

# Future Supply Chain Solutions Limited

Annual Accounts  
2013-14

*future group* <sup>plc</sup>  
future group plc

Future Supply Chain Solutions Limited  
Balance Sheet as at March 31, 2014

|                                | Note | As at<br>March 31, 2014 | (Rs. in lacs)<br>As at<br>March 31, 2013 |
|--------------------------------|------|-------------------------|--|
| <b>EQUITY AND LIABILITIES</b>  |      |                         |  |
| <b>Shareholder's Funds</b>     |      |                         |  |
| Share Capital                  | 2    | 3,913.83                | 3,913.83                                 |
| Reserves and Surplus           | 3    | 16,186.97               | 15,764.21                                |
| <b>Non-Current Liabilities</b> |      |                         |  |
| Long-Term Borrowings           | 4    | 2,486.19                | 3,288.00                                 |
| Deferred Tax Liabilities(net)  | 5    | 167.60                  | 104.94                                   |
| Other Long Term Liabilities    | 6    | 140.25                  | 110.66                                   |
| Long-Term Provisions           | 7    | 136.93                  | 118.15                                   |
| <b>Current Liabilities</b>     |      |                         |  |
| Short-Term Borrowings          | 8    | 3,826.34                | 3,175.52                                 |
| Trade Payables                 | 9    | 6,974.32                | 7,270.52                                 |
| Other Current Liabilities      | 10   | 1,910.29                | 3,007.12                                 |
| Short-Term Provisions          | 11   | 24.33                   | 21.64                                    |
| <b>TOTAL</b>                   |      | <b>35,767.05</b>        | <b>36,774.59</b>                         |
| <b>ASSETS</b>                  |      |                         |  |
| <b>Non-Current Assets</b>      |      |                         |  |
| <b>Fixed Assets</b>            |      |                         |  |
| Tangible Assets                | 12   | 13,969.43               | 16,305.57                                |
| Intangible Assets              | 12   | 412.62                  | 582.81                                   |
| Capital work-in-progress       |      | 892.68                  | 125.27                                   |
| Non-Current Investments        | 13   | 5.00                    | -  |
| Long-Term Loans and Advances   | 14   | 2,764.66                | 2,523.72                                 |
| Other Non Current Assets       | 15   | -                       | 1.00                                     |
| <b>Current Assets</b>          |      |                         |  |
| Trade Receivables              | 16   | 14,600.26               | 16,474.20                                |
| Cash and Bank Balances         | 17   | 241.64                  | 327.72                                   |
| Short-Term Loans and Advances  | 18   | 2,047.71                | 433.93                                   |
| Other Current Assets           | 19   | 833.05                  | 0.38                                     |
| <b>TOTAL</b>                   |      | <b>35,767.05</b>        | <b>36,774.59</b>                         |

The accompanying notes are an integral part of the Financial Statements

As per our report of even date


For NGS & Co. LLP  
Chartered Accountants


  
Ashok A Trivedi  
Partner  
Membership No.: 042472  
Mumbai  
May 02, 2014

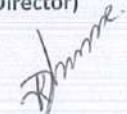


For and on behalf of the Board of Directors  
Future Supply Chain Solutions Ltd.

  
Anshuman Singh  
(Managing Director & CEO)

  
Kailash Sharma  
(Chief Financial Officer)

  
C P Toshniwal  
(Director)

  
Vimal Dhruve  
(Company Secretary)



Future Supply Chain Solutions Limited  
Statement of Profit and Loss for the year ended March 31, 2014

|   | Note | 2013-14          | (Rs. in lacs)<br>2012-13 |
|---|------|------------------|--------------------------|
| <b>Income:</b>  |      |                  |                          |
| Revenue from Operations                                     | 20   | 33,015.97        | 35,356.26                |
| Other Income  | 21   | 303.69           | 50.30                    |
| <b>Total Revenue</b>  |      | <b>33,319.66</b> | <b>35,406.56</b>         |
| <b>Expenses:</b>  |      |                  |                          |
| Cost of Logistics Services                                  |      | 22,215.78        | 24,710.00                |
| Employee Benefit Expenses                                   | 22   | 4,410.89         | 4,534.23                 |
| Finance Costs   | 23   | 1,089.98         | 1,030.48                 |
| Depreciation and Amortisation Expenses                      | 12   | 1,323.90         | 1,386.79                 |
| Other Expenses  | 24   | 3,590.91         | 3,711.95                 |
| <b>Total Expenses</b>                                       |      | <b>32,631.46</b> | <b>35,373.45</b>         |
| <b>Profit before exceptional items and tax</b>              |      | <b>688.20</b>    | <b>33.11</b>             |
| <b>Less : Exceptional items</b>                             | 25   | <b>202.78</b>    | <b>280.00</b>            |
| <b>Profit/(Loss) before Tax</b>                             |      | <b>485.42</b>    | <b>(246.89)</b>          |
| <b>Tax Expense:</b>   |      |                  |                          |
| Current tax   |      | 41.10            | 11.18                    |
| Less: MAT Credit Entitlement                                |      | 41.10            | 11.18                    |
| Deferred Tax Charge   |      | 62.66            | 170.74                   |
| <b>Profit/(Loss) for the year</b>                           |      | <b>422.76</b>    | <b>(417.63)</b>          |
| <b>Earnings Per Equity Share (Face Value Rs. 10/- each)</b> |      |                  |                          |
| Basic and Diluted   |      | 1.08             | (1.07)                   |

The accompanying notes are an integral part of the Financial Statements

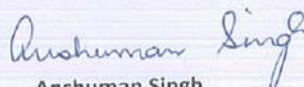
As per our report of even date

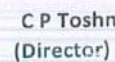
For NGS & Co. LLP  
Chartered Accountants

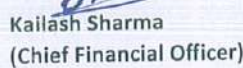
  
Ashok A Trivedi  
Partner  
Membership No.: 042472  
Mumbai  
May 02, 2014

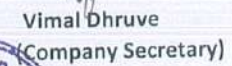


For and on behalf of the Board of Directors  
Future Supply Chain Solutions Ltd.

  
Anshuman Singh  
(Managing Director & CEO)

  
C P Toshniwal  
(Director)

  
Kailash Sharma  
(Chief Financial Officer)

  
Vimal Dhruve  
(Company Secretary)



FUTURE SUPPLY CHAIN SOLUTIONS LIMITED  
Cash Flow Statement for the year ended March 31, 2014

(Rs. in lacs)

| Particulars  | 2013-14           | 2012-13           |
|--|-------------------|-------------------|
| <b>A Cash Flow from Operating Activities</b>                       |                   |                   |
| Net Profit Before Tax and exceptional items                        | 688.20            | 33.11             |
| <b>Adjustments for :</b>   |                   |                   |
| Depreciation and Amortisation                                      | 1,323.90          | 1,386.79          |
| Reversal of Provision for doubtful advance of subsidiary           | 275.00            | -                 |
| Loss on discard of assets  | 94.08             | -                 |
| Provision for Doubtful Debts                                       | 64.46             | 25.55             |
| Interest income  | (191.59)          | (4.04)            |
| Interest expense   | 1,089.98          | 1,030.48          |
| <b>Operating profit before working capital changes</b>             | <b>3,344.03</b>   | <b>2,471.89</b>   |
| <b>Changes in Working Capital</b>                                  |                   |                   |
| Increase/(Decrease) in Trade Payables                              | (296.20)          | 1,608.16          |
| Increase/(Decrease) in Other Current Liabilities                   | (394.96)          | 3,624.81          |
| (Increase)/Decrease in Trade Receivables                           | 1,809.48          | (3,255.69)        |
| (Increase)/Decrease in Other Assets                                | (2,357.14)        | 828.22            |
| <b>Cash generated from operations</b>                              | <b>2,105.22</b>   | <b>5,277.39</b>   |
| Direct Taxes Paid  | (330.27)          | (225.08)          |
| <b>Net Cash generated from operations</b>                          | <b>1,774.95</b>   | <b>5,052.31</b>   |
| <b>B Cash Flow From Investing Activities</b>                       |                   |                   |
| Purchase of Fixed Assets / Advances for Capital Goods              | (994.77)          | (2,935.13)        |
| Insurance Claim on Fire  | 832.94            | -                 |
| Interest income  | 191.59            | 4.04              |
| <b>Net Cash used in Investing Activities</b>                       | <b>29.76</b>      | <b>(2,931.09)</b> |
| <b>C Cash Flow from Financing Activities</b>                       |                   |                   |
| Proceeds from Issue of Share Capital                               | -                 | -                 |
| Proceeds from Long Term Borrowing                                  | (801.81)          | (1,065.01)        |
| Interest expense   | (1,089.98)        | (1,030.48)        |
| <b>Net Cash from financing activities</b>                          | <b>(1,891.79)</b> | <b>(2,095.49)</b> |
| <b>Net increase/(Decrease) in Cash and Cash Equivalent (A+B+C)</b> | <b>(87.08)</b>    | <b>25.73</b>      |
| Cash and Cash Equivalents (At the beginning of the year)           | 315.22            | 289.49            |
| Cash and Cash Equivalents (At the end of the year)                 | 228.14            | 315.22            |

As per our report of even date

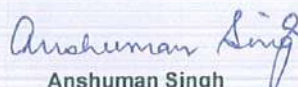
For N G S & Co. LLP  
Chartered Accountants




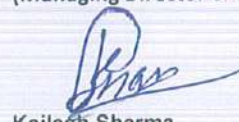
Ashok A Trivedi  
Partner  
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May 02, 2014

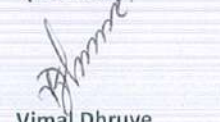


For and on behalf of the Board of Directors of  
Future Supply Chain Solutions Ltd.

  
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(Managing Director & CEO)

  
C P Toshniwal  
(Director)

  
Kailash Sharma  
(Chief Financial Officer)

  
Vimal Dhruve  
(Company Secretary)



## FUTURE SUPPLY CHAIN SOLUTIONS LIMITED

### Significant Accounting Policies and Notes on Accounts.

#### 1. SIGNIFICANT ACCOUNTING POLICIES:

##### 1.1 Basis of preparation:-

Financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under the Companies Act 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act 1956 (to the extent applicable) and Companies Act, 2013 (to the extent notified).

##### 1.2 Use of Estimates:-

Preparation of Financial Statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### 1.3 Tangible Fixed Assets and Depreciation:-

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets up to the date when such assets are ready for its intended use.

Depreciation is provided on straight line basis at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 except leasehold improvements which are amortized over the period of lease.

Fixed Assets individually costing less than Rs. Five Thousand are fully depreciated in the year of purchase. Depreciation on the Fixed Assets added / disposed off / discarded during the year is provided on pro-rata basis with reference to the month of addition / disposal / discarding.



**1.4 Intangible Assets and Amortization :-**

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated losses, if any.

Intangible assets are amortized on a straight line basis over their useful lives as under:

| Assets                    | Estimated useful life |
|---------------------------|-----------------------|
| Software                  | 6 years               |
| Exclusive Business Rights | 10 years              |

**1.5 Investments :-**

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Investments are recorded at cost on the date of purchase, which includes acquisition charges such as brokerage, stamp duty, taxes etc. Current investments are stated at lower of cost and fair value which is determined on individual basis. Long-term investments are stated at cost, after deducting provisions made, if any, for other than temporary diminution in the value.

**1.6 Transactions in foreign currency :-**

Transactions in foreign currencies are recorded at the prevailing rates of exchange on the date of transaction. Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the balance sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the statement of Profit and Loss.

**1.7 Revenue Recognition :-**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue from services rendered is recognised as the service is performed based on agreements / arrangements with concerned parties.

Interest income is recognised in the Statement of Profit and Loss taking into account the amount outstanding and rates applicable.



### 1.8 Retirement and other employee benefits :-

Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

### 1.9 Taxation :-

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantially enacted as at the Balance Sheet date.

Deferred tax asset are recognized only to the extent where there is a reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

Deferred tax assets / liabilities are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

The Company offsets the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on net basis.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance



with the recommendations contained in the guidance note issued by Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to the Statement of Profit and Loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

#### **1.10 Provisions, Contingent Liabilities and Contingent Assets :-**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized, but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### **1.11 Impairment of assets :-**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

#### **1.12 Operating Leases :-**

Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases and lease rental thereof are charged to the Statement of Profit and Loss as per the terms of agreement which is representative of the time pattern of the user's benefit.

#### **1.13 Earning Per Share :-**

Basic earning per share are calculated by dividing the net profit for the year attributable to equity shareholders.





Future Supply Chain Solutions Limited  
Notes to the Financial Statements

(Rs in lacs)

|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---|-------------------------|-------------------------|
| <b>2 Share Capital</b>                                |                         |                         |
| <b>Authorised</b>                                     |                         |                         |
| 40,000,000 Equity Shares of Rs. 10 each.              | 4,000.00                | 4,000.00                |
|   | <u>4,000.00</u>         | <u>4,000.00</u>         |
| <b>Issued and Subscribed</b>                          |                         |                         |
| 39,138,283 Equity Shares of Rs. 10 each fully paid up | 3,913.83                | 3,913.83                |
|   | <u>3,913.83</u>         | <u>3,913.83</u>         |

a) - Reconciliation of number of shares:

|                         | As at<br>March 31, 2014<br>No. of Shares | As at<br>March 31, 2013<br>No. of Shares |
|-------------------------|--|--|
| Opening Balance         | 3,91,38,283                              | 3,91,38,283                              |
| Changes during the year |  |  |
| <b>Closing Balance</b>  | <u>3,91,38,283</u>                       | <u>3,91,38,283</u>                       |

b) - Rights and restrictions attached to the shares

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled for one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholdings.

c) - Shares in the company held by holding company

| Name   | As at<br>March 31, 2014<br>No. of Shares | As at<br>March 31, 2013<br>No. of Shares |
|--|--|--|
| Equity shares  |  |  |
| Future Retail Limited (Formerly known as Pantaloon Retail (India) Limited) | 2,74,62,962                              | 2,74,62,962                              |
| <b>Total</b>   | <u>2,74,62,962</u>                       | <u>2,74,62,962</u>                       |

d) - Shareholders holding more than 5% of the equity shares in the Company.

| Name   | As at March 31, 2014 |              | As at March 31, 2013 |
|--|----------------------|--------------|----------------------|
|  | No. of Shares        | %            | No. of Shares        |
| Future Retail Limited [Formerly Known as Pantaloon Retail (India) Limited] | 2,74,62,962          | 70.2%        | 2,74,62,962          |
| SKC 1 Limited  | 1,01,75,321          | 26.0%        | 1,01,75,321          |
| <b>Total</b>   | <u>3,76,38,283</u>   | <u>96.2%</u> | <u>3,76,38,283</u>   |



Future Supply Chain Solutions Limited  
Notes to the Financial Statements

(Rs In lacs)

|   | As at<br>March 31, 2014   | As at<br>March 31, 2013 |
|---|---|-------------------------|
| <b>3 Reserves and Surplus</b>   |   |                         |
| Securities Premium Account  |   |                         |
| As per last Balance Sheet   | 16,499.17   | 16,499.17               |
|   | <u>16,499.17</u>  | <u>16,499.17</u>        |
| <b>Surplus in Statement of Profit and Loss</b>                          |   |                         |
| As per last Balance Sheet   | (734.96)  | (317.33)                |
| Add: Profit/ (Loss) for the year  | 422.76  | (417.63)                |
|   | <u>(312.20)</u>   | <u>(734.96)</u>         |
|   | <u>16,186.97</u>  | <u>15,764.21</u>        |
| <b>4 Long-Term Borrowings</b>   |   |                         |
| Secured   |   |                         |
| Rupee Term Loan from Banks  | 2,486.19  | 3,288.00                |
|   | <u>2,486.19</u>   | <u>3,288.00</u>         |
| <b>4.1</b>  | Rs. 3288 lacs (including current maturity) is secured by first pari passu charge on the Company's movable and immovable fixed assets and personal guarantee by one of the directors and Rs. 31.34 Lacs secured by hypothecation of car.   |                         |
| <b>4.2</b>  | Amount repayable Rs. 1096 lacs and Rs. 1370 lacs in 2015-16 and 2016 - 17 respectively. Rate of interest ranging from 13.50% to 14.00%.   |                         |
| <b>4.3</b>  | Amount Repayable Rs. 12.36 Lacs and Rs. 7.83 Lacs in 2015-16 and 2016-17 respectively. Rate of Interest ranging from 10.35% to 10.38%   |                         |
| <b>5 Deferred tax Liabilities (net)</b>                                 |   |                         |
| Major components of the deferred tax balances consist of the following: |   |                         |
| Deferred Tax Liability  |   |                         |
| Related to Fixed Assets   | 1,153.83  | 1,071.91                |
|   | <u>1,153.83</u>   | <u>1,071.91</u>         |
| Deferred Tax Assets   |   |                         |
| Disallowances under the Income Tax Act, 1961                            | 119.70  | 59.94                   |
| Carry forward losses/ unabsorbed depreciation                           | 866.53  | 907.03                  |
|   | <u>986.23</u>   | <u>966.97</u>           |
| Deferred Tax liability (net)  | <u>167.60</u>   | <u>104.94</u>           |
| <b>6 Other Long Term Liabilities</b>                                    |   |                         |
| Security Deposits   | 140.25  | 110.65                  |
|   | <u>140.25</u>   | <u>110.65</u>           |
| <b>7 Long-Term Provisions</b>   |   |                         |
| <b>Provision for Employee Benefits</b>                                  |   |                         |
| Provision for gratuity and leave encashment                             | 136.93  | 118.15                  |
|   | <u>136.93</u>   | <u>118.15</u>           |
| <b>8 Short-Term Borrowings</b>  |   |                         |
| Secured   |   |                         |
| Working Capital borrowing from Banks                                    | 3,826.34  | 3,175.52                |
|   | <u>3,826.34</u>   | <u>3,175.52</u>         |
|   | (1. Secured by first charge on current assets of the company along with the other banks under multiple banking arrangements.<br>2. Second pari passu charge on fixed assets of the company)<br>(Rate of Interest ranging from 11.70% to 13.85%)   |                         |
| <b>9 Trade Payables</b>   |   |                         |
| Trade Payables  | 6,974.32  | 7,270.52                |
|   | <u>6,974.32</u>   | <u>7,270.52</u>         |
|   | [1. There are no Micro, Small and Medium Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2014 and no interest payment has been made during the year to any Micro, Small and Medium Enterprises.<br>2. This information as required to be disclosed under the Micro, Small and Medium Enterprises development Act 2005, has been determined to the extent such parties have been identified the basis of information available with the company |                         |
| <b>10 Other Current Liabilities</b>                                     |   |                         |
| Current Maturities of Long Term Borrowings                              | 833.15  | 1,252.28                |
| Security Deposits   | 4.47  | 3.06                    |
| Interest Accrued but not due  | -   | 8.20                    |
| Customer advances   | 80.36   | 31.05                   |
| Statutory Liabilities   | 248.25  | 129.91                  |
| Capital Creditors   | 120.84  | 220.60                  |
| Other Payables  | 623.22  | 1,362.02                |
|   | <u>1,910.29</u>   | <u>3,007.12</u>         |
| <b>11 Short-Term Provisions</b>   |   |                         |
| Provision for Employee Benefits   | 24.33   | 21.64                   |
|   | <u>24.33</u>  | <u>21.64</u>            |



FUTURE SUPPLY CHAIN SOLUTIONS LIMITED  
Notes to the Financial Statements

12. FIXED ASSETS

| Description                 | Gross Block         |                           |                 |                      | Depreciation/Amortizations |               |                 |                     | Net Block            |                      |
|-----------------------------|---------------------|---------------------------|-----------------|----------------------|----------------------------|---------------|-----------------|---------------------|----------------------|----------------------|
|                             | As at April 1, 2013 | Additions during the year | Deletions       | As at March 31, 2014 | Upto April 1, 2013         | Deletions     | For the year    | Upto March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| <b>A: TANGIBLE ASSETS</b>   |                     |                           |                 |                      |                            |               |                 |                     |                      |                      |
| Leasehold Improvements      | 975.79              | -                         | 131.95          | 843.84               | 793.77                     | 118.06        | 42.90           | 718.61              | 125.23               | 182.02               |
| Plant and Machinery         | 13,825.99           | 84.30                     | 1,241.93        | 12,668.36            | 2,049.05                   | 201.15        | 637.93          | 2,485.83            | 10,182.53            | 11,776.94            |
| Electrical Installations    | 2,209.76            | 19.94                     | 367.56          | 1,862.14             | 334.76                     | 79.24         | 99.92           | 355.44              | 1,506.70             | 1,875.00             |
| Computers                   | 2,057.87            | 23.34                     | 116.91          | 1,964.30             | 1,294.74                   | 78.81         | 227.21          | 1,443.14            | 521.16               | 763.13               |
| Furniture and Fixture       | 1,763.07            | 39.55                     | 29.53           | 1,773.09             | 338.22                     | 8.89          | 112.13          | 441.46              | 1,331.63             | 1,424.85             |
| Vehicles                    | 24.05               | 48.75                     | -               | 72.80                | 3.00                       | -             | 2.74            | 5.74                | 67.06                | 21.05                |
| Office Equipments           | 335.67              | 1.42                      | 9.57            | 327.52               | 73.09                      | 1.50          | 20.81           | 92.40               | 235.12               | 262.58               |
| <b>Total A</b>              | <b>21,192.20</b>    | <b>217.30</b>             | <b>1,897.45</b> | <b>19,512.05</b>     | <b>4,886.63</b>            | <b>487.65</b> | <b>1,143.64</b> | <b>5,542.62</b>     | <b>13,969.43</b>     | <b>16,305.57</b>     |
| <b>B: INTANGIBLE ASSETS</b> |                     |                           |                 |                      |                            |               |                 |                     |                      |                      |
| Software                    | 1,077.82            | 10.07                     | -               | 1,087.89             | 544.48                     | -             | 170.26          | 714.74              | 373.15               | 533.34               |
| Exclusive Business Rights   | 100.00              | -                         | -               | 100.00               | 50.53                      | -             | 10.00           | 60.53               | 39.47                | 49.47                |
| <b>Total B</b>              | <b>1,177.82</b>     | <b>10.07</b>              | <b>-</b>        | <b>1,187.89</b>      | <b>595.01</b>              | <b>-</b>      | <b>180.26</b>   | <b>775.27</b>       | <b>412.62</b>        | <b>582.81</b>        |
| <b>GRAND TOTAL (A+B)</b>    | <b>22,370.02</b>    | <b>227.37</b>             | <b>1,897.45</b> | <b>20,699.94</b>     | <b>5,481.64</b>            | <b>487.65</b> | <b>1,323.90</b> | <b>6,317.89</b>     | <b>14,382.05</b>     | <b>16,888.38</b>     |
| Previous Year               | 19,510.00           | 3,026.90                  | 166.88          | 22,370.02            | 4,173.22                   | 78.37         | 1,386.79        | 5,481.64            | 16,888.38            | 15,336.79            |



*[Handwritten signature]*

Future Supply Chain Solutions Limited  
Notes to the Financial Statements

(Rs in lacs)

|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---|-------------------------|-------------------------|
| <b>13 Non-Current Investments</b>   |                         |                         |
| <b>Non - Trade Investment (at cost)</b>   |                         |                         |
| <b>Unquoted</b>   |                         |                         |
| <b>Equity Shares in Subsidiary</b>  |                         |                         |
| 50,000 Equity share of FSC Brand Distribution Services Limited of Rs. 10/- each fully paid up | 5.00                    | 5.00                    |
| Less : Provision for Diminution   | -                       | 5.00                    |
| <b>Aggregate cost of unquoted investments</b>   | <u>5.00</u>             | <u>-</u>                |
| <b>14 Long Term Loan and Advances (Unsecured, considered good)</b>                            |                         |                         |
| Capital Advances  | 3.88                    | 4.21                    |
| Security Deposits   | 1,661.66                | 2,096.76                |
| Advance to Subsidiary   | 305.00                  |                         |
| Deduction of Income Tax (Net of provisions)   | 718.50                  | 388.23                  |
| Mat Credit Entitlement  | 75.62                   | 34.52                   |
| <b>(Unsecured, considered doubtful)</b>   |                         |                         |
| Advance to Subsidiary   | -                       | 275.00                  |
| Less: Provision   | -                       | 275.00                  |
|   | <u>2,764.66</u>         | <u>2,523.72</u>         |
| <b>15 Other Non Current Assets</b>  |                         |                         |
| Long term bank deposits   | -                       | 1.00                    |
|   | <u>-</u>                | <u>1.00</u>             |
| <b>16 Trade Receivables (Unsecured)</b>   |                         |                         |
| - Outstanding for a period exceeding six months   |                         |                         |
| considered doubtful   | 90.01                   | 31.25                   |
| considered good   | 599.08                  | 365.24                  |
| Less: Provision for doubtful debts  | 90.01                   | 31.25                   |
|   | <u>599.08</u>           | <u>365.24</u>           |
| Other debts considered good   | 14,001.18               | 16,108.96               |
|   | <u>14,600.26</u>        | <u>16,474.20</u>        |
| <b>17 Cash and Bank Balances: Cash and cash equivalents</b>                                   |                         |                         |
| Balances with Banks:  |                         |                         |
| In Current Accounts   | 212.90                  | 291.36                  |
| Cash on Hand  | 15.24                   | 23.86                   |
| <b>Other bank balances</b>  |                         |                         |
| Short term bank deposits*   | 13.50                   | 12.50                   |
|   | <u>241.64</u>           | <u>327.72</u>           |
| * Lien with Sales tax department.   |                         |                         |
| <b>18 Short-Term Loans and Advances (Unsecured, considered good)</b>                          |                         |                         |
| Security Deposits   | 418.40                  | 168.95                  |
| Others Loans and Advances*  | 129.31                  | 264.98                  |
| Inter Corporate Deposit   | 1,500.00                | -                       |
| <b>(Unsecured, considered doubtful)</b>   |                         |                         |
| Security Deposits   | 1.48                    | 1.48                    |
| Less: Provision   | 1.48                    | 1.48                    |
|   | <u>2,047.71</u>         | <u>433.93</u>           |
| * Primarily includes advances to suppliers and taxes receivable.                              |                         |                         |
| <b>19 Other Current Assets</b>  |                         |                         |
| Interest receivable   | 0.12                    | 0.38                    |
| Insurance Claim Receivable  | 832.93                  | -                       |
|   | <u>833.05</u>           | <u>0.38</u>             |



Future Supply Chain Solutions Limited  
Notes to the Financial Statements

| Particular                                      | (Rs. in lacs)    |                  |
|---|------------------|------------------|
|   | 2013-14          | 2012-13          |
| <b>20 Revenue from Operations</b>               |                  |                  |
| Logistic Services                               | 32,985.25        | 35,313.44        |
| Other Operating Income                          | 30.72            | 42.82            |
|   | <u>33,015.97</u> | <u>35,356.26</u> |
| <b>21 Other income</b>                          |                  |                  |
| Interest Income                                 | 191.59           | 4.04             |
| Sundry Balance written back                     | 24.35            | -                |
| Other income                                    | 87.75            | 46.26            |
|   | <u>303.69</u>    | <u>50.30</u>     |
| <b>22 Employee Benefit Expenses</b>             |                  |                  |
| Salaries, Wages and Bonus                       | 4,067.64         | 4,100.60         |
| Contribution to Provident and Other Funds       | 134.29           | 154.75           |
| Staff Welfare Expenses                          | 208.96           | 278.88           |
|   | <u>4,410.89</u>  | <u>4,534.23</u>  |
| <b>23 Finance Costs</b>                         |                  |                  |
| Interest Expense                                | 1,060.58         | 1,030.48         |
| Other Borrowing Cost                            | 29.40            | -                |
|   | <u>1,089.98</u>  | <u>1,030.48</u>  |
| <b>24 Other Expenses</b>                        |                  |                  |
| Electricity Expenses                            | 427.20           | 433.82           |
| Rent  | 185.50           | 192.39           |
| Rates and Taxes                                 | 14.17            | 8.62             |
| Insurance                                       | 87.37            | 94.29            |
| Repairs and Maintenance                         |                  |                  |
| Plant and Machinery                             | 176.57           | 170.23           |
| Others  | 184.48           | 204.67           |
| Travelling and Conveyance Expenses              | 564.19           | 630.31           |
| Auditors' Remuneration                          |                  |                  |
| Statutory Audit Fees                            | 6.00             | 6.00             |
| Tax Audit Fees                                  | 0.25             | 0.25             |
| Other Services                                  | -                | 4.65             |
| Security Expenses                               | 604.12           | 775.53           |
| Service Tax Paid                                | 217.09           | -                |
| Exchange Loss (net)                             | -                | 0.20             |
| Provision for Doubtful Debts                    | 64.46            | 25.55            |
| Loss on discard of Fixed Assets                 | 94.08            | 88.51            |
| Donations                                       | -                | 1.10             |
| Miscellaneous Expenses                          | 965.43           | 1,075.83         |
|   | <u>3,590.91</u>  | <u>3,711.95</u>  |
| <b>25 Exceptional items</b>                     |                  |                  |
| Provision for Doubtful advance to subsidiary    |                  | 275.00           |
| Provision for Diminution in Value of Investment | -                | 5.00             |
| Loss on Fire                                    | 482.78           | -                |
| Less: Reversal of                               |                  |                  |
| Provision for Diminution in value of investment | 5.00             | -                |
| Provision for doubtful advance of subsidiary    | 275.00           | -                |
|   | <u>280.00</u>    | <u>-</u>         |
|   | <u>202.78</u>    | <u>280.00</u>    |



26. Contingent Liabilities not provided for:

- i) Bank Guarantees outstanding Rs. 10.00 Lacs (2013: Rs.12.50 Lacs)

27. Estimated amounts of contracts remaining to be executed on capital account and not provided for, (net of advances) Rs. 34.58 Lacs. (2013: Rs.95.94 Lacs)

28. Cost of Services includes Rent paid Rs. 4,201.25 Lacs (2013 : Rs. 4,409.41 Lacs)

29. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the period. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and relied by the auditors.

### 30. Related Party disclosures

The management has identified the following related parties for disclosures under AS 18:

- i) Holding Company - Future Retail Limited. [Formerly known as Pantaloon Retail (India) Limited]
- ii) Subsidiary Company - FSC Brand Distribution Services Limited
- iii) Fellow Subsidiaries - Future E-Commerce Infrastructure Limited.  
- Staples Future Office Products Private Limited  
- Future Value Retail Limited.(Up to 10<sup>th</sup> Feb -14)  
- Future Lifestyle Fashions Limited. (up to 24<sup>th</sup> June 13)
- iv) Key Management Personnel (CEO) - Anshuman Singh (Managing Director and CEO)
- v) Enterprise having significant influence over the reporting entity - SKC 1 Limited

During the year, following transactions were carried out with the related parties in the ordinary course of business:



(Rs. in Lacs)

| Nature of Transactions    | Holding Company         | Fellow Subsidiaries      | Subsidiary Company  | Key Management Personnel |
|---------------------------|-------------------------|--------------------------|---------------------|--------------------------|
| Purchase of Fixed Assets  | 504.34<br>(93.61)       | -<br>(1.04)              | -<br>(-)            | -<br>(-)                 |
| Income from operation     | 4,803.20<br>(10,049.45) | 10,436.91<br>(13,460.99) | -<br>(51.96)        | -<br>(-)                 |
| Reimbursement of Expenses | 41.92<br>(32.21)        | 33.59<br>(76.85)         | 0.82<br>(3.39)      | -<br>(-)                 |
| Rent paid                 | 7.04<br>(-)             | 7.66<br>(23.01)          | -<br>(-)            | -<br>(-)                 |
| Expenses                  | 2.84<br>(25.11)         | 2.99<br>(-)              | -<br>(-)            | -<br>(-)                 |
| Remuneration              | -<br>(-)                | -<br>(-)                 | -<br>(-)            | 178.13<br>(157.44)       |
| Advances given            | -<br>(-)                | -<br>(-)                 | 30.00<br>(-)        | -<br>(-)                 |
| As on March 31            |                         |                          |                     |                          |
| Receivable                | 6,089.27<br>(6,338.41)  | 172.87<br>(5,028.02)     | 430.29*<br>(399.46) | -<br>(-)                 |

\* Provision for doubtful advances: Rs. \*NIL Lacs(2013: Rs. 275 Lacs)

Disclosure in respect of material Related Party Transactions during the year :

1. Purchase of Fixed Asset includes Rs. NIL (2013: Rs. 1.04 Lacs) from Future Value Retail Limited
2. Income from operation includes services rendered to Future Value Retail Limited Rs. 9,972.70 Lacs (2013: 13,339.09 Lacs).
3. Reimbursement of Expense includes Future Value Retail Limited Rs. 33.59 Lacs (2013: Rs. 66.48 Lacs).
4. Expenses include Staples Future Office Products Limited Rs. 2.99 Lacs (2013: NIL)
5. Rent paid includes Future Value Retail Limited Rs. 7.66 Lacs (2013: 23.01 Lacs).



**Notes :**

The shareholders of the Company had passed the special resolution at the extra ordinary general meeting held on 16 April 2013 to waive the recovery of excess remuneration paid to the Managing Director and accordingly, applied to the Central Government in terms of section 309 (5B) of the Companies Act, 1956. The Central Government has, however, rejected the application and directed the Company to recover the remuneration so paid to the Managing Director. However, the Company has represented before the Joint Secretary, Ministry of Corporate Affairs, for reconsideration of the rejection and grant of approval. The said representation is pending for disposal.

The shareholders of the Company had also passed the special resolution at the extra ordinary general meeting held on 16 April 2013 for the re-appointment of the Managing Director and accordingly, filed requisite application with the Central Government in terms of section 269, 309, 311 and other applicable provisions of the Companies Act, 1956. The said application is pending for disposal.

Figures in brackets relate to previous year.

**31. Earnings Per Share**

| Particulars   | 2013-14     | 2012-13     |
|---|-------------|-------------|
| Profit for the year (Rs. In Lacs)                         | 422.76      | (417.63)    |
| Weighted average number of equity shares outstanding      | 3,91,38,283 | 3,91,38,283 |
| Earnings per share of Rs.10/- each<br>- Basic and Diluted | 1.08        | (1.07)      |

**32. Lease**

The Company's significant leasing arrangements are in respect of operating leases for premises (office warehouses etc) These leasing arrangements which are non-cancellable range between 3 months and 11 years generally or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rents payable are charged as "Rent" under Note No. 25 and Note no. 29. Lease Rent payable not later than one year is Rs.1992.47 Lacs (2013: Rs. 2,421.93 Lacs), payable later than one year but not later than five





year is Rs.3978.81 Lacs (2013: Rs. 5,470.51 Lacs) and payable later than five years is Rs. 3100.39 Lacs (2013: Rs. 3,711.44 Lacs)

**33. Value of Imports (during the year on CIF basis)**

| Particulars   | (Rs. in Lacs) |         |
|---------------|---------------|---------|
|               | 2013-14       | 2012-13 |
| Capital Goods | NIL           | 75.39   |

**34. Expenditure in Foreign Currency (on accrual basis)**

| Particulars         | (Rs. in Lacs) |         |
|---------------------|---------------|---------|
|                     | 2013-14       | 2012-13 |
| Travelling Expenses | 3.29          | 4.83    |
| Freight forwarding  | 40.64         | 37.81   |
| Software Licences   | 6.60          | NIL     |

**35. Disclosure pursuant to Accounting Standard 15 – Employee Benefits**

**Defined Contribution Plan**

Amount recognised as an expenses and included in Schedule 12 under the 'Contribution to Provident and Other Funds" of Statement of Profit and Loss account Rs. 134.29 Lacs (2013: Rs. 154.75 Lacs).



*[Handwritten signature]*



### Defined Benefit Plan

#### Reconciliation of Opening and Closing balances of Defined Benefit Plan

(Rs. in Lacs)

| Particulars  | Gratuity (Funded) |         | Gratuity (Unfunded) |         | Leave Encashment (Unfunded) |         |
|--|-------------------|---------|---------------------|---------|-----------------------------|---------|
|  | 2013-14           | 2012-13 | 2013-14             | 2012-13 | 2013-14                     | 2012-13 |
| Present value of obligation at the beginning of the year | 1.88              | 15.42   | 89.95               | 63.89   | 49.84                       | 53.42   |
| Current service cost                                     | -                 | -       | 24.44               | 26.49   | 16.94                       | 18.27   |
| Interest cost  | -                 | -       | 7.35                | 6.34    | 3.99                        | 4.27    |
| Actuarial (gain)/Loss                                    | -                 | (0.51)  | 5.32                | 3.68    | (2.25)                      | (7.64)  |
| Benefits paid by company                                 | -                 | -       | (18.64)             | (9.43)  | (15.32)                     | (18.48) |
| Benefit paid by the Insurance Co.                        | -                 | 14.05   | -                   | -       | -                           | -       |
| Bank Balance   | 0.35              | -       | -                   | -       | -                           | -       |
| Present value of obligation at the yearend               | 2.23              | 1.88    | 108.07              | 89.95   | 53.21                       | 49.84   |

#### Reconciliation of Opening and Closing balances of Fair value of plan assets

(Rs. in Lacs)

|  | Gratuity (Funded) |         |
|--|-------------------|---------|
|  | 2013-14           | 2012-13 |
| Fair value of plan assets at the beginning of the year | 1.88              | 15.42   |
| Expected return on plan assets                         | -                 | 0.51    |
| Actuarial gain/(loss)                                  | -                 | -       |
| Benefits paid  | -                 | (14.05) |
| Bank Balance   | 0.35              | -       |
| Fair value of plan assets at the end the year          | 2.23              | 1.88    |



**Reconciliation of fair value of assets and obligation**

(Rs. in Lacs)

|   | Gratuity |         | Leave Encashment |         |
|---|----------|---------|------------------|---------|
|   | 2013-14  | 2012-13 | 2013-14          | 2012-13 |
| Present value of obligation               | 110.30   | 91.83   | 53.21            | 49.84   |
| Less: Fair Value of the plan assets       | (2.23)   | (1.88)  | -                | -       |
| Liability Recognised in the Balance sheet | 108.07   | 89.95   | 53.21            | 49.84   |

**Expenses recognised in Statement of Profit and Loss**

(Rs. in Lacs)

|                                | Gratuity (Funded) |         | Gratuity(Unfunded) |         | Leave Encashment |         |
|--------------------------------|-------------------|---------|--------------------|---------|------------------|---------|
|                                | 2013-14           | 2012-13 | 2013-14            | 2012-13 | 2013-14          | 2012-13 |
| Current service cost           | -                 | -       | 24.44              | 26.49   | 16.94            | 18.27   |
| Interest cost                  | -                 | -       | 7.35               | 6.34    | 3.99             | 4.27    |
| Expected return on plan assets | -                 | (0.51)  | -                  | -       | -                | -       |
| Acturial (gain)/Loss           | -                 | -       | 5.32               | 3.17    | (2.25)           | (7.64)  |
| Net Cost                       | -                 | (0.51)  | 37.10              | 36.00   | 18.68            | 14.91   |



*[Handwritten Signature]*



## Experience Adjustments

(Rs. in Lacs)

| Experiences                                | March 2010 | March 2011 | March 2012 | March 2013 | March 2014 |
|--|------------|------------|------------|------------|------------|
| Defined Benefit Obligation                 | 41.57      | 68.56      | 79.31      | 91.83      | 110.30     |
| Plan Assets<br>(includes bank balance)     | 20.64      | 20.42      | 15.42      | 1.88       | 2.23       |
| Surplus / ( Deficit)                       | (20.93)    | (48.14)    | (63.89)    | (89.95)    | (108.07)   |
| Experience adjustments on Plan Liabilities | (8.95)     | (1.13)     | (11.48)    | 3.17       | 5.32       |
| Experience on Plan Assets                  | 0.00       | 0.14       | 0.10       | 0.73       | NA         |

### Assumptions used in the actuarial valuation are as below

|   | Gratuity |         | Leave Encashment |         |
|---|----------|---------|------------------|---------|
|   | 2013-14  | 2012-13 | 2013-14          | 2012-13 |
| Discounted rate (per annum)             | 8%       | 8%      | 8%               | 8%      |
| Expected rate of future salary increase | 5%       | 5%      | 5%               | 5%      |

36. The Company is engaged only in Logistic business in India and there are no separate reportable business and geographical segments as per Accounting Standard 17, Segment Reporting.

37. The Company's assets were damaged/ destroyed in a fire on January 30, 2014 at its warehouse Bangalore. The Company has filed a claim with the insurance company and the survey has been completed by the insurance company. The Company has set up a receivable of Rs 832.93 lacs from the insurance company in respect of the value of asset destroyed/ damaged based on the Company's current best estimates and reasonable certainty considering the reports of the relevant authorities and the Company's past experiences. The net loss of Rs 482.78 lacs on this



*[Handwritten signature]*



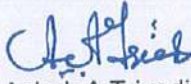
account, primary on policy exclusions, has been disclosed as an exceptional item. The operations of the warehouse remains suspended.

38. During the year, the Board of Directors of the Company had approved the amalgamation of FSC requisite approval including the approval of the High Court of judicature at Bombay. An application in the High Court of Judicature at Bombay has been filed by both the Companies after the close of the financial year. The said scheme will be accounted after requisite approvals have been received.

39. Previous year figures have been regrouped/rearranged wherever necessary.

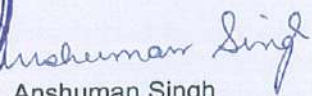
As per our report of even date


For NGS & Co. LLP  
Chartered Accountants


  
Ashok A Trivedi  
Partner  
Membership No. 042472  
Mumbai  
May 02, 2014



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

  
Anshuman Singh  
[Managing Director & CEO]

  
C P Toshniwal  
[Director]

  
Kailash Sharma  
(Chief Financial Officer)

  
Vimal Dhruve  
[Company Secretary]

