

July 10, 2020

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai-400 051

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

Dear Sir,

Sub: Disclosure of material impact of COVID -19 pandemic under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Ref: Scrip Code: BSE – 533296 and NSE – FMNL.

With reference to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 and Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we furnish herewith a brief note on the impact of CoVID -19 on our business.

Kindly acknowledge the same.

Thanking you

Yours faithfully

For Future Market Networks Limited



Anil Cherian
Chief – Legal and Company Secretary

Encl: a/a

Note on Covid 19

The virus caused pandemic, now known as Covid-19, has affected over 150 countries around the globe. The World Health Organization declared it as a global pandemic.

During the last week of March we started to see the impact of COVID-19. The Governments in several countries have imposed stringent lockdown in a bid to contain the spread of the COVID-19 pandemic which has disrupted demand and supply chains across industries, negatively impacting the business of companies and driving the global economy towards a recession. This in turn has forced companies to reconfigure how their employee's work and how their core business processes are supported and delivered. These events could cause companies to pause and reprioritize their spending on technology and business process outsourcing, it is very likely that businesses will continue to spend on technology related initiatives with a greater focus on automation, remote working, cloud-based applications, optimization of legacy technology costs, etc.

Impact of the CoVID-19 pandemic on the business

Our focus has been and remains the safety of our employees, the delivery of service to our clients, and the financial well-being of the Company. In keeping with its employee-safety first approach, the Company quickly instituted measures to trace all employees and be assured of their well-being. Our teams reacted with speed and efficiency, and quickly leveraged technology to shift the workforce to working from home or remote working. Policy changes related to working from home and IT infrastructure support were rolled out overnight to help our employees shift to this new work paradigm.

Cinemas and food & beverage (F&B), the two largest segments that attract footfall at malls will be hit the hardest within discretionary categories post lockdown. "Food and cinema will be last to revive at shopping centres which will be a challenge as they are the largest foot-traffickers for a mall. Since early February, malls and retail stores witnessed a huge dip in footfall with nearly 20-25% drop in revenue. While post lockdown, most companies will have to tweak their layout, seating arrangements among other things, business model of cinemas will take time to change.

The battle between mall owners in India and their tenants, retailers across 350 brands are on with most of the tenants threatening to shutter outlets in shopping centres if their demands for rent-waivers and new rental agreements are not met.

Retailers have requested several mall owners, for instance, to adopt a revenue-sharing model for three months, followed by a combination of revenue-sharing and minimum guarantee for the subsequent period of six months.



Retailers and brands have to additionally deal with massive accumulation of inventories, unprecedented disruption in manufacturing and supply chain, and the huge shift of customers to e-commerce, among other things.

Capital and financial resources:

There will be challenges in capital creation as resources and profitability will go down and Company continues to look for and implement cost rationalize measures across the organization to conserve cash to address any uncertainties in evolving situations.

Internal financial reporting and control

The Company has been closely monitoring the cash flow of the Company. The Company has taken expenses control measures to manage the operations, periodical review mechanism has been adopted to review the account receivables.

Profitability

The actual impact of COVID-19 on_ the profitability of the Company although is not yet possible to ascertain, it would impact both qualitatively and quantitatively due to the lockdown. Simultaneously, the Company continued to incur fixed expenses which would impact the profitability of the Company.

Liquidity Position

As on March 31, 2020 the company is free from debt. The liquidity position of the Company will be largely depends on the recovery of the Industry though we do not anticipate any major challenges.

Ability to maintain operations including the units/office spaces functioning and closed down, Schedule, if any, for restarting the operations and Steps taken to ensure smooth functioning of operations

We have successfully shifted to Work from Home model, thus achieving the operational stability to deliver on client commitments and ensuring our own business continuity. All our clients are extremely happy with our approach of managing services through employee engagement, and work monitoring-reporting-review mechanisms.

However, a few Malls managed by the Company had opened from June 8, more than two months after they were shut down in an unprecedented lockdown in response to the COVID-19 pandemic. We are experiencing reduced footfalls in the malls due to people staying away from crowds and moving to online platforms.



The challenges of managing inventories and disruptions in manufacturing and supply chains remain. Moreover, these flag-bearers of consumerism will open to the public in a new avatar, with standard operating procedures designed to minimize virus transmission.

These include temperature checks, mandatory wearing of masks, hand sanitizing, guidelines for movement in the corridors, and stores to prevent crowding, contactless human interactions, and more. These changes may fundamentally alter the mall experience for all of us and can affect our buying behavior in subtle but important ways, adding to the challenges that mall retailers are facing.

Estimation of the future impact of CoVID-19 on operations

The COVID-19 pandemic is a global humanitarian and health crisis. The actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, resulted in significant disruption to people and businesses. Consequently, market demand and supply chains have been affected, and may further impact, all of our stakeholders, employees, clients, investors and communities we operate.

Queue management

Queues are hard to manage and social distancing compounds this problem. Queues for frisking at mall entrances, at checkout counters, food stalls in the food court, etc. may discourage people. Mall managers and retailers need to figure out efficient queue management systems to compete with e-commerce, where these queues do not exist.

Warehousing segment

Warehousing segment was one of the segments of the real estate sector that is likely to benefit from the present situations.

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

The Company does not foresee any significant/material impact on its business due to non-fulfilment of obligations by any party.

Other relevant material updates about the listed entity's business

The company is monitoring the situation and would keep the exchanges and stakeholders informed accordingly in case of any material developments. Due to evolving nature of COVID-19 it is very difficult to quantify its impact on the business Operations at this juncture. However, we are hopeful that the business situation could normalize by the 3rd and 4th quarter of the current fiscal.

