of them better predicts the amount of variable consideration for the particular type of contract.

In case where the customer gives non-cash consideration for the goods and services transferred or where customer provides the Company certain materials, equipment, etc. for carrying out the scope of work and the Company obtains control of those contributed goods or service, the fair value of such non-cash consideration given /materials supplied by customer is considered as part of the transaction price.

For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price.

Rendering of services

Revenue from rendering of services is recognised over time considering the time elapsed. The transaction price of these services is recognised as a contract liability upon receipt of advance from the customer, if any, and is released on a straight line basis over the period of service (monthly basis)

Contract assets, contract liabilities and trade receivables

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues (which we refer to as unearned revenues) and advance from customers are classified as contract liabilities. A receivable is recognised by the Company when the control over the goods is transferred to the customer such as when goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The average credit period on sale of goods is 7 to 90 days.

Dividend and Interest income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the

economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.7 Foreign Currency Transactions and Translation

The management of the Company has determined Indian rupee ("INR") as the functional currency of the Company. In preparing the financial statements of the Company, transactions in currencies other than

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the Company's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in statement of profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences for long term foreign currency monetary items existing as on previous year, the exchange difference arising on settlement/ restatement of long term foreign currency monetary items are capitalised as part of depreciable property, plant and equipment to which the monetary items relates and depreciated over the remaining useful life of such assets.

2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

The Company may incur borrowing costs during an extended period in which it suspends the activities necessary to prepare an asset for its intended use or sale. Such costs are costs of holding partially completed assets and do not qualify for capitalisation. However, an entity does not normally suspend capitalising borrowing costs during a period when it carries out substantial technical and administrative work. The Company also does not suspend capitalising borrowing costs when a

temporary delay is a necessary part of the process of getting an asset ready for its intended use or sale.

The Company shall cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.9 Employee benefits

Post-employment benefits

- Payments to defined contribution benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement 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. Remeasurement, 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. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit or loss. Past service cost is recognised in statement of profit or 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 statement of 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.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer

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of the termination benefit and when the entity recognises any related restructuring costs.

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.

2.10 Earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to the owners of the Company by the weighted average number of equity shares outstanding during the financial year (net of treasury shares).

Diluted earnings per share adjusts the figure used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.11 Share-based payment arrangements

Share-based payment transactions of the Company

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 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 or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Share-based payment transactions among group entities

The cost of equity-settled transactions pertaining to group entities is recognised as debit to investment in those group companies, together with a corresponding increase in equity (Employee stock option reserve) over the vesting period. The cumulative amount recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. Company does not recover the cost of employee stock options from its subsidiaries.

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 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. While preparing standalone financial statements, temporary differences are calculated using the carrying amount as per standalone financial statements and tax bases as determined by reference to the method of tax computation.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be 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.

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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 or 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.13 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, for rental to others or for administrative purposes, are stated in the standalone balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that incremental future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. 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 or loss during the reporting period in which they are incurred.

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 statement of profit or loss.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. An asset is normally ready for its intended use or sale when the physical construction of the asset is complete even though routine administrative work might still continue.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation on tangible property, plant and equipment has been provided on straight line method as per the useful life prescribed in Schedule II of the Company's Act, 2013, except in case of leasehold improvements and moulds.

Estimated useful lives of the assets are as follows:

| Asset | Useful Life | Asset | Useful Life |
|------------------------|-------------|------------------------|-------------|
| Buildings | 60 Years | Computers | 3 Years |
| Plant and Equipment | 15 Years | Furniture and Fixtures | 10 Years |
| Leasehold improvements | Lease Term | Office Equipment | 5 Years |
| Moulds* | 2 Years | Vehicles* | 10 Years |

*The Company, based on technical assessment, depreciates Moulds and Vehicles over estimated useful lives which are different from the useful life as prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the asset are likely to be used.

Deemed cost on transition to Ind AS

While measuring the property, plant and equipment in accordance with Ind AS, the Company has selected to measure certain items of property, plant and equipment at the date of transition to Ind AS at their fair values and used those fair values as their deemed costs at transition date.

2.14 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment

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losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, if any, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in statement of profit or loss when the asset is derecognised.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

| Asset | Useful Life | Asset | Useful Life |
|-----------|-------------|--------------------|-------------|
| Trademark | 5 Years | Brand* | 10 Years |
| Software | 3 -6 Years | Brand Usage Rights | 25 Years |

* Kara Brand has an indefinite useful life.

The Company has evaluated the estimated useful life of the intangible assets based on technical assessment. The management believes that the estimated useful life is realistic and reflect fair approximation of the period over which the asset is likely to be used.

Deemed cost on transition to Ind AS

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of the transition date measured as per the previous GAAP and used that carrying value as its deemed cost as of the transition date.

2.15 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any

such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit or loss.

2.16 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.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

2.17 Provisions

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.

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).

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.

2.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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 or loss.

2.19 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or

sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in statement of profit or loss for fair value through other comprehensive income ("FVTOCI") debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in statement of profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to statement of profit or loss.

All other financial assets are subsequently measured at fair value.

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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 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.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in statement of profit or loss and is included in the "Other Income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income for investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to statement of profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of profit or loss. The net gain or loss recognised in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

Investments in subsidiaries, associates and joint ventures

The Company has elected to account for its equity investments in subsidiaries, associates and joint ventures under IND AS 27 on Separate Financials Statements, at cost except Investment in Preference shares which is measured at FVTPL. At the end of each reporting period the Company assesses whether there are indicators of diminution in the value of its investments and provides for impairment loss, where necessary.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset

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expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in statement of profit or loss.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in statement of profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

Cash and cash equivalents

Cash is cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

2.20 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit or loss on the

purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments

The component parts of compound instruments (convertible debentures) 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 or 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.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial guarantee contracts issued by the Company are measured in accordance with the specific accounting policies set out below.

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Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense are included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

When guarantee in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as cost of investment.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'/'Other expenses'.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

2.21 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit or loss immediately. Company does not designate the derivative instrument as a hedging instrument.

2.22 Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The EBT buys shares of the Company from the market, for giving shares to employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in capital reserve. Share options exercised during the reporting period are satisfied with treasury shares.

2.23 Contingent liabilities

A contingent liability is:-

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) a present obligation that arises from past events but is not recognised because:-
 - i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

A contingent asset is disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.24 Operating segment

The management views the Company's operation as a single segment engaged in business of Branding, Manufacturing, Processing, Selling and Distribution of "Consumer Products". Hence there is no separate reportable segment under Ind AS 108 'Operating segment'.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS

In the course of applying the accounting policies, the Company is required to make judgements, 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 recognized 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.

Key sources of estimation uncertainty

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. Refer note 4 for further disclosure.

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. Refer note 4 for further disclosure.

c) Impairment of investments in subsidiaries, joint ventures and associate and impairment of goodwill

Determining whether the goodwill or investments in subsidiaries, joint ventures and associate are impaired requires an estimate in the value in use. In considering the value in use, the Management have anticipated the future cash flows, discount rates and other factors of the underlying businesses/ companies. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In certain cases, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. A degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Any subsequent changes to the cash flows could impact the carrying value of investments/goodwill. Refer note 4 and 5 for further disclosure.

d) Provisions, liabilities and contingencies

Provisions and liabilities are recognized 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 judgement 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 recognized. Refer note 38 for further disclosure.

e) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 8 for further disclosure.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

f) Employee benefit plans

The cost of defined benefit gratuity plan and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Refer note 27 and 34 for further disclosure.

g) Share based payments

The Company initially measures the cost of equity-settled transactions with employees using an appropriate valuation model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note no 36.

3.1 Change in Accounting policies and disclosures

Standards, amendments and interpretations effective in 2018

The Company applied Ind AS 115 for the first time (Refer note 2.5).

Several other amendments apply for the first time in March 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Amendments to existing Ind AS

In addition to Ind AS 115, the following changes to Ind AS have also become applicable to the Company. However, their adoption did not have any impact as there are no such transactions or existing policies of the Company are already in compliance with the amendments.

Amendment to Ind AS 20 Government grants related to non-monetary asset, including consequential amendments to Ind AS 16 and Ind AS 38

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

Amendments to Ind AS 40 Transfers of Investment Property

Amendments to Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

Amendment to Ind AS 112 Disclosure of Interests in Other Entities

Amendments to Ind AS Schedule III to the Companies Act, 2013

The Ministry of Corporate Affairs (MCA), vide its notification dated 11 October 2018, amended Division II (Ind AS) of Schedule III to the Companies Act. The changes are applicable for the financial year ending 31 March 2019 and require the Company to make few additional disclosures/ reclassify certain items in the financial statements. The Company has made these changes in the relevant note. The application of these changes did not have material impact on the financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

4. PROPERTY, PLANT AND EQUIPMENT, GOODWILL AND OTHER INTANGIBLE ASSETS

| Description of Assets | Gross Block (At cost / deemed cost) | | | | Depreciation / Amortisation | | | | Net Block | |
|---|-------------------------------------|-----------------|---------------|------------------|-----------------------------|-----------------|-------------------|-----------------|------------------|------------------|
| | As at | | As at | | Impairment | | As at | | As at | |
| | 1st April 2018 | Additions | Deletions | 31st March 2019 | 1st April 2018 | For the Period | (Refer note 43.6) | 31st March 2019 | 31st March 2019 | 2019 |
| A. Property, plant and equipment | | | | | | | | | | |
| Freehold land | 443.13 | - | - | 443.13 | - | - | - | - | - | 443.13 |
| Building | 2,129.52 | 1,490.75 | - | 3,620.27 | 19.04 | 90.48 | - | 109.52 | - | 3,510.75 |
| Office equipments | 374.61 | 36.47 | 57.25 | 353.83 | 158.93 | 75.49 | 49.10 | 185.32 | - | 168.51 |
| Computers | 464.55 | 83.73 | 108.14 | 440.14 | 316.09 | 81.92 | 102.02 | 295.99 | - | 144.15 |
| Furniture & fixtures | 1,326.96 | 670.38 | 152.20 | 1,845.14 | 569.81 | 191.32 | 135.21 | 625.92 | - | 1,219.22 |
| Vehicles | 98.98 | 3.05 | 12.12 | 89.91 | 57.95 | 7.46 | 11.31 | 54.10 | - | 35.81 |
| Plant & machinery | 7,235.14 | 5,098.69 | 26.43 | 12,307.40 | 1,329.54 | 1,349.37 | 20.89 | 2,658.02 | - | 9,649.38 |
| Leasehold improvements | 516.51 | 411.71 | 26.19 | 902.03 | 166.08 | 90.36 | 22.78 | 233.66 | - | 668.37 |
| Hydraulic works and pipelines | 34.70 | 25.37 | - | 60.07 | 0.01 | 2.80 | - | 2.81 | - | 57.26 |
| Roads | 141.75 | 142.11 | - | 283.86 | 0.07 | 37.07 | - | 37.14 | - | 246.72 |
| Sub Total (A) | 12,765.85 | 7,962.26 | 382.33 | 20,345.78 | 2,617.52 | 1,926.27 | 341.31 | 4,202.48 | - | 16,143.30 |
| B. Other intangible assets | | | | | | | | | | |
| Brands, brand usage rights and trademarks (Refer note no. ii) | 16,614.49 | - | 1.03 | 16,613.46 | 3,262.16 | 1,083.71 | 0.91 | 400.00 | 4,744.96 | 11,868.50 |
| Software | 2,811.03 | 144.95 | 6.05 | 2,949.93 | 352.86 | 476.62 | 3.16 | 826.32 | - | 2,123.61 |
| Sub Total (B) | 19,425.52 | 144.95 | 7.08 | 19,563.39 | 3,615.02 | 1,560.33 | 4.07 | 400.00 | 5,571.28 | 13,992.11 |
| C. Goodwill (Refer Notes 44.1) | 3,566.32 | - | - | 3,566.32 | - | - | - | 614.50 | 614.50 | 2,951.82 |
| Sub Total (C) | 3,566.32 | - | - | 3,566.32 | - | - | - | 614.50 | 614.50 | 2,951.82 |
| Total (A+B+C) | 35,757.69 | 8,107.21 | 389.41 | 43,475.49 | 6,232.54 | 3,486.60 | 345.38 | 1,014.50 | 10,388.26 | 33,087.23 |

Notes:

(i) For property, plant and equipment pledged as security (Refer note 16 & 19)

(ii) Includes Kara brand of ₹ 1,209 lakhs (Previous Year : ₹ 1,209 lakhs) with indefinite useful life (Refer note 44.2)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

4. PROPERTY, PLANT AND EQUIPMENT, GOODWILL AND OTHER INTANGIBLE ASSETS

| Description of Assets | Gross Block (At cost / deemed cost) | | | | Depreciation / Amortisation | | | Net Block | |
|--|-------------------------------------|-----------------|---------------|-----------------------------|-----------------------------|---------------|-----------------------------|-----------------------------|--|
| | As at 1st April 2017 | Additions | Deletions | As at 31st March 2018 | For the Period | Deletions | As at 31st March 2018 | As at 31st March 2018 | |
| A. Property, plant and equipment | | | | | | | | | |
| Freehold land | 423.83 | 19.30 | - | 443.13 | - | - | - | 443.13 | |
| Building | 384.47 | 1,745.05 | - | 2,129.52 | 6.57 | - | 19.04 | 2,110.48 | |
| Office equipments | 293.17 | 133.30 | 51.86 | 374.61 | 58.62 | 32.61 | 158.93 | 215.68 | |
| Computers | 421.79 | 93.31 | 50.55 | 464.55 | 70.43 | 47.03 | 316.09 | 148.46 | |
| Furniture & fixtures | 1,517.24 | 105.08 | 295.36 | 1,326.96 | 186.01 | 93.99 | 569.81 | 757.15 | |
| Vehicles | 100.48 | 0.51 | 2.01 | 98.98 | 7.54 | 0.72 | 57.95 | 41.03 | |
| Plant & machinery | 3,329.99 | 4,038.13 | 132.98 | 7,235.14 | 704.63 | 40.30 | 1,329.54 | 5,905.60 | |
| Leasehold improvements | 227.17 | 294.83 | 5.49 | 516.51 | 46.24 | 2.36 | 166.08 | 350.43 | |
| Hydraulic works and pipelines | - | 34.70 | - | 34.70 | 0.01 | - | 0.01 | 34.69 | |
| Roads | - | 141.75 | - | 141.75 | 0.07 | - | 0.07 | 141.68 | |
| Sub Total (A) | 6,698.14 | 6,605.96 | 538.25 | 12,765.85 | 1,080.12 | 217.01 | 2,617.52 | 10,148.33 | |
| B Other intangible assets | | | | | | | | | |
| Brands, brand usage rights and trademarks (Refer note no. ii) | 16,614.49 | - | - | 16,614.49 | 1,093.07 | - | 3,262.16 | 13,352.33 | |
| Software | 27.54 | 2,783.49 | - | 2,811.03 | 350.41 | - | 352.86 | 2,458.17 | |
| Sub Total (B) | 16,642.03 | 2,783.49 | - | 19,425.52 | 1,443.48 | - | 3,615.02 | 15,810.50 | |
| C. Goodwill (Refer Notes 44.1) | 3,566.32 | - | - | 3,566.32 | - | - | - | 3,566.32 | |
| Sub Total (C) | 3,566.32 | - | - | 3,566.32 | - | - | - | 3,566.32 | |
| Total (A+B+C) | 26,906.49 | 9,389.45 | 538.25 | 35,757.69 | 2,523.60 | 217.01 | 6,232.54 | 29,525.15 | |

Notes:

- (i) For property, plant and equipment pledged as security (Refer note 16 & 19)
(ii) Includes Kara brand of ₹ 1,209 lakhs (Previous Year : ₹ 1,209 lakhs) with indefinite useful life (Refer note 44.2)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

5. NON CURRENT INVESTMENTS

Unquoted

| Particulars | (₹ In lakhs) | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Number of Units | | Amount | |
| | As at 31st March 2019 | As at 31st March 2018 | As at 31st March 2019 | As at 31st March 2018 |
| Investment in equity shares | | | | |
| i) Subsidiaries (At cost, fully paid up) | | | | |
| Aadhaar Wholesale Trading and Distribution Limited | 52,400,000 | 43,400,000 | 22,020.35 | 21,103.60 |
| Future Consumer Products Limited (Refer note 43.5) | 900,000 | 900,000 | - | 1,620.00 |
| Future Food and Products Limited (Refer note 43.1) | - | 31,300,000 | - | 2,696.73 |
| Future Food Processing Limited (Refer note 43.1) (formerly known as Future Food Processing Private Limited) | - | 2,010,000 | - | 240.76 |
| The Nilgiri Dairy Farm Private Limited | 241,435 | 241,435 | 25,300.58 | 25,279.93 |
| APPU Nutritions Private Limited | 240 | 240 | 210.60 | 210.60 |
| Nilgiri's Mechanised Bakery Private Limited | 21,600 | 21,600 | 262.83 | 249.76 |
| Nilgiris Franchise Limited (formerly known as Nilgiris Franchise Private Limited) | - | - | 194.35 | 61.04 |
| Integrated Food Park Limited (Refer note 43.1) (formerly known as Integrated Food Park Private Limited) | - | 37,428,100 | - | 3,834.09 |
| Bloom Foods and Beverages Private Limited (Formerly known as Bloom Fruit and Vegetables Private Limited) | 1,000,000 | 1,000,000 | 447.08 | 234.06 |
| FCEL Food Processors Limited (Partly paid up) | 5,000,000 | 5,000,000 | 3.50 | 3.50 |
| FCEL Overseas FZCO (A company incorporated in UAE, face value DHS 1000 each) | 60 | 60 | 11.28 | 11.28 |
| FCL Tradevest Private Limited (Refer note 43.1) | 116,936,000 | - | 11,693.60 | - |
| ii) Joint Ventures (At cost, fully paid up) | | | | |
| Amar Chitra Katha Private Limited (Refer note 43.4) | - | 369,940 | - | 6,463.23 |
| Aussee Oats Milling (Private) Limited (Refer note 43.2) (a company incorporated in Sri Lanka, face value LKR 10 each) | 24,569,920 | 24,569,920 | - | 1,206.00 |
| Aussee Oats India Limited (Refer note 43.1) (formerly known as Aussee Oats India Private Limited) | - | 500,001 | - | 50.91 |
| Sublime Foods Limited (Refer note 43.1) (formerly known as Sublime Foods Private Limited) | - | 1,500,000 | - | 187.96 |
| MNS Foods Limited (Refer note 43.1) (formerly known as MNS Foods Private Limited) | - | 450,001 | - | 78.25 |
| Mibelle Future Consumer Products AG (a company incorporated in Switzerland, face value CHF 1000 each) | 400 | 300 | 1,003.56 | 717.57 |
| Genoa Rice Mills Private Limited (Refer note 43.1) | - | 1,250,000 | - | 125.00 |
| Hain Future Natural Products Private Limited | 14,495,000 | 5,000 | 1,449.50 | 0.50 |
| Fonterra Future Dairy Private Limited | 2,500,000 | - | 250.00 | - |
| iii) Associate (At cost, fully paid up) | | | | |
| Sarjena Foods Private Limited | 324,675 | 324,675 | - | - |
| iv) Others (At cost, fully paid up) | | | | |
| Saraswat Co-operative Bank Limited | 50 | 50 | 0.01 | 0.01 |
| Investment in preference shares | | | | |
| i) Subsidiaries (At FVTPL, fully paid up) | | | | |
| Future Consumer Products Limited (Refer note 43.5) | 145,000 | 145,000 | - | 115.50 |
| The Nilgiri Dairy Farm Private Limited | 4,684,270 | 4,684,270 | 1,621.20 | 1,409.74 |
| ii) Joint venture (At FVTPL, fully paid up) | | | | |
| Aussee Oats Milling (Private) Limited (Refer note 43.2) (a company incorporated in Sri Lanka, face value LKR 10 each) | 11,380,155 | 11,380,155 | - | 434.30 |
| Investment in debentures | | | | |
| i) Associate (At cost, fully paid up) | | | | |
| 0.001% Compulsory Convertible Debentures of Amar Chitra Katha Private Limited (Refer note 43.4) | 4,977 | - | 4,976.91 | - |
| Total | 234,603,782 | 166,480,747 | 69,445.35 | 66,334.32 |
| Share application money | - | - | 1,175.00 | 720.00 |
| Total | 234,603,782 | 166,480,747 | 70,620.35 | 67,054.32 |

The list of subsidiaries, joint ventures and associates along with proportion of ownership interest held are disclosed in note 2.3 of consolidated financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

6. LOANS (UNSECURED, CONSIDERED GOOD)

| Particulars | ₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Non-current | | |
| Loans to related parties (Refer Note 37) | 2,125.67 | 2,915.90 |
| Total | 2,125.67 | 2,915.90 |
| Current | | |
| Loans to related parties (Refer Note 37) | 35,956.22 | 29,910.92 |
| Inter corporate deposits | - | 122.08 |
| Total | 35,956.22 | 30,033.00 |

7. OTHER FINANCIAL ASSETS (UNSECURED, CONSIDERED GOOD)

| Particulars | ₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Non-current | | |
| Security deposits | 359.34 | 303.08 |
| Interest accrued on deposits | 301.30 | 292.39 |
| Bank deposits with more than 12 months maturity | 65.00 | 32.42 |
| Total | 725.64 | 627.89 |
| Current | | |
| Security deposits | 103.90 | 215.43 |
| Other deposits | 2.00 | - |
| Interest accrued on deposits | 2,473.19 | 1,786.31 |
| Other receivables (for related party, refer note 37) | 4,238.20 | 1,869.77 |
| Total | 6,817.29 | 3,871.51 |

8. DEFERRED TAX BALANCES

The following is the analysis of deferred tax assets / (liabilities) presented in the balance sheet:

| Particulars | ₹ In lakhs) | |
|--------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Deferred tax assets | 5,683.15 | 3,514.72 |
| Deferred tax liabilities | (3,815.65) | (3,514.72) |
| Net | 1,867.50 | - |

8.1 Movement of Deferred Tax

Deferred tax assets/(liabilities) in relation to the year ended 31st March, 2019

| Particulars | ₹ In lakhs) | | | |
|---|-------------------|---------------------------------|-------------------|-------------------|
| | Opening Balance | Recognised in Profit or loss | Recognised in OCI | Closing balance |
| Deferred tax assets: | | | | |
| Provision for doubtful debts | 4.72 | 10.27 | - | 14.99 |
| Provisions for employee benefits | 504.91 | 135.01 | (12.12) | 627.80 |
| Tax losses | 3,005.09 | 2,035.27 | - | 5,040.36 |
| Total deferred tax assets | 3,514.72 | 2,180.55 | (12.12) | 5,683.15 |
| Deferred tax liabilities: | | | | |
| Property, plant, equipment and intangible assets | (3,425.89) | (291.26) | - | (3,717.15) |
| Taxable temporary differences on financial liability measured at amortised cost | (88.83) | (9.67) | - | (98.50) |
| Total deferred tax liabilities | (3,514.72) | (300.93) | - | (3,815.65) |
| Total | - | 1,879.62 | (12.12) | 1,867.50 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

Deferred tax assets/(liabilities) in relation to the year ended 31st March, 2018

| (₹ In lakhs) | | | | |
|---|-------------------|------------------------------|-------------------|-------------------|
| Particulars | Opening Balance | Recognised in Profit or loss | Recognised in OCI | Closing balance |
| Deferred tax assets: | | | | |
| Provision for doubtful debts | 1.24 | 3.48 | - | 4.72 |
| Provisions for employee benefits | 222.04 | 255.18 | 27.69 | 504.91 |
| Convertible instruments | 808.01 | (808.01) | - | - |
| Tax losses (to the extent of net deferred tax liability) | 1,743.42 | 1,261.67 | - | 3,005.09 |
| Total deferred tax assets | 2,774.71 | 712.32 | 27.69 | 3,514.72 |
| Deferred tax liabilities: | | | | |
| Property, plant, equipment and intangible assets | (2,713.23) | (712.66) | - | (3,425.89) |
| Taxable temporary differences on financial liability measured at amortised cost | (61.48) | (27.35) | - | (88.83) |
| Total deferred tax liabilities | (2,774.71) | (740.01) | - | (3,514.72) |
| Total | - | (27.69) | 27.69 | - |

8.2 Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

| (₹ In lakhs) | | | |
|---|-----------------------|-----------------------|--|
| Particulars | As at 31st March 2019 | As at 31st March 2018 | |
| Tax losses (revenue in nature) (Refer note a) | 21,399.11 | 31,063.21 | |
| Tax losses (capital in nature) (Refer note b) | 9,491.09 | 1,397.79 | |
| Total | 30,890.20 | 32,461.00 | |

a) Unused tax losses of revenue nature include losses of ₹ Nil (Previous year ₹ 9,885.97 lakhs) (as below) that are available for offsetting for eight years against future taxable profits of the Company in which the losses arose.

| (₹ In lakhs) | | | |
|----------------|----------------------|----------------------|--|
| Financial Year | As at March 31, 2019 | As at March 31, 2018 | |
| 2010-11 | - | 276.86 | |
| 2011-12 | - | 373.89 | |
| 2012-13 | - | 571.92 | |
| 2014-15 | - | 4,601.10 | |
| 2015-16 | - | 3,655.82 | |
| 2016-17 | - | 406.38 | |
| Total | - | 9,885.97 | |

Further, unutilised tax losses of revenue nature includes losses of ₹ 21,399.11 lakhs (Previous year ₹ 21,177.24 lakhs) which are available for offsetting against future taxable profits indefinitely.

b) Unused tax losses of capital nature will expire by March 2027.

8.3 The current tax expense for the year can be reconciled to the accounting profit as follows:

| (₹ In lakhs) | | |
|---|------------------------------------|------------------------------------|
| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| Profit before tax | 4,173.48 | 3,262.37 |
| Other Comprehensive Income before tax | 34.70 | (89.62) |
| Total | 4,208.18 | 3,172.75 |
| Income tax expense calculated at 34.944% (Previous year 30.9%) | 1,470.50 | 980.38 |
| Effect of expenses not allowed for income tax purposes | 2,953.73 | 3,256.13 |
| Effect of additional allowance for tax purpose, limited to net taxable income for the year | (4,424.23) | (4,236.51) |
| Effect of DTA on unabsorbed business loss recognised | 1,867.50 | - |
| Total | 1,867.50 | - |
| Income tax expense/ (income) relating to items that will not be reclassified to statement of profit or loss | 12.12 | (27.69) |
| Deferred tax expense recognised in statement of profit or loss | (1,879.62) | 27.69 |
| Current tax expense recognised in statement of profit or loss | - | - |
| Total | (1,867.50) | - |

During the year the Company has reassessed the deferred tax asset recognised on unutilised tax losses based on probability of future taxable income and recognised net deferred tax assets of ₹ 1867.50 lakhs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

9. OTHER ASSETS

| Particulars | (₹ In lakhs) | |
|--------------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Non-current | | |
| Capital advance | 49.38 | 85.09 |
| Advance taxes (net) | 1,280.50 | 855.64 |
| Total | 1,329.88 | 940.73 |
| Current | | |
| Advances to employees | 24.45 | 103.22 |
| Advances given to suppliers | 717.86 | 550.64 |
| Other advances | 243.47 | 197.18 |
| Balances with government authorities | 615.41 | 817.45 |
| Total | 1,601.19 | 1,668.49 |

10. INVENTORIES

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Raw materials (at cost) | 411.50 | 374.60 |
| Finished goods (at lower of cost and net realisable value) | 79.88 | 55.73 |
| Stock - in - trade (at lower of cost and net realisable value) | 21,248.56 | 19,292.05 |
| Packing material (at cost) | 140.33 | 129.73 |
| Total | 21,880.27 | 19,852.11 |

Notes:-

- For Inventory hypothecated as security, refer note 19
- The amount of write down of inventories recognised as an expense during the year is ₹ 172.03 lakhs (Previous year: ₹ 167.87 lakhs).

11. CURRENT INVESTMENTS

| Particulars | (₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Investment in debentures (unquoted, at FVTPL, fully paid up) | | |
| 0% Optionally convertible debentures of Capital Foods Private Limited | - | 892.80 |
| Total | - | 892.80 |

12. TRADE RECEIVABLES (UNSECURED)

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Considered good (For related party, refer note 37) | 58,900.32 | 43,517.10 |
| Receivables which have significant increase in credit risk | 42.88 | 19.26 |
| | 58,943.20 | 43,536.36 |
| Less: Credit impaired (Expected credit loss allowance) | (42.88) | (19.26) |
| Total | 58,900.32 | 43,517.10 |

Movement in Credit impaired (Expected credit loss allowance)

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Opening balance | (19.26) | (4.00) |
| Changes in loss allowance: | | |
| Impairment allowance based on expected credit loss | (23.62) | (15.26) |
| Closing Balance | (42.88) | (19.26) |

Note:

- For trade receivables hypothecated as security (Refer note 19)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

13. CASH AND CASH EQUIVALENTS

| Particulars | (₹ In lakhs) | |
|----------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Balances with banks | | |
| On current accounts | 374.97 | 1,754.31 |
| In fixed deposit accounts | 460.00 | 465.22 |
| Cheques on hand | 39.74 | 492.70 |
| Cash on hand | 38.74 | 29.28 |
| Total | 913.45 | 2,741.51 |
| Other bank balance: | | |
| As margin money | 1,247.02 | 162.84 |
| Total | 1,247.02 | 162.84 |

During the current year the Company entered into non-cash investment activity of converting inter corporate deposit amounting to ₹ 4,961.09 lakhs (previous year ₹ 1,984.17 lakhs) into investments. These are not reflected in the statement of cash flows.

14. EQUITY SHARE CAPITAL

a) Share capital

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|---|-----------------------|-------------------|-----------------------|-------------------|
| | No of shares | Amount | No of shares | Amount |
| Authorised | | | | |
| Equity shares of ₹ 6 each | 5,650,000,000 | 339,000.00 | 5,650,000,000 | 339,000.00 |
| Unclassified shares of ₹ 10 each | 1,670,000,000 | 167,000.00 | 1,670,000,000 | 167,000.00 |
| Total | | 506,000.00 | | 506,000.00 |
| Issued, subscribed and fully paid-up capital | | | | |
| Equity shares of ₹ 6 each | 1,920,462,680 | 115,227.76 | 1,913,433,663 | 114,806.02 |
| Less : Shares held by ESOP trust treated as treasury shares | (13,320,293) | (799.22) | (11,285,134) | (677.11) |
| Total | 1,907,142,387 | 114,428.54 | 1,902,148,529 | 114,128.91 |

b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|---|-----------------------|-------------------|-----------------------|-------------------|
| | No of shares | Amount | No of shares | Amount |
| Equity shares at the beginning of the year | 1,902,148,529 | 114,128.91 | 1,647,270,604 | 98,836.24 |
| Add : Equity shares issued and allotted during the year | - | - | 245,998,442 | 14,759.91 |
| Add : Allotment pursuant to exercise of stock options granted under FVIL - Employees Stock Option Plan - 2011 | 4,625,017 | 277.50 | 3,524,983 | 211.50 |
| Add : Allotment pursuant to exercise of stock options granted under Future Consumer Enterprise Limited - Employees Stock Option Plan - 2014 | 2,404,000 | 144.24 | 1,418,000 | 85.08 |
| Add/ (Less) : Shares purchased (net) by ESOP trust treated as treasury shares (Previous year : Shares transferred to employees during the year (net)) | (2,035,159) | (122.11) | 3,936,500 | 236.18 |
| Equity shares at the end of the year | 1,907,142,387 | 114,428.54 | 1,902,148,529 | 114,128.91 |

c) Details of shareholders holding more than 5% shares in the Company.

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|---|-----------------------|--------------|-----------------------|--------------|
| | No of shares | % of Holding | No of shares | % of Holding |
| Future Capital Investment Private Limited | 845,212,246 | 44.01 | 791,302,624 | 41.36 |
| Black River Food 2 Pte. Ltd | 146,283,195 | 7.62 | 149,511,403 | 7.81 |
| Verlinvest SA | 140,513,969 | 7.32 | 140,513,969 | 7.34 |
| Arisaig India Fund Limited | 134,331,586 | 6.99 | 143,040,880 | 7.48 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

d) Share options granted under the Company's employee share option plan:

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in note no. 36

e) Rights, Preferences and Restrictions attached to equity shares:

- i) The Company has one class of equity shares having a par value of ₹ 6 per share. Each holder of equity share is entitled to one vote per share.
 - ii) Right to receive dividend as may be approved by the Board of Directors / Annual General Meeting.
 - iii) The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 2013.
 - iv) Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to vote in proportion to his share of the paid-up capital of the Company.
- f) As at 31st March, 2019, 42,78,000 equity shares (FY 2018: 1,23,07,017 equity shares) were reserved for issuance towards outstanding employee stock options granted (Refer note 36).**
- g) Aggregate number of equity shares allotted as fully paid up without payment being received in cash for the period of 5 years immediately preceding the balance sheet date is 4,59,18,367 equity shares issued in 2014-15.**
- h) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.**

15. OTHER EQUITY

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Capital reserve for bargain purchase business combinations | 314.94 | 314.94 |
| Securities premium account | 42,638.62 | 40,968.46 |
| General reserve | 0.59 | 0.59 |
| Share options outstanding account | 2,107.81 | 2,430.29 |
| Capital redemption reserve | 5.20 | 5.20 |
| Retained earnings | (22,695.87) | (27,570.74) |
| Other comprehensive income | (18.97) | (41.55) |
| Total | 22,352.32 | 16,107.19 |

Description of reserves

Capital reserve for bargain purchase business combinations

Capital reserve is created for excess of net book value of assets taken and liabilities assumed over the consideration transferred for various business combinations in earlier years.

Securities premium account

Where the Company issued shares at a premium, a sum equal to the aggregate amount of the premium received on those shares was transferred to a "securities premium account" as per the provisions of the Companies Act, 2013.

General reserve

General reserve is created out of profit earned by the Company by way of transfer from surplus in the statement of profit and loss. The Company can use this reserve for payment of dividend and issue of fully paid-up and not paid-up bonus shares.

Share options outstanding account

This reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share-based payments to employees is set out in note 36.

Capital redemption reserve

As per the provisions of the Companies Act, 2013 capital redemption reserve is created out of the general reserve for the amount of share capital reduction in earlier years.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

Retained earnings

This represents the surplus/ (deficit) of the statement of profit or loss. The amount that can be distributed by the Company as dividends 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 lakhs) | | | |
|--|-----------------------|----------------------------|-----------------------|----------------------------|
| | As at 31st March 2019 | | As at 31st March 2018 | |
| | Non-Current | Current (Refer note 21) | Non-Current | Current (Refer note 21) |
| Secured - at amortised cost | | | | |
| Term loans from banks | 4,516.63 | 227.50 | 4,737.04 | 227.27 |
| Term loans from financial institutions | - | - | 3,333.33 | 1,111.11 |
| Buyer's Credit | - | - | - | 313.53 |
| Debentures : | | | | |
| 10.55% Redeemable non convertible debentures of ₹ 1 lakh each | - | 988.07 | 963.62 | 1,500.00 |
| 11.00% Redeemable non convertible debentures of ₹ 1 lakh each | - | 988.04 | 963.55 | 1,500.00 |
| 9.95% Redeemable non convertible debentures of ₹ 1 lakh each | 1,977.14 | 1,500.00 | 3,447.22 | 1,500.00 |
| 11.07% Redeemable non convertible debentures of ₹ 10 lakh each | 19,849.75 | - | 14,835.41 | - |
| Total | 26,343.52 | 3,703.61 | 28,280.17 | 6,151.91 |

Details of security and repayment terms for secured Non Current borrowings

| Sr. No. | Nature of security | Terms of Interest and Repayment | (₹ In lakhs) | |
|---------|---|--|-----------------------|-----------------------|
| | | | As at 31st March 2019 | As at 31st March 2018 |
| 1 | Term Loan from bank: a) Secured by exclusive first charge on specific fixed assets of the Company and its subsidiaries to be maintained at a minimum of 1.25 times of outstanding borrowing. b) Personal guarantee of Mr. Kishore Biyani for principal and its interest thereon. c) Post dated cheques covering facility amount. d) Senior first ranking pari passu charge / hypothecation over the "Golden Harvest" brand owned by the Company. | The loan is repayable in 21 quarterly instalments starting from February 2020. Interest of 10.50% p.a. | 4,744.13 | 4,964.31 |
| 2 | Term Loan from financial institution: a) First ranking pari passu charge over (i) Land and Building owned by subsidiary The Nilgiri Dairy Farm Private Limited (NDF) located at Bangalore and (ii) Land and building owned by subsidiary of NDF, Appu Nutritions Private Limited (Appu) located at Bangalore. b) Irrevocable and unconditional guarantee of Mr. Kishore Biyani. | The Loan is prepaid in the month of October 2018. Interest of 10.90% p.a. | - | 4,444.44 |
| 3 | Buyer's Credit from a bank is secured by: a) First charge on Movable and Immovable property plant and equipment of the proposed Rice Unit and Flour/Spice processing units at Tumkur Bangalore b) Second charge on current assets of the proposed Rice unit and Flour/Spice processing units at Tumkur c) Personal Guarantee of Mr. Kishore Biyani d) DSRA FD for 3 months interest payment | The loan is repaid in the month of June 2018. Interest @ 8.95% - 9.15% p.a. payable annually. | - | 313.53 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

| Sr. No. | Nature of security | Terms of Interest and Repayment | ₹ In lakhs) | |
|---------|--|---|-----------------------|-----------------------|
| | | | As at 31st March 2019 | As at 31st March 2018 |
| 4 | <p>10.55% NCD:</p> <p>a) Secured by exclusive first charge on specific fixed assets of the Company and/ or its subsidiaries to the extent of 1.25 times of outstanding borrowing.</p> <p>b) Unconditional and irrevocable guarantee of Mr. Kishore Biyani for principal and its interest thereon.</p> <p>c) Post dated cheques covering Interest as well as principal in favour of Debenture Trustee.</p> | Series C of ₹ 1,000 lakhs repayable in March 2020. Interest of 10.55% p.a. payable quarterly from the date of allotment. These Debentures are privately placed with AK Capital and are listed in Wholesale Debt Segment of BSE Limited | 988.07 | 2,463.62 |
| 5 | <p>11% NCD:</p> <p>a) Secured by exclusive first charge on specific fixed assets of the Company and/ or its subsidiaries to the extent of 1.25 times of outstanding borrowing.</p> <p>b) Unconditional and irrevocable guarantee of Mr. Kishore Biyani for principal and its interest thereon.</p> <p>c) Post dated cheques covering Interest as well as principal in favour of Debenture Trustee</p> | Series C of ₹ 1,000 lakhs repayable in March 2020. Interest of 11.00% p.a. payable annually from the date of allotment. These Debentures are privately placed with AK Capital and are listed in Wholesale Debt Segment of BSE Limited | 988.04 | 2,463.55 |
| 6 | <p>9.95% NCD:</p> <p>a) Secured by first pari passu charge on Rice / Combi mills assets of the Company to the extent of 1.25 times of outstanding borrowing.</p> <p>b) Unconditional and irrevocable guarantee of Mr. Kishore Biyani for principal and its interest thereon.</p> <p>c) Post dated cheques covering Interest as well as principal in favour of Debenture Trustee</p> | Series B of ₹ 1,500 lakhs repayable in September 2019 & Series C of ₹ 2,000 lakhs repayable in September 2020. Interest of 9.95% p.a. payable annually from the date of allotment. These Debentures are privately placed with AK Capital and are listed in Wholesale Debt Segment of BSE Limited | 3,477.14 | 4,947.22 |
| 7 | <p>11.07 % NCD:</p> <p>a) Secured by exclusive first charge on specific fixed assets of the Company and its subsidiaries to be maintained at a minimum of 1.25 times of outstanding borrowing.</p> <p>b) Personal guarantee of Mr. Kishore Biyani for principal and its interest thereon.</p> <p>c) Post dated cheques covering Interest as well as principal in favour of Debenture Trustee.</p> <p>d) Senior first ranking pari passu charge / hypothecation over the "Golden Harvest" brand owned by the company</p> | The NCDs is redeemable in 17 equal quarterly installments starting from February 2021. Interest on the facility will be charged @ 11.07% p.a. Interest will be paid in cash in arrear and on a quarterly basis, inclusive of a cash coupon as follows: year 1 @ 8.00% p.a., year 2 @10.00% p.a. & year 3 @ 11.07% p a. All accrued and unpaid Interest, on the facility will be capitalised quarterly and paid on the final maturity date, or the date on which the facility has been repaid in full. | 19,849.75 | 14,835.41 |
| | | | 30,047.13 | 34,432.08 |
| | Less: Current maturities of long term debt (Refer note 21) | | (3,703.61) | (6,151.91) |
| | Total | | 26,343.52 | 28,280.17 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

17. OTHER NON-CURRENT FINANCIAL LIABILITIES

| Particulars | ₹ In lakhs) | |
|------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Non-current | | |
| Interest accrued but not due | 568.10 | 56.77 |
| Total | 568.10 | 56.77 |

18. PROVISIONS

| Particulars | ₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Non-current | | |
| Provision for employee benefits: | | |
| Provision for gratuity (Refer note 34.2) | 559.74 | 514.25 |
| Total | 559.74 | 514.25 |
| Current | | |
| Provision for employee benefits: | | |
| Provision for gratuity (Refer note 34.2) | 124.22 | 127.70 |
| Provision for compensated absences | 373.97 | 436.87 |
| Provision for Bonus | 612.03 | 644.52 |
| Total | 1,110.22 | 1,209.09 |

19. CURRENT BORROWINGS

| Particulars | ₹ In lakhs) | |
|--------------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Secured - at amortised cost | | |
| Loans repayable on demand from banks | 18,740.43 | 2,967.81 |
| Term Loans From a Bank | 3,800.00 | - |
| Other loans from bank | 17,516.24 | 12,061.53 |
| Buyer's credit | - | 70.93 |
| | 40,056.67 | 15,100.27 |
| Less :- Unamortised cost | (85.06) | - |
| | 39,971.61 | 15,100.27 |
| Unsecured - at amortised cost | | |
| Commercial papers | 3,527.35 | 4,953.95 |
| Total | 43,498.96 | 20,054.22 |

Details of security and repayment terms for secured current borrowings

| Nature of Security | Terms of Interest and repayment |
|--|--|
| Loans repayable on demand from banks (Cash Credit) | |
| Loan is secured by | |
| a) First pari passu hypothecation charge on all existing and future current assets of the Company | The cash credit is repayable on demand and carries interest at rates varying from 9.40% to 12.00% p.a. |
| b) Second Charge on fixed assets of the Company | |
| c) Unconditional and irrevocable personal guarantee of Mr. Kishore Biyani | |
| Other Loans from Bank (Bill Discounting, Working capital loan and Buyer's Credit) | |
| Loan is secured by | |
| a) First and/or pari passu charge on all existing and future current assets of the Company | The other loans from Bank is repayable on due date and carries interest at rates varying from 8.20% to 12.50% p.a. |
| b) Second charge on fixed assets of the Company | |
| c) Unconditional and irrevocable personal guarantee of Mr. Kishore Biyani. | |
| Short Term Loans from Bank | |
| Loan is secured by | |
| a) First pari passu charge on rice and combi mill of the Company with a minimum asset cover of 1.25 times of outstanding borrowings. | The loan is repayable in the month of September 2019. Interest @ 10.25% p.a. payable annually. |
| b) Unconditional and irrevocable personal guarantee of Mr. Kishore Biyani | |

Commercial Papers carry average interest rate @ 9.14 % per annum for the current year (Previous Year @9.43%). These are payable within 365 days from the date of drawdown.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

20. TRADE PAYABLES

| Particulars | (₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Total outstanding dues of micro enterprises and small enterprises (Refer note 41) | 3,040.36 | 427.82 |
| Total outstanding dues of trade payables other than micro enterprises and small enterprises (For related party, refer note 37) | 21,628.45 | 19,396.35 |
| Total | 24,668.81 | 19,824.17 |

21. OTHER CURRENT FINANCIAL LIABILITIES

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Current maturities of long term debt (Refer Note 16) | 3,703.61 | 6,151.91 |
| Interest accrued but not due on borrowing | 495.27 | 550.92 |
| Security and other deposits | 127.75 | 131.49 |
| Payable on purchase of capital goods | 257.96 | 445.06 |
| Currency swap liability | - | 25.04 |
| Total | 4,584.59 | 7,304.42 |

22. OTHER CURRENT LIABILITIES

| Particulars | (₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Statutory dues payable (includes TDS, PF, GST etc) | 560.60 | 934.91 |
| Other liabilities | 45.28 | 58.50 |
| Advance received from customers | 107.45 | 129.61 |
| Total | 713.33 | 1,123.02 |

23. REVENUE FROM OPERATIONS

| Particulars | (₹ In lakhs) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Revenue from Contracts with Customers : | | |
| Sale of products | 298,528.14 | 242,596.06 |
| Other operating revenue | 468.25 | 514.90 |
| Total | 298,996.39 | 243,110.96 |

23.1 Details of revenue from contracts with customers recognised by the Company, net of indirect taxes, in its statement of Profit and loss. The table below presents disaggregated revenues from contracts with customers.

Type of Goods or Services

| Particulars | (₹ In lakhs) |
|--|-------------------------------|
| | Year ended 31st March 2019 |
| Sale of consumer products | 298,528.14 |
| Franchisee fees | 238.23 |
| Royalty income | 7.59 |
| Scrap sales | 32.29 |
| Miscellaneous Income | 190.14 |
| Total revenue from contracts with customers | 298,996.39 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

Revenue based on Geography

| Particulars | (₹ In lakhs) |
|--|-------------------------------|
| | Year ended 31st March 2019 |
| India | 298,699.03 |
| Outside India | 297.36 |
| Total revenue from contracts with customers | 298,996.39 |

Timing of revenue recognition

| Particulars | (₹ In lakhs) |
|--|-------------------------------|
| | Year ended 31st March 2019 |
| Goods transferred at a point in time | 298,563.75 |
| Services transferred over time | 432.64 |
| Total revenue from contracts with customers | 298,996.39 |

23.2 The Company derives its revenue from the the business of Branding, Manufacturing, Processing, Selling and Distribution of "Consumer Products" which constitutes a single service line. This is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108. (Refer Note 31 on Operating segment information.)

23.3 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

| Particulars | (₹ In lakhs) |
|----------------------|--------------------------|
| | As at 31st March 2019 |
| Trade receivables | 58,900.32 |
| Contract assets | - |
| Contract liabilities | 107.45 |

Trade receivables are non interest bearing and are generally on terms of 7 to 90 days. The Company receives payments from customers based upon contractual billing schedules. Trade receivables are recorded when the right to consideration becomes unconditional.

Contract assets includes amounts related to our contractual right to consideration for completed performance objectives not yet invoiced.

Contract liabilities include payments received in advance of performance under the contract, and are realised with the associated revenue recognised under the contract.

Set out below is the amount of revenue recognised from:

| Particulars | (₹ In lakhs) |
|---|--------------------------|
| | As at 31st March 2019 |
| Amounts included in contract liabilities at the beginning of the year | 129.61 |
| Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period | 99.98 |
| Revenue recognised from performance obligations satisfied in previous years | - |

23.4 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

| Particulars | (₹ In lakhs) |
|---|-------------------------------|
| | Year ended 31st March 2019 |
| Revenue as per contracted price | 305,438.97 |
| Less: Discounts, rebates, refunds, credits, price concessions | (6,442.58) |
| Revenue from contracts with customers | 298,996.39 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

23.5 Performance Obligation

Remaining unsatisfied performance obligations represent the transaction price for goods and services for which the Company has a material right but either not yet transferred control of a product or performing services over the period of time to customers. Transaction price includes the price agreed with customer, variable consideration and changes in transaction price. The transaction price of order related to unfilled, confirmed customer orders is estimated at each reporting date and payment is generally due within 7 to 90 days from delivery.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) is as follows:

| Particulars | ₹ In lakhs) | |
|--------------------|-----------------|--|
| | As at | |
| | 31st March 2019 | |
| Within one year | 107.45 | |
| More than one year | - | |

Open sales order as on 31 March 2019 is ₹ 48.31 lakhs

24. OTHER INCOME

| Particulars | ₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Operating lease rent | 516.18 | 302.50 |
| Interest income | | |
| Inter corporate deposits | 4,648.55 | 3,550.05 |
| Others | 154.02 | 16.63 |
| Provision no longer required written back | 53.72 | - |
| Net Profit on foreign currency transactions and translation (Refer note 1 below) | 288.67 | 31.72 |
| Net gain on financial assets measured at FVTPL | 241.23 | 936.00 |
| Net gain on financial guarantees contract | 32.05 | 30.50 |
| Miscellaneous income | 57.08 | 46.62 |
| Total | 5,991.50 | 4,914.02 |

Note :

1. Net profit on foreign currency transactions and translation includes

| Particulars | ₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Profit on derivative liability measured at FVTPL | 23.50 | 6.89 |

25. COST OF MATERIALS CONSUMED

| Particulars | ₹ In lakhs) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Opening stock of raw materials and others | 504.33 | 230.90 |
| Add: Purchases | 6,270.59 | 5,233.51 |
| Closing stock of raw materials and others | (551.83) | (504.33) |
| Total | 6,223.09 | 4,960.08 |

26. CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE

| Particulars | ₹ In lakhs) | |
|----------------|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Opening stock: | | |
| Finished goods | 55.73 | 30.28 |
| Stock in trade | 19,292.05 | 13,890.86 |
| | 19,347.78 | 13,921.14 |
| Closing stock: | | |
| Finished goods | 79.88 | 55.73 |
| Stock in trade | 21,248.56 | 19,292.05 |
| | 21,328.44 | 19,347.78 |
| | (1,980.66) | (5,426.64) |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

27. EMPLOYEE BENEFITS EXPENSE

| Particulars | (₹ In lakhs) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Salaries wages & bonus | 8,888.81 | 8,115.42 |
| Contribution to provident and other funds (Refer note 34.1) | 445.23 | 411.91 |
| Expenses on employee stock option (ESOP) scheme (Refer note 36) | 392.46 | 476.71 |
| Staff welfare expenses | 268.66 | 231.25 |
| Total | 9,995.16 | 9,235.29 |

28. FINANCE COSTS

| Particulars | (₹ In lakhs) | |
|-----------------------|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Interest expense on: | | |
| Loans | 6,515.81 | 4,412.01 |
| Others | 4.15 | 4.36 |
| Other borrowing costs | 85.54 | 133.66 |
| Total | 6,605.50 | 4,550.03 |

29. DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | (₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Depreciation of property, plant & equipment (Refer note 4) | 1,926.27 | 1,080.12 |
| Amortization of intangible assets (Refer note 4) | 1,560.33 | 1,443.48 |
| Total | 3,486.60 | 2,523.60 |

30. OTHER EXPENSES

| Particulars | (₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Rent | 2,804.09 | 2,078.49 |
| Warehousing and distribution expenses | 7,510.78 | 6,497.40 |
| Labour Contract charges | 2,783.61 | 2,194.27 |
| Electricity expenses | 400.96 | 327.74 |
| Advertisement, publicity & selling expenses | 2,823.85 | 2,121.36 |
| Repairs & maintenance : | | |
| On plant and machinery | 72.19 | 44.97 |
| On buildings | 16.94 | 21.30 |
| On others | 77.13 | 128.16 |
| Legal and professional charges | 1,186.49 | 716.38 |
| Consumables and Packing materials | 84.01 | 0.22 |
| Impairment allowance on trade receivables | 23.62 | 15.26 |
| Rates and taxes | 652.81 | 307.27 |
| Insurance | 72.10 | 68.03 |
| Auditor's remuneration (Refer note 1 below) | 99.90 | 74.74 |
| Directors sitting fees | 19.75 | 19.00 |
| Loss on sale/retirement of property, plant and equipment | 27.92 | 18.37 |
| Brand royalty | 136.60 | 190.09 |
| Loss on disposal of investments - non current | - | 5.60 |
| Impairment of investments - non current | - | 880.00 |
| Donation | 2.12 | 0.93 |
| Miscellaneous expenses | 3,413.84 | 2,439.70 |
| Total | 22,208.71 | 18,149.28 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

Note :

1. Auditor's remuneration included in "Other Expenses"

| Particulars | (₹ In lakhs) | |
|------------------------|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Audit fees | 49.00 | 42.00 |
| Tax audit | 6.00 | 6.00 |
| Other services | 37.70 | 25.45 |
| Out of pocket expenses | 7.20 | 1.29 |
| Total | 99.90 | 74.74 |

31 SEGMENT INFORMATION

The Company is engaged in the business of Branding, Manufacturing, Processing, Selling and Distribution of "Consumer Products" which constitutes a single reporting segment. Hence there is no separate reportable segment under Indian Accounting Standard on Ind AS 108 'Operating Segment'.

31.1 Geographic Information

| Particulars | (₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Revenue from operations from customers within India | 298,699.03 | 243,097.18 |
| Revenue from operations from customers outside India | 297.36 | 13.78 |
| Total | 298,996.39 | 243,110.96 |

31.2 Major Customer

Top customer which individually contributes more than 10% of Company's total revenue.

| Particulars | (₹ In lakhs) | |
|-----------------------|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Future Retail Limited | 246,773.68 | 196,593.09 |

32 EARNINGS PER SHARE (EPS)

The earnings and weighted average number of equity shares used in the calculation of basic and diluted earnings per share are as follows:

| Particulars | (₹ In lakhs) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Profit for the year attributable to equity holders of Company (₹ in lakhs) | 6,053.10 | 3,234.68 |
| Weighted average number of equity shares outstanding for Basic EPS | 1,904,812,833 | 1,872,009,544 |
| Add : Weighted average number of potential equity shares on account of employee stock options outstanding | 4,396,038 | 14,282,440 |
| Weighted average number of equity shares outstanding for diluted EPS | 1,909,208,871 | 1,886,291,984 |
| Earnings per share (₹) | | |
| Basic | 0.32 | 0.17 |
| Diluted | 0.32 | 0.17 |

33 LEASING ARRANGEMENT

The Company has entered into operating lease arrangement for its warehouse and office premises. Lease payments for the year 2018-2019 is ₹ 2,804.09 lakhs (Previous year: ₹ 2,078.49 lakhs) and lease income for the year 2018-19 is ₹ 516.18 lakhs (Previous year: ₹ 302.5 lakhs). There are no non -cancellable operating lease.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

34 EMPLOYEE BENEFIT

34.1 Defined Contribution Plans

The Company's contribution to provident fund, employee state insurance are determined under the relevant schemes and / or statutes and charged to the statement of profit or loss.

The Company's contribution to Provident Fund for the year 2018-2019 aggregating to ₹ 373.17 lakhs (Previous Year: ₹ 347.92 lakhs) and ₹ 65.94 lakhs (Previous Year: ₹ 60.55 lakhs) for ESIC has been recognised in the Statement of profit or loss under the head employee benefits expense. (Refer Note 27)

34.2 Defined Benefit Plans

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 employees on retirement or on termination of employment. The gratuity benefits 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 benefits 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 which is not funded.

The plans typically expose 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, 2019 by M/s Universal Actuaries and Benefit 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.

Principal assumptions

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| Particulars | Year ended | Year ended |
|----------------------|--|--|
| | 31st March 2019 | 31st March 2018 |
| 1. Discount rate | 7.00% | 7.20% |
| 2. Salary escalation | 8.00% | 8.00% |
| 3. Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| 4. Withdrawal rate | 20% | 20% |
| 5. Retirement age | 58 years | 58 years |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Balances of defined benefit plan

| Particulars | (₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Present value of unfunded defined benefit obligation | 683.96 | 641.95 |
| Fair value of plan assets | - | - |
| Net liability arising from gratuity | (683.96) | (641.95) |

Expenses recognised for defined benefit plan and movement of plan assets and liabilities

Following is the amount recognised in statement of profit or loss, other comprehensive income.

| Particulars | (₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| A. Components of expense recognised in the statement of profit or loss (in employee benefit expenses) | | |
| Current service cost | 99.16 | 74.92 |
| Past service cost | - | 69.13 |
| Net interest expenses | 41.62 | 25.55 |
| Total | 140.78 | 169.60 |

| Particulars | (₹ In lakhs) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| B. Components of defined benefit costs recognised in other comprehensive income | | |
| Remeasurement on the net defined benefit liability: | | |
| Actuarial gains and losses arising from changes in financial assumptions | 5.71 | (10.57) |
| Actuarial gains and losses arising from experience adjustments | (40.41) | 100.19 |
| Total | (34.70) | 89.62 |

Following is movement in the present value of the defined benefit obligation

| Particulars | (₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Opening defined benefit obligation | 641.95 | 418.02 |
| Current service cost | 99.16 | 74.92 |
| Interest cost | 41.62 | 25.55 |
| Remeasurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in financial assumptions | 5.71 | (10.57) |
| Actuarial gains and losses arising from experience adjustments | (40.41) | 100.19 |
| Past service cost | - | 69.13 |
| Benefits paid | (64.07) | (35.29) |
| Closing defined benefit obligation | 683.96 | 641.95 |

Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

The result of Sensitivity Analysis on Defined Benefit Obligation due to increase or decrease in discount and salary escalation rate:

| Assumptions | Year ended | |
|--|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| Impact on discount rate for 100 basis points increase in defined benefit obligation of gratuity | 656.73 | 616.99 |
| Impact on discount rate for 100 basis points decrease in defined benefit obligation of gratuity | 713.57 | 669.08 |
| Impact on salary escalation rate for 100 basis points increase in defined benefit obligation of gratuity | 709.40 | 664.88 |
| Impact on salary escalation rate for 100 basis points decrease in defined benefit obligation of gratuity | 659.47 | 620.40 |

The rate of mortality and attrition do not have a significant impact on the liability, and hence are not considered for the purpose of sensitivity analysis. 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 assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in methods and assumptions used in preparing the sensitivity analysis from prior years. The weighted average duration of the gratuity plan is 4.86 years (Previous Year: 4.85 years).

Expected Future Cash flows

| Year | Year ended | |
|--------------|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| Year 1 | 124.22 | 127.70 |
| Year 2 | 112.50 | 103.26 |
| Year 3 | 104.37 | 103.64 |
| Year 4 | 97.69 | 88.15 |
| Year 5 | 82.28 | 86.01 |
| Year 6 to 10 | 269.32 | 241.93 |

34.3 The Company has recognised an income of ₹ 8.41 lakhs (Previous Year ₹ 227.26 lakhs expense) for long term compensated absences in the statement of profit and loss. Actuarial Assumption for long-term compensated absences are :

| Particulars | Year ended | |
|------------------|---|---|
| | 31st March 2019 | 31st March 2018 |
| Discounted rate | 7.00% | 7.20% |
| Salary increase | 8.00% | 8.00% |
| Attrition rate | 20% | 20% |
| Retirement age | 58 Years | 58 Years |
| Mortality tables | Indian Assured Lives Mortality (2006- 08) Ultimate | Indian Assured Lives Mortality (2006- 08) Ultimate |

35 FINANCIAL INSTRUMENTS AND RISK REVIEW

35.1 Capital Management

The Company being in a working capital intensive industry, its objective is to maintain a strong credit rating, healthy ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity. The Company's capital requirement is mainly to fund its capex, working capital, repayment of principal and interest on its borrowings and strategic acquisitions. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by funding from bank borrowings and the capital markets. The Company is not subject to any externally imposed capital requirements.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and closely monitors its judicious allocation amongst competing capex, to capture market opportunities at minimum risk. The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, bank balances other than cash and cash equivalents and current investments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

Gearing ratio

The gearing ratio at end of the reporting period was as follows:

| Particulars | ₹ In lakhs) | |
|-------------------------------------|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Debt (i) | 73,546.09 | 54,486.30 |
| Less:- Cash and bank balances (iii) | 2,225.47 | 2,936.77 |
| Net debt | 71,320.62 | 51,549.53 |
| Equity (ii) | 136,780.86 | 130,236.10 |
| Net debt to equity ratio | 0.52 | 0.40 |

- (i) Debt is defined as long and short-term borrowings and includes current maturities of long term debt.
- (ii) Equity includes all capital and reserves of the Company that are managed as capital.
- (iii) Cash and Bank balances includes bank deposits with more than 12 months maturity shown under other financial assets.

35.2 Categories of financial instruments

| Particulars | ₹ In lakhs) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Financial assets | | |
| Measured at Amortised Cost | | |
| Cash and bank balances | 2,160.47 | 2,904.35 |
| Trade receivables | 58,900.32 | 43,517.10 |
| Loans | 38,081.89 | 32,948.90 |
| Other financial assets | 7,542.93 | 4,499.39 |
| Investments in debentures | 4,976.91 | - |
| Measured at fair value through profit and loss (FVTPL) | | |
| Investment in preference shares | 1,621.20 | 1,959.54 |
| Investments in debentures | - | 892.80 |
| Financial liabilities | | |
| Measured at Amortised Cost | | |
| Borrowing* | 73,546.10 | 54,486.30 |
| Trade payable | 24,668.81 | 19,824.17 |
| Other financial liabilities | 1,449.08 | 1,184.24 |
| Measured at fair value through profit and loss (FVTPL) | | |
| Currency swap | - | 25.04 |

* includes current maturity of long term borrowings

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets measured at FVTPL. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such Financial assets.

35.3 Financial risk management objectives

The Company has a Risk Management Committee established by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

35.4 Market Risks

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risks related to changes in foreign currency exchange rates, interest rates and other price risk.

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for the year ended 31st March 2019

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide principles on foreign exchange risk and interest rate risk. Compliance with policies and exposure limits is reviewed by the Management and the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivatives for speculative purposes.

35.5 Foreign Currency Risk Management

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports. The Company is exposed to exchange rate risk under its trade and debt portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result's in increase in the Company's overall debt position in Rupee terms without the Company having incurred additional debt and favourable movements in the exchange rates will conversely result in reduction in the Company's receivables in foreign currency. In order to hedge exchange rate risk, the Company has a Forex policy approved by the Board of Director.

All hedging activities are carried out in accordance with the Company's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Company operates.

The Year end foreign currency exposures are given below :-

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | | (₹ In lakhs) |
|---|-----------------------|------------------------------|-----------------------|------------------------------|---------------|
| | Foreign Currency | Amount (Foreign Currency) | Amount (INR) | Amount (Foreign Currency) | Amount (INR) |
| Receivables : | | | | | |
| Trade receivables & loans given (Unhedged) | USD | 65.51 | 4,531.50 | 57.08 | 3,712.88 |
| Payables : | | | | | |
| Trade payables | USD | 1.10 | 75.96 | - | - |
| Trade payables | EUR | - | - | 4.16 | 330.09 |
| Trade payables | CHF | 2.92 | 203.28 | 3.28 | 220.50 |
| Borrowings | USD | - | - | 5.91 | 384.36 |
| Total Payables | | | 279.23 | | 934.95 |
| Of the above payables: | | | | | |
| Hedged by derivative contracts | | | - | | 313.53 |
| Unhedged payables | | | 279.23 | | 621.43 |

Foreign exchange risk sensitivity:

10% is the sensitivity 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. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. 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:

| Foreign currency | As at 31st March 2019 | | As at 31st March 2018 | | (₹ In lakhs) |
|------------------|-----------------------|---------------|-----------------------|---------------|--------------|
| | 10% strengthen | 10% weakening | 10% strengthen | 10% weakening | |
| USD | (445.55) | 445.55 | (364.21) | 364.21 | |
| CHF | 20.33 | (20.33) | 22.05 | (22.05) | |
| EURO | - | - | 33.50 | (33.50) | |

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.

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for the year ended 31st March 2019

35.6 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 exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in Rupees and US dollars with a mix of fixed and floating rates of interest. The Company has exposure to interest rate risk, arising principally on changes in base lending rate. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like commercial paper and short term loans. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The following table provides break-up of Company's fixed and floating rate borrowings:

| Particulars | ₹ In lakhs | |
|---------------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Variable interest rate borrowings | 36,171.61 | 15,100.26 |
| Fixed interest rate borrowings | 37,374.48 | 39,386.04 |
| Total | 73,546.09 | 54,486.30 |
| Of the above hedged by currency swaps | - | 313.53 |

Interest rate risk sensitivity:

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, following is the impact on profit. A positive is increase in profit and negative is decrease in profit.

| Particulars | ₹ In lakhs | | | |
|------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | As at 31st March 2019 | | As at 31st March 2018 | |
| | 50 basis points increase | 50 basis points decrease | 50 basis points increase | 50 basis points decrease |
| Impact on profit | (180.86) | 180.86 | (75.50) | 75.50 |

35.7 Other price risks

The Company exposure to other risks arises from investments in preference shares and debentures amounting to ₹ 6,598.11 lakhs (Previous Year ₹ 2,852.34 lakhs). The investments are held for strategic rather than trading purpose.

The sensitivity analysis below have been determined based on the exposure to price risk at the end of the reporting period. If the prices of the above instruments had been 5% higher/lower, profit for the year ended 31st March 2019 would increase/decrease by ₹ 329.91 lakhs (Previous year by ₹ 142.62 lakhs)

35.8 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from entering into derivative financial instruments and from deposits with banks and financial institutions, as well as from credit exposures to customers, including outstanding receivables.

The Company has adopted a policy of only dealing with creditworthy counterparties. Detailed KYC documentation is done before the transaction is done with the customers. Also, majority of the Company's sales is to other Future Group Companies, hence the risk of realisation of sales money is minimised. The Company's exposures are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Also periodic reconciliation is being done with the customers. There is no history of bad debts suffered by the Company.

Apart from Future Retail Limited, being the largest customer of the company, the Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to Future Retail Limited did not exceed 85% (Previous Year: 80%) of gross trade receivable as at the end of reporting period. No other single customer accounted for more

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than 10% of total trade receivable. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The average credit period on sales of goods is 7 to 90 days. No interest is charged on trade receivables.

In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables. It takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the past due receivables. There has been no significant change in the credit quality of receivables past due for more than 180 days.

Age of receivables

| Particulars | As at | |
|--------------------|------------------|------------------|
| | 31st March 2019 | 31st March 2018 |
| less than 60 days | 45,704.99 | 35,851.14 |
| 61 to 90 days | 6,410.98 | 5,541.39 |
| 91 to 180 days | 5,405.44 | 561.64 |
| more than 180 days | 1,378.91 | 1,562.93 |
| Total | 58,900.32 | 43,517.10 |

Credit risk from balances with banks is managed by Company's treasury in accordance with the Board approved policy.

35.9 Liquidity risk

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires funds both for short term operational needs as well as for long term capital expenditure for capex. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents provide liquidity in the short-term and long-term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

| Particulars | Weighted average effective interest rate | Less than 1 year | 1 to 5 years | 5 years and above | Total | Carrying amount |
|---|--|------------------|--------------|-------------------|-----------|-----------------|
| | | | | | | (₹ In lakhs) |
| As at 31st March 2019 | | | | | | |
| Variable interest rate borrowings | 10.05% | | | | | |
| Principal | | 36,256.67 | - | - | 36,256.67 | 36,171.61 |
| Interest | | 3,645.08 | - | - | 3,645.08 | |
| Fixed interest rate borrowings | 11.32% | | | | | |
| Principal | | 11,527.50 | 26,545.00 | - | 38,072.50 | 37,374.48 |
| Interest | | 3,999.52 | 8,394.04 | - | 12,393.57 | |
| Financial guarantee contracts | | 6,985.90 | 5,997.86 | - | 12,983.76 | |
| Non interest bearing (Trade payable, deposits etc.) | | 25,054.52 | - | - | 25,054.52 | 25,054.52 |

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| Particulars | Weighted average effective interest rate | Less than 1 year | 1 to 5 years | 5 years and above | Total | (₹ In lakhs) |
|---|--|------------------|--------------|-------------------|-----------|-----------------|
| | | | | | | Carrying amount |
| As at 31st March 2018 | | | | | | |
| <u>Variable interest rate borrowings</u> | 9.60% | | | | | |
| Principal | | 15,100.26 | - | - | 15,100.26 | 15,100.26 |
| Interest | | 1,449.26 | - | - | 1,449.26 | - |
| <u>Fixed interest rate borrowings</u> | 10.98% | | | | | |
| Principal | | 11,105.87 | 24,167.52 | 4,438.51 | 39,711.90 | 39,386.04 |
| Interest | | 3,194.91 | 9,239.95 | 1,508.49 | 13,943.35 | - |
| Currency swap | | 313.53 | - | - | 313.53 | - |
| Financial guarantee contracts | | 4,630.76 | 7,286.08 | - | 11,916.84 | - |
| Non interest bearing (Trade payable, deposits etc.) | | 20,487.04 | - | - | 20,487.04 | 20,487.04 |

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The Company has ₹ 6,243 lakhs (Previous Year ₹ 15,900 lakhs) undrawn facilities at its disposal to further reduce liquidity risks.

35.10 Fair Value Measurement and related disclosures

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets | Carrying Value / Fair value | | Fair value hierarchy |
|---|-----------------------------|-----------------|----------------------|
| | As at | As at | |
| | 31st March 2019 | 31st March 2018 | |
| Financial assets at Fair Value Through Profit and Loss (FVTPL) | | | |
| 0% Optionally convertible debenture of Capital Foods Private Limited (Refer note no.11) | - | 892.80 | Level 2 |
| 1% non cumulative redeemable preference share of The Nilgiri Dairy Farm Private Limited (Refer note no.5) | 1,621.20 | 1,409.74 | Level 2 |
| 2% cumulative redeemable preference share of Future Consumer Products Limited (Refer note no.5) | - | 115.50 | Level 2 |
| 0% non cumulative redeemable preference share of Aussee Oats Milling (Private) Limited (Refer note no.5) | - | 434.30 | Level 2 |
| Financial liabilities at Fair Value Through Profit and Loss (FVTPL) | | | |
| Currency swap (Refer note no.21) | - | 25.04 | Level 2 |

Financial assets and financial liabilities that are not measured at fair values (but fair values disclosures are required)

The Company considers that the carrying amounts of financial assets and financial liabilities recognised in the balance sheet approximates their fair values.

The management assessed that carrying values of financial assets and liabilities other than those disclosed above such as trade receivable, loans, finance lease obligations, cash and cash equivalents, other bank balances and trade payables are reasonable approximations of their fair values.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

36 SHARE BASED PAYMENTS

36.1 Details of the employee share based plan of the Company

- a) The ESOP scheme titled "FVIL Employees Stock Option Plan 2011" (ESOP 2011) was approved by the shareholders at the Annual General Meeting held on 10th August 2010. 5,00,00,000 options are covered under the ESOP 2011 for 5,00,00,000 shares. Post listing of equity shares on the stock exchanges, the Shareholders have ratified the pre-IPO scheme.

In the previous years, the Nomination and Remuneration / Compensation Committee of the Company has granted 3,45,35,000 options under ESOP 2011 to certain directors and employees of the Company and some of its Subsidiaries. The options allotted under ESOP 2011 are convertible into equal number of equity shares. The exercise price of each option is ₹ 6/-. The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 3 years from date of vesting.

- b) The ESOP scheme titled "Future Consumer Enterprise Limited - Employee Stock Option Plan 2014" was approved by the Shareholders vide resolution passed at the Extra Ordinary General Meeting held on 12th January, 2015 and through postal ballot on 12th May 2015 in respect of grant of 3,19,50,000 options under primary route (ESOP 2014-Primary) and 7,98,00,000 options under secondary market route (ESOP 2014-Secondary). ESOP 2014 has been implemented through a trust route whereby Vistra ITCL India Limited (Formerly IL&FS Trust Company Limited) has been appointed as the Trustee who monitors and administers the operations of the Trust.

In the previous years, the Nomination and Remuneration / Compensation Committee has i) at its meeting held on 14th August 2017 and 8th November 2017, granted 35,00,000 options and 49,00,000 options respectively under secondary market route (ESOP 2014-Secondary) to certain Directors / employees of the Company and some of its Subsidiaries. The options allotted under ESOP 2014-Secondary are convertible into equal number of equity shares. The exercise price per Option for shares granted under the secondary market route shall not exceed market price of the Equity Share of the Company as on date of grant of Option or the cost of acquisition of such equity shares to the Trust applying FIFO basis, whichever is higher. The exercise price per Option for shares granted under the primary route shall not exceed market price of the Equity Share of the Company as on date of grant of Option, which may be decided by the Nomination and Remuneration / Compensation Committee.

The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 3 years from date of vesting.

In the current year, there were no grants granted.

The following share-based payment arrangements were in existence during the current and prior years:

| Option scheme | Number of Options Granted | Grant date | Expiry date | Exercise price (₹) | Share Price at Grant date | Fair value at grant date (₹) |
|---------------------|---------------------------|------------|--------------|--------------------|---------------------------|------------------------------|
| ESOP 2011 | 15,000,000 | 26.12.2015 | | 6.00 | 26.15 | 22.49 |
| ESOP 2014-Secondary | 15,950,000 | 15.05.2015 | | Note-2 below | 11.20 | 7.05 |
| ESOP 2014-Secondary | 3,500,000 | 14.08.2017 | Note-1 below | Note-2 below | 41.25 | 17.71 |
| ESOP 2014-Secondary | 4,900,000 | 08.11.2017 | | Note-2 below | 60.95 | 31.03 |
| ESOP 2014-Primary | 10,000,000 | 12.08.2016 | | 21.40 | 21.50 | 11.42 |

Note-1 The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 3 years from date of vesting.

Note-2 Market price of the Equity Share of the Company as on date of grant of Option or the cost of acquisition of such shares to the Company applying FIFO basis, whichever is higher.

36.2 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 into the model | ESOP 2011 | ESOP 2014-Secondary Grant 1 | ESOP 2014-Primary | ESOP 2014-Secondary Grant 2 | ESOP 2014-Secondary Grant 3 |
|-----------------------------------|---------------|-----------------------------|-------------------|-----------------------------|-----------------------------|
| Expected volatility (%) | 56.55% | 64.18% | 48.88% | 38.68% | 44.85% |
| Option life (Years) | 4-6 | 4-6 | 4-6 | 4-6 | 4-6 |
| Dividend yield (%) | 0% | 0% | 0% | 0% | 0% |
| Risk-free interest rate (Average) | 7.82% - 8.09% | 7.55% - 7.91% | 7.12%-7.25% | 6.43% - 6.64% | 6.67% - 6.88% |

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for the year ended 31st March 2019

36.3 Movement in share options during the year

The following reconciles the share options outstanding at the beginning and end of the period:

| Particulars | Year ended 31st March 2019 | | Year ended 31st March 2018 | |
|--------------------------------|----------------------------|-------------------------------------|----------------------------|-------------------------------------|
| | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| Balance at beginning of period | | | | |
| ESOP 2011 | 5,025,017 | 6.00 | 10,650,000 | 6.00 |
| ESOP 2014 secondary | 15,441,500 | Refer Note-2 above | 12,288,000 | Refer Note-2 above |
| ESOP 2014 primary | 7,282,000 | 21.40 | 9,500,000 | 21.40 |
| Granted during the period | | | | |
| ESOP 2011 | - | - | - | - |
| ESOP 2014 secondary | - | - | 8,400,000 | Refer Note-2 above |
| ESOP 2014 primary | - | - | - | - |
| Forfeited during the period | | | | |
| ESOP 2011 | 200,000 | 6.00 | 2,100,000 | 6.00 |
| ESOP 2014 secondary | 139,980 | Refer Note-2 above | 1,315,000 | Refer Note-2 above |
| ESOP 2014 primary | 800,000 | 21.40 | 800,000 | 21.40 |
| Exercised during the period | | | | |
| ESOP 2011 | 4,625,017 | 6.00 | 3,524,983 | 6.00 |
| ESOP 2014 secondary | 3,417,520 | Refer Note-2 above | 3,931,500 | Refer Note-2 above |
| ESOP 2014 primary | 2,404,000 | 21.40 | 1,418,000 | 21.40 |
| Expired during the period | | | | |
| ESOP 2011 | - | - | - | - |
| ESOP 2014 secondary | - | - | - | - |
| ESOP 2014 primary | - | - | - | - |
| Balance at end of period | | | | |
| ESOP 2011 | 200,000 | 6.00 | 5,025,017 | 6.00 |
| ESOP 2014 secondary | 11,884,000 | Refer Note-2 above | 15,441,500 | Refer Note-2 above |
| ESOP 2014 primary | 4,078,000 | 21.40 | 7,282,000 | 21.40 |

36.4 Share options exercised during the year

The following share options were exercised during the year:

| Options scheme | Number exercised | Exercise date | Share price at exercise date (₹) |
|---------------------|------------------|---------------|----------------------------------|
| ESOP 2011 | 4,625,017 | Various dates | Wt. Avg- 45.84 |
| ESOP 2014 secondary | 3,417,520 | Various dates | Wt. Avg- 51.49 |
| ESOP 2014 primary | 2,404,000 | Various dates | Wt. Avg- 47.08 |

36.5 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 1194 days (Previous year: 1331 days).

Out of the ESOPs outstanding, the number of options exercisable are as under :-

| Particulars | As at | As at |
|---------------------|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| ESOP 2011 | 200,000 | 225,017 |
| ESOP 2014 secondary | 5,164,000 | 1,014,000 |
| ESOP 2014 primary | 328,000 | 482,000 |

36.6 The expense recognised for employee services received during the year is shown in the following table:

| Particulars | (₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Expenses arising from equity settled share based payment transactions | 392.46 | 476.71 |
| Total expenses arising from share based transactions | 392.46 | 476.71 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

37 RELATED PARTY TRANSACTION

37.1 Name of Related Party and Nature of Relationship

a) Subsidiary Companies

Aadhaar Wholesale Trading and Distribution Limited
 FCL Tradevest Private Limited (with effect from 24 December 2018)
 Future Food and Products Limited
 Future Consumer Products Limited
 Future Food Processing Limited (Formerly known as Future Food Processing Private Limited)
 FCEL Overseas FZCO
 FCEL Food Processors Limited
 The Nilgiri Dairy Farm Private Limited
 Appu Nutritions Private Limited
 Nilgiri's Mechanised Bakery Private Limited
 Nilgiris Franchise Limited (Formerly known as Nilgiris Franchise Private Limited)
 Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited)
 Bloom Foods and Beverages Private Limited (Formerly known as Bloom Fruit and Vegetables Private Limited)
 Affluence Food Processors Private Limited (with effect from 6 November 2018)

b) Associate

Sarjena Foods Private Limited
 Amar Chitra Katha Private Limited (with effect from 14 December 2018)

c) Joint Venture

Mibelle Future Consumer Products AG
 Amar Chitra Katha Private Limited (upto 13 December 2018)
 ACK Media Direct Limited (upto 13 December 2018)
 IBH Books & Magazines Distributors Limited (upto 13 December 2018)
 Ideas Box Entertainment Limited (upto 13 December 2018)
 Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited)
 Aussee Oats Milling (Private) Limited
 MNS Foods Limited (Formerly known as MNS Foods Private Limited)
 Mibelle India Consumer Products Private Limited (with effect from 22 May 2018)
 Genoa Rice Mills Private Limited
 Avante Snack Foods Private Limited
 Hain Future Natural Products Private Limited
 Affluence Food Processors Private Limited (upto 5 November 2018)
 Sublime Foods Limited (Formerly known as Sublime Foods Private Limited)
 Fonterra Future Dairy Private Limited (with effect from 1 December 2018)

d) Key Management Personnel (KMP) and their relatives

Executive Director

Mr. Narendra Baheti
 Ms. Ashni Biyani

Non-Executive Director

Mr. Kishore Biyani
 Mr. Ghyanendra Nath Bajpai
 Mr. Adhiraj Harish
 Ms. Vibha Rishi (Ceased to be director with effect from 14 September 2018)
 Mr. Fredric De Mevius
 Mr. K K Rathi
 Mr. Harminder Sahni (Appointed with effected from 14 September 2018)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

Relatives of KMP

Mr. Rajendra Baheti
Ms. Archana Baheti
Ms. Sunder Devi Baheti
Mr. Amulya Baheti

e) Entities controlled / having significant influence by KMP and their relatives

Premium Harvest Limited
Future Ideas Company Limited
Future Enterprises Limited
Greatway Agro Farms Private Limited (upto 26 October 2018)
TDI Textiles Mills Private Limited
Future Retail Limited
Future Lifestyle Fashions Limited
Future Supply Chain Solutions Limited

37.2 Transactions with Related Party

(₹ In lakhs)

| Nature of transactions | Subsidiary | Associate | Joint Venture | Key Management Personnel (KMP) and their relatives | Entities controlled / having significant influence by KMP and their relatives |
|---|--------------------------|-------------|-------------------------|--|---|
| Purchase of property, plant and equipment | 7.07 (13.67) | - (-) | - (-) | - (-) | 38.58 (356.96) |
| Sale of property, plant and equipment | - (316.15) | - (-) | - (-) | - (-) | - (-) |
| Investment in Equity Shares | 14,187.14 (2,483.87) | - (-) | 1,651.81 (1,238.37) | - (-) | - (-) |
| Investment in Debentures | - (-) | - (-) | 4,976.91 (-) | - (-) | - (-) |
| Inter corporate deposits given | 32,082.94 (24,836.18) | - (-) | 8,246.83 (8,011.91) | - (-) | - (-) |
| Inter corporate deposits received back | 24,554.86 (19,132.64) | - (-) | 10,997.43 (4,664.23) | - (-) | - (-) |
| Investment Sold | 8,651.55 (-) | - (-) | - (-) | - (-) | - (-) |
| Security deposit given | - (86.58) | - (-) | - (-) | - (-) | - (-) |
| Advance Given | 1.13 (5.00) | - (-) | - (11.90) | - (-) | 75.45 (-) |
| Corporate guarantees given | 4,255.93 (2,050.00) | - (-) | 2,413.00 (1,500.88) | - (-) | - (-) |
| Share application | 925.00 (-) | - (-) | 250.00 (720.00) | - (-) | - (-) |
| Sale of products | 19,929.89 (17,643.74) | - (-) | 392.68 (138.79) | - (-) | 250,800.79 (197,375.31) |
| Royalty income | - (-) | - (-) | - (-) | - (-) | 7.59 (117.04) |
| Interest income | 3,529.82 (2,596.54) | 5.55 (-) | 1,102.52 (918.31) | - (-) | - (-) |
| Loan Given | - (-) | - (-) | 272.00 (-) | - (-) | - (-) |
| Rent income | 90.00 (40.50) | - (-) | 343.13 (262.00) | - (-) | - (-) |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

(₹ In lakhs)

| Nature of transactions | Subsidiary | Associate | Joint Venture | Key Management Personnel (KMP) and their relatives | Entities controlled / having significant influence by KMP and their relatives |
|--------------------------------------|------------|-----------|---------------|--|---|
| Franchise fees income | - | - | - | - | 238.23 |
| | (-) | (-) | (-) | (-) | (202.78) |
| Recovery of expenses | 47.13 | - | 506.85 | - | - |
| | (51.55) | (-) | (331.88) | (-) | (-) |
| Purchase of goods | 1,130.71 | 348.35 | 7,635.06 | - | 10,840.54 |
| | (1,156.97) | (537.59) | (4,438.39) | (-) | (8,794.03) |
| Managerial remuneration* | - | - | - | 1,083.79 | - |
| | (-) | (-) | (-) | (980.09) | (-) |
| Rent expenses | 921.77 | - | - | 23.69 | 947.23 |
| | (880.41) | (-) | (-) | (17.62) | (652.68) |
| Royalty expenses | 4.92 | - | - | - | - |
| | (85.76) | (-) | (-) | (-) | (-) |
| Warehousing and distribution charges | - | - | - | - | 2,184.61 |
| | (-) | (-) | (-) | (-) | (1,664.74) |
| Sitting fees | - | - | - | 19.75 | - |
| | (-) | (-) | (-) | (19.00) | (-) |
| Marketing expenses | - | - | - | - | 1,019.19 |
| | (-) | (-) | (-) | (-) | (296.46) |
| Other expenses | 59.84 | - | - | - | 10.80 |
| | (144.70) | (-) | (-) | (-) | (90.98) |

*includes share based payments to managerial personnel

Balance as at 31st March, 2019

(₹ In lakhs)

| Nature of transactions | Subsidiary | Associate | Joint Venture | Key Management Personnel (KMP) and their relatives | Entities controlled / having significant influence by KMP and their relatives |
|---------------------------------------|-------------|-----------|---------------|--|---|
| Trade and other receivable | 5,861.82 | 153.37 | 510.01 | - | 50,288.23 |
| | (5,624.81) | (131.79) | (318.12) | (-) | (34,683.86) |
| Interest receivable | 1,826.00 | 117.77 | 758.03 | - | - |
| | (1,268.83) | (-) | (787.27) | (-) | (-) |
| Prepaid expenses | 50.79 | - | - | - | - |
| | (47.59) | (-) | (-) | (-) | (-) |
| Inter corporate deposits outstanding | 31,643.43 | 150.00 | 6,016.46 | - | - |
| | (23,639.03) | (-) | (9,187.79) | (-) | (-) |
| Security deposit given outstanding | 157.32 | - | - | - | - |
| | (157.32) | (-) | (-) | (-) | (-) |
| Loan given outstanding | - | - | 272.00 | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Advances given outstanding | 1.13 | - | - | - | - |
| | (-) | (-) | (11.90) | (-) | (-) |
| Security deposit received outstanding | - | - | 125.00 | - | - |
| | (-) | (-) | (125.00) | (-) | (-) |
| Trade payables outstanding | 237.28 | - | 1,119.51 | - | 2,322.01 |
| | (220.41) | (-) | (1,090.53) | (-) | (532.94) |
| Corporate guarantees outstanding | 7,820.72 | - | 5,163.04 | - | - |
| | (11,273.08) | (-) | (10,311.68) | (-) | (-) |

Figures in bracket represent previous year's figures.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

37.3 Disclosure in respect of Material Transactions with Related Parties

| Nature of transactions | ₹ In lakhs) | |
|--|-------------|----------|
| | 2018-19 | 2017-18 |
| Purchase of property, plant and equipments | | |
| Future Retail Limited | 38.58 | 6.96 |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 7.07 | 13.67 |
| Premium Harvest Limited | - | 350.00 |
| Sale of property, plant and equipments | | |
| Aadhaar Wholesale Trading and Distribution Limited | - | 316.15 |
| Investment in Equity Shares | | |
| Aadhaar Wholesale Trading and Distribution Limited | 916.75 | 31.19 |
| FCL Tradevest Private Limited | 11,693.60 | - |
| The Nilgiri Dairy Farm Private Limited | 20.65 | 98.95 |
| Future Food and Products Limited | 191.00 | 470.26 |
| Aussee Oats Milling (Private) Limited | 18.84 | 555.66 |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 970.15 | 1,638.61 |
| Future Food Processing Limited (Formerly known as Future Food Processing Private Limited) | 10.60 | 470.26 |
| Mibelle Future Consumer Products AG | 285.99 | 480.54 |
| Sale of Investments | | |
| FCL Tradevest Private Limited | 8,651.55 | - |
| Investment made in Debentures | | |
| Amar Chitra Katha Private Limited | 4,976.91 | - |
| Loan Given | | |
| Mibelle India Consumer Products Private Limited | 272.00 | - |
| Inter corporate deposits given | | |
| Aadhaar Wholesale Trading and Distribution Limited | 9,207.50 | 7,090.00 |
| Amar Chitra Katha Private Limited | 3,838.50 | 4,253.32 |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 11,347.70 | 8,485.77 |
| The Nilgiri Dairy Farm Private Limited | 5,029.00 | 4,229.90 |
| Inter corporate deposits received back | | |
| Aadhaar Wholesale Trading and Distribution Limited | 6,920.00 | 4,638.81 |
| Amar Chitra Katha Private Limited | 7,941.82 | 3,149.98 |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 8,171.91 | 7,446.12 |
| The Nilgiri Dairy Farm Private Limited | 4,229.90 | 2,536.93 |
| Security deposit given | | |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | - | 86.58 |
| Advance Given | | |
| Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited) | - | 11.90 |
| Future Enterprises Limited | 75.45 | - |
| Star & Sitara Wellness Limited | - | 5.00 |
| Corporate guarantees given | | |
| Aussee Oats Milling (Private) Limited | - | 1,300.88 |
| The Nilgiri Dairy Farm Private Limited | - | 1,500.00 |
| Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited) | 825.00 | - |
| Hain Future Natural Product Private Limited | 1,588.00 | - |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 3,805.93 | - |
| Bloom Foods and Beverages Private Limited (Formerly known as Bloom Fruit and Vegetables Private Limited) | 450.00 | 550.00 |
| Share application | | |
| Hain Future Natural Product Private Limited | - | 645.00 |
| Affluence Food Processors Private Limited | - | 75.00 |
| FCL Tradevest Private Limited | 925.00 | - |
| Fonterra Future Dairy Private Limited | 250.00 | - |

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for the year ended 31st March 2019

| Nature of transactions | 2018-19 | 2017-18 |
|---|------------|--------------|
| | | (₹ In lakhs) |
| Sale of products | | |
| Future Retail Limited | 246,773.68 | 196,593.09 |
| Aadhaar Wholesale Trading and Distribution Limited | 10,268.17 | 9,859.56 |
| The Nilgiri Dairy Farm Private Limited | 9,249.84 | 7,777.18 |
| Royalty income | | |
| Future Lifestyle Fashions Limited | 4.35 | 17.46 |
| Future Retail Limited | 3.24 | 99.57 |
| Interest income | | |
| Aadhaar Wholesale Trading and Distribution Limited | 983.08 | 690.24 |
| Amar Chitra Katha Private Limited | 414.19 | 462.95 |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 1,266.66 | 1,027.07 |
| The Nilgiri Dairy Farm Private Limited | 597.22 | 365.32 |
| Rent income | | |
| Aadhaar Wholesale Trading and Distribution Limited | 18.00 | 40.50 |
| Affluence Food Processors Private Limited | 159.00 | 12.00 |
| Genoa Rice Mills Private Limited | 254.48 | 250.00 |
| Franchise fees income | | |
| Future Retail Limited | 238.23 | 202.78 |
| Recovery of expenses | | |
| Fonterra Future Dairy Private Limited | 220.01 | - |
| Mibelle India Consumer Products Private Limited | 211.75 | - |
| Hain Future Natural Product Private Limited | 1.21 | 48.82 |
| FCEL Overseas FZCO | - | 42.99 |
| Mibelle Future Consumer Products AG | 56.87 | 283.06 |
| Purchase of goods | | |
| Premium Harvest Limited | 9,792.97 | 8,794.03 |
| Genoa Rice Mills Private Limited | 3,056.64 | 930.38 |
| The Nilgiri Dairy Farm Private Limited | 744.34 | 442.90 |
| Managerial remuneration | | |
| Ms. Ashni Biyani | 170.51 | 84.89 |
| Mr. Narendra Baheti * | 806.43 | 788.65 |
| Mr. Rajendra Baheti | 94.20 | 90.83 |
| Rent expenses | | |
| Future Retail Limited | 549.41 | 496.65 |
| Future Supply Chain Solutions Limited | 181.95 | 105.32 |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 906.23 | 830.53 |
| Royalty expenses | | |
| Future Consumer Products Limited | 4.92 | 85.76 |
| Warehousing and distribution charges | | |
| Future Supply Chain Solutions Limited | 2,184.61 | 1,664.75 |
| Sitting fees | | |
| Mr. Ghyanendra Nath Bajpai | 4.25 | 4.75 |
| Mr. Kishore Biyani | 3.25 | 3.00 |
| Mr. Adhiraj Harish | 3.50 | 4.25 |
| Mr. K K Rathi | 4.00 | 3.50 |
| Ms. Vibha Rishi | 2.00 | 3.00 |
| Marketing expenses | | |
| Future Retail Limited | 887.85 | 282.06 |
| Future Enterprises Limited | 116.64 | - |
| Other expenses | | |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 59.50 | 144.43 |
| Future Enterprises Limited | 8.33 | - |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

Balance as at 31st March 2019

| Nature of transactions | ₹ In lakhs) | |
|--|-------------|-----------|
| | 2018-19 | 2017-18 |
| Trade and other receivable | | |
| Aadhaar Wholesale Trading and Distribution Limited | 3,694.68 | 4,393.84 |
| Future Retail Limited | 49,762.73 | 34,423.63 |
| The Nilgiri Dairy Farm Private Limited | 1,464.70 | 1,230.77 |
| Interest receivable | | |
| Aadhaar Wholesale Trading and Distribution Limited | 414.11 | 267.83 |
| Amar Chitra Katha Private Limited | 117.77 | 261.62 |
| Aussee Oats Milling (Private) Limited | 648.19 | 434.36 |
| Future Food Processing Limited (Formerly known as Future Food Processing Private Limited) | 228.82 | 188.64 |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 775.13 | 530.03 |
| Prepaid expenses | | |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 50.79 | 47.59 |
| Inter corporate deposits outstanding | | |
| Aadhaar Wholesale Trading and Distribution Limited | 9,097.50 | 6,810.00 |
| Amar Chitra Katha Private Limited | 150.00 | 4,253.32 |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 11,314.70 | 8,138.91 |
| The Nilgiri Dairy Farm Private Limited | 5,029.00 | 4,229.90 |
| Loan given Outstanding | | |
| Mibelle India Consumer Products Private Limited | 272.00 | - |
| Security deposit given outstanding | | |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 157.32 | 157.32 |
| Advances given outstanding | | |
| Future Consumer Products Limited | 1.13 | - |
| Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited) | - | 11.90 |
| Security deposit received outstanding | | |
| Genoa Rice Mills Private Limited | 125.00 | 125.00 |
| Trade payables | | |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 152.01 | 157.17 |
| Future Supply Chain Solutions Limited | 750.47 | 349.49 |
| Mibelle Future Consumer Products AG | 210.23 | 219.23 |
| Premium Harvest Limited | 1,496.08 | 167.19 |
| The Nilgiri Dairy Farm Private Limited | 85.27 | 45.91 |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | 236.76 | 263.45 |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 100.81 | 349.44 |
| Corporate guarantees outstanding | | |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 2,839.06 | 6,023.08 |
| Aussee Oats Milling (Private) Limited | 3,118.64 | 7,701.22 |
| The Nilgiri Dairy Farm Private Limited | 3,591.06 | 4,200.00 |
| Hain Future Natural Product Private Limited | 1,280.78 | - |
| Bloom Foods and Beverages Private Limited (Formerly known as Bloom Fruit and Vegetables Private Limited) | 1,390.60 | 1,050.00 |
| Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited) | 315.23 | 500.00 |

*includes share based payments to managerial personnel

37.4 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

37.5 Loans & Corporate Guarantees to Related Parties

The Company has given loans and corporate guarantees to subsidiaries and relevant joint ventures in the ordinary course of business to meet the working capital requirements of subsidiaries and joint ventures. (Refer Note 35)

37.6 Compensation of key management personnel

| Particulars | ₹ In lakhs) | |
|--|--------------------------------|--------------------------------|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Short term employee benefits | 446.66 | 358.89 |
| Share-based payment transactions | 656.88 | 640.15 |
| Total compensation paid to key management personnel | 1,103.54 | 999.04 |

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

This do not include the provision made for gratuity and expenses for Leave Encashment as they are determined on an actuarial basis for the Company as a whole.

Directors interest in ESOP

| Grant Date | Expiry Date | Exercise Price (₹) | Nos o/s as on 31st March 19 | Nos o/s as on 31st March 18 |
|------------|-------------|-----------------------|--------------------------------|--------------------------------|
| 26.12.2015 | 26.12.2021 | 6.00 | NIL | 800,000 |
| 12.08.2016 | 12.08.2022 | 21.40 | 2,500,000 | 4,000,000 |

38 CONTINGENT LIABILITIES

| Particulars | ₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Claims against the company not acknowledged as debt* | 35.45 | 45.76 |
| Disputed income tax demands | - | 1,910.04 |
| Disputed sales tax and excise matters | 736.22 | 840.41 |
| Corporate guarantees issued to banks and financial institutions are against credit facilities issued to third parties (Loans outstanding as at 31st March 2019 ₹ 12,983.76 lakhs; Previous Year ₹ 11,916.84 lakhs) | 21,270.54 | 21,584.76 |
| Total | 22,042.20 | 24,380.98 |

* Does not include cases where liability is not ascertainable.

Future cash outflows in respect of matters considered disputed are determinable only on receipt of judgments/decisions pending at various forums/authorities. The management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on the financial statements.

There are numerous interpretative issues relating to Supreme Court (SC) judgement on Provident Fund dated 28th February 2019. As a matter of caution, management has made assessment and is of the view that above ruling does not have significant impact on the Company.

39 CAPITAL COMMITMENT

The estimated amount of contracts remaining to be executed on capital account as at 31st March 2019 is ₹ 105.63 lakhs (Previous Year ₹ 321.30 lakhs)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

40 Disclosure Requirement of Loans and Advances/ Investments as per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

| Name of the Company | Outstanding Loan Amount | | Maximum Loan Amount Outstanding | |
|---|-------------------------|------------------|---------------------------------|-----------------|
| | As at | As at | During the year | During the year |
| | 31st March 2019 | 31st March 2018 | ended | ended |
| | | | 31st March 2019 | 31st March 2018 |
| (₹ In lakhs) | | | | |
| Subsidiaries: | | | | |
| Aadhaar Wholesale Trading and Distribution Limited | 9,097.50 | 6,810.00 | 10,347.50 | 7,640.00 |
| The Nilgiri Dairy Farm Private Limited | 5,029.00 | 4,229.90 | 6,054.90 | 4,964.58 |
| Integrated Food Park Limited | 11,314.70 | 8,138.91 | 12,437.35 | 9,437.42 |
| Nilgiris Franchisee Limited | 40.00 | 35.00 | 75.00 | 65.33 |
| Star and Sitara Wellness Limited | - | - | - | 72.08 |
| Bloom Foods and Beverages Private Limited | 565.50 | 606.00 | 1,046.00 | 920.00 |
| Express Retail Private Limited | - | - | - | 86.92 |
| FCEL Food Processors Limited | 5.60 | 5.00 | 10.60 | 10.00 |
| Future Food Processing Limited | 3,020.59 | 2,640.50 | 3,249.91 | 3,819.60 |
| Future Food and Products Limited | 1,245.00 | 848.50 | 1,443.00 | 961.38 |
| FCEL Overseas FZCO | 553.37 | 325.22 | 651.82 | 325.22 |
| Affluence Food Processor Private Limited | 772.17 | - | 980.00 | - |
| Joint ventures: | | | | |
| Amar Chitra Katha Private Limited (Upto December 13, 2018)* | - | 4,253.32 | 5,319.00 | 4,666.11 |
| Aussee Oats Milling (Private) Limited * | 3,274.39 | 2,916.00 | 3,324.75 | 3,452.51 |
| Aussee Oats India Limited * | 381.00 | 165.00 | 411.00 | 165.00 |
| Sublime Food Limited* | 658.50 | 699.80 | 1,089.90 | 699.80 |
| MNS Food Limited* | 725.17 | 590.03 | 793.20 | 683.41 |
| Geona Rice Mills Pvt Ltd | 777.40 | 563.74 | 977.40 | 563.74 |
| Mibelle India Consumer Products Private Limited* | 272.00 | - | 272.00 | - |
| Hain Future Natural Product Ltd | 200.00 | - | 200.00 | - |
| Associates: | | | | |
| Amar Chitra Katha Private Limited (From December 14, 2018) | 150.00 | - | 150.00 | - |
| | 38,081.89 | 32,826.91 | | |

* These Companies are treated as subsidiaries as per the provision of Section 2(87) of the Companies Act, 2013.

41 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 lakhs) | |
|--|-----------------|-----------------|
| | As at | As at |
| | 31st March 2019 | 31st March 2018 |
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at period end* | 3,040.36 | 427.82 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at period end | 0.74 | 4.02 |
| Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the MSMED act, beyond the appointed day during the period | - | - |
| Interest paid under section 16 of MSMED Act to suppliers registered under the MSMED act, beyond the appointed day during the period | - | - |
| The amount of interest accrued and remaining unpaid at the end of the accounting year | 12.48 | 11.74 |
| Further interest remaining due and payable for earlier periods | 11.74 | 7.72 |

*Out of this ₹ 793.09 lakhs is overdue

The information has been given in respect of such vendor to the extent they could be identified as Micro and Small Enterprise as on the basis of information available with the Company.

42 The amount of borrowing costs capitalised on Combi Mills during the year ended March 31, 2019 was ₹ 200.69 lakhs (March 31, 2018: ₹ 528.72 lakhs). The rate used to determine the amount of borrowing costs eligible for capitalisation was 10.90%, which is the effective interest rate of the specific borrowing.

Capital WIP includes Flour DC at Badiakima, Indore of ₹ 109.5 lakhs and salting equipment under development. Total amount of CWIP is ₹ 130.10 lakhs. Previous year (₹ 4,798.86) lakhs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

43 EXCEPTIONAL ITEMS

| Particulars | (₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Net gain on sale of investments (Refer Note 43.1 and 43.2) | 2,988.41 | - |
| Impairment on investments (Refer Note 43.3, 43.4 and 43.5) | (3,897.05) | - |
| Impairment on intangibles and goodwill (Refer Note 43.6) | (1,014.50) | - |
| Total | (1,923.14) | - |

43.1 The Company, in the process of creating a culture of manufacturing excellence, reorganized the businesses and accordingly in continuation to the press release dated November 3, 2018, Investments in entities with manufacturing operations (4 subsidiaries and 5 Joint ventures, have been sold to a newly formed wholly owned subsidiary i.e. FCL Tradevest Private Limited (FTPL) of the Company at fair value and has received equity shares from FTPL equivalent to the fair value of the Investments sold to FTPL.

Fair value of each entity was determined by an independent valuer based on the management's cash flow projections for a period of five years, discounted at the respective Weighted Average Cost of Capital for each entity, ranging from 12-19% per annum. Cash flows beyond the period of five years have been extrapolated at a steady rate of 4%, which is the projected long term average growth rate for manufacturing entities in the industry. The resultant gain of ₹ 2,988.41 lakhs on sale of the said Investments have been included in exceptional items.

Further, the Company is also reorganizing its operational teams to channelize capex, research and new product development and financing to achieve operational efficiency.

43.2 The Company has entered into a definitive agreement of sale with respect to its investments in equity and preference shares of Aussee Oats Milling Private Limited at fair value to FCL Tradevest Private Limited (Refer note 43.1). Since the same have not been transferred as on March 31, 2019, these investments have been classified as non-current assets held for sale, and a net impairment loss being the difference between the carrying value and fair value as per agreement of sale has been included in the exceptional items during the year ended March 31, 2019 in the Statement of Profit and Loss.

43.3 The Company has recognized an impairment loss of ₹ 49.84 lakhs on its investment in Affluence Food Processors Private Limited, a wholly owned subsidiary based on the fair valuation. The Fair Value of the entity has been determined by an independent valuer based on management's projected cash flows over a five year period, discounted at a rate of 11.71% per annum, which is the weighted average cost of capital for the entity. Cash flows beyond the period of five years have been extrapolated at a steady rate of 3% per annum, based on the long term average growth rate for the entity's business. This loss has been included in the exceptional items during the year.

43.4 The Company has sold its stake in Amar Chitra Katha Private Limited (ACK) during the year, at a fair value price of ₹ 4,439 lakhs, and an impairment loss of ₹ 2,101.35 lakhs on the same was included in exceptional items for the year in the Statement of Profit and Loss. The Fair Value has been determined by an independent valuer, based on management's projected cash flows over a five year period, discounted at a rate of 18.00% per annum, which is the weighted average cost of capital for the entity. Cash flows beyond the period of five years have been extrapolated at a steady rate of 5% per annum, based on the long term average growth rate for the entity's business. Further, pursuant to the contract of sale and the Shareholders and Debenture Holders Agreement, inter corporate deposits held in ACK were converted by issue of ₹ 4,977 lakhs 0.001% Compulsorily Convertible Debentures (CCDs), which are convertible into equity shares of ACK at the fair value of those shares on the date of conversion.

Due to the significant influence exercised by the Company on ACK as per the terms of the Shareholders and Debenture Holders agreement, the Company has identified ACK as an associate entity. Accordingly, the investment in CCDs of ACK are held at cost.

43.5 The accumulated loss of Future Consumer Products Limited ('FCPL'), a subsidiary company, amounting to ₹ 169.60 lakhs at 31st March 2019 (2018: ₹ 131.74 lakhs) has substantially eroded its net worth. The Company does not foresee positive cash flows. Based on a business valuation the Company has fully impaired its investment of ₹ 1,745.86 lakhs (Investment in equity ₹ 1,620 lakhs, in preference shares of ₹ 125.86 lakhs), included in the exceptional items during the year in the Statement of Profit and Loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

43.6 KBFP represents convenience store chain KB's Fair price and Big Apple. These stores were mainly operated in Delhi, Mumbai and Bangalore. Due to the decline in sales of these stores and based on an analysis of the recoverable value, the Company has fully impaired its Goodwill of ₹ 614.5 lakhs during the current year which is included in exceptional items in Statement of Profit and Loss.

The carrying value of Brand KBFP which was ₹ 1,288.83 lakhs as on March 31, 2019 (previous year ₹ 2,195.00 lakhs) is based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a five year period, and a discount rate of 13.52% per annum. The cash flows beyond that five-year period have been extrapolated using a steady 0.25% per annum growth rate which is the expected growth rate for the convenience stores. Due to the decline in sales of these stores and based on an analysis of the recoverable value, the Company has recognized an impairment loss of ₹ 400 lakhs on this brand during the year, included in exceptional items for the year in the Statement of Profit and Loss.

44 CARRYING VALUE OF GOODWIL & BRAND

44.1 Goodwill

| Particulars | ₹ In lakhs) | |
|---------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| a) KBFP (Refer Note 43.6 above) | - | 614.50 |
| b) Centre of Plate | 2,951.82 | 2,951.82 |
| Total | 2,951.82 | 3,566.32 |

Centre of Plate (COP) is into the business of procuring, processing and supplying agricultural commodities in loose and packed form under various brands. The recoverable amount of Goodwill is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a five year period, and a discount rate of 11.9% per annum. Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 5% per annum growth rate which is the projected long-term average growth rate for the industry. The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

44.2 Brand Kara is considered to have indefinite useful life based on the management assessment that the same will continue to generate future cash flows for the Company indefinitely. The carrying amount is ₹ 1,209 lakhs (Previous Year : ₹ 1,209 lakhs). The carrying value of brand "Kara" is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the management covering a five-year period, and a discount rate of 11.9% per annum respectively. The cash flows beyond that five-year period have been extrapolated using a steady 5% per annum growth rate which is the projected long-term average growth rate for the industry. The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the brand.

45 Particulars of loans given/ investments made/ guarantees given as required by clause (4) of Section 186 of the Companies Act, 2013

| Nature | Amount | Period | Interest Rate | Purpose |
|--------------------------|--------------------------|-----------------|----------------|--|
| Inter corporate deposits | 40,601.76 (32,923.09) | 365 - 1095 days | 12% to 12.5% | General corporate purpose |
| Investment made* | 20,710.73 (2,821.99) | Not applicable | Not applicable | Not applicable |
| Guarantees given | 6,668.93 (3,550.88) | Not applicable | Not applicable | Availment of term loan / working capital |

Figures in brackets relate to previous year

* Investment made includes ₹ 11,693.60 lakhs (previous year ₹ Nil) transfer of investments to wholly owned subsidiary against consideration of equity shares (Refer note 43.1) and ₹ 5,127.00 lakhs (previous year ₹ 1,984.17 lakhs) Inter Corporate Deposits converted into investments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

46 EVENTS AFTER THE REPORTING PERIOD

- (a) The Board of Directors of the Company have at their meeting held on April 7, 2019 considered and approved the acquisition of business undertaking (comprising of the marketing, selling and distribution business of Athena in relation to the portfolio products/ brands namely, 'Iraya', 'D'Free', "Hair for Sure", and 'Safe & Sure') of Athena Life Sciences Private Limited ("Athena") by way of demerger, pursuant to Scheme of Arrangement between the Company, Athena and their respective shareholders and creditors ("Scheme"), subject to such further consents and approvals that may be required.

Consideration would be discharged by the Company by issue of equity shares on a proportionate basis, in the ratio determined, to each Shareholder /Member of Athena, whose name is registered in the Register of Members as on the Appointed Date provided under the Scheme.

This shall be subject to approval of the Scheme from NCLT and other regulatory bodies as may be applicable.

- (b) The Shareholders of the Company have at an Extra Ordinary General Meeting held on May 8, 2019 granted their approval to allot upto 7,000 Compulsorily Convertible Debentures (CCDs) and 21,000 CCDs having face value of ₹ 1,00,000 each to Verlinvest SA ("Verlinvest") and International Finance Corporation ("IFC") respectively on preferential basis.

The CCDs to be issued to Verlinvest and IFC shall be convertible into equity shares of the Company on the earlier of following events (i) Verlinvest, IFC (as the case may be) electing to convert the CCDs into Equity Shares by issuing a conversion notice to the Company and (ii) the last date falling within 18 months from the date of allotment of CCDs.

Each CCDs shall entitle Verlinvest, IFC to such number of equity shares of the Company at a conversion price of ₹ 45.02 per equity share.

- (c) Approval has been granted by the Shareholders of the Company at the Extra Ordinary General Meeting held on May 8, 2019 for the allotment of 7,000 Warrants having face value of ₹ 1,00,000/- each to Illusie Produkt Private Limited ("Illusie"), a promoter group entity, on preferential basis.

The Warrants to be issued to Illusie shall be convertible into equity shares of the Company at any time before the expiry of 18 months from the date of allotment of the Warrants and each Warrant shall entitle Illusie to such number of equity shares of the Company at a conversion price of ₹ 45.02 per equity share.

47 INDIAN ACCOUNTING STANDARD ("IND AS") ISSUED BUT NOT EFFECTIVE

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases which shall be applicable to the Company from April 01, 2019.

Issue of Ind AS 116 - Leases

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17- Leases. Management is in the process of assessing the impact due to application Ind AS 116.

The MCA has also carried out amendments of the following accounting standards

- i. Ind AS 101- First time adoption of Indian Accounting Standards
- ii. Ind AS 103 – Business Combinations
- iii. Ind AS 109 - Financial Instruments
- iv. Ind AS 111 – Joint Arrangements
- v. Ind AS 12 – Income Taxes
- vi. Ind AS 19 – Employee Benefits
- vii. Ind AS 23 – Borrowing Costs
- viii. Ind AS 28 - Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company's financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31st March 2019

48 PREVIOUS YEAR NOTE

Previous year figures have been regrouped and re-classified where necessary to make them comparable.

The accompanying notes are an integral part of the financial statements 1-48

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**

Partner

Membership No : 105497

Place : Mumbai

Date : 22 May 2019

Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai

Chairman

Manoj Gagvani

Company Secretary & Head - Legal

Place : Mumbai

Date : 22 May 2019

Ashni Biyani

Managing Director

Ravin Mody

Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Future Consumer Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Future Consumer Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associate and joint ventures comprising of the Consolidated Balance sheet as at March 31 2019, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Ind AS financial statements, including a summary of 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 reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associate and joint ventures, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group, its associate and joint ventures as at March 31, 2019, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements..

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2019. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS Financial Statements.

Key audit matters

How our audit addressed the key audit matter

A. Impairment of Investments (as described in note 45 of the Consolidated Ind AS Financial Statements)

During the year, impairment indicators were identified by the management. In making this assessment, we evaluated the objectivity and on certain investments wherein net worth is negative or investment value independence of Group's specialists involved in the process;

is higher than the Group's share in net worth. As a result, an impairment assessment was required to be performed by the Group by comparing the carrying value of these investments to their recoverable amount to determine whether an impairment loss was required to be recognized.

For the purpose of the above impairment testing, value in use has been determined by forecasting and discounting future cash flows. Furthermore, the value in use is highly sensitive to changes in some of the inputs used for forecasting the future cash flows.

Also, the determination of the recoverable amount of the investments involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amount of these investments.

- Assessing the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used;

- Assessing the recoverable value headroom by performing sensitivity testing of key assumptions used;

- We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate the inputs and assumptions used in the cash flow forecasts;

- Involving experts to assess the Group's valuation methodology and assumptions around the key drivers of the cash flow forecasts, applied in determining the recoverable amount.

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| Accordingly, the impairment of investments was determined to be a key audit matter in our audit of the Consolidated Ind AS Financial Statements | <ul style="list-style-type: none"> We assessed the disclosures made in the Consolidated Ind AS financial statements as per Ind AS 107. |
| B. Related Party Transactions | |
| <p>The Group has significant transactions with Related Parties (see Note 38 of the Consolidated Ind AS Financial Statements) including sale of products, services, rent, loans and advances given and interest income.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Performing test of controls over related party transactions with respect to approval of transactions by the Board of Directors of the Holding company, entering into agreements/contracts and recording in books of account; |
| <p>Group's top customer which is a related party contributes about 73 % of the total revenue.</p> | <ul style="list-style-type: none"> Reading contracts and agreements with related parties to understand the nature of the transactions; |
| <p>Considering the high volume of transactions with related parties and determination of arm's length price to be a key audit matter in our audit of the Consolidated Ind AS Financial Statements.</p> | <ul style="list-style-type: none"> Reading the transfer pricing report as prepared by third party consultant to assess whether the transactions are at arm's length; |
| | <ul style="list-style-type: none"> Reading the inputs used in the transfer pricing report as prepared by third party consultant. |
| | <ul style="list-style-type: none"> We assessed the disclosures made in the Consolidated Ind AS financial statements as per Ind AS 24. |
| C. Recognition of Deferred Tax Assets (as described in note 8 of the Consolidated Ind AS Financial Statement) | |
| <p>The Group has recognized deferred tax assets related to tax losses to the extent that the setoff of the related tax balances through future taxable profits are probable. The estimate of future taxable profits is based on the future business plan. The recognition of deferred tax asset is therefore sensitive to changes in the business plan. The financial statements include deferred tax assets amounting to ₹ 1899.75 lakhs that mainly result from unused tax losses carried forward. Management provides disclosures on these deferred tax assets in Note 2.15 "Accounting policies" section "Taxation" as well as in Note 8 "Deferred tax assets (Net)" in the Consolidated Ind AS Financial Statement".</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Comparing the consistency of management's profit forecasts with those included in the budget approved by the Board of Directors. This included evaluation of management's assumptions on the projected profit forecasts, discount and terminal yield rates by comparing them against recent profit trends and externally available information |
| <p>This area was important to our audit due to the amount of the tax losses as well as the judgment involved in management's assessment of the likelihood and magnitude of creating future taxable profits to offset the tax losses. This assessment requires the management to make assumptions to be used in the forecasts of future taxable profits, including expectations for future sales and margin developments and overall market and economic conditions.</p> | <ul style="list-style-type: none"> Assessing the historical accuracy of management's assumptions and estimation process by comparing the actual financials against previously forecasted financials. |
| <p>Accordingly, recognition of deferred tax asset was determined to be a key audit matter in an audit of the Consolidated Ind AS Financial Statement.</p> | <ul style="list-style-type: none"> Testing the completeness and accuracy of the amounts recognised as deferred tax assets, including the review of correspondences with the tax authorities and other uncertain tax positions. |
| | <ul style="list-style-type: none"> Involving our tax experts in order to assess the Group's disclosures on deferred tax positions and assumptions used. |
| | <ul style="list-style-type: none"> We assessed the disclosures made in the Consolidated Ind AS Financial Statement. |
| D. Impairment of goodwill (as described in note 41 of the Consolidated Ind AS Financial Statement) | |
| <p>The Group is required to, at least annually, perform impairment assessments of goodwill recognized in books.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding, evaluating the design and testing the operating effectiveness of controls that the Group has in relation to goodwill impairment review processes. |
| <p>The Group performs an annual impairment assessment of Goodwill to determine whether the recoverable value is below the carrying amount. We focused on this area as the assessments made by management involved significant estimates and judgments, including sales growth rates, gross profit margin, net profit margin and perpetual growth rates used to estimate future cash flows and discount rates applied to these forecasted future cash flows. These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied.</p> | <ul style="list-style-type: none"> Assessing the Group's valuation methodology applied in determining the recoverable amount. In making this assessment, we also evaluated the objectivity and independence of Group's specialists involved in the process. |

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| <p>The current economic climate also increases the complexity of forecasting.</p> <p>Accordingly, the impairment test of goodwill is considered to be a key audit matter in our audit of the Consolidated Ind AS Financial Statement.</p> | <ul style="list-style-type: none"> • Assessing the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used. • Assessing the recoverable value headroom by performing sensitivity testing of key assumptions used. • We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate the inputs and assumptions used in the cash flow forecasts. • Testing the arithmetical accuracy of the models. • We assessed the disclosures made in the Consolidated Ind AS financial statements as per Ind AS 36. |

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance report, Directors' Report and Management Discussion and Analysis, 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 such other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained in the 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.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions

of the Act for safeguarding of the assets of the Group and of its associate and joint ventures 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 the 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 Directors of the companies included in the Group and of its associate and joint ventures are responsible for assessing the ability of the Group and of its associate and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associate and joint ventures.

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 Holding 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 ability of the Group and its associate and joint ventures 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 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 and joint ventures 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 or business activities within the Group and its associate and joint ventures of which

we are the independent auditors, to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS Financial Statements of which we are the 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

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors 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 Consolidated Ind AS Financial Statements for the financial year ended March 31, 2019 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 9 subsidiaries, whose Ind AS financial statements include total assets of ₹ 51,857.40 lakhs as at March 31, 2019, and total revenues of ₹ 87,297.64 lakhs and net cash inflows of ₹ 3,166.96 lakhs for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The Consolidated Ind AS Financial Statements also include the Group's share of net loss of ₹ 2,630.92 lakhs for the year ended March 31, 2019, as considered in the Consolidated Ind AS Financial Statements, in respect of 15 associate and joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to

us by the Management. Our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associate, is based solely on the report(s) of such other auditors.

Our opinion above on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associate and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate company and joint ventures, none of the directors of the Group's companies, its associate and joint ventures incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary companies, associate company and joint ventures incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associate and joint ventures incorporated in India, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company, its subsidiaries, associate and joint ventures incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) 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 explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate and joint ventures, as noted in the 'Other matter' paragraph:
 - i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associate and joint ventures in its Consolidated Ind AS Financial Statements – Refer Note 39 to the Consolidated Ind AS Financial Statements;
 - ii. The Group, its associate and joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associate and joint ventures incorporated in India during the year ended March 31, 2019.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003
per Pramod Kumar Bapna
Partner
Membership Number: 105497
Place of Signature: Mumbai
Date: May 22, 2019

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF FUTURE CONSUMER LIMITED

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 Future Consumer Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Future Consumer Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate company and joint ventures, 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 companies, its associate company and joint ventures, 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 Holding 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. 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 the respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to these Consolidated Ind AS Financial Statements 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 over financial reporting with reference to these

Consolidated Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements, 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 judgement, including the assessment of the risks of material misstatement of the 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 auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these Consolidated Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Consolidated Ind AS Financial Statements 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 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements, 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 with reference to these Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated Ind AS Financial Statements 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 Holding Company, its subsidiary companies, its associate company and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements

were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements of the Holding Company, insofar as it relates to these 13 subsidiary companies and 5 joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, associate and joint ventures incorporated in India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Pramod Kumar Bapna

Partner

Membership Number: 105497

Place of Signature: Mumbai

Date: May 22, 2019

CONSOLIDATED BALANCE SHEET

as at 31st March 2019

| Particulars | Note | ₹ In lakhs | |
|--|------|--------------------------|--------------------------|
| | | As at 31st March 2019 | As at 31st March 2018 |
| ASSETS | | | |
| 1 Non current assets | | | |
| (a) Property, plant and equipment | 4 | 58,170.52 | 50,469.32 |
| (b) Capital work-in-progress | | 3,062.93 | 6,948.57 |
| (c) Investment property | 4 | 701.82 | 710.08 |
| (d) Goodwill | 4 | 14,234.65 | 16,389.35 |
| (e) Other intangible assets | 4 | 21,434.32 | 23,386.40 |
| (f) Financial assets | | | |
| (i) Investments | 5 | 7,284.62 | 3,405.11 |
| (ii) Loans | 6 | 2,125.67 | 2,915.90 |
| (iii) Other financial assets | 7 | 847.59 | 688.71 |
| (g) Deferred tax assets (net) | 8 | 1,899.75 | 29.10 |
| (h) Other non-current assets | 9 | 3,666.50 | 2,922.56 |
| Total non-current assets | | 113,428.37 | 107,865.10 |
| 2 Current assets | | | |
| (a) Inventories | 10 | 24,684.80 | 22,424.31 |
| (b) Financial assets | | | |
| (i) Investments | 11 | 3.56 | 895.69 |
| (ii) Trade receivables | 12 | 67,466.28 | 49,284.46 |
| (iii) Cash and cash equivalents | 13 | 5,582.98 | 4,306.69 |
| (iv) Bank balances other than (iii) above | 13 | 1,253.10 | 168.52 |
| (v) Loans | 6 | 4,735.48 | 8,821.43 |
| (vi) Other financial assets | 7 | 7,079.50 | 5,343.25 |
| (c) Other current assets | 9 | 2,693.81 | 3,133.94 |
| Total current assets | | 113,499.51 | 94,378.29 |
| Total assets | | 226,927.88 | 202,243.39 |
| EQUITY AND LIABILITY | | | |
| 1 Equity | | | |
| (a) Equity share capital | 14 | 114,428.54 | 114,128.91 |
| (b) Other equity | 15 | (15,407.47) | (14,603.76) |
| Equity attributable to owners of the Group | | 99,021.07 | 99,525.15 |
| (c) Non-controlling interests | 16 | (240.02) | 423.24 |
| Total equity | | 98,781.05 | 99,948.39 |
| Liability | | | |
| 2 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17 | 27,770.87 | 31,014.16 |
| (ii) Other financial liabilities | 18 | 645.58 | 77.57 |
| (b) Provisions | 19 | 678.07 | 627.52 |
| (c) Deferred tax liabilities (net) | 8 | 4,133.47 | 4,133.47 |
| (d) Other non-current liabilities | 20 | 3,753.71 | 4,075.33 |
| Total non-current liabilities | | 36,981.70 | 39,928.05 |
| 3 Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 21 | 48,172.92 | 23,035.48 |
| (ii) Trade payables | 22 | 30,034.84 | 24,029.75 |
| (iii) Other financial liabilities | 18 | 8,952.98 | 11,912.42 |
| (b) Provisions | 19 | 1,340.55 | 1,445.81 |
| (c) Other current liabilities | 20 | 2,663.84 | 1,943.49 |
| Total current liabilities | | 91,165.13 | 62,366.95 |
| Total equity and liability | | 226,927.88 | 202,243.39 |
| Summary of significant accounting policies | 2 | | |
| The accompanying notes are an integral part of the consolidated financial statements | 1-48 | | |

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**
Partner
Membership No : 105497

Place : Mumbai
Date : 22 May 2019
Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai
Chairman

Manoj Gagvani
Company Secretary & Head - Legal

Place : Mumbai
Date : 22 May 2019

Ashni Biyani
Managing Director

Ravin Mody
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March 2019

| Particulars | Note | ₹ In lakhs) | |
|--|------|-------------------------------|-------------------------------|
| | | Year ended 31st March 2019 | Year ended 31st March 2018 |
| 1 REVENUE | | | |
| (a) Revenue from operations | 23 | 388,064.97 | 300,746.50 |
| (b) Other income | 24 | 3,138.18 | 3,225.21 |
| Total income | | 391,203.15 | 303,971.71 |
| 2 EXPENSES | | | |
| (a) Cost of materials consumed | 25 | 16,553.98 | 14,493.15 |
| (b) Purchases of stock-in-trade (traded goods) | | 321,066.80 | 248,679.01 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 26 | (2,013.00) | (4,663.17) |
| (d) Employee benefits expense | 27 | 13,117.77 | 12,536.74 |
| (e) Finance costs | 28 | 7,347.73 | 5,256.79 |
| (f) Depreciation and Amortisation expense | 29 | 5,315.49 | 4,547.84 |
| (g) Other expenses | 30 | 29,262.42 | 24,273.12 |
| Total expenses | | 390,651.19 | 305,123.48 |
| 3 Profit / (Loss) before share of profit / (Loss) of an Associate/ Joint Ventures and exceptional items (1-2) | | 551.96 | (1,151.77) |
| 4 Share of Loss in Associate Company and Joint Ventures | | (2,949.42) | (2,162.30) |
| 5 Loss before exceptional items and Tax (3+4) | | (2,397.46) | (3,314.07) |
| 6 Exceptional items | 45 | 22.41 | - |
| 7 Loss before tax (5+6) | | (2,375.05) | (3,314.07) |
| 8 Tax expense | | | |
| (a) Current tax | 8 | 226.03 | 17.99 |
| (b) Deferred tax (credit) / expense | 8 | (1,882.77) | (267.71) |
| Net tax expense | | (1,656.74) | (249.72) |
| 9 Loss for the period (7-8) | | (718.31) | (3,064.35) |
| 10 Other comprehensive income (OCI) | | | |
| (i) (a) Items that will not be reclassified to statement of profit and loss | | | |
| Remeasurement of the defined benefit plans | | 24.64 | (134.30) |
| Share of other comprehensive income in Associate Company and Joint Ventures | | 0.67 | 8.43 |
| (b) Income tax relating to items that will not be reclassified to statement of profit or loss | | (12.12) | 27.69 |
| (ii) Items that may be reclassified to statement of profit and loss | | | |
| Exchange differences in translating the financial statements of foreign operations | | (26.85) | - |
| Total other comprehensive income | | (13.66) | (98.18) |
| 11 Total comprehensive income (9+10) | | (731.97) | (3,162.53) |
| 12 Loss for the year attributable to: | | | |
| Owners of the Company | | (638.75) | (2,598.42) |
| Non-controlling interests | | (79.56) | (465.93) |
| | | (718.31) | (3,064.35) |
| Other comprehensive income for the year attributable to: | | | |
| Owners of the Company | | (2.92) | (98.18) |
| Non-controlling interests | | (10.74) | - |
| | | (13.66) | (98.18) |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | (641.67) | (2,696.60) |
| Non-controlling interests | | (90.30) | (465.93) |
| | | (731.97) | (3,162.53) |
| Earnings per share (Face Value ₹ 6 each) | 32 | | |
| Basic (₹) | | (0.03) | (0.14) |
| Diluted (₹) | | (0.03) | (0.14) |
| Summary of significant accounting policies | 2 | | |
| The accompanying notes are an integral part of the consolidated financial statements | 1-48 | | |

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**

Partner

Membership No : 105497

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai

Chairman

Manoj Gagvani

Company Secretary & Head - Legal

Ashni Biyani

Managing Director

Ravin Mody

Chief Financial Officer

Place : Mumbai

Date : 22 May 2019

Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

Place : Mumbai

Date : 22 May 2019

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2019

| Particulars | ₹ in lakhs | |
|--|------------|-------------------|
| | Amount | Amount |
| Balance as at 31st March 2017 | | 98,836.24 |
| Changes in Equity Share capital during the Year : | | |
| Equity shares issued and allotted during the year | | 14,759.91 |
| Issue of Equity shares under employee share option plan (ESOP) (Refer Note 37) | | 296.58 |
| Shares transferred to employees by ESOP trust during the year (net) | | 236.18 |
| Balance as at 31st March 2018 | | 114,128.91 |
| Changes in Equity Share capital during the Year : | | |
| Equity shares issued and allotted during the year | | - |
| Issue of Equity shares under employee share option plan (ESOP) (Refer note 37) | | 421.74 |
| Shares purchased (net) by ESOP trust treated as treasury shares | | (122.11) |
| Balance as at 31st March 2019 | | 114,428.54 |

| Particulars | ₹ in lakhs | | | | | | | | | | | | |
|--|--|--|----------------------------|-----------------|-----------------------------------|----------------------------|--------------------|---------------------------------------|--------------------------------------|----------------------------|-------------------------------------|-----------------------------------|--------------------|
| | Equity Component of compound financial instruments | Capital Reserve for bargain purchase business combinations | Securities Premium Account | General Reserve | Share Options Outstanding Account | Capital redemption reserve | Retained Earnings | Money received against share warrants | Foreign Currency translation reserve | Other Comprehensive Income | Attributable to owners of the Group | Non-controlling interests ("NCI") | Total Other Equity |
| Balance at 31st March 2017 | 38,021.02 | 314.94 | 4,067.29 | 0.59 | 2,254.13 | 5.20 | (56,192.23) | 1,675.00 | - | (132.09) | (9,986.15) | 779.65 | (9,206.50) |
| Loss for the year | - | - | - | - | - | - | (2,598.42) | - | - | - | (2,598.42) | (465.93) | (3,064.35) |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | - | (98.18) | (98.18) | - | (98.18) |
| Total comprehensive income for the year | - | - | - | - | - | - | (2,598.42) | - | - | (98.18) | (2,696.60) | (465.93) | (3,162.53) |
| Additional NCI on subsidiary | - | - | - | - | - | - | - | - | - | - | - | (2.99) | (2.99) |
| Recognition of share-based payments | - | - | - | - | 1,376.95 | - | - | - | - | - | 1,376.95 | - | 1,376.95 |
| Shares held by ESOP Trust treated as treasury shares | - | - | - | - | - | - | 453.83 | - | - | - | 453.83 | - | 453.83 |
| Transfer to securities premium on exercise of ESOP | - | - | 932.74 | - | (932.74) | - | - | - | - | - | - | - | - |
| Transfer to retained earning on exercise of ESOP | - | - | - | - | (268.05) | - | 268.05 | - | - | - | - | - | - |
| Adjustments for Amortisation of Lease Deposits (net) | - | - | - | - | - | - | 88.25 | - | - | - | 88.25 | - | 88.25 |
| Issue of Share Warrants | - | - | - | - | - | - | - | 5,025.00 | - | - | 5,025.00 | - | 5,025.00 |
| Issue of Shares | (38,021.02) | - | 35,968.43 | - | - | - | - | (6,700.00) | - | - | (8,752.59) | - | (8,752.59) |
| On account of acquisition additional stake in subsidiary | - | - | - | - | - | - | (112.51) | - | - | - | (112.51) | 112.51 | - |
| Others | - | - | - | - | - | - | 0.06 | - | - | - | 0.06 | - | 0.06 |
| Balance at 31st March 2018 | - | 314.94 | 40,968.46 | 0.59 | 2,430.29 | 5.20 | (58,092.97) | - | - | (230.27) | (14,603.76) | 423.24 | (14,180.52) |

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2019

| Particulars | Reserves & Surplus | | | | | | | Money received against share warrants | Foreign Currency translation reserve | Other Comprehensive Income | Attributable to owners of the Group | Non-controlling interests ("NCI") | Total Other Equity |
|--|--|--|----------------------------|-----------------|-----------------------------------|----------------------------|--------------------|---------------------------------------|--------------------------------------|----------------------------|-------------------------------------|-----------------------------------|--------------------|
| | Equity Component of compound financial instruments | Capital Reserve for bargain purchase business combinations | Securities Premium Account | General Reserve | Share Options Outstanding Account | Capital redemption reserve | Retained Earnings | | | | | | |
| Loss for the year | - | - | - | - | - | - | (638.75) | - | - | (638.75) | (79.56) | (718.31) | |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | (2.92) | (2.92) | (10.74) | (13.66) | |
| Total comprehensive income for the year | - | - | - | - | - | - | (638.75) | - | (2.92) | (641.67) | (90.30) | (731.97) | |
| NCI for Comprehensive income on subsidiary | - | - | - | - | - | - | - | - | - | - | 1.64 | 1.64 | |
| Recognition of share-based payments | - | - | - | - | 1,263.33 | - | - | - | - | 1,263.33 | - | 1,263.33 | |
| Shares held by ESOP Trust treated as treasury shares | - | - | - | - | - | - | (1,445.38) | - | - | (1,445.38) | - | (1,445.38) | |
| Transfer to securities premium on exercise of ESOP | - | - | 1,318.66 | - | (1,318.66) | - | - | - | - | - | - | - | |
| Transfer to retained earning on exercise of ESOP | - | - | - | - | (267.15) | - | 267.15 | - | - | - | - | - | |
| Exchange differences in translating the financial statements of foreign operations | - | - | - | - | - | - | 26.85 | - | (10.74) | (0.16) | - | (0.16) | |
| Issue of Shares | - | - | 351.50 | - | - | - | - | - | - | 351.50 | - | 351.50 | |
| On account of acquisition additional stake in subsidiary | - | - | - | - | - | - | (330.20) | - | - | (330.20) | (574.60) | (904.80) | |
| Others | - | - | - | - | - | - | (1.13) | - | - | (1.13) | - | (1.13) | |
| Balance at 31st March 2019 | - | 314.94 | 42,638.62 | 0.59 | 2,107.81 | 5.20 | (60,214.43) | - | (16.27) | (243.93) | (240.02) | (15,647.49) | |

Summary of significant accounting policies

2

The accompanying notes are an integral part of the consolidated financial statements 1-48

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**

Partner

Membership No : 105497

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai
Chairman

Ashni Biyani
Managing Director

Manoj Gagvani
Company Secretary & Head - Legal

Ravin Mody
Chief Financial Officer

Place : Mumbai

Date : 22 May 2019

Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

Place : Mumbai

Date : 22 May 2019

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st March 2019

| Particulars | (₹ in lakhs) | |
|---|----------------------------|----------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Cash flows from operating activities | | |
| Net loss before tax as per the Statement of Profit and Loss | (2,375.05) | (3,314.07) |
| Adjustments to reconcile profit before tax to net cash flows: | | |
| Exceptional items (Refer note 45) | (22.41) | - |
| Finance costs (including fair value change in financial instruments) | 7,347.73 | 5,268.20 |
| Finance income (including fair value change in financial instruments) | (1,530.81) | (1,279.01) |
| Interest on income tax refund | (140.78) | (0.90) |
| Share of loss of associate and joint ventures | 2,949.42 | 2,162.30 |
| Provision no longer required written back | (79.28) | - |
| Net Loss / (Gain) on disposal of property, plant and equipment | 39.49 | (33.81) |
| Net loss / (gain) on financial assets measured at fair value through profit or loss | (21.39) | (768.04) |
| Net gain on disposal of investments in subsidiaries | - | (22.76) |
| Unrealised gains on change in exchange rate | (26.85) | (2.94) |
| Impairment allowance on trade receivable and advances written off | 253.66 | 188.03 |
| Depreciation and amortisation expenses | 5,315.49 | 4,547.84 |
| Share-based payment expenses | 576.49 | 647.57 |
| | 12,285.71 | 7,392.41 |
| Working capital adjustments: | | |
| Increase in trade and other receivables | (21,439.01) | (16,787.17) |
| Increase in inventories | (1,919.76) | (4,850.95) |
| Decrease / (Increase) in other assets | 956.62 | (3,132.26) |
| Increase in trade payables | 5,805.92 | 7,116.10 |
| (Decrease) / Increase in provisions | (30.69) | 458.08 |
| Increase in other liabilities | (562.69) | 1,194.44 |
| | (17,189.61) | (16,001.76) |
| Cash flow used in operations | (4,903.90) | (8,609.35) |
| Income taxes (paid) / refund | (634.43) | (769.23) |
| Net cash flow used in operating activities | (5,538.33) | (9,378.58) |
| Cash flows from investing activities | | |
| Purchase of investments in financial assets | (3,476.05) | (1,146.73) |
| Disposal of investments in financial assets | 5,332.07 | 21.19 |
| Loans given | (8,514.07) | (8,086.91) |
| Loans refunded | 7,974.15 | 4,168.02 |
| Interest received | 1,555.87 | 828.43 |
| Purchase of property, plant and equipment | (7,172.54) | (8,881.53) |
| Proceeds from sale of property, plant and equipment | 75.82 | 496.69 |
| Purchase of intangible assets | (179.05) | (70.53) |
| Net cash flow used in investing activities | (4,403.80) | (12,671.37) |
| Cash flows from financing activities | | |
| Proceeds from issue of equity instruments | 791.96 | 458.53 |
| Proceeds from issue of share warrants | - | 5,025.00 |
| Purchase of treasury shares | (2,292.68) | - |
| Proceeds on exercise of ESOP out of treasury shares | 725.00 | 690.00 |
| Proceeds from long term borrowings (Net of expenses) | 4,987.50 | 25,125.77 |
| Repayment of long term borrowings | (10,676.40) | (9,769.48) |
| Proceeds from short term borrowings (net) | 25,137.44 | 4,614.69 |
| Interest paid | (7,516.27) | (4,468.75) |
| Net cash flow from financing activities | 11,156.55 | 21,675.76 |
| Net increase / (decrease) in cash and cash equivalents | 1,214.42 | (374.19) |
| Cash and cash equivalents at the beginning of the year | 4,306.69 | 4,680.88 |
| Add: Upon addition of Subsidiary | 61.87 | - |
| Cash and cash equivalents at the end of the year (Refer Note 13) | 5,582.98 | 4,306.69 |

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st March 2019

Changes in liability due to financial activities

| Particulars | (₹ in lakhs) | | | |
|--|-----------------------|------------------|--|------------------------|
| | As at 1 April 2018 | Cash flows | Changes in fair value of financial instruments | As at 31 March 2019 |
| Current Borrowings (Refer Note 21) | 23,035.48 | 25,137.44 | - | 48,172.92 |
| Non- current borrowings, including current maturities (Refer Note 17) | 38,730.29 | (5,688.90) | 152.50 | 33,193.89 |
| Total | 61,765.77 | 19,448.54 | 152.50 | 81,366.81 |
| Summary of significant accounting policies | | 2 | | |
| The accompanying notes are an integral part of the consolidated financial statements | | 1-48 | | |

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**

Partner

Membership No : 105497

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai

Chairman

Manoj Gagvani

Company Secretary & Head - Legal

Ashni Biyani

Managing Director

Ravin Mody

Chief Financial Officer

Place : Mumbai

Date : 22 May 2019

Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

Place : Mumbai

Date : 22 May 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

1. GENERAL INFORMATION ABOUT THE COMPANY

The consolidated financial statements comprise financial statements of the parent Future Consumer Limited ("the Company") and its subsidiaries (collectively, the Group) for the year ended March 31, 2019. The Company was incorporated in India on 10th July 1996, under the name "Subhikshith Finance and Investments Limited". The name of the Company was changed to "Future Ventures India Private Limited" with effect from 9th August 2007 and it became a Public Limited Company with effect from 7th September 2007 as "Future Ventures India Limited". The shares of the Company are listed on the National Stock Exchange Limited and BSE Limited since 10th May 2011. The name of the Company was changed to "Future Consumer Enterprise Limited" w.e.f. 30th September 2013 and then to "Future Consumer Limited" effective from 13th October 2016.

The registered office of the Company is located at Knowledge House, Shyam Nagar, Off. Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060 and the corporate office is located at Embassy 247, Tower 'C', LBS Marg, Vikhroli (West), Mumbai 400 083.

The Group is engaged in the business of sourcing, manufacturing, branding, marketing and distribution of fast moving consumer goods ("FMCG"), Food and Processed Food Products in Urban and Rural India. Earlier, the Company was regulated by the Reserve Bank of India (the "RBI") as a non-deposit taking Non-Banking Financial Company ("NBFC"). The RBI in terms of application made by the Company has vide its order passed on 21st July 2015 cancelled the Certificate of Registration granted to the Company. Consequently, the Company ceased to be an NBFC.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 22 May 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified pursuant to section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements have been prepared on the historical cost basis except for certain financial

instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Defined benefit planned – plan assets measured at fair value

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, leasing transactions that are within the scope of Ind AS 17 'Leases' ("Ind AS 17"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 'Inventories' ("Ind AS 2") or value in use in Ind AS 36 'Impairment of Assets' ("Ind AS 36").

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.

The financial statements are presented in INR, which is the functional currency of the Company and all values

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

are rounded up to two decimal points to the nearest lakh (₹ 00,000), except when otherwise indicated.

2.2 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- 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 current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is 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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of services and the normal time between the acquisition of assets and their realisation into cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. 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 Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off 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 intragroup 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 subsidiaries 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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.

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 statement of the Group comprises financial statement of Future Consumer Limited and the following companies:

| Name of the Company | Relationship | Proportion of ownership interest and voting power held by the Group | |
|---|--------------|---|-----------------------|
| | | As at 31st March 2019 | As at 31st March 2018 |
| | | Aadhaar Wholesale Trading and Distribution Limited | Subsidiary |
| Future Food and Products Limited | Subsidiary | 100.00% | 100.00% |
| Future Consumer Products Limited | Subsidiary | 90.00% | 90.00% |
| Future Food Processing Limited (Formerly known as Future Food Processing Private Limited) | Subsidiary | 100.00% | 100.00% |
| FCEL Overseas FZCO | Subsidiary | 60.00% | 60.00% |
| FCEL Food Processors Limited | Subsidiary | 100.00% | 100.00% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

| Name of the Company | Relationship | Proportion of ownership interest and voting power held by the Group | |
|--|-----------------|---|-----------------------|
| | | As at 31st March 2019 | As at 31st March 2018 |
| | | FCL Tradevest Private Limited (with effect from 24 December 2018) | Subsidiary |
| Affluence Food Processors Private Limited (with effect from 6 November 2018) | Subsidiary | 100.00% | NA |
| The Nilgiri Dairy Farm Private Limited ("NDF") | Subsidiary | 100.00% | 100.00% |
| Appu Nutritions Private Limited | NDF Subsidiary | 100.00% | 100.00% |
| Nilgiri's Mechanised Bakery Private Limited | NDF Subsidiary | 100.00% | 100.00% |
| Nilgiris Franchise Limited (Formerly known as Nilgiris Franchise Private Limited) | NDF Subsidiary | 100.00% | 100.00% |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | Subsidiary | 99.93% | 83.17% |
| Bloom Foods and Beverages Private Limited (Formerly known as Bloom Fruit and Vegetables Private Limited) | Subsidiary | 100.00% | 100.00% |
| Mibelle Future Consumer Products AG | Joint Venture | 50% | 50% |
| Amar Chitra Katha Private Limited ("ACK")(upto 13 December 2018) | Joint Venture | - | 73.99% |
| ACK Media Direct Limited (upto 13 December 2018) | ACK Subsidiary | - | 100% |
| IBH Books & Magazines Distributors Limited (upto 13 December 2018) | ACK Subsidiary | - | 100% |
| Ideas Box Entertainment Limited (upto 13 December 2018) | ACK Subsidiary | - | 100% |
| Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited) | Joint Venture | 50% + 1 Share | 50% + 1 Share |
| Aussee Oats Milling (Private) Limited | Joint Venture | 50% + 1 Share | 50% + 1 Share |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | Joint Venture | 50.01% | 50.01% |
| Genoa Rice Mills Private Limited | Joint Venture | 50% | 50% |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) ("SFPL") | Joint Venture | 51% | 51% |
| Avante Snack Foods Private Limited | SFPL Subsidiary | 67.03% | 67.03% |

| Name of the Company | Relationship | Proportion of ownership interest and voting power held by the Group | |
|---|---------------|---|-----------------------|
| | | As at 31st March 2019 | As at 31st March 2018 |
| | | Hain Future Natural Products Private Limited | Joint Venture |
| Fontera Future Dairy Private Limited (with effect from 1 December 2018) | Joint Venture | 50% | - |
| Amar Chitra Katha Private Limited (with effect from 14 December 2018) ("ACK") (Refer note 43.4) | Associate | - | NA |
| Sarjena Foods Private Limited | Associate | 19.59% | 19.59% |

2.4 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 and 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 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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

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 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 off.

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 115 'Revenue' ("Ind AS 115").

2.5 Goodwill and impairment of goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units, "CGU") that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.6 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 'Property, Plant and Equipment' ("Ind AS 16") requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit and loss in the period in which the property is derecognised.

Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying values of its investment properties measured as per the previous GAAP and use that carrying value as their deemed cost at transition date.

2.7 Revenue from contract with customers

With effect from 1st April 2018, Ind AS 115 – "Revenue from Contracts with Customers" (Ind AS 115) supersedes Ind AS 18 – "Revenue" and related Appendices. The Group has adopted Ind AS 115 using the modified retrospective approach, applied to all the contracts that were not completed as of 1st April 2018. Hence, the Group has not retrospectively restated the comparative information. The application of Ind AS 115 did not have any material impact on recognition and measurement principles related to revenue recognition of the Group. However, it results in additional presentation and disclosure requirements for the Group. The Group has updated presentation and disclosures in accordance with Ind AS 115 in the financial statements (also read with Note 23). Following is revised significant accounting policies related to revenue recognition.

The group recognises revenue from the following major sources:

- Sale of consumer product
- Other operating revenue

Sale of consumer product

The group sells fast moving consumer goods ("FMCG"), Food and Processed Food Products.

In the comparative period, revenue was measured at the fair value of the consideration received or

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receivable. Revenue was reduced for estimated customer returns, rebates and similar allowances, if any. Revenue from sale of goods was recognised when the goods were delivered and titles have passed. i.e. the group had transferred to the buyer the significant risks and rewards of ownership of goods; the group retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue could be measured reliably; it was probable that the economic benefits associated with the transaction would flow to the group; and the costs incurred or to be incurred in respect of the transaction could be measured reliably.

The group recognizes revenue on the sale of goods, net of discounts, sales incentives and rebates granted, if any, when control of the goods is transferred to the customer.

Nature, timing of satisfaction of performance obligation and transaction price (Fixed and variable)

The group recognises revenue when it transfers control of a product or service to a customer.

The control of goods is transferred to the customer depending upon the terms or as agreed with customer or delivery basis (i.e. at the point in time when goods are delivered to the customer or when the customer purchases the goods from the group warehouse). Control is considered to be transferred to customer when customer has ability to direct the use of such goods and obtains substantially all the benefits from it such as following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

At inception of the contract, group assesses the goods or services promised in a contract with a customer and identifies each promise to transfer to the customer as a performance obligation which is either:

- (a) a good or service that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Based on the terms of the contract and as per business practice, the group determines the transaction price considering the amount it expects to be entitled in exchange of transferring promised goods or services to the customer. It excluded amount collected on behalf of third parties such as taxes.

The group provides volume discount and rebate schemes to its customers on certain goods purchased by the customer once the quantity of goods purchased

during the period exceeds a threshold specified in the contract. Volume discount and rebate schemes give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the group considers that either the expected value method or the most likely amount method, depending on which of them better predicts the amount of variable consideration for the particular type of contract.

In case where the customer gives non-cash consideration for the goods and services transferred or where customer provides the group certain materials, equipment, etc. for carrying out the scope of work and the group obtains control of those contributed goods or service, the fair value of such non-cash consideration given / materials supplied by customer is considered as part of the transaction price.

For allocating the transaction price, the group has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price.

Rendering of services

Revenue from rendering of services is recognised over time considering the time elapsed. The transaction price of these services is recognised as a contract liability upon receipt of advance from the customer, if any, and is released on a straight line basis over the period of service (monthly basis).

Contract assets, contract liabilities and trade receivables

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues (which we refer to as unearned revenues) and advance from customers are classified as contract liabilities. A receivable is recognised by the group when the control over the goods is transferred to the customer such as when goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The average credit period on sale of goods is 7 to 90 days.

Dividend and Interest income

Dividend income from investments is recognised when the group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow

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to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.8 Government grants

Government Grants are recognised where there is reasonable assurance that the grants will be received and all attached conditions will be complied with. When the grants relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grants related to assets are accounted in the consolidated balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in the consolidated statement of profit and loss on a systematic basis over the average useful life of the asset.

2.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Group as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost

increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.10 Foreign currency transactions and translation

The management of the Group has determined Indian rupee ("INR") as the functional currency of the Group. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in consolidated statement of profit and loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- Exchange differences for long term foreign currency monetary items existing as on previous year, the exchange difference arising on settlement / restatement of long term foreign currency monetary items are capitalised as part of depreciable property plant and equipment to which the monetary items relates and depreciated over the remaining useful life of such assets.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated statement of profit and loss in the period in which they are incurred.

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The Group may incur borrowing costs during an extended period in which it suspends the activities necessary to prepare an asset for its intended use or sale. Such costs are costs of holding partially completed assets and do not qualify for capitalisation. However, an entity does not normally suspend capitalising borrowing costs during a period when it carries out substantial technical and administrative work. The Group also does not suspend capitalising borrowing costs when a temporary delay is a necessary part of the process of getting an asset ready for its intended use or sale.

The Group shall cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.12 Employee benefits

Post-employment benefits

- Payments to defined contribution benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement 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. Remeasurement, 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 consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to consolidated statement of profit and 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 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
 - Remeasurement.

The Group presents the first two components of defined benefit costs in consolidated statement of profit and 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 consolidated 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.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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 Earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to the owners of the Group by the weighted average number of equity shares outstanding during the financial year (net of treasury shares).

Diluted earnings per share adjusts the figure used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.14 Share-based payment arrangements

Share-based payment transactions of the Group

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

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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.

2.15 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 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 consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. While preparing consolidated financial statements, temporary differences are calculated using the carrying amount as per consolidated financial statements and tax bases as determined by reference to the method of tax computation (i.e. taken from individual entities in the group).

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be 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 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.16 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, for rental to others or for administrative purposes, are stated in the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that incremental future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. 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.

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

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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 consolidated statement of profit and loss.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. An asset is normally ready for its intended use or sale when the physical construction of the asset is complete even though routine administrative work might still continue.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation on property, plant and equipment has been provided on straight line method using the rates arrived at based on the useful lives estimated by the management, which are equal to or lower than lives as prescribed under Schedule II of the Companies Act, 2013. The Group's has used the following useful life to provide depreciation on its Property, Plant & Equipment:

| Asset | Useful Life | Asset | Useful Life |
|------------------------|----------------|-------------------------------|---------------|
| Buildings | 10 to 60 years | Vehicles | 8 to 10 years |
| Plant and equipment | 1 to 15 years | Signage's | 3 years |
| Leasehold improvements | lease term | Road | 3 to 10 years |
| Moulds | 2 years | Electrical installations | 10 years |
| Computers | 1 to 5 years | Hydraulic Works and pipelines | 15 years |
| Furniture and fixture | 1 to 10 years | General Lab Equipment | 10 years |
| Office equipment | 1 to 5 years | | |

The Group, based on technical assessment, depreciates certain items of Property, Plant & Equipment over estimated useful lives which are different from the useful life as prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the asset are likely to be used.

Deemed cost on transition to Ind AS

While measuring the property, plant and equipment in accordance with Ind AS, the Group has elected to measure

certain items of property, plant and equipment at the date of transition to Ind AS at their fair values and used those fair values as their deemed costs at transition date.

2.17 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, if any, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in consolidated statement of profit and loss when the asset is derecognised.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

| Asset | Useful Life | Asset | Useful Life |
|-----------|-------------|--------------------|-------------|
| Trademark | 5 Years | Brand* | 10 Years |
| Software | 3 – 6 Years | Brand Usage Rights | 25 Years |

* Brands Kara and Nilgiris have an indefinite useful life.

The Group has evaluated the estimated useful life of the intangible assets based on technical assessment. The management believes that the estimated useful life is realistic and reflect fair approximation of the period over which the asset is likely to be used.

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Deemed cost on transition to Ind AS

While measuring the property, plant and equipment in accordance with Ind AS, the Group has selected to measure certain items of property, plant and equipment at the date of transition to Ind AS at their fair values and used those fair values as their deemed costs at transition date.

2.18 Impairment of non - financial assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit and loss.

2.19 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.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

2.20 Provisions

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.

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).

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.

2.21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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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.

2.22 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in consolidated statement of profit and loss for fair value through other comprehensive income ("FVTOCI") debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured

at amortised cost. Thus, the exchange differences on the amortised cost are recognised in consolidated statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to consolidated statement of profit and loss.

All other financial assets are subsequently measured at fair value.

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 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.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in consolidated statement of profit and loss and is included in the "Other Income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income for investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to consolidated statement of profit and loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group

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manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in consolidated statement of profit and loss. The net gain or loss recognised in consolidated statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly

since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For trade receivables, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in consolidated statement of profit and loss.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in consolidated statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

Cash and cash equivalents

Cash is cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

2.23 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual

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for the year ended 31st March 2019

arrangements and the definitions of a financial liability and an equity instrument.

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.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in consolidated statement of profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Compound instruments

The component parts of compound instruments (convertible debentures) 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.

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.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial guarantee contracts issued by the Group are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense are included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end

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for the year ended 31st March 2019

of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income/' 'Other expenses'.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

2.24 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit and loss immediately. Group does not designate the derivative instrument as a hedging instrument.

2.25 Treasury Shares

The Group has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Group uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The EBT buys shares of the Company from the market, for giving shares to employees. The Group treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in capital reserve. Share options exercised during the reporting period are satisfied with treasury shares.

2.26 Contingent liabilities

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) a present obligation that arises from past events but is not recognised because:-
 - i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.27 Operating segment

The management views the Group's operation as a single segment engaged in business of Branding, Manufacturing, Processing, Selling and Distribution of "Consumer Products". Hence there is no separate reportable segment under Ind AS 108 'Operating segment'.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS

In the course of applying the accounting policies, the Group is required to make judgements, 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 recognized 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.

Key sources of estimation uncertainty

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. Refer Note 4 for further disclosure.

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 flow expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. When

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for the year ended 31st March 2019

- the actual cash flows are less than expected, a material impairment loss may arise. Refer Note 4 for further disclosure.
- c) **Impairment of investments in joint ventures and associate and impairment of goodwill**
- Determining whether the goodwill or investments in joint ventures and associate are impaired requires an estimate in the value in use. In considering the value in use, the Management have anticipated the future cash flows, discount rates and other factors of the underlying businesses/companies. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. In certain cases, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. A degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Any subsequent changes to the cash flows could impact the carrying value of investments/goodwill. Refer Note 4 and 5 for further disclosure.
- d) **Provisions, liabilities and contingencies**
- Provisions and liabilities are recognized 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 judgement 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 recognized. Refer Note 39 for further disclosure.
- e) **Taxes**
- Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer Note 8 for further disclosure.
- f) **Share based payments**
- The Group initially measures the cost of equity-settled transactions with employees using an appropriate valuation model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Refer Note 37 for further disclosure.
- g) **Employee benefit plans**
- The cost of defined benefit gratuity plan and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.
- The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Refer Note 35 for further disclosure.
- Critical accounting judgements**
- Refer note 33 for the judgement exercised by the Group in establishing control over Integrated Food Park Limited and significant influence over Sarjena Foods Private Limited.
- The group own and operates an integrated food park. Group earns rental income by way of leasing the underlying land at food-park to various food processors. Business model of the food park is to develop and maintain the infrastructure and common facilities related to food processing at a single place and provide it to food processor along with space in the food park.

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for the year ended 31st March 2019

Considering the business model of the food park, it is not classified as an investment property.

3.1 Change in Accounting policies and disclosures Standards, amendments and interpretations effective in 2018

The Group applied Ind AS 115 for the first time. (Refer note 2.7).

Several other amendments apply for the first time in March 2019, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 "Revenue from contracts with customers"

Applicable as of 1st April, 2018, this new standard sets general accounting principles relating to revenue recognition. Ind AS 115 supersedes the current standards on revenue recognition, particularly Ind AS 115 "Revenue" and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

Amendments to existing Ind AS

In addition to Ind AS 115, the following changes to Ind AS have also become applicable to the Group. However, their adoption did not have any impact as there are no such transactions or existing policies of the Group are already in compliance with the amendments.

Amendment to Ind AS 20 Government grants related to non-monetary asset, including consequential amendments to Ind AS 16 and Ind AS 38

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

Amendments to Ind AS 40 Transfers of Investment Property

Amendments to Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

Amendment to Ind AS 112 Disclosure of Interests in Other Entities

Amendments to Ind AS Schedule III to the Companies Act, 2013

The Ministry of Corporate Affairs (MCA), vide its notification dated 11 October 2018, amended Division II (Ind AS) of Schedule III to the Companies Act. The changes are applicable for the financial year ending 31 March 2019 and require the Group to make few additional disclosures/reclassify certain items in the financial statements. The Group has made these changes in the relevant note. The application of these changes did not have material impact on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

4. PROPERTY, PLANT AND EQUIPMENT, GOODWILL, OTHER INTANGIBLE ASSETS AND INVESTMENT PROPERTY

| Description of Assets | Gross Block (At cost / deemed cost) | | | | | Depreciation / Amortisation | | | | | Net Block (₹ In lakhs) | | |
|---|-------------------------------------|---|------------------|---------------|---|-----------------------------|----------------------------|---|-------------------|------------------------------|---------------------------|-------------------------------|-----------------------------|
| | As at 1st April 2018 | Acquisition through Business Combination | Additions | Deletions | Effect of foreign currency exchange differences | As at 31st March 2019 | As at 1st April 2018 | Acquisition through Business Combination | For the Period | Deletions (Refer note-45) | | Impairment (Refer note-45) | As at 31st March 2019 |
| A. Property, plant and equipment | | | | | | | | | | | | | |
| Freehold land | 14,787.44 | - | - | - | - | 14,787.44 | - | - | - | - | - | - | 14,787.44 |
| Leasehold land | 6,461.22 | - | - | - | - | 6,461.22 | - | - | - | - | - | - | 6,461.22 |
| Building | 13,766.20 | - | 2,172.15 | (134.35) | - | 16,072.70 | 991.19 | 410.76 | - | - | - | 1,401.95 | 14,670.75 |
| Office equipments | 1,184.01 | 1.80 | 309.46 | 76.49 | - | 1,418.78 | 566.43 | 0.02 | 204.15 | 62.07 | - | 708.53 | 710.25 |
| Computers | 1,520.05 | 0.77 | 226.87 | 124.24 | - | 1,623.45 | 1,131.78 | 0.13 | 207.56 | 115.50 | - | 1,223.97 | 399.48 |
| Furniture & fixtures | 3,189.29 | 0.98 | 1,268.69 | 202.85 | (0.58) | 4,256.69 | 1,422.91 | 0.05 | 346.33 | 151.87 | - | 1,617.42 | 2,639.27 |
| Vehicles | 151.07 | 0.05 | 3.05 | 12.12 | - | 142.05 | 104.88 | - | 8.00 | 11.31 | - | 101.57 | 40.48 |
| Plant & machinery | 15,377.53 | 0.30 | 5,881.56 | 49.88 | (104.90) | 21,314.41 | 4,430.49 | 0.01 | 1,960.27 | 26.82 | - | 6,363.95 | 14,950.46 |
| Leasehold improvements | 2,137.19 | - | 1,018.53 | 36.98 | - | 3,118.74 | 440.82 | - | 202.96 | 31.25 | - | 612.53 | 2,506.21 |
| Signage | 231.36 | - | 46.80 | - | - | 278.16 | 205.32 | - | 16.23 | - | - | 221.55 | 56.61 |
| Hydraulic works and pipelines | 648.84 | - | 27.88 | - | (14.81) | 691.53 | 120.06 | - | 44.81 | - | - | 164.87 | 526.66 |
| Roads | 855.76 | - | 166.89 | - | (11.74) | 1,034.39 | 426.76 | - | 185.94 | - | - | 612.70 | 421.69 |
| Subtotal (A) | 60,309.96 | 3.90 | 11,121.88 | 502.56 | (266.38) | 71,199.56 | 9,840.64 | 0.21 | 3,587.01 | 398.82 | - | 13,029.04 | 58,170.52 |
| B. Other intangible assets | | | | | | | | | | | | | |
| Brands, brand usage rights and trademarks (Refer note no. ii) | 23,652.49 | - | - | 1.03 | - | 23,651.46 | 3,262.16 | - | 1,083.71 | 0.91 | 400.00 | 4,744.96 | 18,906.50 |
| Software | 3,654.83 | 0.20 | 179.63 | 21.58 | - | 3,813.08 | 658.76 | 0.04 | 636.51 | 10.05 | - | 1,285.26 | 2,527.82 |
| Subtotal (B) | 27,307.32 | 0.20 | 179.63 | 22.61 | - | 27,464.54 | 3,920.92 | 0.04 | 1,720.22 | 10.96 | 400.00 | 6,030.22 | 21,434.32 |
| C. Goodwill (Refer Notes 41 & 45) | 16,769.35 | - | 135.78 | - | - | 16,905.13 | 380.00 | - | - | - | 2,290.48 | 2,670.48 | 14,234.65 |
| Subtotal (C) | 16,769.35 | - | 135.78 | - | - | 16,905.13 | 380.00 | - | - | - | 2,290.48 | 2,670.48 | 14,234.65 |
| D. Investment property | | | | | | | | | | | | | |
| Freehold land | 236.36 | - | - | - | - | 236.36 | - | - | - | - | - | - | 236.36 |
| Building | 490.16 | - | - | - | - | 490.16 | 16.44 | 8.26 | - | - | - | 24.70 | 465.46 |
| Subtotal (D) | 726.52 | - | - | - | - | 726.52 | 16.44 | 8.26 | - | - | - | 24.70 | 701.82 |
| Total (A+B+C+D) | 105,113.15 | 4.10 | 11,437.29 | 525.17 | (266.38) | 116,295.75 | 14,158.00 | 0.25 | 5,315.49 | 409.78 | 2,690.48 | 21,754.44 | 94,541.31 |

Notes:

- (i) For property, plant and equipment pledged as security (Refer note 17 & 21)
(ii) Includes Kara brand of ₹ 1,209 lakhs (Previous Year: ₹ 1,209 lakhs) and Nilgiris brand of ₹ 7,038 lakhs (Previous Year: ₹ 7,038 lakhs) with indefinite useful life (Refer note 43)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

4. PROPERTY, PLANT AND EQUIPMENT, GOODWILL, OTHER INTANGIBLE ASSETS AND INVESTMENT PROPERTY

| Description of Assets | Gross Block (At cost / deemed cost) | | | | Depreciation / Amortisation | | | | Net Block | | |
|---|-------------------------------------|------------------|---------------|---|-----------------------------|----------------------|-----------------|---------------|----------------------------|-----------------------|-----------------------|
| | As at 1st April 2017 | Additions | Deletions | Effect of foreign currency exchange differences | As at 31st March 2018 | As at 1st April 2017 | For the Period | Deletions | Impairment (Refer note 45) | As at 31st March 2018 | As at 31st March 2018 |
| A. Property, plant and equipment | | | | | | | | | | | |
| Freehold land | 14,883.20 | 19.30 | 115.06 | - | 14,787.44 | - | - | - | - | - | 14,787.44 |
| Leasehold land | 6,461.22 | - | - | - | 6,461.22 | - | - | - | - | - | 6,461.22 |
| Building | 11,867.86 | 1,891.34 | - | (7.00) | 13,766.20 | 677.69 | 313.50 | - | - | 991.19 | 12,775.01 |
| Office equipments | 859.26 | 394.69 | 69.94 | - | 1,184.01 | 478.91 | 136.19 | 48.67 | - | 566.43 | 617.58 |
| Computers | 1,359.00 | 239.87 | 78.82 | - | 1,520.05 | 1,029.60 | 176.59 | 74.41 | - | 1,131.78 | 388.27 |
| Furniture & fixtures | 2,829.55 | 655.07 | 295.36 | (0.03) | 3,189.29 | 1,223.81 | 293.13 | 94.03 | - | 1,422.91 | 1,766.38 |
| Vehicles | 164.66 | 1.72 | 15.31 | - | 151.07 | 103.36 | 9.57 | 8.05 | - | 104.88 | 46.19 |
| Plant & machinery | 10,986.75 | 4,704.88 | 319.57 | (5.47) | 15,377.53 | 3,314.11 | 1,328.34 | 211.96 | - | 4,430.49 | 10,947.04 |
| Leasehold improvements | 1,713.94 | 428.74 | 5.49 | - | 2,137.19 | 335.72 | 107.47 | 2.37 | - | 440.82 | 1,696.37 |
| Signage | 209.67 | 21.69 | - | - | 231.36 | 198.30 | 7.02 | - | - | 205.32 | 26.04 |
| Hydraulic works and pipelines | 612.58 | 35.49 | - | (0.77) | 648.84 | 79.32 | 40.74 | - | - | 120.06 | 528.78 |
| Roads | 713.40 | 141.75 | - | (0.61) | 855.76 | 283.30 | 143.46 | - | - | 426.76 | 429.00 |
| Subtotal (A) | 52,661.09 | 8,534.54 | 899.55 | (13.88) | 60,309.96 | 7,724.12 | 2,556.01 | 439.49 | - | 9,840.64 | 50,469.32 |
| B. Other intangible assets | | | | | | | | | | | |
| Brands, brand usage rights and trademarks (Refer note no. ii) | 23,652.49 | - | - | - | 23,652.49 | 2,169.09 | 1,093.07 | - | - | 3,262.16 | 20,390.33 |
| Software | 651.31 | 3,003.52 | - | - | 3,654.83 | 148.27 | 510.49 | - | - | 658.76 | 2,996.07 |
| Subtotal (B) | 24,303.80 | 3,003.52 | - | - | 27,307.32 | 2,317.36 | 1,603.56 | - | - | 3,920.92 | 23,386.40 |
| C. Goodwill (Refer Notes 41 & 45) | 16,769.35 | - | - | - | 16,769.35 | - | - | - | 380.00 | 380.00 | 16,389.35 |
| Subtotal (C) | 16,769.35 | - | - | - | 16,769.35 | - | - | - | 380.00 | 380.00 | 16,389.35 |
| D. Investment property | | | | | | | | | | | |
| Freehold land | 236.36 | - | - | - | 236.36 | - | - | - | - | - | 236.36 |
| Building | 490.16 | - | - | - | 490.16 | 8.17 | 8.27 | - | - | 16.44 | 473.72 |
| Subtotal (D) | 726.52 | - | - | - | 726.52 | 8.17 | 8.27 | - | - | 16.44 | 710.08 |
| Total (A+B+C+D) | 94,460.76 | 11,538.06 | 899.55 | (13.88) | 105,113.15 | 10,049.65 | 4,167.84 | 439.49 | 380.00 | 14,158.00 | 90,955.15 |

Notes:

- (i) For property, plant and equipment pledged as security (Refer note 17 & 21)
(ii) Includes Kara brand of ₹ 1,209 lakhs (Previous Year: ₹ 1,209 lakhs) and Nilgiris brand of ₹ 7,038 lakhs (Previous Year: ₹ 7,038 lakhs) with indefinite useful life (Refer note 43)

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for the year ended 31st March 2019

5. NON CURRENT INVESTMENTS

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| (a) Investment in Associate | | |
| (i) Investment in debentures (unquoted, fully paid up, at cost) 0.001% Compulsorily Convertible Debentures of Amar Chitra katha Private Limited (Refer note 45.1) | 4,976.91 | - |
| (b) Investment in Joint Ventures | | |
| (i) Investment in equity shares - (unquoted, fully paid up, accounted for using the equity method) Amar Chitra Katha Private Limited (Refer note 45.1) | - | 2,114.74 |
| Aussee Oats India Limited (formerly known as Aussee Oats India Private Limited) | 15.52 | 2.46 |
| Mibelle Future Consumer Products AG (a company incorporated in Switzerland, face value CHF 1000 each) | 7.18 | 133.61 |
| Hain Future Natural Products Private Limited | 1,131.21 | - |
| (ii) Investment in preference shares - (unquoted, fully paid up, at FVTPL) Aussee Oats Milling (Private) Limited (a company incorporated in Sri Lanka, face value LKR 10 each) | 453.79 | 434.29 |
| (iii) Investment in preference shares - (unquoted, fully paid up, at cost) Sublime Foods Limited (formerly known as Sublime Foods Private Limited) | 300.00 | - |
| (c) Other investments | | |
| (i) Investment in equity shares - (unquoted, fully paid up, at cost) Saraswat Co-Operative Bank Limited | 0.01 | 0.01 |
| Total | 6,884.62 | 2,685.11 |
| Share application money | 400.00 | 720.00 |
| Total | 7,284.62 | 3,405.11 |

6. LOANS (UNSECURED, CONSIDERED GOOD)

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Non-current | | |
| Loans to related parties (Refer Note 38) | 2,125.67 | 2,915.90 |
| Total | 2,125.67 | 2,915.90 |
| Current | | |
| Loans to related parties (Refer Note 38) | 4,310.48 | 6,274.35 |
| Inter corporate deposits | 425.00 | 2,547.08 |
| Total | 4,735.48 | 8,821.43 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

7. OTHER FINANCIAL ASSETS (UNSECURED)

| Particulars | (₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Non-current | | |
| Considered good: | | |
| Security deposits | 394.64 | 301.67 |
| Other deposits | 65.01 | 41.92 |
| Interest accrued on deposits | 301.30 | 292.39 |
| Bank deposits with more than 12 months maturity | 86.64 | 52.73 |
| Considered doubtful: | | |
| Security and other deposits | 23.46 | 23.46 |
| Less: Provision for doubtful deposits | (23.46) | (23.46) |
| Total | 847.59 | 688.71 |
| Current | | |
| Considered good: | | |
| Security deposits | 1,024.73 | 1,192.58 |
| Other deposits | 9.17 | 8.15 |
| Interest accrued on deposits and others | 737.44 | 937.37 |
| Others receivables (for related party, refer note 38) | 5,308.16 | 3,205.15 |
| Considered doubtful: | | |
| Other receivables | - | 52.32 |
| Less: Provision for doubtful deposits / debts | - | (52.32) |
| Total | 7,079.50 | 5,343.25 |

8. DEFERRED TAX BALANCES

The following is the analysis of deferred tax assets / (liabilities) presented in the balance sheet:

| Particulars | (₹ In lakhs) | |
|--------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Deferred tax assets | 1,899.75 | 29.10 |
| Deferred tax liabilities | (4,133.47) | (4,133.47) |
| Net | (2,233.72) | (4,104.37) |

8.1 Movement of Deferred Tax

Deferred tax assets/(liabilities) in relation to the year ended 31st March 2019

| Particulars | (₹ In lakhs) | | | | |
|---|-------------------|---------------------------------|-------------------|----------|-------------------|
| | Opening Balance | Recognised in Profit or loss | Recognised in OCI | Others | Closing balance |
| Minimum Alternate Tax | 26.25 | 3.53 | - | - | 29.78 |
| Property, plant, equipment and intangible assets | (6,704.05) | (291.69) | - | - | (6,995.74) |
| Government Grant | (855.30) | - | - | - | (855.30) |
| Provision for doubtful debts | 4.72 | 10.27 | - | - | 14.99 |
| Provisions for employee benefits | 507.77 | 135.06 | (12.12) | - | 630.71 |
| Taxable temporary differences on financial liability measured at amortised cost | (88.83) | (9.67) | - | - | (98.50) |
| | (7,109.44) | (152.50) | (12.12) | - | (7,274.06) |
| Tax losses | 3,005.07 | 2,035.27 | - | - | 5,040.34 |
| Total | (4,104.37) | 1,882.77 | (12.12) | - | (2,233.72) |

During the year, the Holding Company has reassessed the deferred tax asset recognised on unutilised tax losses based on probability of future taxable income and recognised net deferred tax assets of ₹ 1,867.50 lakhs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

8.2 Deferred tax assets/(liabilities) in relation to the year ended 31st March, 2018

| (₹ In lakhs) | | | | | |
|---|-------------------|------------------------------|-------------------|---------------|-------------------|
| Particulars | Opening Balance | Recognised in Profit or loss | Recognised in OCI | Others | Closing balance |
| Minimum Alternate Tax | 9.79 | 17.88 | - | (1.42) | 26.25 |
| Property, plant, equipment and intangible assets | (6,105.87) | (598.18) | - | - | (6,704.05) |
| Government Grant | (1,016.49) | 161.19 | - | - | (855.30) |
| Provision for doubtful debts | 1.24 | 3.48 | - | - | 4.72 |
| Provisions for employee benefits | 223.02 | 257.06 | 27.69 | - | 507.77 |
| Convertible instruments | 808.01 | (808.01) | - | - | - |
| Taxable temporary differences on financial liability measured at amortised cost | (61.48) | (27.35) | - | - | (88.83) |
| | (6,141.78) | (993.93) | 27.69 | (1.42) | (7,109.44) |
| Tax losses | 1,743.43 | 1,261.64 | - | - | 3,005.07 |
| Total | (4,398.35) | 267.71 | 27.69 | (1.42) | (4,104.37) |

8.3 Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

| (₹ In lakhs) | | |
|--------------------------------|-----------------------|-----------------------|
| Particulars | As at 31st March 2019 | As at 31st March 2018 |
| Tax losses (revenue in nature) | 47,660.41 | 56,919.27 |
| Tax losses (capital in nature) | 11,174.64 | 3,081.34 |
| Total | 58,835.05 | 60,000.61 |

9. OTHER ASSETS

| (₹ In lakhs) | | |
|---|-----------------------|-----------------------|
| Particulars | As at 31st March 2019 | As at 31st March 2018 |
| Non-current | | |
| Capital advances | 398.72 | 260.01 |
| Less: provision for doubtful advance | (6.34) | (6.34) |
| | 392.38 | 253.67 |
| Deferred lease asset | 43.52 | 29.58 |
| Balances with government authorities | 46.70 | 0.67 |
| Advance taxes (net) | 3,179.05 | 2,629.87 |
| Other advances | 4.85 | 8.77 |
| Total | 3,666.50 | 2,922.56 |
| Current | | |
| Advances to employees | 39.28 | 126.05 |
| Advances given to suppliers | 1,073.83 | 920.73 |
| Balances with government authorities | 1,324.70 | 1,897.87 |
| Deferred lease asset | 0.65 | 1.93 |
| Other advances | 255.35 | 194.76 |
| Less: Provision for doubtful loans & advances | - | (7.40) |
| Total | 2,693.81 | 3,133.94 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

10. INVENTORIES

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Raw materials (at cost) | 534.09 | 494.69 |
| Finished goods (at lower of cost and net realisable value) | 273.69 | 205.35 |
| Stock - in - trade (at lower of cost and net realisable value) | 23,425.53 | 21,372.84 |
| Packing material (at cost) | 372.82 | 269.13 |
| Stores, spares and Others (at cost) | 78.67 | 82.30 |
| Total | 24,684.80 | 22,424.31 |

Notes:-

- For Inventory hypothecated as security, refer note 21
- The amount of write down of inventories recognised as an expense during the year is ₹ 504.52 lakhs (Previous year: ₹ 178.97 lakhs)

11. CURRENT INVESTMENTS

| Particulars | (₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Investment in debentures (unquoted, fully paid up, at FVTPL) | | |
| 0% Optionally convertible debentures of Capital Foods Private Limited | - | 892.80 |
| Investment in Government Security | | |
| National savings certificate (lodged with Sales Tax Authorities) | 0.55 | 0.30 |
| Investments in equity shares (quoted, fully paid up, At FVTPL) | | |
| Karnataka Bank Limited | 3.01 | 2.59 |
| Total | 3.56 | 895.69 |

12. TRADE RECEIVABLES (UNSECURED)

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Considered good (for related party, refer note 38) | 67,466.28 | 49,284.46 |
| Receivables which have significant increase in credit risk | 489.17 | 321.34 |
| | 67,955.45 | 49,605.80 |
| Less: Credit impaired (expected credit loss allowance) | (489.17) | (321.34) |
| Total | 67,466.28 | 49,284.46 |

Note:

For trade receivables hypothecated as security (Refer note 17 & 21)

13. CASH AND CASH EQUIVALENTS

| Particulars | (₹ In lakhs) | |
|----------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Cash and cash equivalents | | |
| On current accounts | 1,350.32 | 3,298.93 |
| In fixed deposit accounts | 462.55 | 467.86 |
| Cash and cheques on hand | 3,770.11 | 539.90 |
| Total | 5,582.98 | 4,306.69 |
| Other bank balances | | |
| As margin money | 1,253.10 | 168.52 |
| Total | 1,253.10 | 168.52 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

14. EQUITY SHARE CAPITAL

a) Share capital

| Particulars | (₹ In lakhs) | | | |
|--|-----------------------|-------------------|-----------------------|-------------------|
| | As at 31st March 2019 | | As at 31st March 2018 | |
| | No of shares | Amount | No of shares | Amount |
| Authorised | | | | |
| Equity shares of ₹ 6 each | 5,650,000,000 | 339,000.00 | 5,650,000,000 | 339,000.00 |
| Unclassified shares of ₹ 10 each | 1,670,000,000 | 167,000.00 | 1,670,000,000 | 167,000.00 |
| Total | | 506,000.00 | | 506,000.00 |
| Issued, subscribed & fully paid-up capital | | | | |
| Equity shares of ₹ 6 each | 1,920,462,680 | 115,227.76 | 1,913,433,663 | 114,806.02 |
| Less: Shares held by ESOP trust treated as treasury shares | (13,320,293) | (799.22) | (11,285,134) | (677.11) |
| Total | 1,907,142,387 | 114,428.54 | 1,902,148,529 | 114,128.91 |

b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars | (₹ In lakhs) | | | |
|---|-----------------------|-------------------|-----------------------|-------------------|
| | As at 31st March 2019 | | As at 31st March 2018 | |
| | No of shares | Amount | No of shares | Amount |
| Equity shares at the beginning of the year | 1,902,148,529 | 114,128.91 | 1,647,270,604 | 98,836.24 |
| Add: Equity shares issued and allotted during the year | - | - | 245,998,442 | 14,759.91 |
| Add: Allotment pursuant to exercise of stock options granted under FVIL Employees Stock Option Plan - 2011 | 4,625,017 | 277.50 | 3,524,983 | 211.50 |
| Add: Allotment pursuant to exercise of stock options granted under Future Consumer Enterprise Limited - Employees Stock Option Plan - 2014 | 2,404,000 | 144.24 | 1,418,000 | 85.08 |
| Add/ (Less) : Shares purchased (net) by ESOP trust treated as treasury shares (Previous year : Shares transferred to employees by ESOP trust during the year (net)) | (2,035,159) | (122.11) | 3,936,500 | 236.18 |
| Equity shares at the end of the year | 1,907,142,387 | 114,428.54 | 1,902,148,529 | 114,128.91 |

c) Details of Shareholders holding more than 5% shares in the Company

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|-----------------------------|---|--------------|-----------------------|--------------|
| | No of shares | % of Holding | No of shares | % of Holding |
| | Future Capital Investment Private Limited | 845,212,246 | 44.01 | 791,302,624 |
| Black River Food 2 Pte. Ltd | 146,283,195 | 7.62 | 149,511,403 | 7.81 |
| Verlinvest SA | 140,513,969 | 7.32 | 140,513,969 | 7.34 |
| Arisaig India Fund Limited | 134,331,586 | 6.99 | 143,040,880 | 7.48 |

d) Share options granted under the Company's employee share option plan

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in note no. 37

e) Rights, Preferences and Restrictions attached to equity shares:

- The Company has one class of equity shares having a par value of ₹ 6 per share. Each holder of equity share is entitled to one vote per share.
- Right to receive dividend as may be approved by the Board of Directors / Annual General Meeting.
- The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 2013.
- Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to vote in proportion to his share of the paid-up capital of the Company.

f) As at 31st March, 2019, 42,78,000 equity shares (FY 2018: 1,23,07,017 equity shares) were reserved for issuance towards outstanding employee stock options granted (Refer note 37).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

- g) Aggregate number of equity shares allotted as fully paid up without payment being received in cash for the period of 5 years immediately preceding the balance sheet date is 4,59,18,367 equity shares issued in 2014-15.
- h) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

15. OTHER EQUITY (EXCLUDING NON-CONTROLLING INTERESTS)

| Particulars | ₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Capital reserve for bargain purchase business combinations | 314.94 | 314.94 |
| Securities premium account | 42,638.62 | 40,968.46 |
| General reserve | 0.59 | 0.59 |
| Share options outstanding account | 2,107.81 | 2,430.29 |
| Capital redemption reserve | 5.20 | 5.20 |
| Retained earnings | (60,214.43) | (58,092.97) |
| Foreign Currency Translation reserve | (16.27) | - |
| Other comprehensive income | (243.93) | (230.27) |
| Total | (15,407.47) | (14,603.76) |

Description of reserves

Capital reserve for bargain purchase business combinations

Capital reserve is created for excess of net book value of assets taken and liabilities assumed over the consideration transferred for various business combinations in earlier years.

Securities premium account

Where the Company issued shares at a premium, a sum equal to the aggregate amount of the premium received on those shares was transferred to a "securities premium account" as per the provisions of The Companies Act, 2013.

General reserve

General Reserve is created out of profits earned by the Company by way of transfer from surplus in the statement of profit and loss. The Company can use this reserve for payment of dividend and issue of fully paid-up and not paid-up bonus shares.

Share options outstanding account

This reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share-based payments to employees is set out in note 37.

Capital redemption reserve

As per the provisions of the Companies Act, 2013, Capital redemption reserve is created out of the general reserve for the amount of share capital reduction in earlier years.

Retained earnings

This represents the surplus/ (deficit) of the statement of profit or loss. The amount that can be distributed by the Company as dividends 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.

Foreign Currency Translation reserve

When preparing Consolidated Ind AS Financial Statements, differences arising on translation of the financial statements of foreign operations (with a functional currency different from that of the consolidating entity) is transferred to the Foreign Currency Translation Reserve (FCTR), which forms part of Other Comprehensive Income.

16. NON-CONTROLLING INTERESTS ("NCI")

| Particulars | ₹ In lakhs) | |
|---------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Balance at the end of the year* | (240.02) | 423.24 |
| Total | (240.02) | 423.24 |

* Refer statement of changes in equity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

17. NON CURRENT BORROWINGS

| Particulars | (₹ In lakhs) | | | |
|--|-----------------------|----------------------------|-----------------------|----------------------------|
| | As at 31st March 2019 | | As at 31st March 2018 | |
| | Non-Current | Current (Refer note 18) | Non-Current | Current (Refer note 18) |
| Secured - at amortised cost | | | | |
| Term loans from banks | 5,943.98 | 1,946.91 | 7,471.03 | 1,791.49 |
| Term loans from financial institution | - | - | 3,333.33 | 1,111.11 |
| Buyer's Credit | - | - | - | 313.53 |
| Debentures: | | | | |
| 10.55% redeemable non convertible debentures of ₹ 1 lakh each | - | 988.07 | 963.62 | 1,500.00 |
| 11.00% redeemable non convertible debentures of ₹ 1 lakh each | - | 988.04 | 963.55 | 1,500.00 |
| 9.95% redeemable non convertible debentures of ₹ 1 lakh each | 1,977.14 | 1,500.00 | 3,447.22 | 1,500.00 |
| 11.07% redeemable non convertible debentures of ₹ 10 lakh each | 19,849.75 | - | 14,835.41 | - |
| Total | 27,770.87 | 5,423.02 | 31,014.16 | 7,716.13 |

Details of security and repayment terms for secured Non Current borrowings

| Sr. No. | Nature of security | Terms of Interest and Repayment | (₹ In lakhs) | |
|---------|---|--|--------------------------|--------------------------|
| | | | As at 31st March 2019 | As at 31st March 2018 |
| 1 | Term loan from banks: | | | |
| (i) | a) Secured by exclusive first charge on specific fixed assets of the Company and its subsidiaries to be maintained at a minimum of 1.25 times of outstanding borrowing. | The loan is repayable in 21 quarterly instalments starting from February 2020. Interest of 10.50% p.a. | | |
| | b) Personal guarantee of Mr. Kishore Biyani for principal and its interest thereon. | | 4,744.13 | 4,964.31 |
| | c) Post dated cheques covering facility amount. | | | |
| | d) Senior first ranking pari passu charge / hypothecation over the "Golden Harvest" brand owned by the Company. | | | |
| (ii) | a) Secured by first executive charge on all the movable and immovable assets of the food park, existing as well as future. | The loan is repayable in 20 quarterly instalments (next instalment due in June 2019). Interest: 3 M LIBOR + 3.00% | | |
| | b) Exclusive first mortgage charge as also lease hold rights on all land and building to be acquired or to be acquired for the project including already acquired land on lease from Karnataka Industrial Development Board. | | 2,839.07 | 3,898.21 |
| | c) Corporate Guarantee of Future Consumer Limited | | | |
| (iii) | a) Secured by first exclusive Charge on the current assets of and all the movable assets of the Nilgiris Dairy Farm Pvt Ltd (including capex for cookie project & other capex), existing as well as future. | The Loan is repayable in 13 quarterly instalment (next instalment due in June 2019) . Interest: 1 year MCLR + 2.05% i.e. presently 12.10% p.a. | | |
| | b) Unconditional and irrevocable Personal Guarantee of Mr. Kishore Biyani | | | |
| | c) Unconditional and irrevocable Corporate Guarantee of Future Consumer Limited | | 307.69 | 400.00 |
| | d) Subordination of preference share capital and undertaking from Future Consumer Limited that unsecured loan of ₹ 5069 lakhs as on 31st March 2019 (previous year ₹ 4264.90 lakhs) would be retained in the Company's business till the facilities are availed from the bank | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

| (₹ In lakhs) | | | | |
|--------------|---|--|-----------------------|-----------------------|
| Sr. No. | Nature of security | Terms of Interest and Repayment | As at 31st March 2019 | As at 31st March 2018 |
| 2 | Term Loan from financial institution: a) First ranking pari passu charge over (i) Land and Building owned by subsidiary The Nilgiri Dairy Farm Private Limited (NDF) located at Bangalore and (ii) Land and building owned by subsidiary of NDF, Appu Nutritions Private Limited (Appu) located at Bangalore. b) Irrevocable and unconditional guarantee of Mr. Kishore Biyani. | The Loan is repaid in the month of October 2018. Interest of 10.90% p.a. | - | 4,444.44 |
| 3 | Buyer's Credit from a bank is secured by: a) First charge on Movable and Immovable property plant and equipment of the proposed Rice Unit and Flour/ Spice processing units at Tumkur Bangalore b) Second charge on current assets of the proposed Rice unit and Flour/Spice processing units at Tumkur c) Personal Guarantee of Mr. Kishore Biyani d) DSRA FD for 3 months interest payment | The loan is repaid in the month of June 2018. Interest @ 8.95% - 9.15% p.a. payable annually. | - | 313.53 |
| 4 | 10.55% NCD: a) Secured by exclusive first charge on specific fixed assets of the Company and/ or its subsidiaries to the extent of 1.25 times of outstanding borrowing. b) Unconditional and irrevocable guarantee of Mr. Kishore Biyani for principal and its interest thereon. c) Post dated cheques covering Interest as well as principal in favour of Debenture Trustee. | Series C of ₹ 1,000 lakhs repayable in March 2020. Interest of 10.55% p.a. payable quarterly from the date of allotment. These Debentures are privately placed with AK Capital and are listed in Wholesale Debt Segment of BSE Limited | 988.07 | 2,463.62 |
| 5 | 11% NCD: a) Secured by exclusive first charge on specific fixed assets of the Company and/ or its subsidiaries to the extent of 1.25 times of outstanding borrowing. b) Unconditional and irrevocable guarantee of Mr. Kishore Biyani for principal and its interest thereon. c) Post dated cheques covering Interest as well as principal in favour of Debenture Trustee | Series C of ₹ 1,000 lakhs repayable in March 2020. Interest of 11.00% p.a. payable annually from the date of allotment. These Debentures are privately placed with AK Capital and are listed in Wholesale Debt Segment of BSE Limited | 988.04 | 2,463.55 |
| 6 | 9.95% NCD: a) Secured by first pari passu charge on Rice / Combi mills assets of the Company to the extent of 1.25 times of outstanding borrowing. b) Unconditional and irrevocable guarantee of Mr. Kishore Biyani for principal and its interest thereon. c) Post dated cheques covering Interest as well as principal in favour of Debenture Trustee | Series B of ₹ 1,500 lakhs repayable in September 2019 & Series C of ₹ 2,000 lakhs repayable in September 2020. Interest of 9.95% p.a. payable annually from the date of allotment. These Debentures are privately placed with AK Capital and are listed in Wholesale Debt Segment of BSE Limited | 3,477.14 | 4,947.22 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

| Sr. No. | Nature of security | Terms of Interest and Repayment | ₹ In lakhs) | |
|---------|--|--|-----------------------|-----------------------|
| | | | As at 31st March 2019 | As at 31st March 2018 |
| 7 | 11.07 % NCD: | The NCDs is redeemable in 17 equal quarterly instalments starting from February 2021. Interest on the facility will be charged @ 11.07% p.a. Interest will be paid in cash in arrear and on a quarterly basis, inclusive of a cash coupon as follows: year 1 @ 8.00% p.a., year 2 @10.00% p.a. & year 3 @ 11.07% p a. All accrued and unpaid Interest, on the facility will be capitalised quarterly and paid on the final maturity date, or the date on which the facility has been repaid in full. | | |
| a) | Secured by exclusive first charge on specific fixed assets of the Company and its subsidiaries to be maintained at a minimum of 1.25 times of outstanding borrowing. | | | |
| b) | Personal guarantee of Mr. Kishore Biyani for principal and its interest thereon. | | 19,849.75 | 14,835.41 |
| c) | Post dated cheques covering Interest as well as principal in favour of Debenture Trustee. | | | |
| d) | Senior first ranking pari passu charge / hypothecation over the "Golden Harvest" brand owned by the company | | | |
| | | 33,193.89 | 38,730.29 | |
| | Less: Current maturities of long term debt (Refer note 18) | (5,423.02) | (7,716.13) | |
| | Total | 27,770.87 | 31,014.16 | |

18. OTHER FINANCIAL LIABILITIES

| Particulars | ₹ In lakhs) | |
|--|-----------------------|-----------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Non-current | | |
| Interest accrued but not due | 568.10 | 56.77 |
| Deposits received from customers | 17.98 | 17.97 |
| Security deposits received | 59.50 | 2.83 |
| Total | 645.58 | 77.57 |
| Current | | |
| Current maturities of long term debt (refer note 17) | 5,423.02 | 7,716.13 |
| Interest accrued but not due & due | 496.84 | 550.92 |
| Book overdraft | - | 18.29 |
| Security and other deposits received | 980.17 | 950.69 |
| Payable on purchase of capital goods | 2,052.95 | 2,651.35 |
| Currency swap liability | - | 25.04 |
| Total | 8,952.98 | 11,912.42 |

19. PROVISIONS

| Particulars | ₹ In lakhs) | |
|--|-----------------------|-----------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Non-current | | |
| Provision for employee benefits: | | |
| Provision for gratuity (Refer note 35) | 678.07 | 627.52 |
| Total | 678.07 | 627.52 |
| Current | | |
| Provision for employee benefits: | | |
| Provision for gratuity (Refer note 35) | 127.09 | 128.32 |
| Provision for compensated absences | 480.52 | 533.32 |
| Provision for bonus, incentives and others | 657.94 | 702.17 |
| Provision for claims and contingencies | 75.00 | 82.00 |
| Total | 1,340.55 | 1,445.81 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

Movement in Provision for claims and contingencies

| Particulars | (₹ In lakhs) | |
|--|--------------|--|
| | Amount | |
| Balance as at 31st March 2017 | 82.00 | |
| Provisions utilized / written back during the year | - | |
| Balance as at 31st March 2018 | 82.00 | |
| Provisions utilised during the year year | (7.00) | |
| Balance as at 31st March 2019 | 75.00 | |

The provision for claims and contingencies relates to the estimated amount to be paid for claims raised on the Group by various tax authorities under indirect tax laws. These amounts have not been discounted for the purposes of measuring the provision because the effect is not material.

20. OTHER LIABILITIES

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Other non-current liabilities | | |
| Advances from employees | - | 0.19 |
| Advance received from customers | 303.37 | 340.78 |
| Deferred lease payables | 19.97 | 22.51 |
| Deferred revenue arising from government grant | 3,430.37 | 3,711.85 |
| Total | 3,753.71 | 4,075.33 |
| Other current liabilities | | |
| Statutory dues payable | 934.86 | 1,169.34 |
| Deferred lease payables | 2.54 | 2.90 |
| Deferred revenue arising from government grant | 281.49 | 281.49 |
| Advance received from customers | 495.05 | 489.76 |
| Other liabilities | 949.90 | - |
| Total | 2,663.84 | 1,943.49 |

21. CURRENT BORROWINGS

| Particulars | (₹ In lakhs) | |
|--------------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Secured - at amortised cost | | |
| Loans repayable on demand from banks | 21,916.06 | 4,852.38 |
| Term Loans from a bank | 3,800.00 | - |
| Other Loans from bank | 17,516.24 | 12,561.53 |
| Buyer's credit | 1,498.33 | 667.62 |
| | 44,730.63 | 18,081.53 |
| Less :- Unamortised cost | (85.06) | - |
| | 44,645.57 | 18,081.53 |
| Unsecured - at amortised cost | | |
| Commercial papers | 3,527.35 | 4,953.95 |
| Total | 48,172.92 | 23,035.48 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

Details of security and repayment terms for secured current borrowings

| Nature of Security | Terms of Interest and repayment |
|--|--|
| Loans repayable on demand from banks (Cash Credit) | |
| Loan is secured by | |
| a) First pari passu hypothecation charge on all existing and future current assets of the Company | The cash credit is repayable on demand and carries interest at rates varying from 9.40% to 12.00% p.a. |
| b) Second Charge on fixed assets of the Company | |
| c) Unconditional and irrevocable personal guarantee of Mr. Kishore Biyani | |
| Short Term Loans from Bank | |
| Loan is secured by | |
| a) First pari passu charge on rice and combi mill of the Company with a minimum asset cover of 1.25 times of outstanding borrowings. | The loan is repayable in the month of September 2019. Interest @ 10.25% p.a. payable annually. |
| b) Unconditional and irrevocable personal guarantee of Mr. Kishore Biyani | |
| Other Loans from Bank (Bill Discounting, Working capital loan and Buyer's Credit) | |
| Loan is secured by | |
| a) First and/or pari passu charge on all existing and future current assets of the Company | The other loans from Bank is repayable on due date and carries interest at rates varying from 8.20% to 12.50% p.a. |
| b) Second charge on fixed assets of the Company | |
| c) Unconditional and irrevocable personal guarantee of Mr. Kishore Biyani. | |

Commercial Papers carry average interest rate @ 9.14% per annum for the current year (Previous Year @9.43%). These are payable within 365 days from the date of drawdown.

22. TRADE PAYABLES

| Particulars | ₹ In lakhs | |
|---|-----------------------|-----------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Trade payables (for related party, refer note 38) | 30,034.84 | 24,029.75 |
| Total | 30,034.84 | 24,029.75 |

23. REVENUE FROM OPERATIONS

| Particulars | ₹ In lakhs | |
|---|----------------------------|----------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Revenue from Contracts with Customers : | | |
| Sales of products | 384,651.97 | 297,689.47 |
| Sales of services | 1,456.88 | 1,227.13 |
| Other operating revenue | 1,956.12 | 1,829.90 |
| Total | 388,064.97 | 300,746.50 |

23.1 Details of revenue from contracts with customers recognised by the Group, net of indirect taxes, in its statement of Profit and loss. The table below presents disaggregated revenues from contracts with customers.

Type of Goods or Services

| Particulars | ₹ In lakhs |
|--|----------------------------|
| | Year ended 31st March 2019 |
| Sale of consumer products | 384,651.97 |
| Leasing Income | 1,458.98 |
| Franchisee fees | 1,437.12 |
| Royalty income | 247.59 |
| Scrap sales | 42.85 |
| Miscellaneous Income | 226.46 |
| Total revenue from contracts with customers | 388,064.97 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

Revenue based on Geography

| Particulars | (₹ In lakhs) |
|--|-------------------------------|
| | Year ended 31st March 2019 |
| India | 387,767.61 |
| Outside India | 297.36 |
| Total revenue from contracts with customers | 388,064.97 |

Timing of revenue recognition

| Particulars | (₹ In lakhs) |
|--|-------------------------------|
| | Year ended 31st March 2019 |
| Goods transferred at a point in time | 384,921.28 |
| Services transferred over time | 3,143.69 |
| Total revenue from contracts with customers | 388,064.97 |

23.2 The Group derives its revenue from the the business of Branding, Manufacturing, Processing, Selling and Distribution of "Consumer Products" which constitutes a single service line. This is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108. (Refer Note 31 on Operating segment information.)

23.3 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

| Particulars | (₹ In lakhs) |
|----------------------|--------------------------|
| | As at 31st March 2019 |
| Trade receivables | 67,466.28 |
| Contract assets | 166.95 |
| Contract liabilities | 798.42 |

Trade receivables are non interest bearing and are generally on terms of 7 to 90 days. The Group receives payments from customers based upon contractual billing schedules. Trade receivables are recorded when the right to consideration becomes unconditional.

Contract assets includes amounts related to our contractual right to consideration for completed performance objectives not yet invoiced.

Contract liabilities include payments received in advance of performance under the contract, and are realised with the associated revenue recognised under the contract.

Set out below is the amount of revenue recognised from:

| Particulars | (₹ In lakhs) |
|---|--------------------------|
| | As at 31st March 2019 |
| Amounts included in contract liabilities at the beginning of the year | 464.20 |
| Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period | 397.60 |
| Revenue recognised from performance obligations satisfied in previous years | - |

23.4 Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

| Particulars | (₹ In lakhs) |
|---|-------------------------------|
| | Year ended 31st March 2019 |
| Revenue as per contracted price | 394,949.09 |
| Less: Discounts, rebates, refunds, credits, price concessions | (6,884.12) |
| Revenue from contracts with customers | 388,064.97 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

23.5 Performance Obligation

Remaining unsatisfied performance obligations represent the transaction price for goods and services for which the Group has a material right but either not yet transferred control of a product or performing services over the period of time to customers. Transaction price includes the price agreed with customer, variable consideration and changes in transaction price. The transaction price of order related to unfilled, confirmed customer orders is estimated at each reporting date and payment is generally due within 7 to 90 days from delivery.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) is as follows:

| Particulars | (₹ In lakhs) |
|--------------------|--------------------------|
| | As at 31st March 2019 |
| Within one year | 798.42 |
| More than one year | - |

Open sales order as on 31 March 2019 is ₹ 123.71 lakhs.

24. OTHER INCOME

| Particulars | (₹ In lakhs) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Amortisation of government grant | 281.49 | 281.49 |
| Fair Value gain on acquisition of subsidiary | 50.53 | - |
| Operating lease rent income | 458.10 | 307.23 |
| Gain on sale of investment - non current | - | 192.77 |
| Interest income on: | | |
| Inter corporate deposits | 1,439.64 | 1,250.07 |
| Others | 231.95 | 29.84 |
| Gain on disposal of property, plant and equipment | - | 50.51 |
| Provision no longer required written back (net) | 79.28 | - |
| Net Profit on foreign currency transactions and translation | 293.10 | 38.85 |
| Net gain on financial assets measured at FVTPL | 21.39 | 766.96 |
| Miscellaneous income | 282.70 | 307.49 |
| Total | 3,138.18 | 3,225.21 |

25. COST OF MATERIALS CONSUMED

| Particulars | (₹ In lakhs) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Opening stock of raw materials and others | 846.12 | 658.35 |
| Add: Adjustment on acquisition of subsidiary | 231.61 | - |
| Add: Purchases | 16,461.83 | 14,680.92 |
| Less: Closing stock of raw materials and others | (985.58) | (846.12) |
| Total | 16,553.98 | 14,493.15 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

| Particulars | ₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Opening stock of finished goods | 205.35 | 428.26 |
| Add: Adjustment on acquisition of subsidiary | 108.03 | - |
| Less: Closing stock of finished goods | (273.69) | (205.35) |
| | 39.69 | 222.91 |
| Opening stock of traded goods | 21,372.84 | 16,486.76 |
| Less: Closing stock of traded goods | (23,425.53) | (21,372.84) |
| | (2,052.69) | (4,886.08) |
| Total | (2,013.00) | (4,663.17) |

27. EMPLOYEE BENEFITS EXPENSES

| Particulars | ₹ In lakhs) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Salaries wages & bonus | 11,566.29 | 10,957.41 |
| Contribution to provident and other funds | 601.62 | 597.85 |
| Expenses on Employee Stock Option (ESOP) scheme (Refer note no. 37) | 576.49 | 625.64 |
| Staff welfare expenses | 373.37 | 355.84 |
| Total | 13,117.77 | 12,536.74 |

28. FINANCE COSTS

| Particulars | ₹ In lakhs) | |
|-----------------------|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Interest expense on: | | |
| Loans | 7,249.20 | 5,106.63 |
| Others | 4.15 | 4.36 |
| Other borrowing costs | 94.38 | 145.80 |
| Total | 7,347.73 | 5,256.79 |

29. DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | ₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Depreciation of property, plant and equipment (Refer note 4) | 3,587.01 | 2,556.01 |
| Depreciation of investment property (Refer note 4) | 8.26 | 8.27 |
| Amortisation of intangible assets (Refer note 4) | 1,720.22 | 1,983.56 |
| Total | 5,315.49 | 4,547.84 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

30. OTHER EXPENSES

| Particulars | (₹ In lakhs) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Rent | 2,420.37 | 1,782.19 |
| Consumables and packing material | 180.26 | 167.11 |
| Warehousing and distribution expenses | 9,553.86 | 7,949.92 |
| Electricity expenses | 1,256.78 | 1,021.01 |
| Advertisement, publicity and selling expenses | 2,995.78 | 2,157.28 |
| Commission and brokerage | 30.74 | 528.35 |
| Labour contract charges | 3,938.95 | 3,563.70 |
| Repairs and maintenance | | |
| Plant and Machinery | 277.25 | 294.39 |
| Buildings | 22.93 | 31.26 |
| Others | 132.39 | 210.79 |
| Legal and professional charges | 1,888.38 | 1,759.26 |
| Rates & taxes | 976.93 | 432.10 |
| Insurance | 135.50 | 99.62 |
| Auditor's remuneration | 165.20 | 122.27 |
| Directors sitting fees | 30.88 | 34.67 |
| Loss on sale/retirement of property plant and equipment | 39.49 | 16.70 |
| Loss on sale/write off of investment | - | 170.01 |
| Donation | 2.12 | 0.93 |
| Brand royalty | 136.53 | 189.12 |
| Impairment allowance on trade receivable and advances written off | 253.66 | 188.03 |
| Miscellaneous expenses | 4,824.42 | 3,554.41 |
| Total | 29,262.42 | 24,273.12 |

31 SEGMENT INFORMATION

The Group is engaged in the business of Branding, Manufacturing, Processing, Selling and Distribution of "Consumer Products" which constitutes a single reporting segment. Hence there is no separate reportable segment under Indian Accounting Standard on Ind AS 108 'Operating Segment'.

31.1 Geographic Information

| Particulars | (₹ In lakhs) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Revenue from operations from customers within India | 387,767.62 | 300,732.72 |
| Revenue from operations from customers outside India | 297.36 | 13.78 |
| Total | 388,064.97 | 300,746.50 |

31.2 Major Customer

Top customer which individually contribute more than 10% of Group's total revenue.

| Particulars | (₹ In lakhs) | |
|-----------------------|-------------------------------|-------------------------------|
| | Year ended 31st March 2019 | Year ended 31st March 2018 |
| Future Retail Limited | 284,658.97 | 212,574.37 |

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for the year ended 31st March 2019

32 EARNINGS PER SHARE (EPS)

The earnings and weighted average number of equity shares used in the calculation of basic and diluted earnings per share are as follows:

| Particulars | Year ended | Year ended |
|---|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| Profit/(Loss) for the year after adjusting non-controlling interest (₹ in lakhs) | (638.75) | (2,598.42) |
| Weighted average number of equity shares outstanding for basic EPS | 1,904,812,833 | 1,872,009,544 |
| Add : Weighted average number of potential equity shares on account of Employee Stock Options Outstanding | 4,182,797 | 13,684,741 |
| Weighted average number of equity shares outstanding for diluted EPS | 1,908,995,629 | 1,885,694,284 |
| Earnings per share (₹) | | |
| Basic | (0.03) | (0.14) |
| Diluted | (0.03) | (0.14) |

33.1 DETAILS OF THE SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

| Name of the subsidiary | Principal activity | Place of incorporation and operation | Proportion of ownership interest and voting power held by the Group | |
|--|--|--------------------------------------|---|-----------------|
| | | | As at | As at |
| | | | 31st March 2019 | 31st March 2018 |
| Aadhaar Wholesale Trading and Distribution Limited | Rural retailing | India | 100.00% | 100.00% |
| Future Food and Products Limited | Food processing | India | 100.00% | 100.00% |
| Future Consumer Products Limited | Branding | India | 90.00% | 90.00% |
| Future Food Processing Limited (Formerly known as Future Food Processing Private Limited) | Food processing | India | 100.00% | 100.00% |
| FCEL Overseas FZCO | Distribution | UAE | 60.00% | 60.00% |
| FCEL Food Processors Limited | Food processing | India | 100.00% | 100.00% |
| The Nilgiri Dairy Farm Private Limited | Manufacturing and distribution | India | 100.00% | 100.00% |
| Appu Nutritions Private Limited | Manufacturing and distribution | India | 100.00% | 100.00% |
| Nilgiri's Mechanised Bakery Private Limited | Distribution | India | 100.00% | 100.00% |
| Nilgiris Franchise Limited (Formerly known as Nilgiris Franchise Private Limited) | Back end Support | India | 100.00% | 100.00% |
| FCL Tradevest Private Limited (with effect from 24 December 2018) | Manufacturing and distribution | India | 100.00% | NA |
| Affluence Food Processors Private Limited (upto 5 November 2018) | Manufacturing and distribution | India | 100.00% | NA |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | Operation and maintenance of food park | India | 99.93% | 83.17% |
| Bloom Foods and Beverages Private Limited (Formerly known as Bloom Fruit and Vegetables Private Limited) | Distribution | India | 100.00% | 100.00% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

33.2 Investments in associate

Aggregate information of associate that is not individually material

| Particulars | As at | |
|--|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| The Group's share of loss from continuing operations | - | (73.02) |
| The Group's share of other comprehensive income | - | - |
| The Group's share of total comprehensive income | - | (73.02) |

(₹ In lakhs)

| Particulars | As at | |
|---|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| Aggregate carrying amount of the Group's interests in the associate | - | 170.01 |
| Less: Impairment of investment | - | 170.01 |
| Aggregate carrying amount of the Group's interests in the associate | - | - |

(₹ In lakhs)

Sarjena Foods Private Limited ("SFPL") is an associate of the Group although the Group owns a 19.59% ownership interest. The Group has significant influence over SFPL by virtue of its contractual right to appoint one out of three directors to the Board of Directors of that company.

Due to the significant influence exercised by the Group on Amar Chitra Katha Private Limited (ACK) as per the terms of the Shareholders and Debenture Holders agreement (Refer note 45), the Group has identified ACK as an associate entity. Accordingly, the investment in CCDs of ACK are held at cost. Further, since the Group does not currently hold any equity shares of ACK, the Group has not recognized any share of profit or loss of ACK under the equity method.

33.3 Investments in Joint Ventures

Aggregate information of Joint Ventures that are not individually material

| Particulars | As at | |
|--|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| The Group's share of loss from continuing operations | (2,863.41) | (2,301.05) |
| The Group's share of other comprehensive income | 0.67 | 8.43 |
| The Group's share of total comprehensive income | (2,862.75) | (2,292.62) |

(₹ In lakhs)

| Particulars | As at | |
|---|-----------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| Aggregate carrying amount of the Group's interests in these Joint Ventures (excluding preference shares held) | 1,153.87 | 2,250.81 |

(₹ In lakhs)

Apart from change in group's ownership interest in Amar Chitra Katha (Refer note 45.1) and Fonterra Future Dairy Private Limited, there were no changes in the group's ownership interest in Joint Ventures during the year. There are no significant restrictions on the ability of Joint Ventures to transfer funds to the Group in the form of cash, dividends, or to repay loans or advances made by the Group.

34 LEASING ARRANGEMENTS

Operating Lease

The Group has entered into operating lease arrangements for its warehouses, office premises etc. These leasing arrangements are cancellable except during the lock in period, and are renewable on a periodic basis by mutual consent on mutually acceptable terms. Lease payments recognised in the Consolidated Statement of Profit and Loss for the year 2018-2019 is ₹ 2,420.37 lakhs (Previous Year: ₹ 1,782.19 lakhs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

The total of future minimum lease payments during lock in period of operating leases for each of the following periods:

| Particulars | ₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Not later than one year | 162.34 | 165.77 |
| Later than one year and not later than five years | 260.32 | 397.11 |
| Later than five years | - | 17.87 |

Finance Lease

One of the subsidiaries of the Group has acquired land allotted by Government of Karnataka on lease Cum sale basis for construction of Mega Food Park wherein the land would be transferred to the subsidiary during the period of the agreement or on completion of the conditions mentioned in the agreement or at the end of 25 years or extended period. The said land has been disclosed in note 4 - Property, plant and equipment as lease hold land, the amount of lease cost incurred during the year is ₹ 3.84 lakhs (Previous Year: ₹ 3.39 lakhs).

The disclosure for minimum lease payment are given below :-

| Particulars | ₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Not later than one year | 3.39 | 3.39 |
| Later than one year and not later than five years | 13.56 | 13.56 |
| Later than five years | 48.59 | 1.13 |

Operating Lease - As Lessor

One of the subsidiaries of the Group has entered into agreements with customers in respect of lease of infrastructure wherein the leases are non-cancellable as per the terms mentioned in the agreement during the lockin period. The future minimum lease payments receivable under non-cancellable period of operating leases in the aggregate and for each of the following periods.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

| Particulars | ₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Not later than one year | 431.39 | 174.89 |
| Later than one year and not later than five years | 1,402.68 | 481.44 |
| Later than five years | 992.47 | 815.37 |

Lease income for the year 2018-19 is ₹ 458.10 lakhs (Previous Year: ₹ 307.23 lakhs)

35 EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Group's contribution to provident fund, employee state insurance are determined under the relevant schemes and / or statute and charged to the Consolidated Statement of Profit and Loss.

Defined Benefit Plans

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 employees on retirement or on termination of employment. The gratuity benefits 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 benefits 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 which is not funded except for few subsidiaries where it is funded.

The plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

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Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however this will be partially offset by an increase in the return on the plan's debt investments.

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.

Principal assumptions

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| Particulars | As at | As at |
|----------------------|---|---|
| | 31st March 2019 | 31st March 2018 |
| 1. Discount rate | 7% - 7.75% | 7.20% - 7.70% |
| 2. Salary escalation | 5% - 10% | 5% - 10% |
| 3. Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| 4. Withdrawal rate | 20% to 2% Age based | 20% to 1% Age based |
| 5. Retirement age | 58 years | 58 years |

The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

Balances of defined benefit plan

| Particulars | ₹ In lakhs | |
|---|-----------------------|-----------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Present value of defined benefit obligation | 976.60 | 924.33 |
| Fair value of plan assets | (100.52) | (95.55) |
| Net liability arising from gratuity | 876.08 | 828.78 |

Effective 1st January, 2018, The Nilgiri Dairy Farm Private Limited ('NDFPL') has transferred the operations to a third party. Pursuant to this arrangement, employees of NDFPL as on the date of transfer and the related liabilities post transfer has also been transferred to the third party, amounting to ₹ 70.92 lakhs (Previous Year ₹ 72.94 lakhs). Hence, the Group has performed the valuation of liability as on 31st December, 2017 which is shown under Other financial liabilities as "Other payables".

Expenses recognised for defined benefit plan and movement of plan assets and liabilities

Following is the amount recognised in Consolidated Statement of profit and loss, other comprehensive income, movement in defined benefit liability (i.e. gratuity) and movement in plan assets:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

| Particulars | (₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| A. Components of expense recognised in the Consolidated Statement of Profit and Loss (in employee benefit expenses) | | |
| Current service cost | 142.02 | 123.20 |
| Past service cost and (gain)/loss from settlements | (4.69) | 68.61 |
| Net interest expenses | 53.92 | 38.52 |
| Total (A) | 191.25 | 230.33 |
| B. Components of defined benefit costs recognised in other comprehensive income | | |
| Remeasurement on the net defined benefit liability: | - | - |
| Return on plan assets (excluding amounts included in net interest expense) | - | (0.51) |
| Actuarial gains and losses arising from changes in demographic assumptions | - | - |
| Actuarial gains and losses arising from changes in financial assumptions | (0.44) | (17.17) |
| Actuarial gains and losses arising from experience adjustments | (9.90) | 152.31 |
| Adjustments for restrictions on the defined benefit asset | - | - |
| Total (B) | (10.34) | 134.63 |
| C. Movements in the present value of the defined benefit obligation | | |
| Opening defined benefit obligation | 924.33 | 636.96 |
| Current service cost | 142.02 | 123.20 |
| Interest cost | 53.92 | 38.52 |
| Remeasurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in demographic assumptions | 5.08 | - |
| Actuarial gains and losses arising from changes in financial assumptions | 5.27 | (17.28) |
| Actuarial gains and losses arising from experience adjustments | (50.31) | 150.67 |
| Acquisition / Divestiture/Trf Out | (23.25) | |
| Past service cost | - | 70.10 |
| Benefits paid | (80.46) | (77.84) |
| Closing defined benefit obligation (C) | 976.60 | 924.33 |
| D. Movements in the fair value of the plan assets | | |
| Opening fair value of plan assets | 95.55 | 87.62 |
| Interest income | 4.69 | 6.83 |
| Remeasurement gain (loss): | | |
| Return on plan assets (excluding amounts included in net interest expense) | 0.28 | 1.10 |
| Contributions from Group | - | - |
| Contributions from plan participants | - | 32.81 |
| Actuarial gain/ (loss) on plan asset | - | - |
| Assets acquired/ (settled) in a business combination | - | - |
| Benefits paid | - | (32.81) |
| Closing fair value of plan assets (D) | 100.52 | 95.55 |

Category wise plan assets

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

| Particulars | (₹ In lakhs) | |
|-------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Central government securities | - | 72.03 |
| Insurer managed funds | 100.52 | 23.52 |
| Total | 100.52 | 95.55 |

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36 FINANCIAL INSTRUMENTS AND RISK REVIEW

36.1 Capital Management

The Group being in a working capital intensive industry, its objective is to maintain a strong credit rating healthy ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity.

The Group's capital requirement is mainly to fund its capex, repayment of principal and interest on its borrowings and strategic acquisitions. The principal source of funding of the Group has been, and is expected to continue to be, cash generated from its operations supplemented by funding from bank borrowings and the capital markets. The Group is not subject to any externally imposed capital requirements except financial covenant agreed with lenders.

The Group regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and closely monitors its judicious allocation amongst competing capex, to capture market opportunities at minimum risk.

The Group monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, Bank balances other than cash and cash equivalents and current investments.

Gearing ratio

The gearing ratio at end of the reporting period was as follows.

| Particulars | ₹ In lakhs) | |
|------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Debt (i) | 81,366.81 | 61,765.77 |
| Cash and bank balances (iii) | 6,922.72 | 4,527.94 |
| Net debt | 74,444.09 | 57,237.83 |
| Equity (ii) | 99,021.07 | 99,525.16 |
| Net debt to equity ratio | 0.75 | 0.58 |

- (i) Debt is defined as long and short-term borrowings and includes current maturities of long term debt.
- (ii) Equity includes all capital and reserves of the Group that are managed as capital.
- (iii) Cash and bank balances includes bank deposits with more than 12 months maturity shown under other financial assets.

36.2 Categories of financial instruments

| Particulars | ₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Financial assets | | |
| Measured at amortised cost | | |
| Cash and bank balances | 6,836.08 | 4,475.21 |
| Investments in certificate of deposits and others | 0.55 | 0.30 |
| Trade receivables | 67,466.28 | 49,284.46 |
| Loans | 6,861.15 | 11,737.33 |
| Other financial assets | 7,927.09 | 6,031.96 |
| Investments in debentures | 4,976.91 | - |
| Measured at fair value through profit and loss (FVTPL) | | |
| Investment in preference shares | 753.79 | 434.29 |
| Investments in debentures | - | 892.80 |
| Investments in equity shares | 3.01 | 2.59 |
| Financial liabilities | | |
| Measured at amortised cost | | |
| Borrowing* | 81,366.81 | 61,765.77 |
| Trade payable | 30,034.84 | 23,909.21 |
| Other financial liabilities | 4,175.54 | 4,248.83 |
| Measured at fair value through profit and loss (FVTPL) | | |
| Currency swap liability | - | 25.04 |

* includes current maturity of long term borrowings

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At the end of the reporting period, there are no significant concentrations of credit risk for financial assets measured at FVTPL. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such Financial assets.

36.3 Financial risk management objectives

The Group has a Risk Management Committee established by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Group's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Group.

36.4 Market Risks

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Group is exposed in the ordinary course of its business to risks related to changes in foreign currency exchange rates, interest rates and other price risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide principles on foreign exchange risk and interest rate risk. Compliance with policies and exposure limits is reviewed by the Management and the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivatives for speculative purposes.

36.5 Foreign Currency Risk Management

The Group's functional currency is Indian Rupees (INR). The Group undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Group's revenue from export markets and the costs of imports. The Group is exposed to exchange rate risk under its trade and debt portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result's in increase in the Group's overall debt position in Rupee terms without the Group having incurred additional debt and favourable movements in the exchange rates will conversely result in reduction in the Group's receivables in foreign currency. In order to hedge exchange rate risk, the Group has a Forex policy approved by the Board of Director.

All hedging activities are carried out in accordance with the Group's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Group operates.

The Year end foreign currency exposures are given below :-

| Particulars | Foreign Currency | As at 31st March 2019 | | As at 31st March 2018 | |
|--|------------------|----------------------------|-----------------|----------------------------|-----------------|
| | | Amount in Foreign Currency | Amount Rupees | Amount in Foreign Currency | Amount Rupees |
| (Amt. in lakhs) | | | | | |
| Receivables : | | | | | |
| Trade receivables & loans given (unhedged) | USD | 65.51 | 4,531.50 | 57.08 | 3,712.88 |
| Payables : | | | | | |
| Trade payables | USD | 3.35 | 231.72 | 61.59 | 4,005.88 |
| | CHF | 2.92 | 203.28 | 3.28 | 223.91 |
| | EUR | - | - | 4.16 | 330.09 |
| Borrowings | USD | 41.25 | 2,853.32 | 5.91 | 384.36 |
| | EUR | - | - | - | - |
| Total Payables | | | 3,288.31 | | 4,944.24 |
| Of the above payables: | | | | | |
| Hedged by derivative contracts | | - | - | | 313.53 |
| Unhedged payables | | | 3,288.31 | | 4,630.71 |

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Foreign exchange risk sensitivity:

10% is the sensitivity 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. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

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:

| Foreign currency | (Amt in lakhs) | | | |
|------------------|-----------------------|---------------|-----------------------|---------------|
| | As at 31st March 2019 | | As at 31st March 2018 | |
| | 10% strengthen | 10% weakening | 10% strengthen | 10% weakening |
| USD | (144.65) | 144.65 | (36.38) | 36.38 |
| CHF | 20.33 | (20.33) | (22.39) | 22.39 |
| EURO | - | - | (33.01) | 33.01 |

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.

A subsidiary of the Company has long term foreign currency borrowings as on 31st March 2019 which have been utilised for the purchase of Property Plant and Equipments. The Company has opted for the exemption given in paragraph 13AA of Appendix D to IND AS 101 and has adjusted the foreign exchange difference on such borrowings to the cost of Property Plant and Equipments. Accordingly, the Exchange Gain/(Loss) on such borrowings ₹ 266.37 lakhs (Previous Year ₹ (13.89) lakhs) have been included in the cost of Property Plant and Equipments and depreciation of ₹ (20.86) lakhs (Previous Year ₹ (0.42) lakhs) have been provided on the same.

36.6 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 exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in base lending rate. The Group uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like commercial paper and short term loans. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. The Group hedges its US dollar interest rate risk through interest rate swaps to reduce the floating interest rate risk.

The following table provides break-up of Group's fixed and floating rate borrowings:

| Particulars | (₹ In lakhs) | |
|---------------------------------------|------------------|------------------|
| | As at | As at |
| | 31st March 2019 | 31st March 2018 |
| Variable interest rate borrowings | 43,992.34 | 22,379.73 |
| Fixed interest rate borrowings | 37,374.48 | 39,386.04 |
| Total | 81,366.82 | 61,765.77 |
| Of the above hedged by currency swaps | - | 313.53 |

Interest rate risk sensitivity:

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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If interest rates had been 50 basis points higher/lower and all other variables were held constant, following is the impact on profit. A positive is increase in profit and negative is decrease in profit.

| Particular | (₹ In lakhs) | | | |
|------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | | As at 31st March 2018 | |
| | 50 basis points increase | 50 basis points decrease | 50 basis points increase | 50 basis points decrease |
| Impact on profit | (219.96) | 219.96 | (111.90) | 111.90 |

36.7 Other price risks

The Group's exposure to other risks arises from investments in preference shares and debentures amounting to ₹ 753.79 lakhs (Previous Year: ₹ 1,327.09 lakhs). The investments are held for strategic rather than trading purpose.

The sensitivity analysis below have been determined based on the exposure to price risk at the end of the reporting period. If the price of the above instrument had been 5% higher / lower, profit for the year ended 31st March 2019 would increase/decrease by ₹ 37.69 lakhs (Previous year by ₹ 66.35 lakhs)

36.8 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from entering into derivative financial instruments and from deposits with banks and financial institutions, as well as from credit exposures to customers, including outstanding receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties. Detailed KYC documentation is done before the transaction is done with the customers. Also, majority of Group's sales is to other Future Group Companies, hence the risk of realisation of sales money is minimised. The Group's exposures are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. Ongoing credit evaluation is performed on the financial condition of accounts receivables. Also periodic reconciliation is being done with the customers. There is no history of Bad Debts in the Group.

Apart from Future Retail Limited, being the largest customer of the Group, the Group does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to Future Retail Limited as at 31st March 2019 is 86% (As at 31st March 2018: 82%) of gross trade receivable as at the end of reporting period. No other single customer accounted for more than 10% of total trade receivable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The average credit period on sales of goods is 7 to 90 days. No interest is charged on trade receivables.

In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables. It takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the past due receivables. There has been no significant change in the credit quality of receivables past due for more than 180 days.

Age of receivables

| Particulars | (₹ In lakhs) | |
|-----------------------------------|-----------------------|-----------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| 0-60 days | 56,858.77 | 42,739.91 |
| 61 to 90 days | 6,768.13 | 8,894.72 |
| 91 to 180 days | 5,829.40 | 1,412.47 |
| more than 180 days | 3,910.81 | 1,949.71 |
| Less :- Inter company elimination | (5,900.83) | (5,712.35) |
| Total | 67,466.28 | 49,284.46 |

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36.9 Liquidity risk

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Group requires funds both for short term operational needs as well as for long term capital expenditure for capex. The Group generates sufficient cash flow for operations, which together with the available cash and cash equivalents provide liquidity in the short-term and long-term. The Group has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

| Particulars | Weighted average effective interest rate | | | | (₹ In lakhs) | |
|---|--|------------------|--------------|-------------------|--------------|-----------------|
| | | Less than 1 year | 1 to 5 years | 5 years and above | Total | Carrying amount |
| As at 31st March 2019 | | | | | | |
| Variable interest rate borrowings | 9.88% | | | | | |
| Principal | | 42,650.05 | 1,427.35 | - | 44,077.40 | 43,992.34 |
| Interest | | 4,212.73 | 140.99 | - | 4,353.72 | |
| Fixed interest rate borrowings | 11.32% | | | | | |
| Principal | | 11,527.50 | 26,545.00 | - | 38,072.50 | 37,374.48 |
| Interest | | 3,999.52 | 8,394.04 | - | 12,393.56 | |
| Currency swap | | - | - | - | - | |
| Financial guarantee contracts | | 2,311.94 | 2,851.10 | - | 5,163.04 | |
| Non interest bearing (Trade payable, deposits etc.) | | 33,067.95 | 77.48 | - | 33,145.43 | |
| As at 31st March 2018 | | | | | | |
| Variable interest rate instruments | 9.54% | | | | | |
| Principal | | 19,581.45 | 2,809.23 | - | 22,390.68 | 22,379.73 |
| Interest | | 2,010.90 | 146.79 | - | 2,157.69 | - |
| Fixed interest rate instruments | 10.98% | | | | | |
| Principal | | 11,105.87 | 24,167.52 | 4,438.51 | 39,711.90 | 39,386.04 |
| Interest | | 3,194.91 | 9,239.95 | 1,508.49 | 13,943.35 | - |
| Currency swap | | 313.53 | - | - | 313.53 | - |
| Financial guarantee contracts | | 1,649.49 | 2,987.88 | - | 4,637.37 | 4,637.37 |
| Non interest bearing (trade payable, deposits etc.) | | 29,505.33 | - | - | 29,505.33 | 29,505.33 |

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The Group has ₹ 6769.37 lakhs (Previous Year ₹ 18,118.47 lakhs) undrawn facilities at its disposal to further reduce liquidity risks.

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36.10 Fair Value Measurement and related disclosures

Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets | Carrying Value / Fair value | | Fair value hierarchy |
|---|-----------------------------|-----------------|----------------------|
| | As at | As at | |
| | 31st March 2019 | 31st March 2018 | |
| (₹ In lakhs) | | | |
| Financial assets at Fair Value Through Profit and Loss (FVTPL) | | | |
| 0% Optionally convertible debenture of Capital Foods Private Limited (Refer notes 5 & 11) | - | 892.8 | Level 2 |
| 0% Non cumulative redeemable preference share (Refer note 5) | 753.79 | 434.29 | Level 2 |
| Equity investment in Karnataka Bank Limited (Refer note 11) | 3.01 | 2.59 | Level 1 |
| Financial liabilities at Fair Value Through Profit and Loss (FVTPL) | | | |
| Currency swap (Refer note 18) | - | 25.04 | Level 2 |

Financial assets and financial liabilities that are not measured at fair values (but fair values disclosures are required)

The Group considers that the carrying amounts of financial assets and financial liabilities recognised in the balance sheet approximate their fair values.

37 SHARE BASED PAYMENTS

37.1 Details of the employee share based plan of the Company

- a) The ESOP scheme titled "FVIL Employees Stock Option Plan 2011" (ESOP 2011) was approved by the shareholders at the Annual General Meeting held on 10th August 2010. 5,00,00,000 options are covered under the ESOP 2011 for 5,00,00,000 shares. Post listing of equity shares on the stock exchanges, the Shareholders have ratified the pre-IPO scheme. In the previous years, the Nomination and Remuneration / Compensation Committee of the holding Company has granted 3,45,35,000 options under ESOP 2011 to certain directors and employees of the Company and some of its Subsidiaries. The options allotted under ESOP 2011 are convertible into equal number of equity shares.

The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 3 years from date of vesting.

- b) The ESOP scheme titled "Future Consumer Enterprise Limited - Employee Stock Option Plan 2014" was approved by the Shareholders vide resolution passed at the Extra Ordinary General Meeting held on 12th January, 2015 and through postal ballot on 12th May 2015 in respect of grant of 3,19,50,000 options under primary route (ESOP 2014-Primary) and 7,98,00,000 options under secondary market route (ESOP 2014-Secondary). ESOP 2014 has been implemented through a trust route whereby Vistra ITCL India Limited (Formerly IL&FS Trust Company Limited) has been appointed as the Trustee who monitors and administers the operations of the Trust.

In the previous years, the Nomination and Remuneration / Compensation Committee has at its meeting held on 14th August, 2017 and 8th November, 2017 granted 35,00,000 options and 49,00,000 options respectively under secondary market route (ESOP 2014-Secondary) to certain Directors / employees of the Holding Company and some of its Subsidiaries under the primary route. The options allotted under ESOP 2014 are convertible into equal number of equity shares. The exercise price per Option for shares granted under the secondary market route shall not exceed market price of the Equity Share of the Holding Company as on date of grant of Option or the cost of acquisition of such equity shares to the Trust applying FIFO basis, whichever is higher. The exercise price per Option for shares granted under the primary route shall not exceed market price of the Equity Share of the Holding Company as on date of grant of Option, which may be decided by the Nomination and Remuneration / Compensation Committee.

The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 3 years from date of vesting.

In the current year, there were no grants granted.

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The following share-based payment arrangements were in existence during the current and prior years:

| Option scheme | No. of Options Granted | Grant date | Expiry date | Exercise price (₹) | Share Price at Grant date | Fair value at grant date (₹) |
|---------------------|---------------------------|------------|--------------|--------------------|------------------------------|---------------------------------|
| ESOP 2011 | 15,000,000 | 26.12.2015 | | 6.00 | 26.15 | 22.49 |
| ESOP 2014-Secondary | 15,950,000 | 15.05.2015 | | Note-2 below | 11.20 | 7.05 |
| ESOP 2014-Secondary | 3,500,000 | 14.08.2017 | Note-1 below | Note-2 below | 41.25 | 17.71 |
| ESOP 2014-Secondary | 4,900,000 | 08.11.2017 | | Note-2 below | 60.95 | 31.03 |
| ESOP 2014-Primary | 10,000,000 | 12.08.2016 | | 21.40 | 21.50 | 11.42 |

Note-1 The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 3 years from date of vesting.

Note-2 Market price of the Equity Share of the Group as on date of grant of Option or the cost of acquisition of such shares to the Company applying FIFO basis, whichever is higher.

37.2 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 into the model | ESOP 2011 | ESOP 2014-Secondary Grant 1 | ESOP 2014-Primary | ESOP 2014-Secondary Grant 2 | ESOP 2014-Secondary Grant 3 |
|-----------------------------------|---------------|-----------------------------------|-------------------|-----------------------------------|-----------------------------------|
| Expected volatility (%) | 56.55% | 64.18% | 48.88% | 38.68% | 44.85% |
| Option life (Years) | 4-6 | 4-6 | 4-6 | 4-6 | 4-6 |
| Dividend yield (%) | 0% | 0% | 0% | 0% | 0% |
| Risk-free interest rate (Average) | 7.82% - 8.09% | 7.55% - 7.91% | 7.12%-7.25% | 6.43% - 6.64% | 6.67% - 6.88% |

37.3 Movement in share options during the year

The following reconciles the share options outstanding at the beginning and end of the period:

| Particulars | Year ended 31st March 2019 | | Year ended 31st March 2018 | |
|--------------------------------|----------------------------|--|----------------------------|--|
| | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| Balance at beginning of period | | | | |
| ESOP 2011 | 5,025,017 | 6.00 | 10,650,000 | 6.00 |
| ESOP 2014 secondary | 15,441,500 | Refer Note-2 above | 12,288,000 | Refer Note-2 above |
| ESOP 2014 primary | 7,282,000 | 21.40 | 9,500,000 | 21.40 |
| Granted during the period | | | | |
| ESOP 2011 | - | - | - | - |
| ESOP 2014 secondary | - | - | 8,400,000 | Refer Note-2 above |
| ESOP 2014 primary | - | - | - | - |
| Forfeited during the period | | | | |
| ESOP 2011 | 200,000 | 6.00 | 2,100,000 | 6.00 |
| ESOP 2014 secondary | 139,980 | Refer Note-2 above | 1,315,000 | Refer Note-2 above |
| ESOP 2014 primary | 800,000 | 21.40 | 800,000 | 21.40 |
| Exercised during the period | | | | |
| ESOP 2011 | 4,625,017 | 6.00 | 3,524,983 | 6.00 |
| ESOP 2014 secondary | 3,417,520 | Refer Note-2 above | 3,931,500 | Refer Note-2 above |
| ESOP 2014 primary | 2,404,000 | 21.40 | 1,418,000 | 21.40 |
| Expired during the period | | | | |
| ESOP 2011 | - | - | - | - |
| ESOP 2014 secondary | - | - | - | - |
| ESOP 2014 primary | - | - | - | - |
| Balance at end of period | | | | |
| ESOP 2011 | 200,000 | 6.00 | 5,025,017 | 6.00 |
| ESOP 2014 secondary | 11,884,000 | Refer Note-2 above | 15,441,500 | Refer Note-2 above |
| ESOP 2014 primary | 4,078,000 | 21.40 | 7,282,000 | 21.40 |

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37.4 Share options exercised during the year

The following share options were exercised during the year:

| Options scheme | Number exercised | Exercise date | Share price at exercise date (₹) |
|---------------------|------------------|---------------|----------------------------------|
| ESOP 2011 | 4,625,017 | Various dates | Wt. Avg- 45.84 |
| ESOP 2014 secondary | 3,417,520 | Various dates | Wt. Avg- 51.49 |
| ESOP 2014 primary | 2,404,000 | Various dates | Wt. Avg- 47.08 |

37.5 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 1194 days (Previous year: 1331 days).

Out of the ESOPs outstanding, the number of options exercisable are as under :-

| Particulars | Year ended 31st March 2019 | Year ended 31st March 2018 |
|---------------------|-------------------------------|-------------------------------|
| ESOP 2011 | 200,000 | 225,017 |
| ESOP 2014 secondary | 5,164,000 | 1,014,000 |
| ESOP 2014 primary | 328,000 | 482,000 |

37.6 The expense recognised for employee services received during the year is shown in the following table:

| Particulars | Year ended 31st March 2019 | Year ended 31st March 2018 |
|---|-------------------------------|-------------------------------|
| Expenses arising from equity settled share based payment transactions | 576.49 | 647.57 |
| Total expenses arising from share based transactions | 576.49 | 647.57 |

(₹ In lakhs)

38 RELATED PARTY TRANSACTION

38.1 Name of Related Party and Nature of Relationship

a) Associates

Sarjena Foods Private Limited
Amar Chitra Katha Private Limited (with effect from 14 December 2018)

b) Joint Venture

Mibelle Future Consumer Products AG
Mibelle India Consumer Products Private Limited (with effect from 22 May 2018)
Amar Chitra Katha Private Limited (upto 13 December 2018)
ACK Media Direct Limited (upto 13 December 2018)
IBH Books & Magazines Distributors Limited (upto 13 December 2018)
Ideas Box Entertainment Limited (upto 13 December 2018)
Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited)
Aussee Oats Milling (Private) Limited
MNS Foods Limited (Formerly known as MNS Foods Private Limited)
Genoa Rice Mills Private Limited
Avante Snack Foods Private Limited
Hain Future Natural Products Private Limited
Affluence Food Processors Private Limited (upto 5 November 2018)
Sublime Foods Limited (Formerly known as Sublime Foods Private Limited)
Fonterra Future Dairy Private Limited (with effect from 1 December 2018)

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c) Key Management Personnel (KMP) and their relatives

Executive Directors

Mr. Narendra Baheti
Ms. Ashni Biyani

Non Executive Directors

Mr. Kishore Biyani
Mr. Ghyanendra Nath Bajpai
Mr. Adhiraj Harish
Ms. Vibha Rishi (Ceased to be director with effect from 14 September 2018)
Mr. Fredric De Mevius
Mr. K K Rathi
Mr. Harminder Sahni (Appointed with effect from 14 September 2018)

Relatives of KMP

Mr. Rajendra Baheti
Ms. Archana Baheti
Ms. Sunder Devi Baheti
Mr. Amulya Baheti

d) Entities controlled / having significant influence by KMP and their relatives

Premium Harvest Limited
Future Ideas Company Limited
Future Enterprises Limited
Greatway Agro Farms Private Limited (upto 26 October 2018)
TDI Textiles Mills Private Limited
Future Retail Limited
Future Lifestyle Fashions Limited
Future Supply Chain Solutions Limited

38.2 Transactions with Related Party

| Nature of transactions | (₹ In lakhs) | | | |
|---|--------------|---------------|---|---|
| | Associates | Joint Venture | Key Management Personnel (KMP) and Close members of KMP | Entities controlled / having significant influence by KMP and their relatives |
| Purchase of property, plant and equipment | - | - | - | 39.68 |
| | (-) | (-) | (-) | (361.14) |
| Sale of property, plant and equipment | - | - | - | - |
| | (-) | (6.78) | (-) | (-) |
| Inter corporate deposits given | - | 8,246.83 | - | - |
| | (-) | (8,261.91) | (-) | (-) |
| Inter corporate deposits received back | - | 10,997.43 | - | 2,000.00 |
| | (-) | (4,914.23) | (-) | (-) |
| Investment in Preference shares | - | 300.00 | - | - |
| | (-) | (-) | (-) | (-) |
| Investments in Debentures | - | 4,977.00 | - | - |
| | (-) | (-) | (-) | (-) |
| Investments in Equity Shares | - | 1,651.81 | - | - |
| | (-) | (1,238.37) | (-) | (-) |
| Loan Given | - | 689.82 | - | - |
| | (-) | (-) | (-) | (-) |
| Loan Taken | - | 417.82 | - | - |
| | (-) | (-) | (-) | (-) |
| Security deposit received | - | - | - | - |
| | (-) | (30.32) | (-) | (-) |
| Advance received | - | - | - | - |
| | (-) | (52.04) | (-) | (-) |
| Advances given | - | - | - | 75.45 |
| | (-) | (11.90) | (-) | (-) |

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| (₹ In lakhs) | | | | |
|--------------------------------------|--------------------|-------------------------|---|---|
| Nature of transactions | Associates | Joint Venture | Key Management Personnel (KMP) and Close members of KMP | Entities controlled / having significant influence by KMP and their relatives |
| Corporate guarantees given | - (-) | 2,413.00 (1,500.88) | - (-) | - (-) |
| Share application | - (-) | 250.00 (720.00) | - (-) | - (-) |
| Sale of products | - (-) | 3,875.51 (1,606.63) | - (-) | 288,658.43 (213,356.60) |
| Royalty income | - (-) | - (-) | - (-) | 7.59 (235.21) |
| Interest income | 5.55 (-) | 1,104.17 (923.60) | - (-) | 250.00 (250.00) |
| Rent income | - (-) | 377.11 (501.59) | - (-) | - (246.30) |
| Franchise fees income | - (-) | - (-) | - (-) | 603.70 (202.78) |
| Recovery of expenses | - (-) | 527.50 (522.96) | - (-) | 876.30 (169.78) |
| Purchase of goods | 348.35 (537.59) | 10,511.70 (5,904.25) | - (-) | 11,362.59 (9,850.89) |
| Managerial remuneration* | - (-) | - (-) | 1,083.79 (980.09) | - (-) |
| Rent expenses | - (-) | - (-) | 23.69 (17.62) | 968.00 (676.69) |
| Finance cost | - (-) | 5.18 (2.89) | - (-) | - (-) |
| Warehousing and distribution charges | - (-) | - (-) | - (-) | 2,193.90 (1,729.84) |
| Sitting fees | - (-) | - (-) | 19.75 (19.00) | - (-) |
| Marketing expenses | - (-) | - (-) | - (-) | 1,019.19 (296.46) |
| Other Income | - (-) | 51.00 (-) | - (-) | - (-) |
| Other expenses | - (-) | 37.67 (-) | - (-) | 10.80 (90.98) |

*includes share based payments to managerial personnel

| (₹ In lakhs) | | | | |
|---------------------------------------|--------------------|-------------------------|---|---|
| Balance as at 31st March, 2019 | | | | |
| Nature of transactions | Associates | Joint Venture | Key Management Personnel (KMP) and Close members of KMP | Entities controlled / having significant influence by KMP and their relatives |
| Trade and other receivable | 163.10 (131.79) | 1,102.43 (666.29) | - (-) | 58,369.49 (40,818.24) |
| Interest receivable | 117.77 (-) | 758.03 (787.27) | - (-) | - (377.57) |
| Inter corporate deposits outstanding | 150.00 (-) | 6,016.46 (9,187.79) | - (-) | - (2,000.00) |
| Security deposit given outstanding | - (-) | 25.03 (-) | - (-) | - (-) |
| Loan Given Outstanding | - (-) | 691.39 (-) | - (-) | - (-) |
| Loan Outstanding Payable | - (-) | 419.39 (-) | - (-) | - (-) |
| Advances given outstanding | - (-) | - (11.90) | - (-) | - (-) |
| Security deposit received outstanding | - (-) | 125.00 (155.32) | - (-) | - (-) |
| Trade and other payables | - (-) | 1,594.19 (1,351.75) | - (-) | 2,513.56 (1,489.90) |
| Corporate guarantees outstanding | - (-) | 5,163.04 (10,311.68) | - (-) | - (-) |

Figures in bracket represent previous year's figures.

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for the year ended 31st March 2019

38.3 Disclosure in respect of Material Transactions with Related Parties

| Nature of transactions | (₹ In lakhs) | |
|---|--------------|------------|
| | 2018-19 | 2017-18 |
| Purchase of property, plant and equipments | | |
| Future Retail Limited | 39.68 | - |
| Premium Harvest Limited | - | 350.00 |
| Sale of property, plant and equipments | | |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | - | 6.04 |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | - | 0.74 |
| Investment in Equity shares | | |
| Mibelle Future Consumer Products AG | 285.99 | 480.54 |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 107.80 | 108.10 |
| Aussee Oats Milling (Private) Limited | 18.84 | 555.66 |
| Fonterra Future Dairy Private Limited | 250.00 | - |
| Hain Future Natural Product Private Limited | 804.00 | - |
| Advances given | | |
| Future Enterprises Limited | 75.45 | - |
| Investments in Debentures | | |
| Amar Chitra Katha Private Limited | 4,976.91 | - |
| Investment in preference shares | | |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 300.00 | - |
| Inter corporate deposits given | | |
| Amar Chitra Katha Private Limited | 3,838.50 | 4,253.32 |
| Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited) | 811.00 | - |
| Aussee Oats Milling (Private) Limited | 408.86 | 1,740.01 |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 980.90 | - |
| Inter corporate deposits received back | | |
| Amar Chitra Katha Private Limited | 7,941.82 | 3,149.98 |
| Future Retail Limited | 2,000.00 | - |
| Aussee Oats Milling (Private) Limited | 234.64 | 640.90 |
| Security deposit received | | |
| Avante Snack Foods Private Limited | - | 8.07 |
| Hain Future Natural Products Private Limited | - | 4.11 |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | - | 7.62 |
| Genoa Rice Mills Private Limited | - | - |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | - | 10.53 |
| Advance received | | |
| Hain Future Natural Products Private Limited | - | 17.48 |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | - | 27.92 |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | - | 5.11 |
| Corporate guarantees given | | |
| Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited) | 825.00 | - |
| Hain Future Natural Product Private Limited | 1,588.00 | - |
| Aussee Oats Milling (Private) Limited | - | 1,300.88 |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | - | 200.00 |
| Share application | | |
| Hain Future Natural Products Private Limited | - | 645.00 |
| Affluence Food Processors Private Limited | - | 75.00 |
| Fonterra Future Dairy Private Limited | 250.00 | - |
| Loan Taken | | |
| Mibelle Future Consumer Products AG | 417.82 | - |
| Loan Given | | |
| Mibelle India Consumer Products Private Limited | 689.82 | - |
| Sale of products | | |
| Future Retail Limited | 284,658.97 | 212,574.37 |
| Premium Harvest Limited | 319.89 | 651.79 |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 192.39 | 125.47 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

| Nature of transactions | 2018-19 | 2017-18 |
|---|----------|--------------|
| | | (₹ In lakhs) |
| Other Income | | |
| Mibelle India Future Consumer Products Limited | 37.67 | - |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | 6.67 | - |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 6.67 | - |
| Royalty income | | |
| Future Retail Limited | 3.24 | 217.75 |
| Future Lifestyle Fashions Ltd | 4.35 | - |
| Interest income | | |
| Amar Chitra Katha Private Limited | 414.19 | 462.95 |
| Aussee Oats Milling (Private) Limited | 397.45 | 288.72 |
| Future Retail Limited | 250.00 | 250.00 |
| Rent income | | |
| Future Supply Chain Solutions Limited | - | 246.30 |
| Genoa Rice Mills Private Limited | 254.48 | 250.00 |
| Hain Future Natural Products Private Limited | - | 73.69 |
| Affluence Food Processors Private Limited | 120.98 | - |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 1.65 | 47.00 |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | - | 93.94 |
| Franchise fees income | | |
| Future Retail Limited | 603.70 | 202.78 |
| Recovery of expenses | | |
| Future Retail Limited | 876.30 | 169.57 |
| Genoa Rice Mills Private Limited | - | 78.23 |
| Hain Future Natural Products Private Limited | 1.21 | 70.85 |
| Mibelle India Consumer Products Private Limited | 211.75 | - |
| Fonterra Future Dairy Private Limited | 240.65 | - |
| Mibelle Future Consumer Products AG | 56.87 | 283.06 |
| Sublime Foods Limited | 8.51 | 56.12 |
| Purchase of goods | | |
| Aussee Oats Milling (Private) Limited | 2,447.92 | - |
| Genoa Rice Mills Private Limited | 3,056.64 | - |
| Premium Harvest Limited | 9,792.97 | 8,794.03 |
| Finance Cost | | |
| Avante Snack Foods Private Limited | 1.49 | 0.90 |
| Mibelle Future Consumer Products AG | 1.65 | - |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | 0.95 | 0.85 |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 1.32 | 1.15 |
| Managerial remuneration | | |
| Ms. Ashni Biyani | 170.51 | 84.89 |
| Mr. Narendra Baheti * | 806.43 | 788.65 |
| Mr. Rajendra Baheti | 94.20 | 90.83 |
| Rent expenses | | |
| Future Retail Limited | 570.18 | 520.65 |
| Future Supply Chain Solutions Limited | 181.95 | 105.32 |
| Premium Harvest Limited | 90.52 | 50.71 |
| Archana Baheti | 12.63 | 8.09 |
| Warehousing and distribution charges | | |
| Future Supply Chain Solutions Limited | 2,193.90 | 1,729.84 |
| Sitting fees | | |
| Mr. Ghyanendra Nath Bajpai | 4.25 | 4.75 |
| Mr. Kishore Biyani | 3.25 | 3.00 |
| Mr. Adhiraj Harish | 3.50 | 4.25 |
| Mr. K K Rathi | 4.00 | 3.50 |
| Ms. Vibha Rishi | 2.00 | 3.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

| | (₹ In lakhs) | |
|---|--------------|-----------|
| Nature of transactions | 2018-19 | 2017-18 |
| Marketing expenses | | |
| Future Retail Limited | 887.85 | 282.06 |
| Future Enterprises Limited | 116.64 | - |
| Other expenses | | |
| Future Enterprises Limited | 8.33 | - |
| Mibelle Future Consumer Products AG | 37.67 | - |
| Premium Harvest Limited | - | 83.57 |
| Balance as at 31st March 2019 | | |
| Nature of transactions | 2018-19 | 2017-18 |
| Trade & Other Receivables | | |
| Future Retail Limited | 57,853.72 | 40,545.62 |
| Premium Harvest Limited | - | 1.46 |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 55.34 | 65.73 |
| Interest receivable | | |
| Amar Chitra Katha Private Limited | 117.77 | 261.62 |
| Future Retail Limited | - | 377.57 |
| Aussee Oats Milling (Private) Limited | 648.19 | 434.36 |
| Inter corporate deposits outstanding | | |
| Future Retail Limited | - | 2,000.00 |
| Amar Chitra Katha Private Limited | 150.00 | 4,253.32 |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | 725.17 | - |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 658.50 | - |
| Genoa Rice Mills Private Limited | 777.40 | - |
| Aussee Oats Milling (Private) Limited | 3,274.39 | 2,915.90 |
| Advances given | | |
| Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited) | - | 11.90 |
| Security deposit received outstanding | | |
| Genoa Rice Mills Private Limited | 125.00 | 125.00 |
| Loan Outstanding Payable | | |
| Mibelle Future Consumer Products AG | 419.39 | - |
| Loan Given Outstanding | | |
| Mibelle India Consumer Products Private Limited | 691.39 | - |
| Trade and Other payables | | |
| Future Retail Limited | 238.42 | 956.12 |
| Future Supply Chain Solutions Limited | 750.47 | 350.34 |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 104.57 | 349.44 |
| Mibelle Future Consumer Products AG | 244.13 | 219.23 |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | 264.23 | 265.09 |
| Premium Harvest Limited | 1,496.08 | 167.19 |
| Corporate guarantees outstanding | | |
| Amar Chitra Katha Private Limited | - | 1,300.00 |
| Hain Future Natural Product Private Limited | 1,280.78 | - |
| Aussee Oats Milling (Private) Limited | 3,118.64 | 7,701.22 |
| Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited) | 315.23 | 500.00 |
| Security deposit given outstanding | | |
| Hain Future Natural Product Private Limited | 4.62 | - |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | 8.57 | - |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | 11.84 | - |

*includes share based payments to managerial personnel

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

38.4 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31st March 2018: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

38.5 Loans & Corporate Guarantees to Related Parties

The Group has given loans and corporate guarantees to subsidiaries and relevant joint ventures in the ordinary course of business to meet the working capital requirements of subsidiaries and joint ventures. (Refer Note 36)

38.6 Compensation of key management personnel

| Particulars | ₹ In lakhs) | |
|--|--------------------------------|--------------------------------|
| | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Short Term Employee Benefits | 446.66 | 358.89 |
| Share-based payment transactions | 656.88 | 640.15 |
| Total compensation paid to key management personnel | 1,103.54 | 999.04 |

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

This do not include the provision made for gratuity and expenses for Leave Encashment as they are determined on an actuarial basis for the Group as a whole.

Directors interest in ESOP

| Grant Date | Expiry Date | Exercise Price (₹) | Nos o/s as on 31st March 19 | Nos o/s as on 31st March 18 |
|------------|-------------|-----------------------|--------------------------------|--------------------------------|
| 26.12.2015 | 26.12.2021 | 6.00 | NIL | 800,000 |
| 12.08.2016 | 12.08.2022 | 21.40 | 2,500,000 | 4,000,000 |

39 CONTINGENT LIABILITIES

| Particulars | ₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Claims against the Group not acknowledged as debt* | 77.45 | 49.13 |
| Disputed Income Tax Demands | 5,086.89 | 6,996.93 |
| Disputed Sales Tax and Excise Matters | 909.17 | 819.02 |
| Corporate guarantees issued to banks and financial institutions against credit facilities issued to third parties (Loans outstanding as at 31st March 2019 ₹ 5,163.04 lakhs; Previous Year ₹ 5,234.07 lakhs) | 11,413.34 | 11,811.68 |
| | 17,486.85 | 19,676.76 |

* Does not include cases where liability is not ascertainable

Future cash outflows in respect of matters considered disputed are determinable only on receipt of judgments/decisions pending at various forums/authorities. The management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

The Group's pending litigations comprise of claims against the Group primarily by the customers and proceedings pending with tax authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material adverse effect on the financial statements

There are numerous interpretative issues relating to Supreme Court (SC) judgement on Provident Fund dated 28th February 2019. As a matter of caution, management has made assessment and is of the view that above ruling does not have significant impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

40 CAPITAL COMMITMENT

The estimated amount of contracts remaining to be executed on capital account as at 31st March 2019 is ₹ 1,230.79 lakhs (Previous Year ₹ 1,214.98 lakhs)

41 THE CARRYING AMOUNT OF GOODWILL IS AS FOLLOWS :

| Particulars | ₹ In lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| a) The Nilgiris Dairy Farm Private Limited | 10,871.96 | 10,871.96 |
| b) Centre of Plate (COP) | 2,951.82 | 2,951.82 |
| c) KBFP (Refer note 45.3) | - | 614.50 |
| d) Future Consumer Products Limited (Refer note no. 45.2) | - | 1,675.97 |
| e) Others | 410.87 | 275.10 |
| | 14,234.65 | 16,389.35 |

Center of Plate (COP) is into the business of procuring, processing and supplying agricultural commodities in loose and packed form under various brands.

Goodwill

The recoverable amount of Goodwill is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management, and a discount rate based on the respective Weighted Average Cost of Capital of the respective cash-generating unit. Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that budget period have been extrapolated using a steady growth rate based on the projected long-term average growth rate for the industry. The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the respective cash-generating unit.

Key assumptions used for valuation of Goodwill are as follows :

| Particulars | COP | Nilgiri |
|---------------------------------|--------|---------|
| Discount rate | 12.41% | 17.00% |
| Terminal value growth rate | 5.00% | 5.00% |
| Period of cash flow projections | 5 | 5 |

42 INVESTMENT PROPERTY

The fair value of the Group's investment properties as at 31st March, 2019 has been arrived at on the basis of a valuation carried out on the respective dates by independent valuers not related to the Group. M/s Kanti Karamsey & Co. are registered with the authority which governs the valuers in India, and they have appropriate qualifications. The fair value of land was determined based on the market approach and fair value of building was determined on cost based approach. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The Group has not carried out fair valuation of the property as at 31st March, 2019 as the management believes that there is no significant change in fair valuation of investment property as compared to the previous year.

Details with regards to fair value is given as under :

| Particulars | ₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Rent Income | 28.71 | 27.31 |
| Expenses incurred for maintenance of investment property | 2.13 | 1.85 |
| Fair value of Investment Property - Land and Building | 1,513.17 | 1,513.17 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

- 43** Brand Kara and Nilgiris is considered to have indefinite useful life based on the management assessment that the same will continue to generate future cash flows for the Group indefinitely. The carrying amount for Brand Kara is ₹ 1,209 lakhs (Previous Year ₹ 1,209 lakhs) and for Brand Nilgiris ₹ 7,038 lakhs (Previous Year ₹ 7,038 lakhs). The recoverable amount of brands "Kara" and "Nilgiris" are determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a five-year period, and a discount rate of 11.9% and 17% per annum respectively. The cash flows beyond that five-year period have been extrapolated using a steady 5% per annum growth rate which is the projected long-term average growth rate for the industry. The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the brand.
- 44** Additional information as required by Paragraph 2 of general instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

| Name of the entities | (₹ in lakhs) | | | | | | | |
|--|---|------------|--|------------|---|-----------|--|------------|
| | Net assets, i.e. total assets minus total liabilities As at 31st March 2019 | | Share in profit or (loss) For the year ended 31st March 2019 | | Net assets, i.e. total assets minus total liabilities As at 31st March 2018 | | Share in profit or (loss) For the year ended 31st March 2018 | |
| | As % of consolidated net assets | Amount | As % of consolidated profit/(loss) | Amount | As % of consolidated net assets | Amount | As % of consolidated profit/(loss) | Amount |
| Future Consumer Limited | 60.74% | 60,147.92 | 1,109.08% | 7,966.59 | 66.96% | 66,645.34 | 112.09% | 3,434.99 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| Aadhaar Wholesale Trading and Distribution Limited | (1.37%) | (1,351.92) | (286.88%) | (2,060.67) | (0.21%) | (205.08) | (47.31%) | (1,449.80) |
| Future Food and Products Limited | 2.60% | 2,570.29 | (3.70%) | (26.61) | 2.42% | 2,405.90 | 0.83% | 25.35 |
| Future Consumer Products Limited | 0.06% | 59.84 | (4.25%) | (30.49) | 1.77% | 1,759.73 | (0.48%) | (14.69) |
| FCEL Food Processors Limited | (0.00%) | (4.38) | (0.47%) | (3.41) | - | (0.97) | (0.08%) | (2.32) |
| Future Food Processing Limited (Formerly known as Future Food Processing Private Limited) | (0.13%) | (130.78) | (23.69%) | (170.13) | 0.03% | 28.75 | (4.22%) | (129.28) |
| Star and Sitara Wellness Limited | - | - | - | - | - | - | 4.96% | 151.94 |
| Express Retail Services Private Limited | - | - | - | - | - | - | (0.91%) | (27.91) |
| The Nilgiri Dairy Farm Private Limited and subsidiaries | 24.49% | 24,248.73 | (309.90%) | (2,226.06) | 26.23% | 26,105.88 | (39.49%) | (1,210.09) |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 2.43% | 2,403.64 | (153.21%) | (1,100.49) | 3.46% | 3,439.64 | (29.88%) | (915.50) |
| Affluence Food Processors Private Limited | (0.17%) | (165.12) | (23.05%) | (165.54) | - | - | - | - |
| FCL Tradevest Private Limited (wef 24 December 2018) | 10.87% | 10,765.04 | (31.68%) | (227.56) | - | - | - | - |
| Bloom Foods and Beverages Private Limited (Formerly known as Bloom Fruit and Vegetables Private Limited) | 0.82% | 808.33 | 65.09% | 467.53 | 0.00% | 127.94 | (2.85%) | (87.23) |
| Foreign | | | | | | | | |
| FCEL Overseas FZCO | (0.58%) | (570.56) | (15.66%) | (112.50) | (0.36%) | (357.40) | (6.90%) | (211.57) |

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for the year ended 31st March 2019

| Name of the entities | (₹ in lakhs) | | | | | | | |
|---|--|-----------|---|----------|--|-----------|--|------------|
| | Net assets, i.e. total assets minus total liabilities As at 31st March 2019* | | Share in profit or (loss) For the year ended 31st March 2019* | | Net assets, i.e. total assets minus total liabilities As at 31st March 2018* | | Share in profit or (loss) For the year ended 31st March 2018 | |
| | As % of consolidated net assets | Amount | As % of consolidated profit/(loss) | Amount | As % of consolidated net assets | Amount | As % of consolidated profit/(loss) | Amount |
| Minority Interest in all subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| Integrated Food Park Limited (Formerly known as Integrated Food Park Private Limited) | 0.00% | (1.66) | 0.11% | (0.77) | 0.58% | (577.54) | 10.56% | (323.50) |
| Future Consumer Products Limited | 0.01% | 13.45 | 0.53% | (3.79) | 0.00% | 3.17 | 0.05% | (1.38) |
| Foreign | | | | | | | | |
| FCEL Overseas FZCO | 0.23% | 228.23 | 10.44% | (75.00) | 0.15% | 149.79 | 4.60% | (141.04) |
| Joint Ventures | | | | | | | | |
| Indian | | | | | | | | |
| Amar Chitra Katha Private Limited and subsidiaries | - | - | 64.84% | (465.75) | - | - | 31.96% | (979.37) |
| MNS Foods Limited (Formerly known as MNS Foods Private Limited) | - | - | 15.01% | (107.80) | - | - | 1.51% | (46.17) |
| Sublime Foods Limited (Formerly known as Sublime Foods Private Limited) | - | - | 30.07% | (216.01) | - | - | 3.52% | (107.95) |
| Genoa Rice Mills Private Limited | - | - | 13.06% | (93.80) | - | - | 1.43% | (43.79) |
| Hain Future Natural Products Private Limited | - | - | 44.25% | (317.83) | - | - | 0.00% | (0.50) |
| Aussee Oats India Limited (Formerly known as Aussee Oats India Private Limited) | - | - | 1.82% | 13.07 | - | - | 18.19% | (557.41) |
| Affluence Food Processors Private Limited | - | - | 13.97% | (100.33) | - | - | - | - |
| Fonterra Future Dairy Private Limited | - | - | 83.42% | (599.23) | - | - | - | - |
| Foreign | | | | | | | | |
| Aussee Oats Milling (Private) Limited | - | - | 90.40% | (649.32) | - | - | 0.23% | (7.15) |
| Mibelle Future Consumer Products AG | - | - | 57.42% | (412.42) | - | - | 11.32% | (346.93) |
| Associate | | | | | | | | |
| Indian | | | | | | | | |
| Sarjena Foods Private limited | - | - | - | - | - | - | 2.38% | (73.02) |
| | 100.00% | 99,021.07 | 100.00% | (718.31) | 100.00% | 99,525.15 | 100.00% | (3,064.35) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

45 Exceptional items

| Particulars | ₹ In lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Net gain on sale of investments (Refer Note 45.1) | 2,712.89 | - |
| Impairment on intangibles and goodwill (Refer Notes 45.2 and 45.3) | (2,690.48) | - |
| Total | 22.41 | - |

- 45.1** The Group has sold its stake in Amar Chitra Katha Private Limited (ACK) during the year, at a fair value price of ₹ 4,439 lakhs, and a gain of ₹ 2,712.89 lakhs on the same was included in exceptional items for the year in the Consolidated Statement of Profit and Loss. The Fair Value has been determined by an independent valuer, based on management's projected cash flows over a five year period, discounted at a rate of 18.00% per annum, which is the weighted average cost of capital for the entity. Cash flows beyond the period of five years have been extrapolated at a steady rate of 5% per annum, based on the long term average growth rate for the entity's business. Further, pursuant to the contract of sale and the Shareholders and Debenture Holders Agreement, inter corporate deposits held in ACK were converted by issue of ₹ 4,977 lakhs 0.001% Compulsorily Convertible Debentures (CCDs), which are convertible into equity shares of ACK at the fair value of those shares on the date of conversion.
- 45.2** The accumulated loss of Future Consumer Products Limited ('FCPL'), a subsidiary company, amounting to ₹ 169.60 lakhs at 31st March 2019 (2018: ₹ 131.74 lakhs) has substantially eroded its net worth. The Group does not foresee positive cash flows. Based on a business valuation, the Group has fully impaired its goodwill of ₹ 1,675.98 lakhs, included in the exceptional items during the year in the Consolidated Statement of Profit and Loss.
- 45.3** KBFP represents convenience store chain KB's Fair price and Big Apple. These stores were mainly operated in Delhi, Mumbai and Bangalore. Due to the decline in sales of these stores and based on an analysis of the recoverable value, the Group has fully impaired its Goodwill of ₹ 614.5 lakhs during the current year which is included in exceptional items in Consolidated Statement of Profit and Loss. The carrying value of Brand KBFP which was ₹ 1,288.83 lakhs as on March 31, 2019 (previous year ₹ 2,195.00 lakhs) is based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a five year period, and a discount rate of 13.52% per annum. The cash flows beyond that five-year period have been extrapolated using a steady 0.25% per annum growth rate which is the expected growth rate for the convenience stores. Due to the decline in sales of these stores and based on an analysis of the recoverable value, the Group has recognized an impairment loss of ₹ 400 lakhs on this brand during the year, included in exceptional items for the year in the Consolidated Statement of Profit and Loss.

46 EVENTS AFTER THE REPORTING PERIOD

- (a) The Board of Directors of the Holding Company have at their meeting held on April 7, 2019 considered and approved the acquisition of business undertaking (comprising of the marketing, selling and distribution business of Athena in relation to the portfolio products/ brands namely, 'Iraya', 'D'Free', "Hair for Sure", and 'Safe & Sure') of Athena Life Sciences Private Limited ("Athena") by way of demerger, pursuant to Scheme of Arrangement between the Holding Company, Athena and their respective shareholders and creditors ("Scheme"), subject to such further consents and approvals that may be required.

Consideration would be discharged by the Company by issue of equity shares on a proportionate basis, in the ratio determined, to each Shareholder /Member of Athena, whose name is registered in the Register of Members as on the Appointed Date provided under the Scheme.

This shall be subject to approval of the Scheme from NCLT and other regulatory bodies as may be applicable.

- (b) The Shareholders of the Holding Company have at an Extra Ordinary General Meeting held on May 8, 2019 granted their approval to allot upto 7,000 Compulsorily Convertible Debentures (CCDs) and 21,000 CCDs having face value of ₹ 1,00,000 each to Verlinvest SA ("Verlinvest") and International Finance Corporation ("IFC") respectively on preferential basis. The CCDs to be issued to Verlinvest and IFC shall be convertible into equity shares of the Holding Company on the earlier of following events (i) Verlinvest, IFC (as the case may be) electing to convert the CCDs into Equity Shares by issuing a conversion notice to the Holding Company and (ii) the last date falling within 18 months from the date of allotment of CCDs.

Each CCDs shall entitle Verlinvest, IFC to such number of equity shares of the Holding Company as converted at a conversion price of ₹ 45.02 per equity share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2019

- (c) Approval has been granted by the Shareholders of the Holding Company at the Extra Ordinary General Meeting held on May 8, 2019 for the allotment of 7,000 Warrants having face value of ₹ 1,00,000/- each to Illusie Produkt Private Limited ("Illusie"), a promoter group entity, on preferential basis.

The Warrants to be issued to Illusie shall be convertible into equity shares of the Holding Company at any time before the expiry of 18 months from the date of allotment of the Warrants and each Warrant shall entitle Illusie to such number of equity shares of the Holding Company as converted at a conversion price of ₹ 45.02 per equity share.

47 INDIAN ACCOUNTING STANDARD ("IND AS") ISSUED BUT NOT EFFECTIVE

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases which shall be applicable to the Group from April 01, 2019.

Issue of Ind AS 116 - Leases

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17- Leases. Management is in the process of assessing the impact due to application Ind AS 116.

The MCA has also carried out amendments of the following accounting standards

- i. Ind AS 101- First time adoption of Indian Accounting Standards
- ii. Ind AS 103 – Business Combinations
- iii. Ind AS 109 - Financial Instruments
- iv. Ind AS 111 – Joint Arrangements
- v. Ind AS 12 – Income Taxes
- vi. Ind AS 19 – Employee Benefits
- vii. Ind AS 23 – Borrowing Costs
- viii. Ind AS 28 - Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company's financial statements.

48 PREVIOUS YEAR NOTE

Previous year figures have been regrouped and re-classified where necessary to make them comparable.

| | |
|---|------|
| Summary of significant accounting policies | 2 |
| See accompanying Notes to the Consolidated Financial Statements | 1-48 |

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**
Partner
Membership No : 105497

Place : Mumbai

Date : 22 May 2019

Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai
Chairman

Manoj Gagvani
Company Secretary & Head - Legal

Place : Mumbai

Date : 22 May 2019

Ashni Biyani
Managing Director

Ravin Mody
Chief Financial Officer

FORM AOC - 1
(Pursuant to first proviso to sub-sec on (3) of Sec on 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint Ventures
Financial information with respect of Subsidiary Companies for the Year Ended 31st March 2019

| Sr. No | Name of the Company | Date since subsidiary was acquired | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments (Except Investment in Subsidiaries) | Turnover | Profit/(loss) Before taxation | Provision for Taxation/Deferred Tax | Profit/(loss) After Taxation | Proposed Dividend | % of Share Holding | ₹ In lakhs except % of share holding | |
|--------|--|------------------------------------|---------------|--------------------|--------------|-------------------|---|-----------|-------------------------------|-------------------------------------|------------------------------|-------------------|--------------------|--------------------------------------|--|
| | | | | | | | | | | | | | | | |
| 1 | Aadhaar Wholesale Trading and Distribution Limited | 27.03.2008 | 5,240.00 | (6,680.57) | 14,375.48 | 14,375.48 | - | 33,621.47 | (1,937.28) | - | (1,937.28) | - | 100% | | |
| 2 | FCL Tradevest Private Limited ("FCL Tradevest") | 24.12.2018 | 12,618.60 | (227.56) | 12,579.86 | 12,579.86 | 125.00 | 161.84 | (7.77) | - | (7.77) | - | 100% | | |
| 3 | Aussee Oats India Limited (Subsidiary of FCL Tradevest, formerly known as Aussee Oats India Private Limited) # | 19.02.2016 | 100.00 | (69.34) | 836.38 | 836.38 | - | 3,507.60 | 25.26 | (0.87) | 26.13 | - | 50% + 1 Share | | |
| 4 | Future Food and Products Limited (Subsidiary of FCL Tradevest) | 02.08.2010 | 313.00 | 2,257.30 | 4,069.28 | 4,069.28 | - | - | (26.61) | - | (26.61) | - | 100% | | |
| 5 | Future Food Processing Limited (Subsidiary of FCL Tradevest, formerly known as Future Food Processing Private Limited) | 21.10.2014 | 201.00 | (333.70) | 3,126.47 | 3,126.47 | - | - | (170.13) | - | (170.13) | - | 100% | | |
| 6 | Integrated Food Park Limited (Subsidiary of FCL Tradevest, formerly known as Integrated Food Park Private Limited) | 05.02.2015 | 4,481.30 | (2,088.69) | 25,396.77 | 25,396.77 | - | 2,797.07 | (1,101.26) | - | (1,101.26) | - | 99.93% | | |
| 7 | MNS Foods Limited (Subsidiary of FCL Tradevest, formerly known as MNS Foods Private Limited) # | 04.08.2015 | 240.00 | (321.45) | 1,453.70 | 1,453.70 | - | 1,459.51 | (150.33) | - | (150.33) | - | 50.01% | | |
| 8 | Sublime Foods Limited ("Sublime") (Subsidiary of FCL Tradevest, formerly known as Sublime Foods Private Limited) # | 18.02.2015 | 437.23 | (718.28) | 1,288.26 | 1,288.26 | - | 1,178.71 | (343.62) | (0.45) | (343.17) | - | 51% | | |
| 9 | Avante Snacks Foods Private Limited (Subsidiary of Sublime) # | 01.09.2016 | 89.60 | (116.74) | 316.48 | 316.48 | - | 543.57 | (80.38) | - | (80.38) | - | 67.03% | | |
| 10 | Affluence Food Processors Private Limited (Subsidiary of FCL Tradevest) | 06.11.2018 | 148.01 | (448.91) | 1,107.86 | 1,107.86 | - | 3,340.50 | (418.07) | - | (418.07) | - | 100.00% | | |
| 11 | Aussee Oats Milling (Private) Limited** | 16.09.2014 | 3,408.42 | (4,689.96) | 7,869.91 | 7,869.91 | - | 3,838.29 | (1,267.11) | (31.52) | (1,298.64) | - | 50% + 1 Share | | |
| 12 | Bloom Foods and Beverages Private Limited (formerly known as Bloom Fruit and Vegetables Private Limited) | 15.01.2016 | 100.00 | 708.33 | 3,678.44 | 3,678.44 | - | 48,458.54 | 609.93 | 142.40 | 467.53 | - | 100% | | |
| 13 | Future Consumer Products Limited | 29.06.2010 | 100.00 | (169.60) | 63.15 | 63.15 | 0.10 | 4.92 | (34.79) | 3.08 | (37.86) | - | 90% | | |
| 14 | FCCL Food Processors Limited (formerly known as known as ACK Edutainment Limited) | 27.04.2016 | 14.00 | (18.37) | 2.67 | 2.67 | - | - | (3.40) | - | (3.40) | - | 100% | | |
| 15 | FCCL Overseas FZCO** | 30.07.2014 | 18.87 | (589.43) | 54.86 | 54.86 | - | - | (187.51) | - | (187.51) | - | 60% | | |
| 16 | The Nilgiri Dairy Farm Private Limited ("NDFPL") | 20.11.2014 | 241.44 | 7,418.33 | 22,779.17 | 22,779.17 | - | 24,255.87 | (2,183.48) | 78.50 | (2,261.98) | - | 100% | | |
| 17 | Appu Nutritions Private Limited (Subsidiary of NDFPL) | 20.11.2014 | 10.00 | 1,575.28 | 1,782.14 | 1,782.14 | - | 60.00 | 18.40 | (1.08) | 19.48 | - | 100% | | |
| 18 | Nilgiris Franchise Limited (Subsidiary of NDFPL, formerly known as Nilgiris Franchise Private Limited) | 20.11.2014 | 425.00 | (477.70) | 192.36 | 192.36 | - | 64.16 | (135.82) | - | (135.82) | - | 100% | | |
| 19 | Nilgiris Mechanised Bakery Private Limited (Subsidiary of NDFPL) | 20.11.2014 | 14.14 | (58.02) | 315.62 | 315.62 | 3.01 | 180.00 | 128.10 | - | 128.10 | - | 100% | | |

* Converted into Indian Rupees at the exchange rate USD 1 = ₹ 69.17

** Converted into Indian Rupees at the exchange rate AED 1 = ₹ 18.87

Considered as Joint Ventures as per Ind AS 28

Note :- 1. The reporting period for all the subsidiaries is 31st March 2019.

2. Reporting currency of all entities is Indian Rupee Except Aussee Oats Milling (Private) Limited (Reporting Currency USD) & FCCL Overseas FZCO (Reporting Currency AED)

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associate/Joint Venture | (₹ In lakhs except % of share holding) | | | |
|--|--|----------------------------------|---------------------------------------|--|
| | Mibelle Future Consumer Products AG* | Genoa Rice Mills Private Limited | Fonterra Future Dairy Private Limited | Hain Future Natural Products Private Limited |
| 1. Latest audited Balance Sheet Date | 31st March'2019 | 31st March'2019 | 31st March'2019 | 31st March'2019 |
| 2. Date on which the Associate or Joint Venture was associated or acquired | 09.10.2015 | 25.01.2017 | 01.10.2018 | 20.06.2017 |
| 3. Shares of Associate/Joint Ventures held by the Company on the Year end | | | | |
| No. | 400 | 1,250,000 | 2,500,000 | 14,495,000 |
| Amount of Investment in Associates or Joint Venture | ₹1003.56 | ₹125.00 | ₹250.00 | ₹ 1449.50 |
| Extent of Holding % | 50% | 50% | 50% | 50% |
| 4. Description of how there is significant influence | Shareholders Agreement | Shareholders Agreement | Shareholders Agreement | Shareholders Agreement |
| 5. Reason why the associate/joint venture is not Consolidated | NA | NA | NA | NA |
| 6. Networth attributable to Shareholding as per latest audited Balance Sheet | ₹(39.69) | (257.06) | (99.23) | 1,131.17 |
| 7. Profit / Loss for the year (₹ In lakhs) | - | - | - | - |
| i. Considered in Consolidation (₹ In lakhs) | ₹(412.42) | (93.80) | (599.23) | (317.83) |
| ii. Not Considered in Consolidation | - | - | - | - |

* Converted into Indian Rupees at the exchange Rate CHF 1 = ₹ 69.64

Note : Sarjena Foods Private Limited ("SFPL") and Amar Chitra Katha Private Limited (ACK) have been considered as associates in terms of Ind AS 109. (Refer Note 33.2).

Consolidated Share : This includes networth and Profit /Loss of Mibelle India Consumer Products Private Limited

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration number : 324982E/E300003

per **Pramod Kumar Bapna**

Partner

Membership No : 105497

For and on behalf of the Board of Directors of Future Consumer Limited

G.N.Bajpai

Chairman

Manoj Gagvani

Company Secretary & Head - Legal

Ashni Biyani

Managing Director

Ravin Mody

Chief Financial Officer

Place : Mumbai

Date : 22 May 2019

Corporate Identity Number of Future Consumer Limited is L52602MH1996PLC192090

Place : Mumbai

Date : 22 May 2019

Information in terms 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the financial year ended 31st March,2019.

Details of Employees including Top Ten Employees (in alphabetical order)

Sr. No, Name, Designation, Age, Qualification, Experience (in Years), Date of Commencement of employment , Remuneration (in ₹), Last Employment

1. Amit Kumar Agrawal, Chief Commercial & Procurement, 46, B.Sc, C.A, 21, 26-Aug-09, 48,11,002*, Reliance Retail Limited 2. Ashni Biyani, Managing Director, 34, Graduate in Textile Designing, 12 years, 15- Nov-2014, 17,050,508, Future Corporate Resources Limited, 3. Gopal Bihani, Chief Finance and Operations Officer, 45, B.Com, C.A, 21 Years, 12-Nov-14, 66,36,385*, Pantaloon Retail India Ltd. 4. Govind Baheti, Business Lead, 47, Chartered Financial Analyst, 13, 1-Jan-06, 76,16,074*, DFQ Software, 5. Jude Linhares^, Director Manufacturing,53, B Tech, 31, 15-Nov-18, 10,902,965,Dabur International Ltd, 6. Maneesh Sharma, Head - Packaging Development,50, B.Sc. PG Diploma in Packaging Technology, 26, 7-Nov-16, 10,170,129, Marico Industries Ltd, 7. Manoj Baheti Business Lead, 50, B.Com, 19 Years, 01-Jan-2006, 63,64,452*, Self-Employed, 8. Manoj Gagvani, Company Secretary & Head- Legal, 52, A.C.S, LL.B, 33, 23-Jun-08, 95,89,848*, Pidilite Industries Limited 9. Narendra Baheti, Executive Director, 51 years, B.Com, 29, 13-Apr-05, 1,49,55,740*, Self-Employed, 10. Ravin Mody, Chief Financial Officer, 39, B.Com, M.Com,C.A,12, 27-May-17, 1,09,79,348* Marico Industries Ltd, 11. Saurabh Bhushan Chadha, CEO - Wholesale Business, 52, MBA, 29, 21-Sep-17, 13,392,458, Omnipresent Retail India Pvt Ltd, 12. Subham Ray^, Chief- New Product Development, 48, M.Sc - Food Technology, 21, 10-Aug-06, 33,85,851*, RK Food Land Pvt. Ltd.

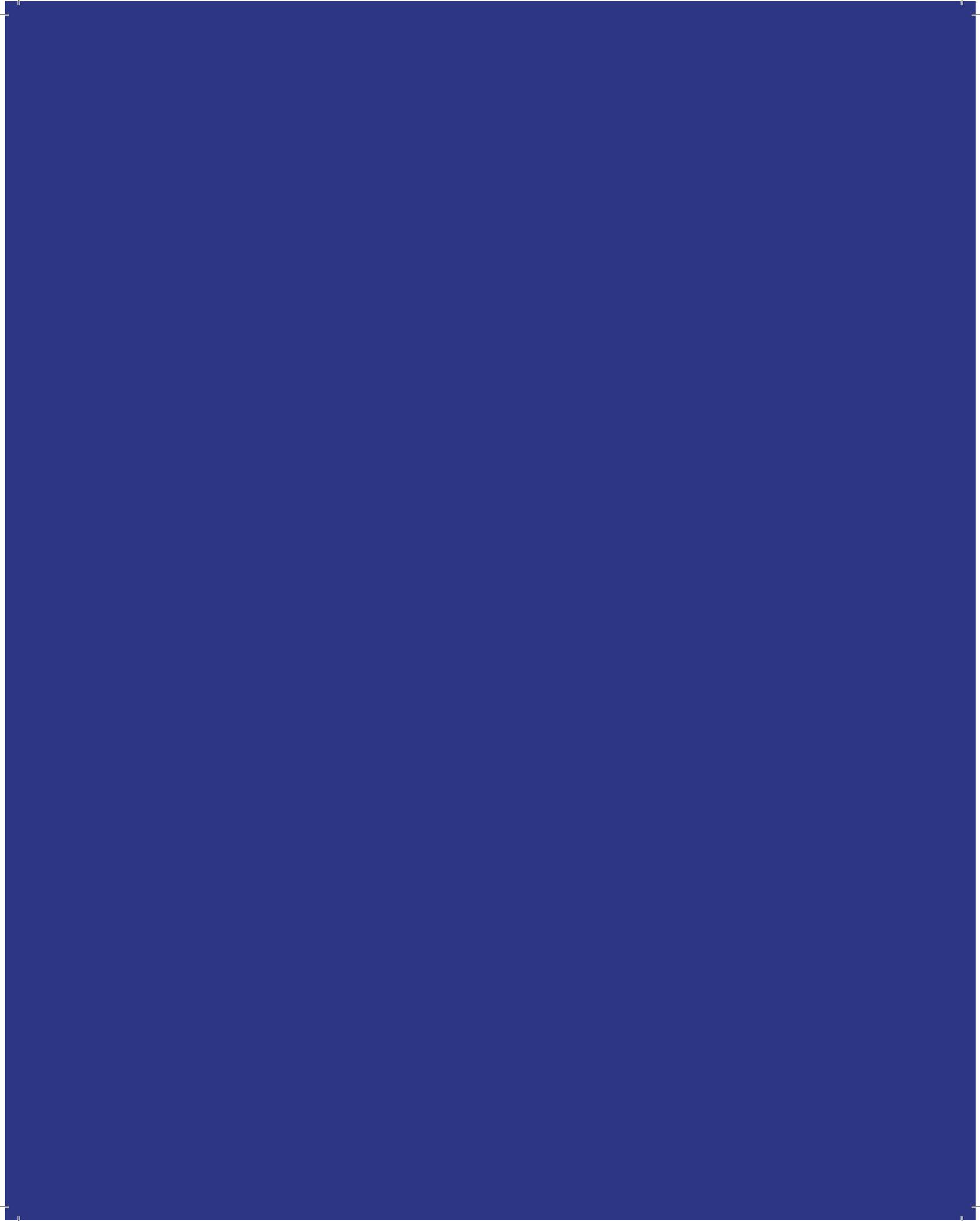
^ employed for part of the year

* remuneration does not include perquisite value on stock options exercised during the financial year 2018-19 by employees as under:

Amit Kumar Agarwal : ₹ 64,73,125/-, Gopal Bihani: ₹35,55,000/-, Govind Baheti : ₹ 87,00,000/-, Manoj Gagvani : ₹ 1,15,55,475/-, Manoj Baheti: ₹ 40,16,250/- Narendra Baheti : ₹6,56,87,500/-, Ravin Mody : ₹3,10,000/-, Subham Ray: ₹1,30,74,903/-.

Note:

1. All appointments are contractual and can be terminated by notice on either side.
2. None of the employees mentioned above are related to any Director of the Company save and except Ms. Ashni Biyani. Ms. Ashni Biyani is the daughter of Mr. Kishore Biyani.





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This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.