



FLF

Future Lifestyle Fashions

INVESTOR DECK November 2018







Disclaimer

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.

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Financial progress so far

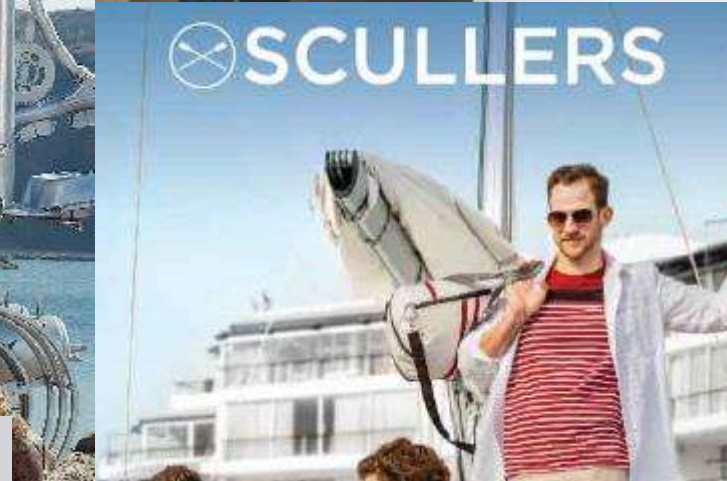
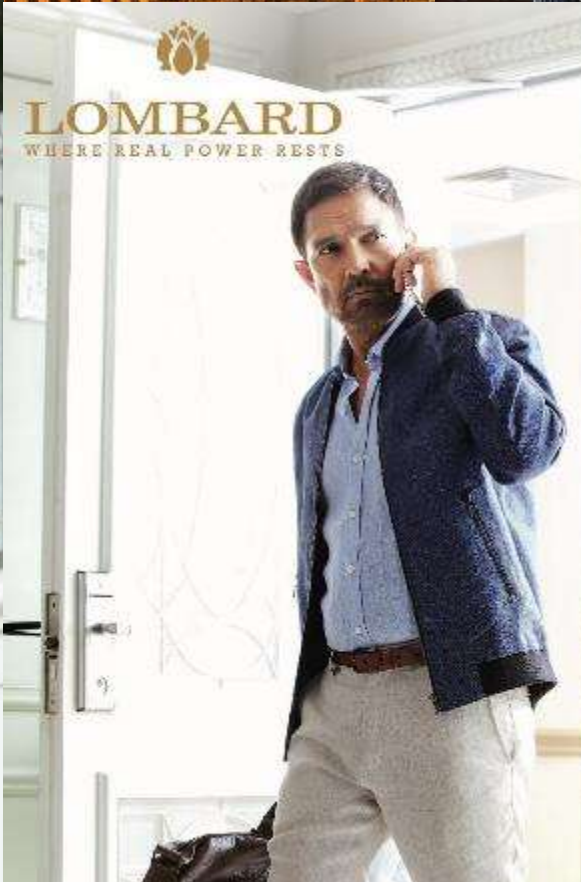
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A woman with long dark hair is sitting on a colorful, patterned rug. She is wearing a red dress with a black floral pattern. To her left is a dark brown leather chair. In front of her is a light-colored bag with many tassels. To her right are a pair of black shoes. The floor is made of large, light-colored stone tiles. The lighting is warm and dramatic, coming from the right side.

FLF – An Overview

Our Parent – Future Group

Future Group, a retail pioneer, has evolved into a **CONSUMER GOODS** centric company with offerings across



Business Backed by strong retail infrastructure & supply chain operations



Key Investors



FLF - India's leading integrated fashion player from the house of Future Group

An integrated fashion company deriving its strength from

- Fashion brands
- Fashion distribution
- Investment in fast growing fashion companies

FY18 Financial Performance

Same Store Growth[#]

12.0%

(17.7% in FY17)



Central SSG%

10.0%

(18.1% in FY17)



Brand Factory SSG%

15.8%

(16.6% in FY17)



Revenue*

19.3%

₹ 4,498 Cr in FY18
(₹ 3,877 Cr in FY17)



EBITDA

21.8%

₹ 443 Cr in FY18
(₹ 364 Cr in FY17)



PAT

182.3%

₹ 127 Cr in FY18
(₹ 45 Cr in FY17)



Dividend

50.0%

60% in FY18
(40% in FY17)



EPS

279.2%

₹ 6.6 in FY18
(₹ 2.4 in FY17)



Debt EBITDA ratio

1.6

(1.8 times in FY17)



Note:- all figures are based on Consolidated financial statement. * Revenue growth % is not comparable due to tax rate differentials. # FLF SSG% is Central + Brand Factory SSG

INVESTMENT PROPOSITION

A winning combination of both – India’s iconic fashion brands and popular lifestyle retail destinations

FLF Retail Formats



A seamless mall and a department store chain offering a ‘complete shopping experience’ and retail in HD



A monopolistic player and daily discount family shopping destination offering much better customer experience than Factory Outlets

FLF Power Brands



Global Denim Brand, aspires to be a ₹ 1000 crore brand



The Largest Selling Plus Size Brand in the Country with PAN India retail presence



Inspired by Harvard Yale race, Scullers showcases an all-inclusive range for men, women and kids



Highly fashionable and wide range of casuals and denims for young women



Launched with the aim of delivering Fast Fashion to the young Indians



Focus on semi-casuals and one of the few players in the relaxed office wear category



Holding an Associate company that houses investee brands



Key Investee Brands

COVER/STORY

Super Trendy and Affordable Indian Fast Fashion brand for Women. A bridge between luxury and unorganised brands

Clarks
SHOEMAKERS SINCE 1825

Expert shoemakers with 190 years of experience

TURTLE

Offers formidable value and international style across a range of menswear apparel and accessories

ancestry
STORIES RETOLD

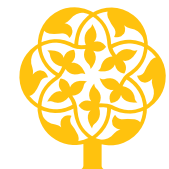
GIOVANI

MINERAL

Alice & Mae

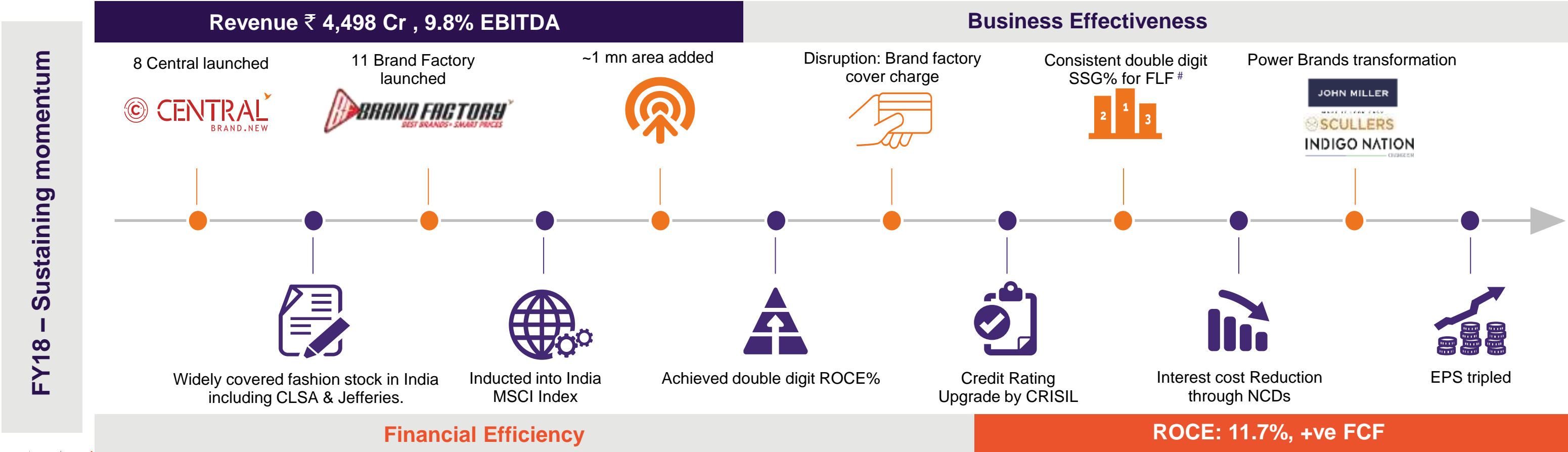
SPUNK

celio*

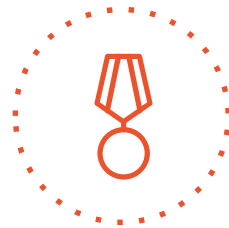


mother earth
Looking Good
Doing Good

FLF Key Milestones



Awards & Recognition



Central received Gold and Merit awards for covering all 3 categories at VM & RD Retail Design Awards 2018



BF Won the Most effective marketing & Promotions campaign award for the 2 year in 2018 as well for "Free Shopping weekend Campaign."



FLF was awarded the Most Admired Fashion Company of the year 2017.



CoverStory was awarded the Most Admired Brand of the Year – New Launch, at the India Fashion Forum.



Central @ HD was awarded the Design Concept of the Year – Theme Store.



Brand Factory's 'Free Weekend Sale' won the Most Admired Multi Fashion Retailer of the Year award, at the India Fashion Forum.



Indigo Nation was awarded the Most Admired Fashion Brand of the Year in Men's Western Wear



Scullers won the Best Marketing Campaign of the Year award at CMO Asia



Urbana won the Best Social Media Integrated Campaign of the Year at CMO Asia



Jealous 21 won the Best Facebook Campaign of the Year Award at CMO Asia



Key Highlights – FY18



- ✓ Expansion of Central and Brand factory stores in line with plan – about 1 mn gross sft added
- ✓ Achieved a revenue growth of 19.3 %* backed by a +ve double digit SSG#
- ✓ Acquired Lee Cooper footwear India license effective from April '18
- ✓ Successfully carried out - India's first ticketed shopping event for Brand Factory with overwhelming response.
- ✓ Lee Cooper : '**Digital First**' approach to market Lee Cooper
- ✓ **aLL's debut ad campaign** points out the '**plus points**' of being a plus size person - 'What's your Plus Point'
- ✓ Successfully completed Ind AS compliance, implementation supported by Deloitte
- ✓ GST Roll out completed successfully
- ✓ Positive FCF achieved and EPS tripled over FY17

* Revenue growth % is not comparable due to tax rate differentials # FLF
SSG% is Central + Brand Factory SSG

INVESTMENT PROPOSITION

A photograph of two women walking on a city street at night. The woman on the left is wearing a blue one-shoulder top and a black sequined skirt, holding a black clutch. The woman on the right is wearing a long-sleeved, floor-length silver sequined dress. They are both smiling. In the background, there are blurred figures of other people and a building with a sign that says "AINÉ".

Why grow with us- Investment proposition

FLF Is Championing India's Rising Fashion Momentum

enabled by

**A burgeoning
fashion market**

**A favourable
shift in
consumer
preferences**

**A unique
business model**



**A burgeoning
fashion market**

Strong macroeconomics favour the segments FLF caters to



India - One of the largest and fastest growing economies of the world

Worth \$ 2.264 trillion,India’s GDP is growing at the rate of 7.1% annually (Source: CSO)

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Strong demographic dividend

Nearly 50% of India’s population is below the age of 30.60% of the population is economically active (Source: 2011 Census)

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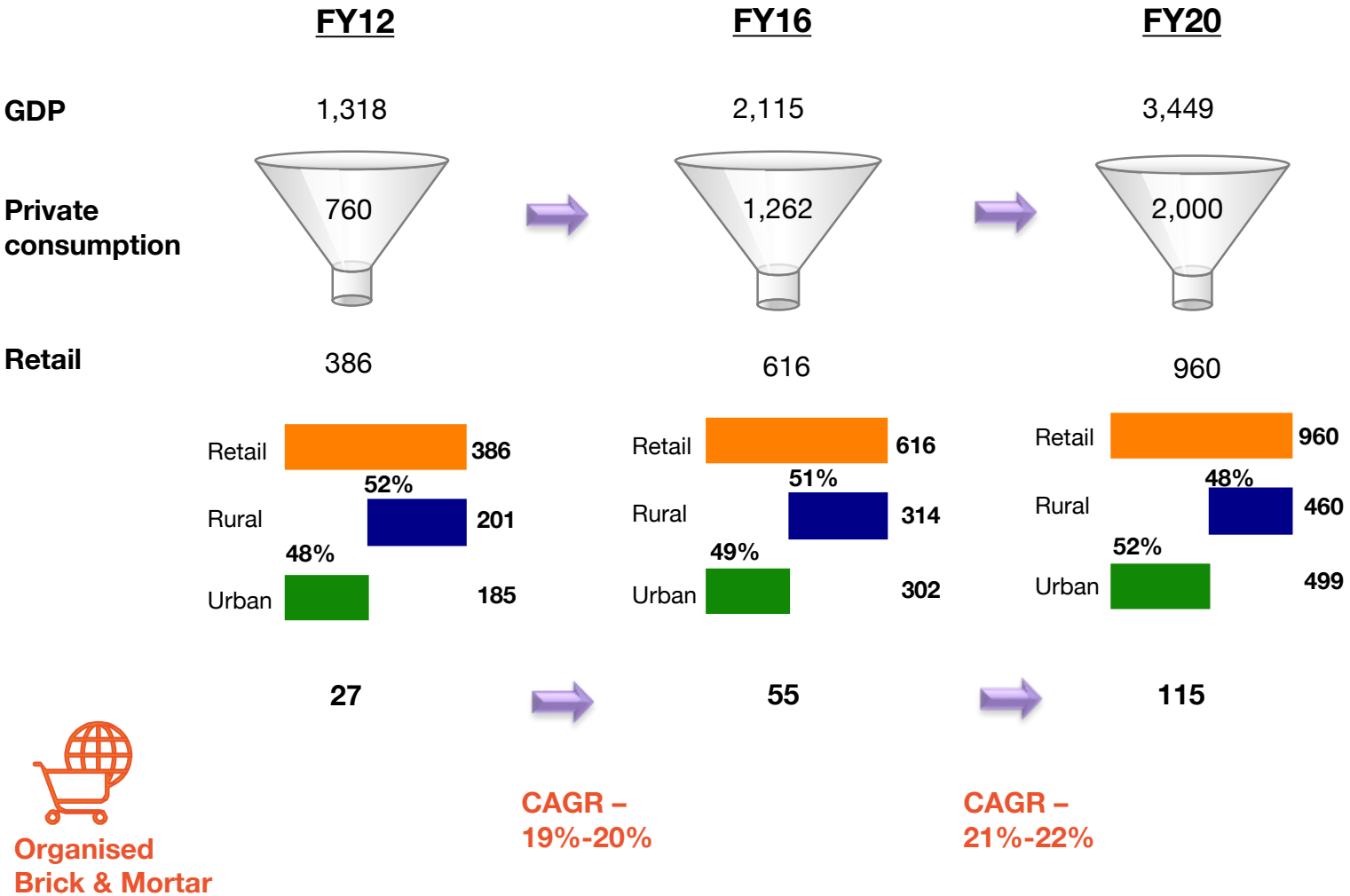
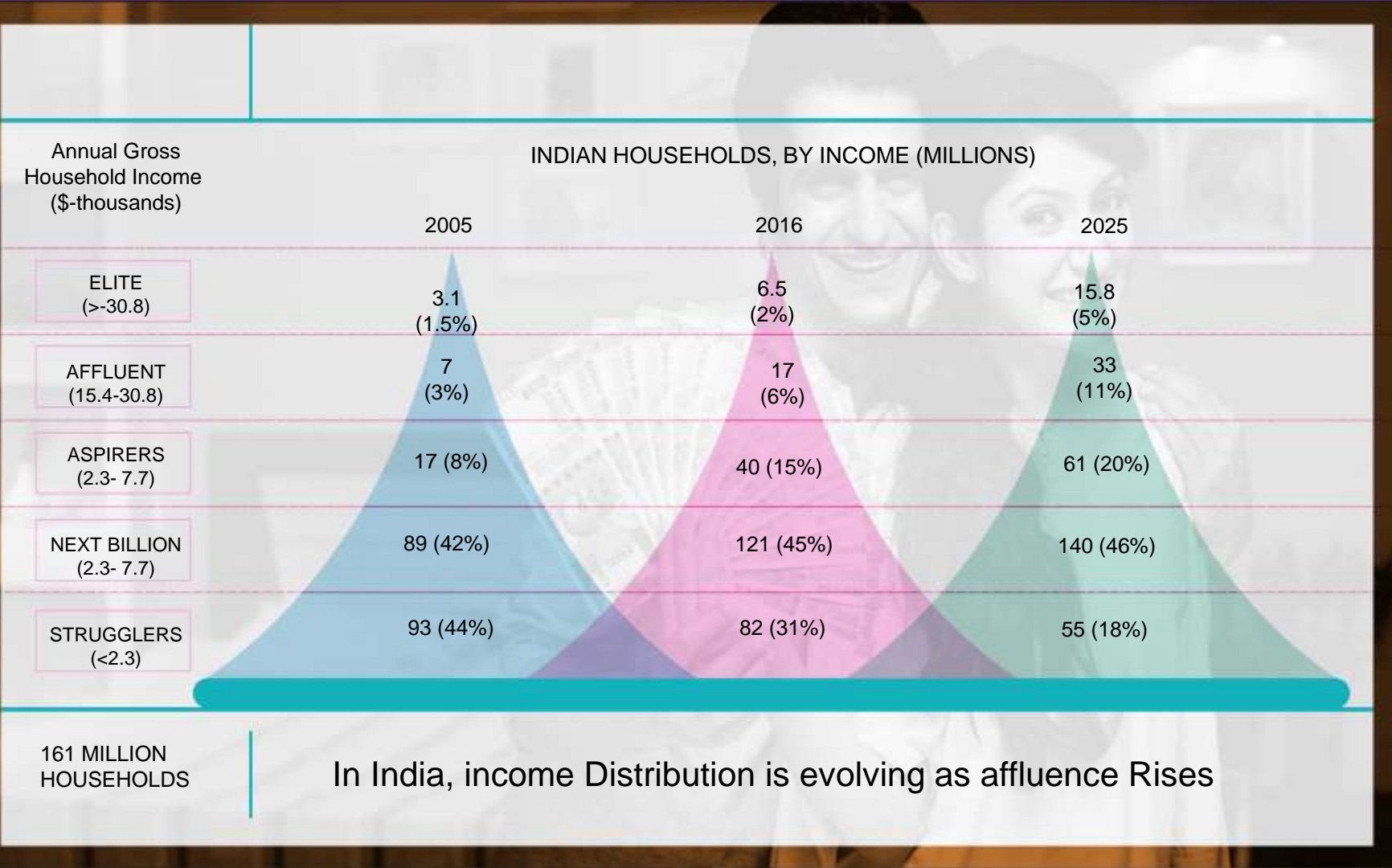
Key Policy and Tax Initiatives Supporting Formalisation of the Economy

Introduction of the landmark GST regime and the initiatives like demonetisation have catapulted the economy to be more organised and formal. (Source:CSO)

.....

The Burgeoning Fashion Market

India’s consumption story is on the cusp of a major growth phase



All fig in \$ bn

India’s consumption story will be shaped by its “**Burgeoning middle class**”

Apparel and accessories has the organised penetration at ~23%, and will be key beneficiary of the growth in organised Brick and Mortar retail

India’s fashion market is nearing an inflection point






India’s fashion industry hit \$100bn in 2015 and is growing at the CAGR of 12%

Source: A T Kearney

India’s per capita GDP is ~\$1700 at present

Source: World Bank

Global examples indicate when a country’s per capita GDP nears ~\$2000, its fashion industry sees an exponential growth.

					
Country	China	Russia	Brazil	South Korea	Singapore
Reached GDP per capita of \$2000 in (Year)	2006	2001	1986	1984	1982
Trajectory of Retail sales after it reached \$2000 per capita GDP	3x	2x	2x	4x	3x

Source: UNESCO, CLSA Report

India’s fashion retail market – A snapshot

The Indian Fashion Retail Market

\$46 billion fashion retail industry in India expected to grow to **\$115 billion** by 2026

9.7% CAGR expected for the next 10 years

Indian apparel industry is the second largest contributor in the retail industry after food and grocery



Men’s Wear

The largest segment of the Indian fashion retail market (41% of market) \$19 billion market size, expected to reach \$45.5 billion by 2026

9% CAGR expected for the next 10 years

Men’s denims, active wear and t-shirts showing double-digit growth across tiers



Region-Wise Distribution of Apparel Market

23% of the market contribution by metro cities such as Delhi/ NCR, Mumbai, Bengaluru, Chennai

54% of low and economy price segments of apparel market by rural population



Women’s Wear

38% of the Indian fashion retail market \$17.5 billion market size, expected to reach \$44 billion by 2026

9.9% CAGR expected for the next 10 years

66% of the women’s apparel is ethnic wear Casuals, inner wear and denims are witnessing double-digit growth



Price Segmentation of Apparel Market

The apparel market can be broadly divided into super premium, premium, medium, economy and low price segments

29% of market captured by the medium price segment

28% from the economy segment

The Indian Fashion Retail Market


2016	2026	CAGR
\$46 bn	\$115 bn	9.7%

Men's Wear

2016	2026	CAGR
\$19 bn	\$46 bn	9.0%

Women's Wear

2016	2026	CAGR
\$18 bn	\$44 bn	10%

A photograph of two women walking on a modern bridge with a metal railing. In the background, a large classical building with a dome is visible. The image has a muted, greyish-blue color palette. A semi-transparent yellow circle is overlaid on the right side, containing text and a red dot connected by a dotted line to the women's heads.

**A favourable
shift in consumer
preferences**

A favourable shift in consumer preferences

How they shop - Evolution of the purchase driver leading to departmental shopping

The new age Indian consumer is

- Moving from product to brand to experience
- Moving from loyalty to choice
- Moving from time consuming to convenience led shopping

Leading to evolution of channels in India

FLF offers experience led shopping for both upscale and value based branded fashion through its Departmental stores:



Departmental stores are the way forward for experience led retail

FLF



Drivers of Departmental Model:

1. Brand aspirations
2. Low brand loyalty
3. Value consciousness
4. Time poverty

A favourable shift in consumer preferences

Central

Overview

- Launched in 2004, a seamless mall and a department store chain offering a ‘complete shopping experience’
- Positioned for the premium lifestyle segment, Central appeals to the fashion shopper with its spread of leading brands
- Focused strategy of premium offerings, upgrading ambience & increasing the freshness quotient
- Partnership with leading brands to widen premium offerings

Our Reach

- About 3.7 mn sq.ft of chargeable area
- Pan India Presence in around 25 cities, 40 stores
- More than 500 brands
- More than 34 mn customers visit every year
- Urban aspirational shoppers across all age groups
- Central format has an average store size of around 100,000 sq ft



Men	48%
Women	35%
Others*	18%
Total	100%

Apparel	75%
Accessories	25%
Total	100%



Then



Stores
17

Revenue/sq.ft.
~ ₹ 6k

Ticketsize
~ ₹ 1.6k

Now



Stores
40

Revenue/sq.ft.
~ ₹ 10k

Ticketsize
~ ₹ 3.1k



* Others include Kids, Sports equipment, Home care and SIS Income etc. Store network as of 31st March 2018

A favourable shift in consumer preferences

Central – Hi Definition Fashion Experience

CENTRAL Hi Definition Fashion Experience

Assisted Shopping



Valet Parking



Golf cart pickup
& drop service



Central buddies
& Ushers



Product reserved
service



Complimentary
wifi



Fashion
stylists by
appointment



Fashion
attendants



Whatsapp
shopping



Lux Billing

Ambience and Store facilities



Central
Aroma



Mother's
room



Central
privilege
shoppers



A favourable shift in consumer preferences

Brand Factory – India’s Leading Fashion Discount Chain

Overview

- Family shopping destination offering much better customer experience than Factory Outlets
- Typically offers 20% -70% discounts on more than 200 brands for men, women and kids
- Perfect answer to e commerce with 365 days attractive discounts
- Strong liquidation channel not just for FLF brands but for the industry
- Efficient supply chain enables freshness of stock at both Central and Brand Factory

Our Reach

- About 1.8 mn sq.ft of chargeable area
- Pan India Presence in around 26 cities, 63 stores
- More than 20 mn customers visit every year

Our Customers

- Value seeking suburban families
- Fashion following mini-metro/smart shoppers
- Brand conscious explorative youth
- Young qualified, status seekers

Key Highlights

- Exciting growth prospectus with no offline competition
- Availability of marquee brands for fantastic shopping experience
- Brand Factory has an average store size of around 30,000 sq ft
- Apparel contributed ~90% of total sales in FY18. Aspiration to take this format to next level tapping the significant market potential



Men	74%	Apparel	90%
Women	15%	Accessories	10%
Others*	11%		
Total	100%	Total	100%



* Others include Kids, Sports equipment, Home care and SIS Income etc. Store network as of 31st March 2018

Then



Stores 13	Revenue/sq.ft. ~ ₹ 4.5k	Ticketsize ~ ₹ 1.3k	Stores 63	Revenue/sq.ft. ~ ₹ 7.6k	Ticketsize ~ ₹ 2.3k
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Now



A favourable shift in consumer preferences

Brand Factory - In a New Avatar

Brand Factory 2.0

- Large format contemporary branded value store catering to fashion aspiration of youth.
- Five floors covering categories like Men's Fashion, Women's Fashion & Kids Fashion, Sportswear, Travel & Handbags, Footwear and Fashion Accessories
- Store experience with more than 200 brands to choose from.

A different branding approach

- The overall thought is to give a definite character to the store
- Store reflects the brand personality visually as well as through language.
- Critical store touch points like Billing counter/CSD Desk/Entry and Exit points are also given a new twist

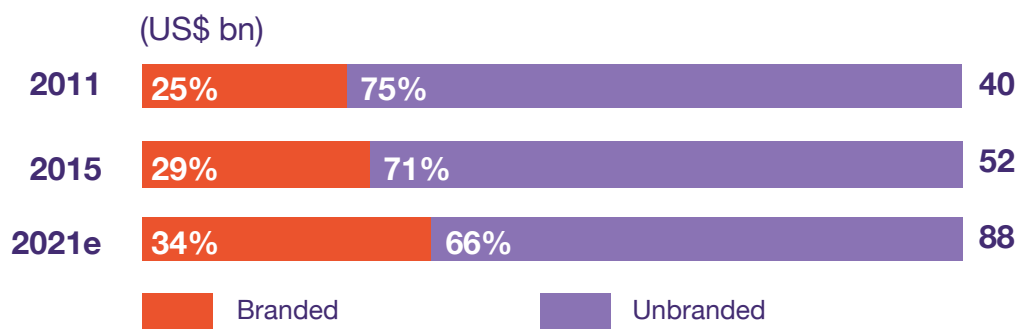


What they want to shop- Evident shift towards organised markets offering popular brands and best experience under one roof

Clear and rapid shift towards branded products

- Branded fashion grew at 24% CAGR over 2011-15
- Branded apparel growing faster than overallmarket (14% vs. 9.2% CAGR)
- Modern retail has high (~43%) penetration of branded apparel

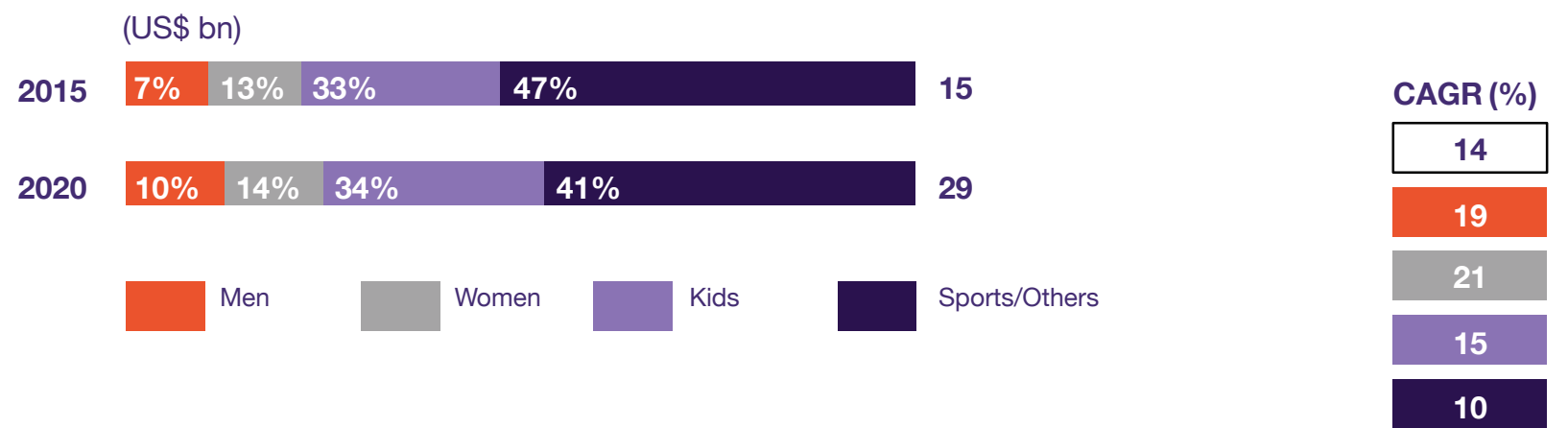
Branded Apparel Market Growing Faster Than Overall Market



Source: UNESCO, CLSA Report

Growing desire for fast fashion

- Fast fashion in India is growing at a yearly pace of 25-30%, twice the rate of overall market.
- The rise in disposable income coupled with a growing desire for global fashion, has led the Indian consumer to go shopping, 10-12 times a year as compared to 1-2 occasion-led shopping before



A favourable shift in consumer preferences

Brand Profile

FLF present across all key categories and well diversified (Not overly dependent on any category for growth)

Branded Market Opportunity	FLF Brands	Investee Brands
Men's wear Size: USD 7bn Growth: 10% CAGR	<div>INDIGO NATION</div> <div>JOHN MILLER</div> <div>DANIEL HECHTER</div> <div>the philosophy</div> <div>URBANA</div>	<div>celio*</div> <div>TURTLE</div> <div>GIOVANI</div>
Unisex Brands	<div>Lee Cooper</div> <div>SCULLERS</div> <div>all</div> <div>BARE</div> <div>RIG</div> <div>UMM</div>	
Women's wear Size: USD 5bn Growth: 15% CAGR	<div>JERLOUS 21</div> <div>NAVRAS</div> <div>Morpankhi</div> <div>PRIMADIVA</div> <div>ATEESA</div> <div>Hey!</div>	<div>MINERAL</div> <div>COVERSTORY</div>
Sports / Leisure wear	<div>CONVERSE</div> <div>Champion</div> <div>URBAN YOGA</div> <div>umbro</div>	<div>SPUNK</div>
Footwear / Others	<div>CERIZ</div>	<div>mother earth</div> <div>Clarks</div>

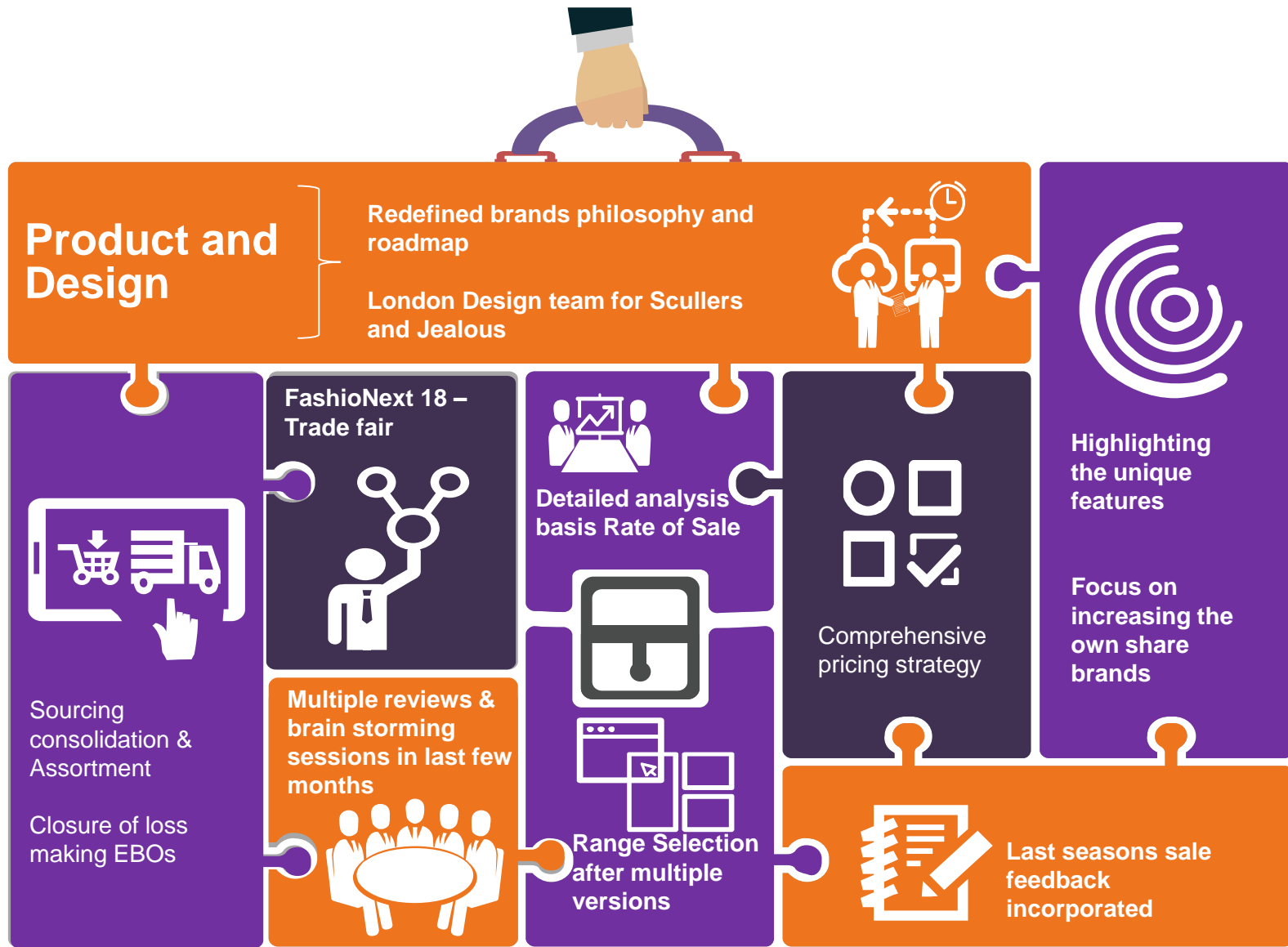
A favourable shift in consumer preferences

Brand Pyramid

Brand Pyramid



Key steps taken in FY18 ... Rise of Power Brands



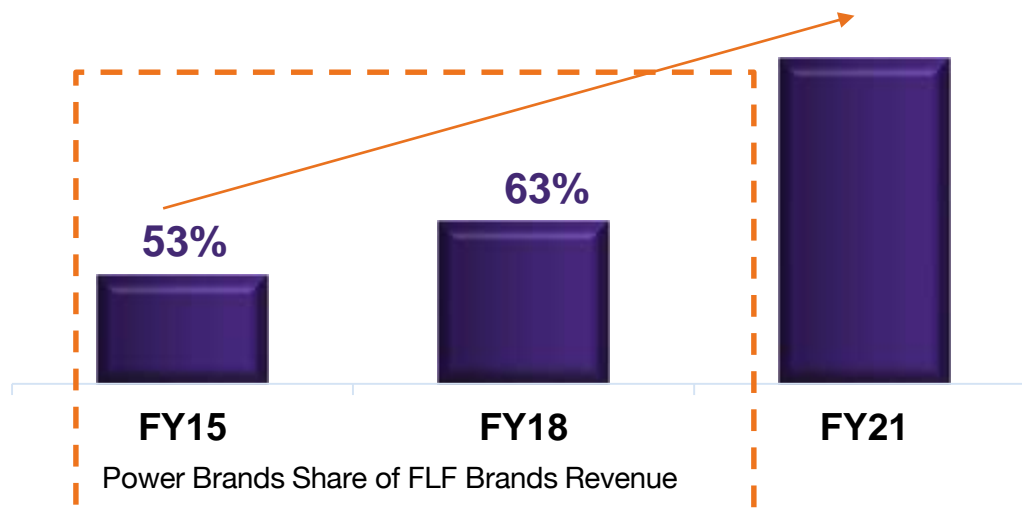
A favourable shift in consumer preferences

Journey of Power brands



What went well in FY18

- Power brands revamp across product quality through standardized sourcing and Vendor up-gradation, achieving sharper price points.
- Lee Cooper : **'Digital First'** approach to market Lee Cooper
- aLL: *aLL's debut ad campaign points out the 'plus points' of being a plus size person* - 'What's your Plus Point'



- Power Brands to constitute ~70% to own brand sales by FY21 and expected to grow at a rate 2x growth rate of other brands

FLF

Key Focus area for Next year



■ Bangalore brands:

- Improving the product quality through standardized sourcing and Vendor up-gradation
- Increasing the share of full price sales by having a comprehensive pricing strategy and liquidate old inventory
- Organizing trade fairs to show case the forthcoming season collection
- Improved merchandise to hit the floor from AW18 season

■ Lee Cooper

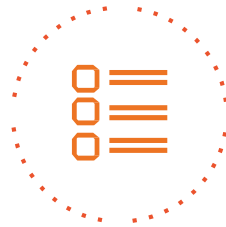
- Footwear Initiative: Introduction of LCO footwear, Launch of Ladies & Kids line
- Pilot EBO Concept : Planned launch of 5-8 Stores covering major cities
- Footwear Initiative: Introduction of LCO footwear, Launch of Ladies & Kids line

■ aLL

- Targeting multifold growth in Online channel

A favourable shift in consumer preferences

Power brand – Lee Cooper



Category

Denim and Casual wear – one of the fastest growing segment



Target Customer

Young Men and Women who are relaxed, easy going yet strong and level headed



Competitors

Levi's, Pepe Jeans, Wrangler, Lee, Killer



Distribution

Sold through Central, Brand Factory, EBOs and is also available on leading ecommerce websites and third party Multi Brand Outlets

Overview

Original British Denim Brand having 100+ years of rich history with large international following. Licensed from Iconix Brand Group, Lee Cooper is sold in over 100 countries

FLF – Key Brands

Avg. Price Point (₹):

Lee Cooper Originals

1,500

Lee Cooper

2,500

Revenue (in ₹ Cr)

420



FLF

LC business has been carved out into a separate subsidiary of FLF in FY17 and 26 pc has been diluted

A favourable shift in consumer preferences

Power brand – Lee Cooper Footwear



India Market

India is the **2nd largest producer of footwear globally**, with ~95% of its produce meeting domestic demand. India is the **3rd largest footwear consuming** country in the world after China and USA..



Growth

Men's market is growing at a **CAGR of 10 %**. At present, men's market contributes around 60 % of sales in the footwear segment as against women's share of 30 per cent. **Women's segment**, however, is growing at a much faster **CAGR of 20 %**.



Category

Current offering is more classical / traditional. There is opportunity to bring in the latest in fashion with the best in technology.



Target Customer

Young Men and Women who are relaxed, easy going yet strong and level headed. 'Comfort' and 'Style' go hand-in-hand in this category.



Competitors

Red tape, Woodland, Hush Puppies

Opportunity

- ▶ Distributed through more than 2,500 multi-branded stores.
- ▶ High brand recall and higher acceptance of the brand for menswear.
- ▶ Opportunity to expand the offering to Women & Kids, since the brand is well accepted for apparels across.

FLF – Key Brands

FY19 expected revenue (₹ Cr.):
~250*



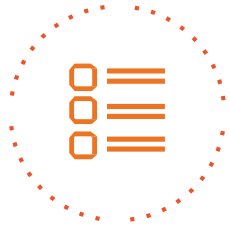
FLF

* Revenue has been annualized, expected months of operation is ~6 months



A favourable shift in consumer preferences

Power brand – aLL



Category

Dedicated plus-size clothing category for men and women including everything from western to ethnic wear and accessories that make you look sexy, cool and confident



Target Customer

Population of overweight crowd that feels judged by modern culture and people who typically find it difficult to find clothes that are right for their body shapes



Competitors

Only plus size brand of meaningful scale



Distribution

Sold through the Central network. Also distributed through EBOs and its online store. aLL was also featured at the Lakme Fashion Week

Overview

Fashion for The Plus Size. aLL is the Largest Selling Plus Size Brand in the Country with PAN India retail presence. The plus size clothing category is pegged at ₹ 11,000 cr and is expected to double by 2020. It makes up 15% of the Indian apparel market.

FLF – Key Brands

Avg. Price Point (₹):

1,200

Revenue (₹ Cr.)

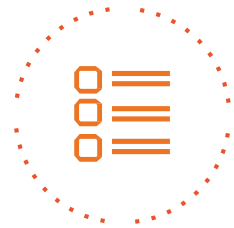
~130

FLF



A favourable shift in consumer preferences

Key Investee brand– Cover Story



Category

Fast Fashion for women, which is one of the fastest growing fashion segment, recently attracted international players such as Zara



Target Customer

23 to 40 years, Independent woman with a rising disposable income, She thrives on social media. Switches effortlessly between Indian and western wear



Competitors

H&M, ZARA



Distribution

Central and EBOs

Overview

Super Trendy and affordable Indian Fast Fashion brand for Women.

Fills up the gap between high priced luxury brands and low priced unorganized brands between the price point ₹ 1,000 to ₹ 5,000

FLF – Investee Brands

Avg. Price Point (₹):

1,800

Stake (%)

90%

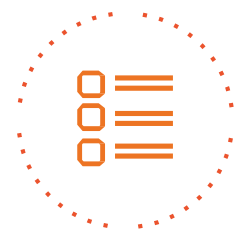


FLF



A favourable shift in consumer preferences

Key Investee brand– Clarks



Category
Premium boots, sandals and shoes



Target Customer
Men and women in the age group of 25 – 45yrs,
Upwardly mobile



Competitors
Hush Puppies, Aldo, Charles & Keith, Geox & Woodland



Distribution
Sold through the Central network. Also available at EBOs, third party MBOs and ecommerce sites



Distribution
Launched at a Grand Fashion Show in 2011 as part of a JV between Future Group and C. & J. Clark International Ltd by CEO of Clarks Melissa Potter. Offers excellent expertise in the category to FLF



Overview

Expert shoemakers with 190 years of experience in making fashionable shoes that are a pleasure to wear. Known as a brand that resonates with reliability.

FLF – Investee Brands

Avg. Price Point (₹):
4,500

Sales (₹ Cr.)
~150

Stake (%)
50%



A favourable shift in consumer preferences

Women's ethnic wear



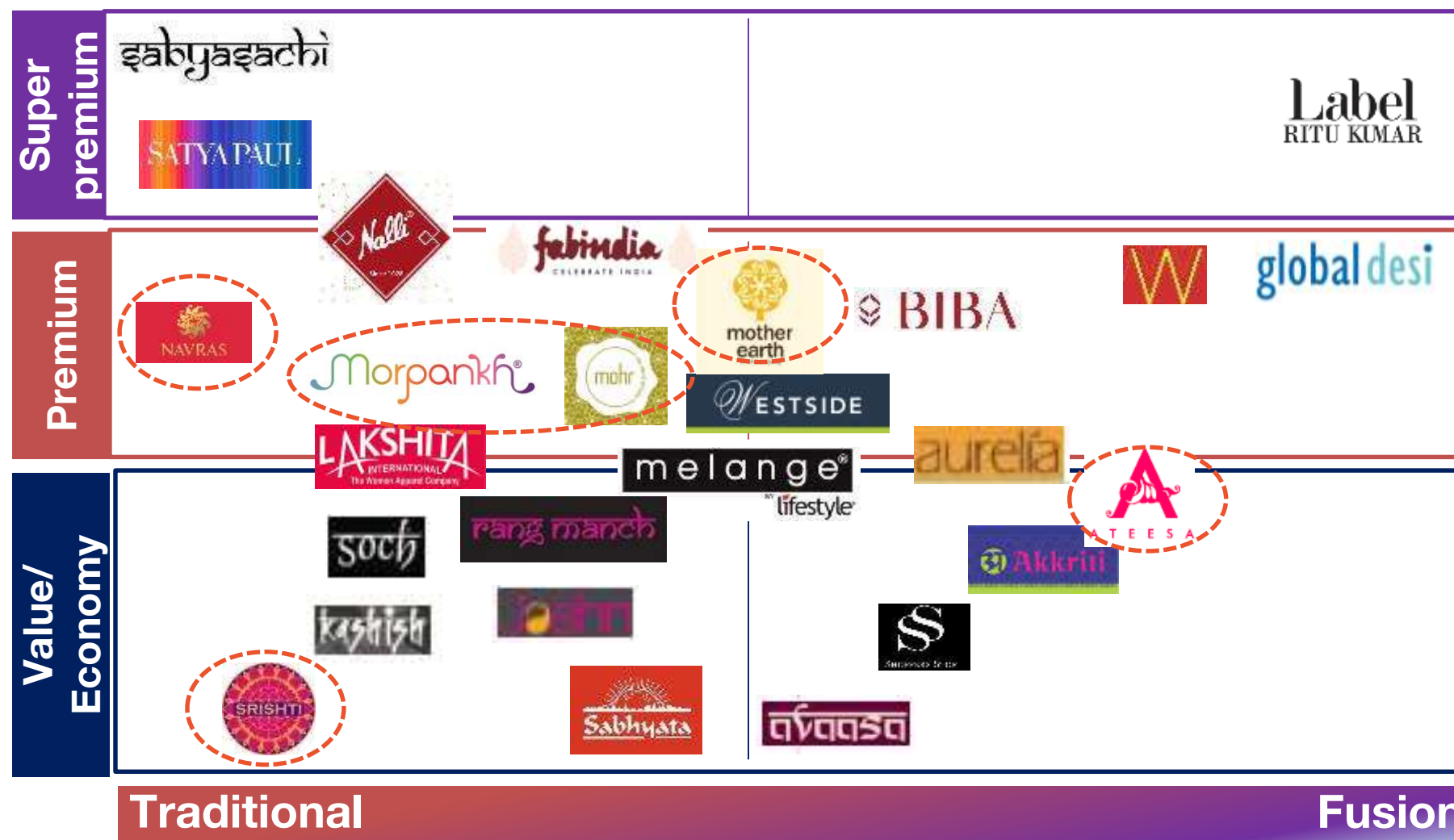
Indian ethnic wear market
₹ 70,000 cr+



Expected CAGR next 5 years
9%



Organised market share
30%



A favourable shift in consumer preferences

Women's ethnic wear

FLF

CENTRAL
BRAND.NEW

BRAND FACTORY
BEST BRANDS • SMART PRICES

FY18 Sales

₹ 450 cr +

₹ 350 cr +

₹ 100 cr +

Quantity sold

50 lacs +

30 lacs +

20 lacs +

Own

3rd party

75%

36%

30%

FY16

FY18

FLF

Key initiatives journey of Women's Ethnic wear

- ✓ Focus on full price sales in Morpankh
- ✓ Focus on core – increased the width to cater to categories like Dupatta, Legwear etc.
- ✓ Introduced a new category – 'Core Fashion' for work wear
- ✓ Introduced a dedicated brand for Brand Factory – 'Mohr'

Morpankh®

ATEESA



A favourable shift in consumer preferences

Investment in online space - Koovs

Koovs – Business Overview

- The emerging “ASOS” of India – Koovs sells affordable western fashion online in India
- Designed in London, Made in India for Indians
- 3 key pillars: (1) Private Label; (2) Customer Experience & Engagement; (3) backed by strong management

Business

- Affordable, Aspirational & Authentic **Western Fashion**
- Western Fashion Authority & Credentials with **Private Label strategy** - curated in London (21% brand awareness)
- Focus on **Customer Experience & Engagement** (2.4m followers on social media & strong in-house content)
- **Scalable technology platform**, built for mobile (80% of business on mobile)
- **Experienced management** team in fashion and tech

Customers

- Caters to young women between age 18-30 (only western wear)
- Selling three categories – Good (up to rs999 – 50%), Better (up to rs1999 – 30%), Best (rs1999 – 4999 – 20%)
- Established customer base of 500k active users
- Private label accounts for about 40% of sales
- Blended margins at 46%

Operations

- Design and top management based in London (15 staff)
- Remaining teams in Delhi (221 staff)
- Buying and Merchandising is done in India, Warehouse and Distribution has been outsourced
- Always connected via social media and lifestyle content, driving 80% of Koovs’ transactions on mobile. ~40% returning customers

A favourable shift in consumer preferences

Investment in online space - Koovs

Koovs – Acquisition summary and rationale

- FLFL to acquire a 29.9% stake in Koovs Plc for a total consideration of GBP 15.3mn (Rs 140 cr). This will be done in 2 stages
 1. FLFL to buy 24.8% stake in the company through a board approved fund raise
 - 2) FLFL to participate in a follow-on fund raise, taking FLFL holding to 29.9%
- Post this issuance, FLFL will emerge as the largest shareholder with 29.90%. Other large shareholders will be: Lord Waheed Alli (Chairman), Nahata Family and Hindustan Times with between 10-13% each

FLF to strengthen Koov range offering

- FLFL product range to strengthen overall Koov offering
- In particular, can tap large footwear category opportunity

Access Online E-commerce Platform

- As Fashion moves increasingly online, critical for FLFL to not be left behind the Competition
- Provides FLFL access to an online fashion platform – giving FLFL Brands a meaningful online presence immediately



Operational synergies

- Potential synergies between London design teams & management with FLFL's existing operations
- Sourcing & logistics cost reduction through FLFL ecosystem

Build Koovs offline presence

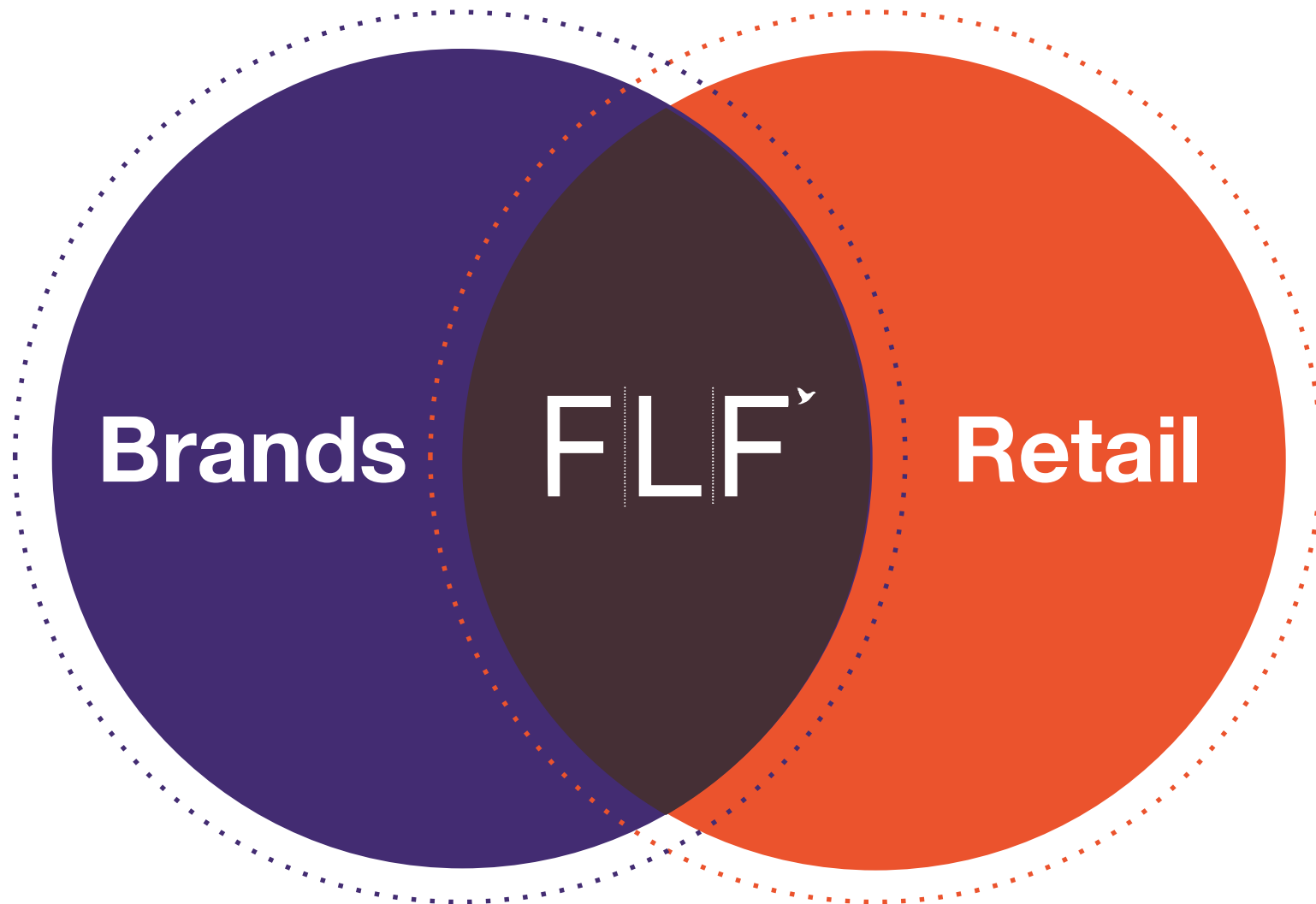
- Retail Koovs Brand apparel offline across FLFL formats
- Enhance equity value of investment through enhanced distribution

A photograph of two women sitting on lounge chairs on a rooftop terrace. The woman in the foreground is wearing a red patterned dress and has a brown bag with colorful tassels next to her. The woman in the background is wearing a yellow top. They are looking out over a city with a hill in the distance. A semi-transparent yellow circle with a red dot and a dotted line is overlaid on the right side of the image.

A Unique Business Model

A unique business model

Integrated play is the way forward – THE FLF Advantage



FLF is best positioned to win, since it is one of the few apparel players with:

**Strong own brands
and a large retail
channel to support it**

**Own brand sales
comprising ~ 40% of
total FLF revenues**

**Own channel
comprising 70% of
own brands**

Challenges of traditional, pure-play models

Pure Play Brand

Developed markets saw the emergence of distinct business models in fashion industry (i) Multi Brand Portfolios (ii) Specialty Retail

In emerging markets, this individualistic approach of focusing on either brands or retail has not worked

Pure-play retailers in India are facing price pressure from Ecommerce companies, leading to muted SSG growth for the last several quarters

Pure Play Retail

Retailers in India have consolidated now to big players (FLF, SS, Lifestyle)

Pure-play branded players without their own retail channel end up paying 35%-40% channel margins to large format retailers

Further, own store expansion for branded players is capital expensive and would lead to drag on ROCEs

A unique business model

Benefits of an integrated fashion play model

Better Brand Experience

Through better control of brand presence and display, customer experience is enhanced

Power of own distribution and brands

Quicker scale up of brands and better shopping experience

Cost and Scale Efficiency

Through multiple cross-selling avenues, efficiency is bolstered

Higher Profitability

Higher EBITDA Margins than industry average

Enhanced Value Creation

Owned channels and owned brands help in creating better business value

FLF



A fashion advertisement featuring two women in patterned dresses. One woman is sitting on a black leather chair, leaning back with her right arm on the chair's backrest. The other woman is sitting on a large, shaggy rug in front of the chair, leaning forward with her head resting on her hand. A large acoustic guitar is leaning against the chair. The background shows a large window with a view of a landscape at sunset. The text "Key Financials" is overlaid in the center.

Key Financials

Business Overview

FLF Brands (Revenue: ₹ 1,665 cr)

Portfolio includes ~30 brands, catering to men, women and kids



FLF

FUTURE
LIFESTYLE
FASHIONS

FY18 Revenue
₹ 4,498 cr

An integrated fashion company deriving its strength from – fashion brands, fashion distribution and investment in fast growing fashion companies



- EBOs & Others
- Online

Third Party Brands (Revenue: ₹ 2,833 cr)

- Third party brands are distributed to a wide distribution network of Central and Brand Factory
- Operates an overall distribution network of ~ 332 stores in 90 odd cities, spread ~ 5.7 million square feet



Strategic Investments (FY18 Revenues ~ ₹ 660 cr)¹

COVERSTORY

Clarks

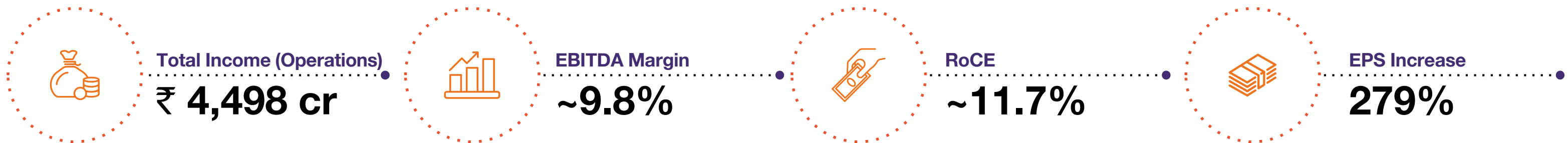
trèsmode

TURTLE



Investment Proposition

Snapshot – FY18



FLF Brands

- Contributed ~40% to Total Income from Operations in FY18
- Leading brand Lee Cooper registered a robust year on year growth of 31% in Revenue.
- aLL, John Miller and Jealous reported double digit growth

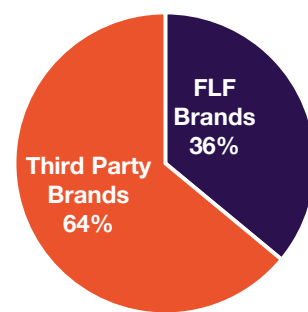
Retail

- Distributed across 332 Stores in 90 odd cities spread over 5.7 million Sqft
- ~87% of the total revenue contributed from Central & Brand Factory

SSGs

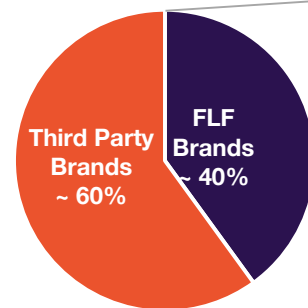
- Central clocks 10% and Brand Factory clocks 16% growth
- FLF clocks a double digit SSG# of 10%

Higher Share of Own Brand Penetration Leading to Margin Improvement

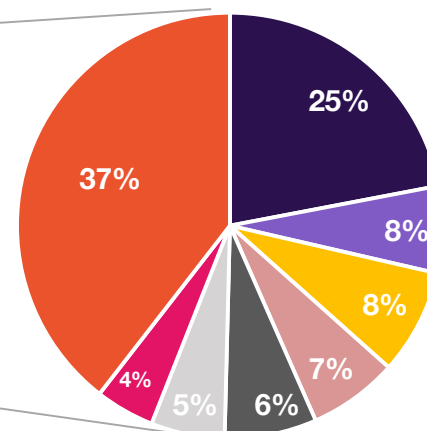


Net Sales: ₹ 2,744 cr
FY14

Top Brands Constitute 63% of FLF Brands Sales



Net Sales: ₹ 4,498 cr
FY18



Based on FY 18 Sales



Investment Proposition

Retail Formats



Department store chain that offers a complete shopping experience



Outlet model positioned as a stopover hub for graduating to lifestyle retailing

EBOs & Others

- Covers Power Brands & Converse exclusive outlets including Franchisee stores
- EBOs facilitate brand building in asset light manner

Own Brands – non FLF Channels

- Includes third party stores such as Shoppers Stop, Lifestyle etc. and online sales



FY18 Revenue
₹ 2,513 cr (56%)



of Stores
40



Area (mn. Sq. ft)
3.7



FY18 Revenue
₹ 1,412 cr (31%)



of Stores
63



Area (mn. Sq. ft)
1.8



FY18 Revenue
₹ 192 cr (4%)



of Stores
229



Area (mn. Sq. ft)
0.3



FY17 Revenue
₹ 381 cr (8%)



of Stores
~ 550 +



Area (mn. Sq. ft)
NA

Total Net Sales
₹ 4,498 cr

FLF focused on building own brand business and developing own channels



Note: Store network as of 31st March 2018

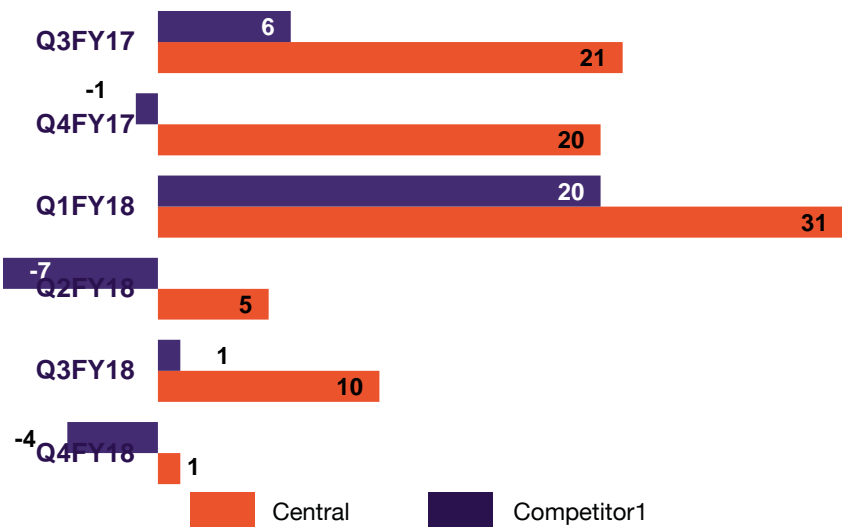
Key Deliverables – 10th consecutive quarter of on-track performance

Area	FY 17	FY18	H1 FY19	Target
Revenue growth	17.5%	19.3%	20.6%	• 15-17% CAGR
EBITDA margin expansion%	9.4%	9.8%	9.6%#	• Expand by 40-50 bps over 3 years
SSG %	17.7%	12.0%	8.5%*	• Sustain close to double digit SSG
ROCE%	7.8%	11.7%	13.2%	• Expand by 450-600 bps over 3 years
Net Debt/ EBITDA	1.8	1.6	1.4	• Around 2 times of EBITDA

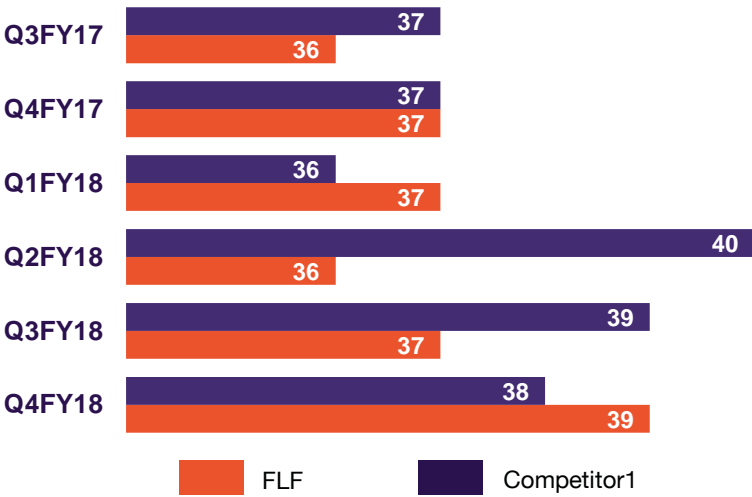


Financial Performance vs Peer

SSG# (YoY%)

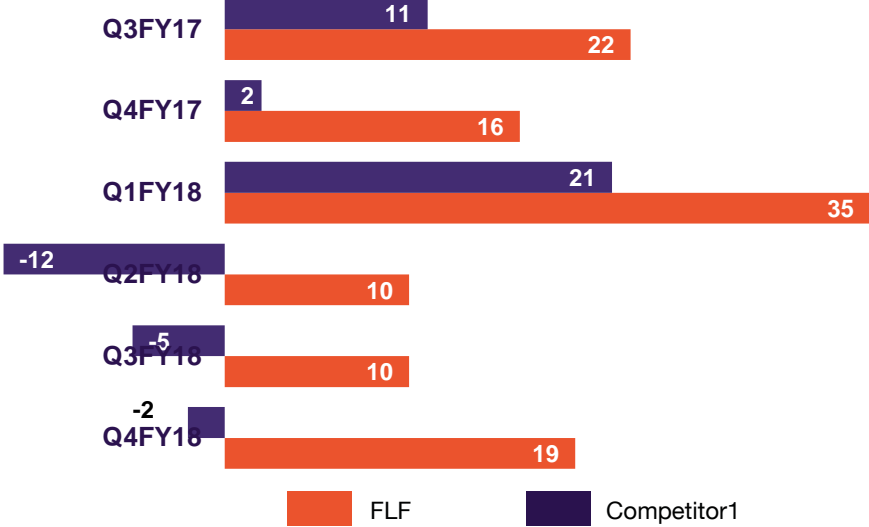


Gross Margin (%)

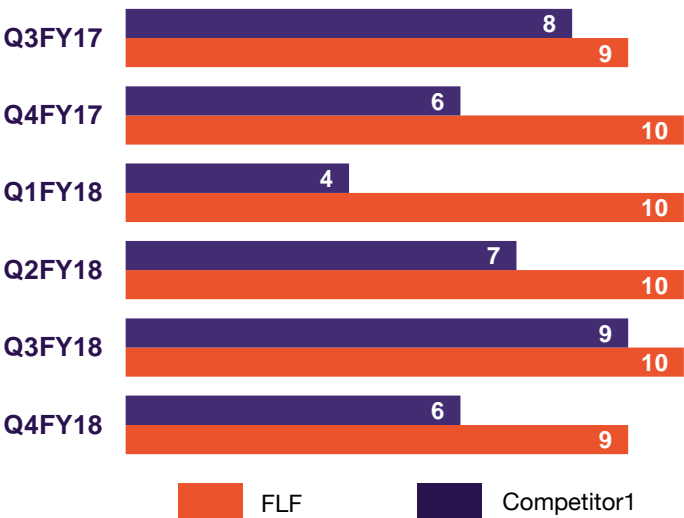


FLF SSG% is Central + Brand Factory SSG

Revenue (YoY%)



EBITDA Margin (%)



Financial Overview – FY 18

- Investment Grade Credit Rating of CARE "AA-, stable" and of Crisil "AA-, with positive outlook"
- Consistent margin delivery and SSG growth[#]
- Positive FCF achieved
- First Listed Brand and Retail Fashion company to reach double digit ROCE%
- Successfully completed IND AS compliance, implementation supported by Deloitte
- GST Roll out completed successfully

Income Statement (₹ cr.)		Twelve Months ended	
Particulars	FY17	FY18	
NetSales	3,800	4,408	
Other Operating Income	77	90	
TotalIncomefromOperations	3,884	4,498	
Gross Profit	1,432	1,651	
Gross Margin %	36.9%	36.7%	
TotalExpenditure	1,074	1,243	
EBITDA	364	443	
EBITDA %	9.4%	9.8%	
Net Profit	45	127	

Balance Sheet (₹ cr.)		As of	
Particulars	31-Mar-17	31-Mar-18	
Shareholders' Funds	1,383	1,530	
NetDebt	652	690	
Less:CurrentInvestments	41	42	
Net Adjusted Capital Employed	1,994	2,177	
NetNon-CurrentAssets	1,383	1,558	
NetCurrentAssets	511	619	
Net Adjusted Capital Employed	1,994	2,177	



Note: all figures are based on IND AS Consolidated financial statement except FY17 income statement. For ease of reference and comparability FLFL has disclosed here above, figures of previous year under IND GAAP, which are comparable with the numbers of current year.

[#] FLF SSG% is Central + Brand Factory SSG



Stakeholder Value Creation



Sustainable SSG%

Close to double digit



Good Revenue Growth

15-17 % CAGR



Better ROCE

Expand by 400-500 bps over 3 years

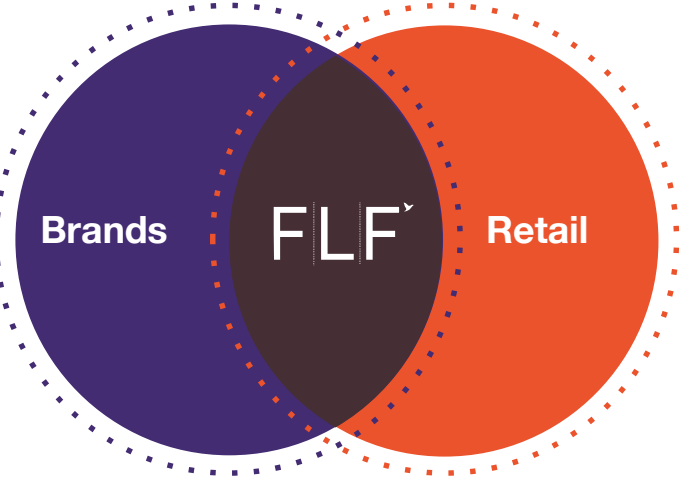


Lower Debt

around 2 times of EBITDA

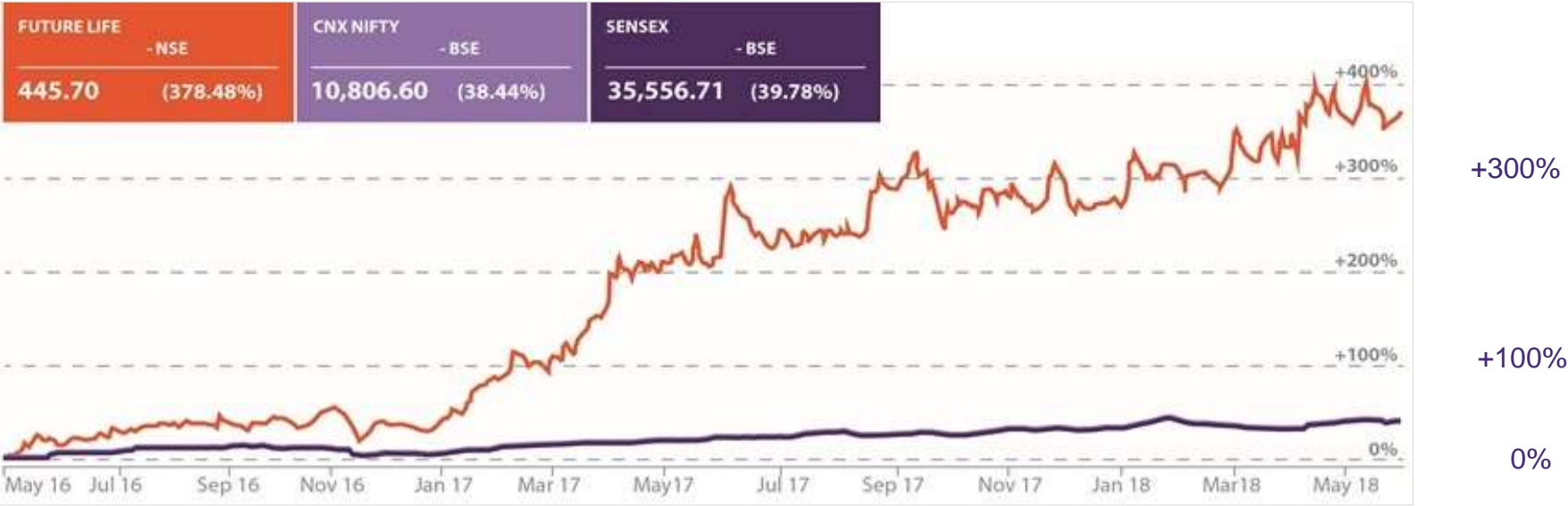
MAXIMISING
STAKEHOLDER
VALUE

Underlined by a unique business model



Stellar Shareholder Returns

FLF has time and again proved itself in the bourses with the stock prices ramping up. Compared to the benchmark indices of both the BSE and NSE, the growth of FLF stock has been exceptional



Top Institutional Holders*	
Institutions	OS %
L Catterton	8.2
Premji Invest	7.3
L&T MF	4.1
Timf Holdings	2.7
HSBC Global Investment Funds	1.3

Share Holding Pattern*	
Promoter	54.6
Institutional Holders	29.4
Non -Institutional Holders	15.9

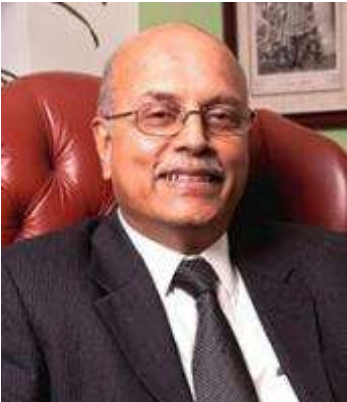


* Shareholding as on 1st June 2018

A woman with long brown hair, wearing a white one-shoulder ruffled top and a dark skirt with a white palm leaf pattern, stands in front of a building. To her left is a large mural of a sun or moon. The background shows a street with buildings and lights.

Behind It All – Visionary Leadership

Board of Directors



Shailesh Haribhakti
Chairman

Is a Fellow CA and the Chairman of Haribhakti & Co. LLP. With over decades of hands-on professional involvement, he now serves on the board of large multinational and Indian companies and chairs multiple audit committees. He also lends his expertise to several professional and regulatory bodies. He is currently Chairman & Trustee of the NPS Trust and Member of Pension Advisory Committee of Pension Fund Regulatory & Development Authority.



Kishore Biyani
Managing Director

Is the founder and group CEO of Future Group and is widely recognised among the pioneer of modern retail in India. He has led the Future Group's emergence as among the leading consumer goods organisation in the fashion, food and personal care space.



Dr. Darlie O Koshy
Non-Executive Independent Director

Is a Doctorate in Management from IIT Delhi. He was founder faculty member at NIFT from 1987 to 2000 and was Director of National Institute of Design from 2000 to 2009. He had developed the "National Design Policy" which was approved by Govt. of India in 2007. He also served the Executive Board of World Body of Design (ICSID) for 3 terms. He currently serves as Director General and CEO of Apparel and Training & Design Centre, since 2009 which have a network of 200 institutes across country.



Bijou Kurien
Non-Executive Independent Director

Is a consumer industry veteran having been involved with the launch of iconic brands such as Titan, Fastrack and Tanishq. He started his career with Hindustan Unilever and was till recently associated as CEO of Reliance Lifestyle.



Rakesh Biyani
Non-Executive Director

Part of the founding team at Future Group and has led the fashion business of the group through his strong hands-on expertise in operations management, supply chain and technology.



Sharda Agarwal
Non-Executive Independent Director

Is a noted marketing and brand expert with over two decades of experience in various industries and sectors. She was the co-founder of MarketGate Consulting and has served as Director of Marketing at Coca Cola India and was also associated with Johnson & Johnson in India and the United States. She is currently co-founder of Sepalika - a website that partners people to reverse chronic disease.



Avni Biyani
Non-Executive Director

Brings on board the pulse of India's millennial generation and has been closely involved with the conceptualisation and launch of brands such as CoverStory. She is the founder and concept head of India's pre-eminent gourmet chain, Foodhall.



C.P Toshniwal
Non-Executive Director

Has been associated with the Future Group for over 25 years leading strategic planning and finance functions across group entities. He is also the recipient of the Best CFO Award 2011 in the services sector by ICAI.



Ravi Thakran
Non-Executive Director

Mr Ravi Thakran has been working in various leading positions at the Louis Vuitton Moët Hennessey Group (LVMH) since 2001 and has been the Group Chairman of LVMH South & Southeast Asia, Australia and Middle East since September 2007. Prior to his time at LVMH, he held senior management positions at the Swatch Group, Nike & the Tata Group

Management Team



Vishnu Prasad
CEO-FLF

Over 30 years of sales and retail experience. Joined Future Group in 2001 to set up the Big Bazaar stores in the south before moving on to head the Central business.



Hetal Kotak
Head – Lee Cooper & aLL

Over 17 years of experience across branded apparel and retail. Past experience includes Brand Director and Chief Operating Officer, Color Plus and Park Avenue at Raymond Limited.



Suresh Sadhwani
Head – Brand Factory

20 years of rich retail experience. Heading Brand Factory since 2014 since then the format has doubled its turnover and added more than 20 new stores across India.



Manjula Tiwari
Head – Cover Story

Over 22 years experience in the fashion & lifestyle industry. Launched and developed a range of high street brands like Esprit, Benetton bringing significant knowledge of Indian customers. Heads Future Style Lab looking after Cover Story



Kaleeswaran Arunachalam
CFO - FLF

Comes with an experience of over 15 years in the Food & Fashion industry. Previously worked with Mondelez International, Aditya Birla Nuvo & TVS Motors. A qualified Chartered Accountant from ICAI & Masters of Business Administration (Finance), Singapore.



Venkatesh Raja
Human Resources

Heads the People Office for FLF with 23 years of varied experience in organizations like Sterling Holidays, Reliance Petroleum, Reliance Infocom, MTS Group.



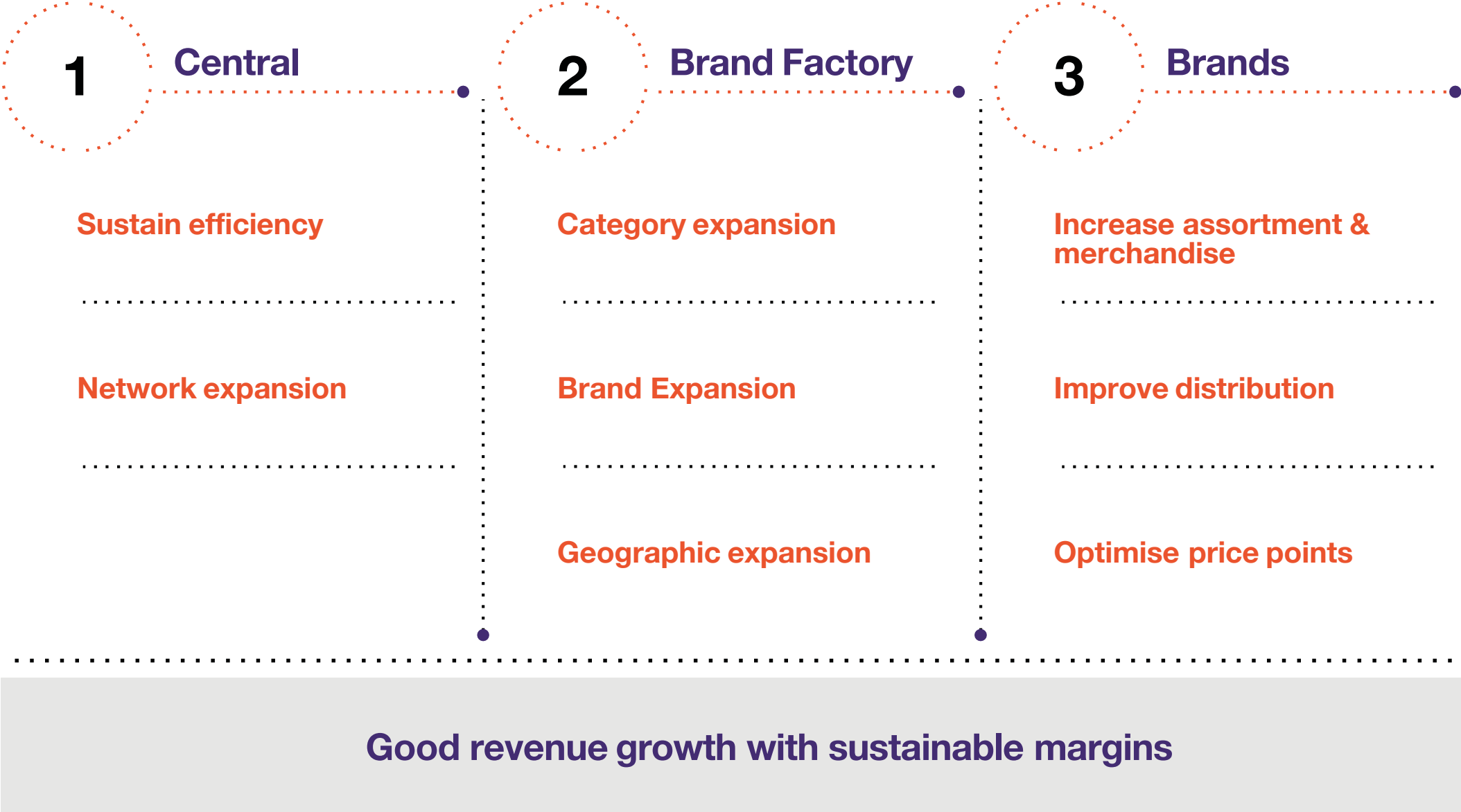
Sanjay Mutha
Company Secretary

Corporate experience of over 16 years in the Secretarial and Legal functions and handled various corporate actions. Previously worked with Mather & Platt, Mahindra and Mahindra and CMI FPE. A qualified Company Secretary from ICSI.



The Road Ahead

Growth strategy



The Way Forward to maximise stakeholder value

Indicative Top line Growth / Margin Expansion

Targeted Revenue Trajectory



Growth of 15%-17% FY20

EBITDA Margin Expansion Potential



X

=

Resultant ROCE Improvement



Potential EBITDA margin expansion of around 50-80 bps on the back of,

- Premiumization of the Portfolio
- Increasing own brand penetration
- Supply chain optimization

Potential for ROCE expansion of 400-500 bps over next 3 years driven by,

- Top line growth
- Higher share of own brand
- Margin expansion



**Top 5 reasons to
invest in FLF**

The Way Forward to maximise stakeholder value

1

Burgeoning fashion market

FLF's offer is in the right place at the right time

- Strong macroeconomics
- Fashion industry to grow exponentially due to an inflection point

2

Consumer preferences shifting in our favour

FLF's offer is aligned to what consumers want and how they want it

- Shift towards Fast fashion and branded apparel
- Shift towards experience led shopping

3

Unique business model

FLF has an integrated fashion play model of both brands and retail – a winning combination

- Circumvents challenges such as channel margins, price pressure and drag on ROCE in individualist pure play models
- Benefits such as better cost and scale efficiency, higher value creation, higher profitability, better brand experiences in the FLF model

4

Strong financial performance

FLF has an integrated fashion play model of both brands and retail – a winning combination

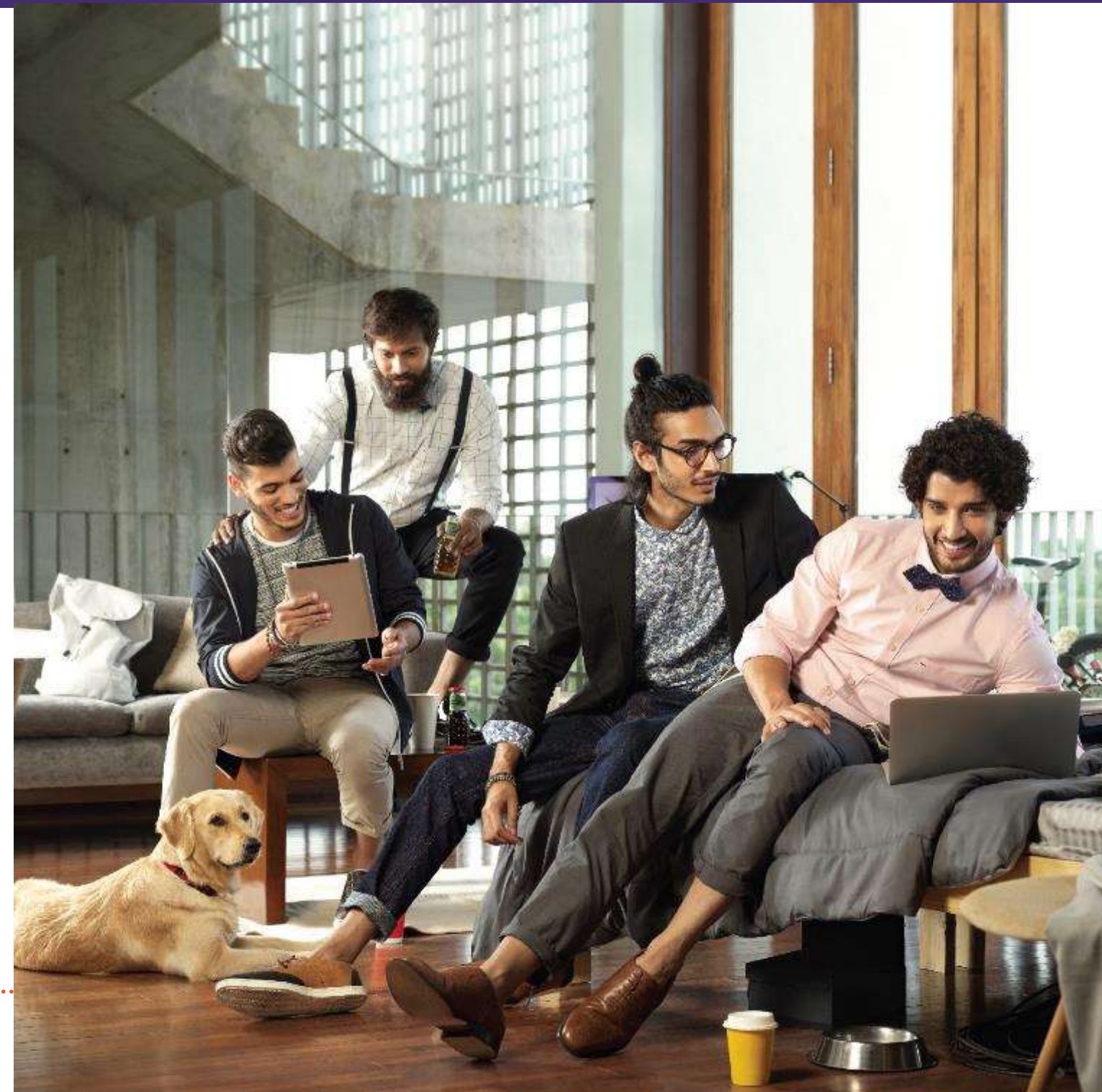
- High credit rating, Industry leading SSG Growth, high free cash flow, higher value unlocking and debt reduction

5

Maximised shareholder value creation

FLF – creating and increasing shareholder wealth

- With strong key metrics, young store vintage, and a very good room to grow, FLF is poised for high growth, thereby creating ultimate shareholder value



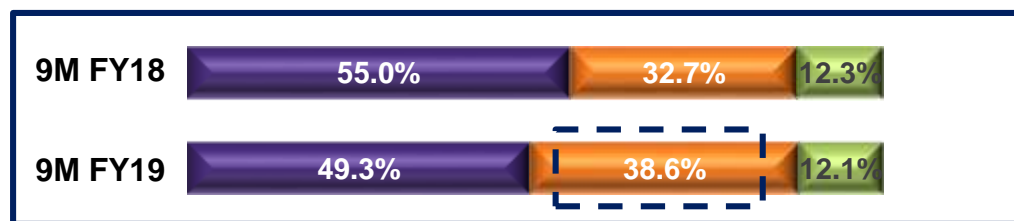


Good to Know

Q3 FY19 Highlights

Business Update

- Initiatives undertaken in last 1 year yielding result for Own brands as it grew by 36% y-o-y.
- ~1 mn area added in 9 months FY19
- 1 Central and 13 Brand Factory stores opened during Q3, taking total count: Central to 44 and Brand Factory to 89.
- Revenue segmentation: Brand Factory continues to show higher growth momentum, thus increasing its share of business by close to 600 bps wrt LY



■ CENTRAL BRAND-NEW ■ BRAND FACTORY BEST BRANDS • SMART PRICES ■ Brands – EBOs and 3rd party channels

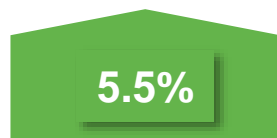
- Lee Cooper footwear commercial operation started, reaching 550+ store presence

Financial Update

- FLFL has delivered strong Revenue, EBITDA and net profit growth (~38%, ~42% and ~52% respectively) in Q3FY19
- EPS for 9MFY19 is Rs. 7.16, a YoY growth of ~28%
- Growth in Q3 has been driven largely by Power brands, clocking retail revenue YoY growth of 42%

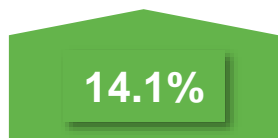
9M FY19 update

Central SSG%



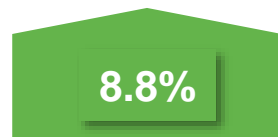
(12.8% in 9M FY18)

Brand Factory SSG%



(16.3% in 9M FY18)

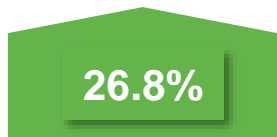
FLF SSG%



(14.0% in 9M FY18)

Revenue

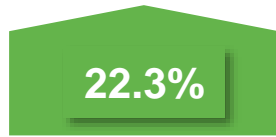
₹ 4,347 cr in 9M FY19



(₹ 3,427 cr in 9M FY18)

Gross Margin

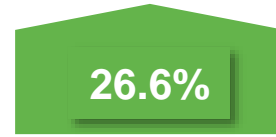
₹ 1,520 cr in 9M FY19



(₹ 1,243 cr in 9M FY18)

EBITDA

₹ 433 cr in 9M FY19



(₹ 342 cr in 9M FY18)

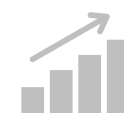
9M FY19 Snapshot



Total Income From Operations



Gross Profit



EBITDA Margin



PAT



Gross Space Addition
(mn. sq. ft.)

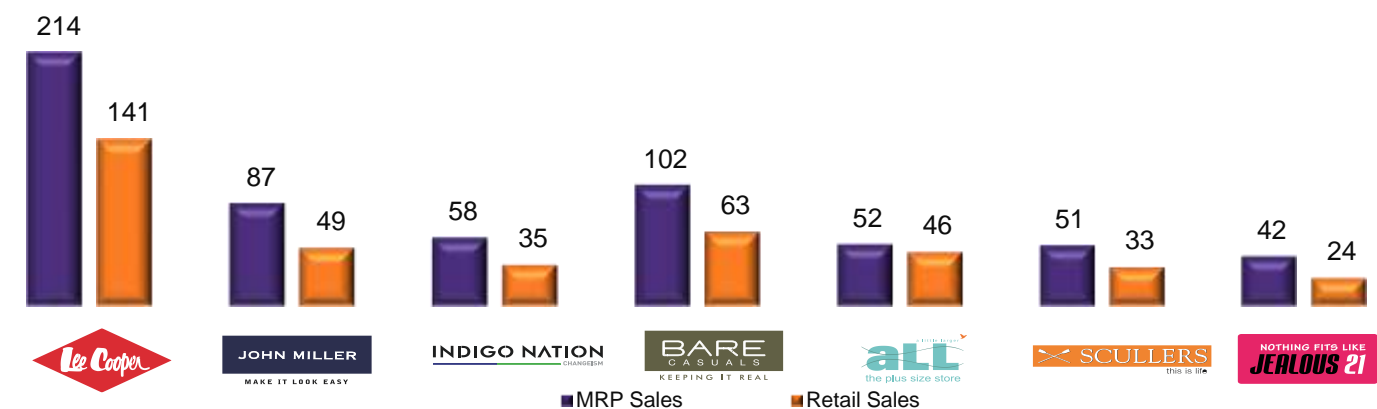
Q3 FY19	₹1,692 cr.	₹575 cr.	10.6%	₹67 cr	0.44
9M FY19	₹4,347 cr.	₹1520 cr.	10.0%	₹138 cr	0.99

FLF Brands	<ul style="list-style-type: none"> Contributed ~38% of Revenue in Q3FY19. Brands registered a growth of 36% in 9MFY19. Power brands grew by 42% 	Q3 Margins Reported Gross Profit of ₹575 Cr and EBITDA Margins of 10.6% in Q3 FY19	9MFY19 SSGs <ul style="list-style-type: none"> FLF : 8.8% Central: 5.5% Brand Factory: 14.1%

Total Sales¹ Summary (₹ Cr)

Particulars	Q3 FY19	9M FY19
FLF Brands	705	1,857
- Owned Brands	163	474
- Licensed Brands	542	1,383
Third Party Brands ²	1,176	2,959
Total Sales¹	1,881	4,816
Less: Consignment / SIS	53	122
Less: Taxes & Duties	170	426
Net Sales after Tax	1,658	4,268

Top Brand Performance Q3 FY19 (₹ Cr)



1: Includes SIS & consignment sales

2: Third party brands represent non FLF brands and includes SIS sales and consignment sales

3: Retail Sales indicate Net Sales before Tax



Note:- all figures includes numbers of Lee Cooper business undertaking after netting off Inter-company transactions.
EBITDA % adjusted for start-up expenses of ~Rs. 5.5 cr. in 9MFY19 on account of Lee Cooper footwear is 10.1%

INVESTMENT PROPOSITION

Future Group in Numbers

The Foremost Player Catering to the “Consumption Sector” in India



Total Revenue

₹ 33,000 cr+



Total Area

20 mn sq ft



Market Cap Increase

650% + (01 Apr 14 to 31 March 18)



Customer Footfalls

400 mn+



Retail Footprint

1,500 +
Stores



Cities Present

~ 300

TM *future group* 
Udna hai. Aaj. Abhi.

FLF

*:Market Cap for 31 March 18 includes FRL , FLF, FCEL and FEL while for 01 Apr 14 includes erstwhile FRL, FLF and FCEL

INVESTMENT PROPOSITION

Mission & Vision

Group Core Values



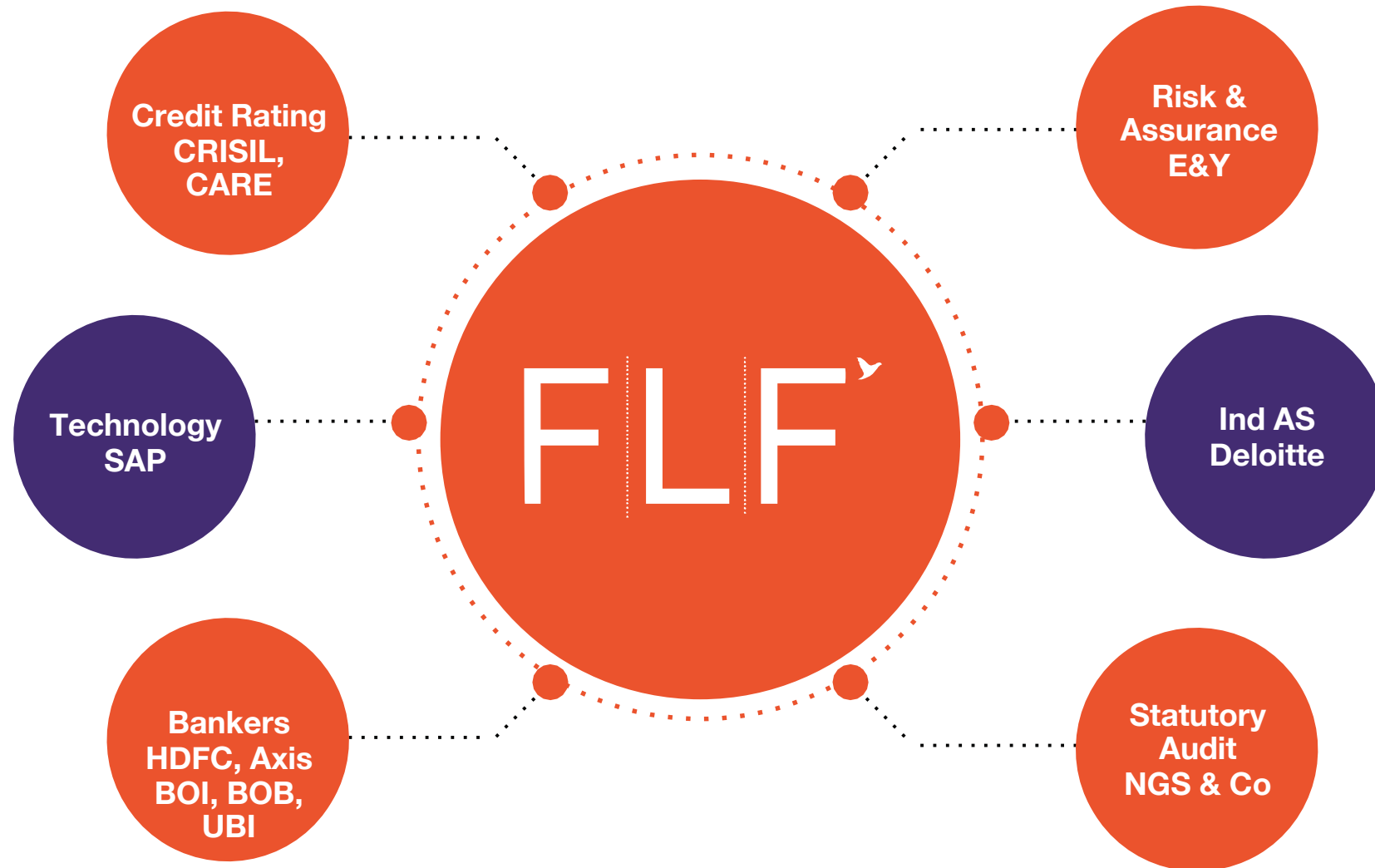
Mission



Vision

To be the leading lifestyle fashion company in India by creating exceptional brands and shopping experiences that will bring alive the Indian idiom of fashion.

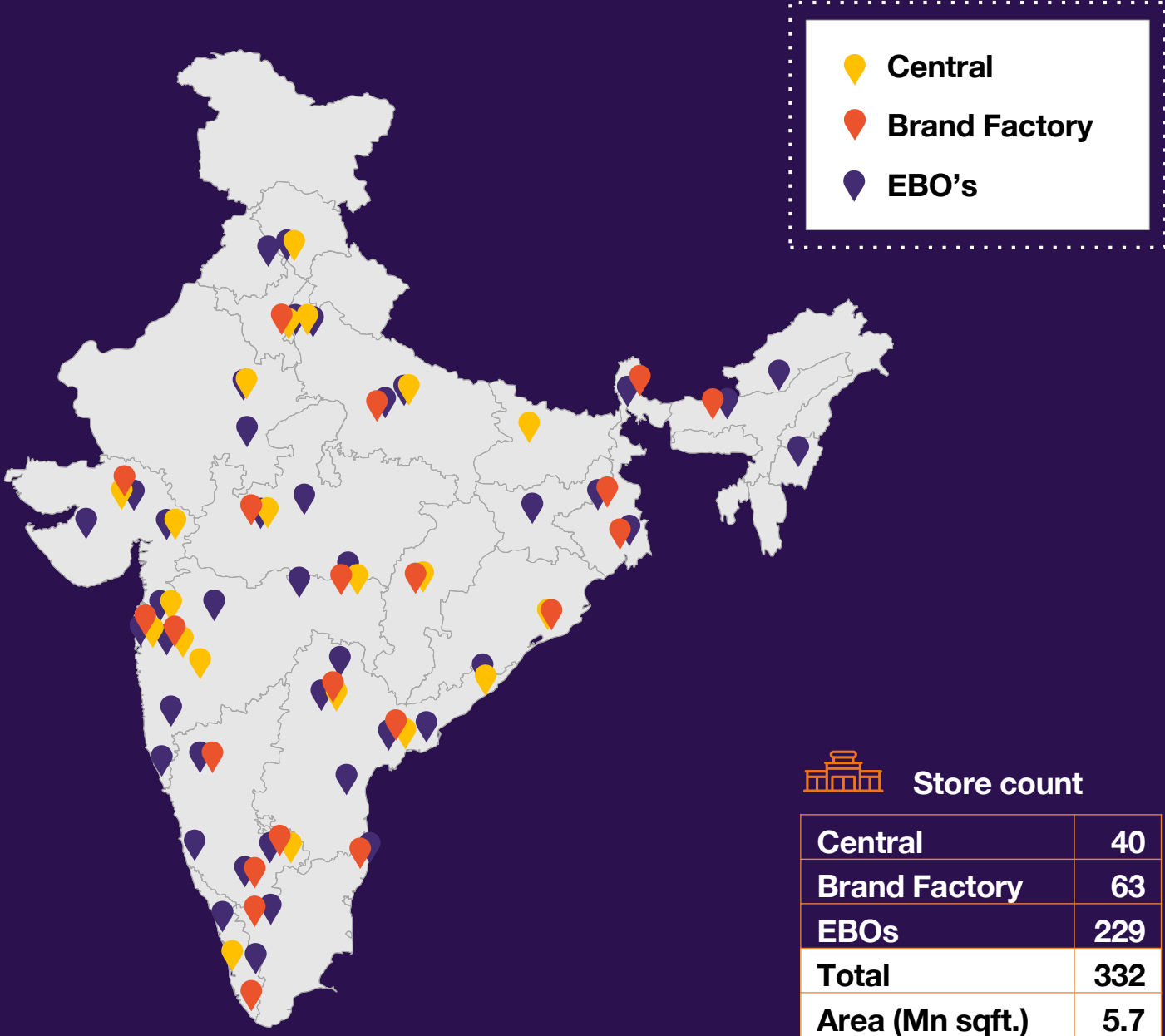
FLF Environment



Young store vintage and vast Company store network

Age of Store	Central	Brand Factory	EBOs	Total
Greater than 5 Yrs	14	11	82	107
3-5 Yrs	9	19	63	91
Less than 2 Yrs	17	33	84	134
Total Store Count	40	63	229	332
Less than 5 Yrs Mix %	65%	83%	64%	68%

Indicative Graphical representation of store journey				
Central	Y1-Y2	Y3-Y4	Y4-Y5	Y6 Onwards
Store Maturity Cycle	Cash Break Even	Scale up	Pay Back	Matured & High ROCE
Brand Factory	Y1	Y2-Y3	Y4	Y5 onwards
Store Maturity Cycle	Cash Break Even	Scale up	Pay Back	Matured & High ROCE



Store count	
Central	40
Brand Factory	63
EBOs	229
Total	332
Area (Mn sqft.)	5.7

Digital - Big Impact Online to Offline Campaigns



Free Shopping Weekend - India's First Ticketed Shopping Event

- Classic pass members could enter the store 11 am onwards for ₹ 150
- Premium pass members could avail early access to the store at 8 am to 11 am for ₹ 250

Overwhelming response received, with sales 12 times than any regular day;

- Total unique reach on Facebook - 2 Cr



Using Social Media to Drive Consumer Interest in Fashion & Lifestyle

- SS'18 Summer Signature Fashion Launch On Instagram:
- Social engagement of 3.2 % with a reach of 8.8 Mn

Kolkata and Guwahati Central Launch:

- Kolkata: Social engagement of 1.6 % with a reach of 8.6 Mn
- Guwahati: Social engagement of 7.5 % with a reach of 5.13 Mn

aLL and Lee Cooper – Digital initiatives

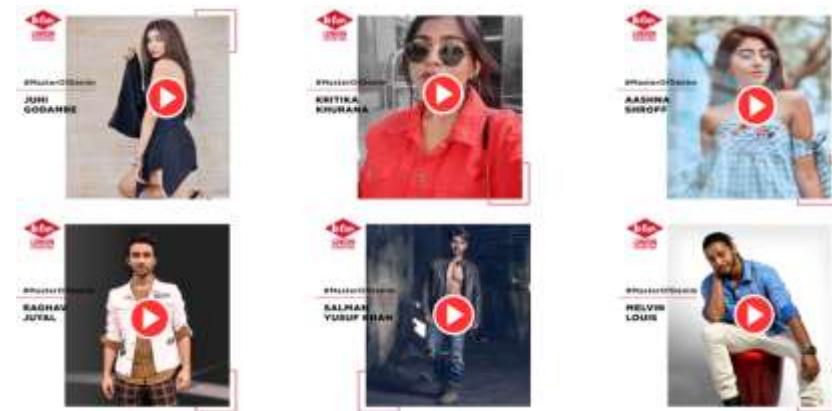


#SwaggySelfieSale



- Created a property called '**#SwaggySelfieSale**' to celebrate Worlds Selfie Day (on 21st June)
- 10,000 + registration

#MasterOfDenim



Lakme Fashion Show Promotion



- Collaborated with ace designer, Wendell Rodricks, to create 'aLL PRIMERO' launched at Lakme Fashion
- **Facebook** engagement increased to 40K and **Instagram** views increased to 37,000



Facebook LIVE with Wendell Rodricks




- **1st ever Facebook LIVE** session with Wendell Rodricks to launch the collection which was promoted aggressively on digital media : **Google, Facebook & SMS**

#BidToOwnAWendell Online Auction



- Created excitement & flurry among our audiences + Get New Users to the website + Give a push to the overall website traffic
- **India's 1st ever LIVE online auction** by a Fashion Brand
- Total registrations 5000+ & total bids across the products 1000+

Retail and Brands Digital Footprint 3+ Mn



Cover Story

@CoverStoryFSL

118,133 people like this

118,164 people follow this

Your summer wardrobe is here! Get #OOTD worthy pictures every day for your holiday with outfits from Cover Story!


3,7k

2 Shares

smilingqueen_disha @dishapatani

Fun,Fantasy,Fashion 🌸🌸 at @coverstoryfsl

Need more support 🙌🏻👉🏻 disha #forever #love 🥰💕




Scullers

@scullerspage

199,066 people like this

197,738 people follow this



Brand Factory Official

@brandfactoryofficial

847,280 people like this

835,647 people follow this

Brand Factory Official

April 18 at 12:47pm · 🌐


Step up your style quotient with our #BrandOfTheWeek – Scullers. Buy 2 Get 1 Free only this week!

Visit your nearest store to avail this offer- <http://www.brandfactoryonline.com/brandfactory-locateus.aspx>

Like · Comment · Share

2.6K

Chronological




Jealous 21

@Jealous21

733,381 people like this

728,044 people follow this



Central Official

@centralandme

5,568 tweets

642 following


26.7K followers

1,965 likes

Look at all the brands they have in store and more 🥰

#AllNewWhitefieldCentral

@centralandme #Bangalore



222 posts


1712 followers

57 following

Following

sunbae_sparrow Fashion Show- Summer Collection in Whites' #pic2 #styleatcentral #ThatThanksgivingSpeech 🥰🥰🥰

missmalini Current mood. Thanks @styleatcentral for the sale of the year! 🥰🥰 #CentralFreeShopping



John Miller

31k

35 Comments 183 Shares 376K Views

konijnendijkmode Perfect shirt van John Miller! 🍷


#details #johnmiller #shirts #menstyle #stylish

#fashionable #gentleman #menswear

#iohnmillershirts #koniinendiikmode

blank_minded Rate me girls 🤓

🤓.....#coolboys#johnmillershirts#denim#cc#ff



Central

@centralandme

Shopping Mall

3.9 ★★★★★

Community

874,963 people like this

871,355 people follow this

Shilpa Chitnis Joshi reviewed Central – 3★

6 Apr at 10:35am · 🌐

Kristy Robinson reviewed Central – 4★

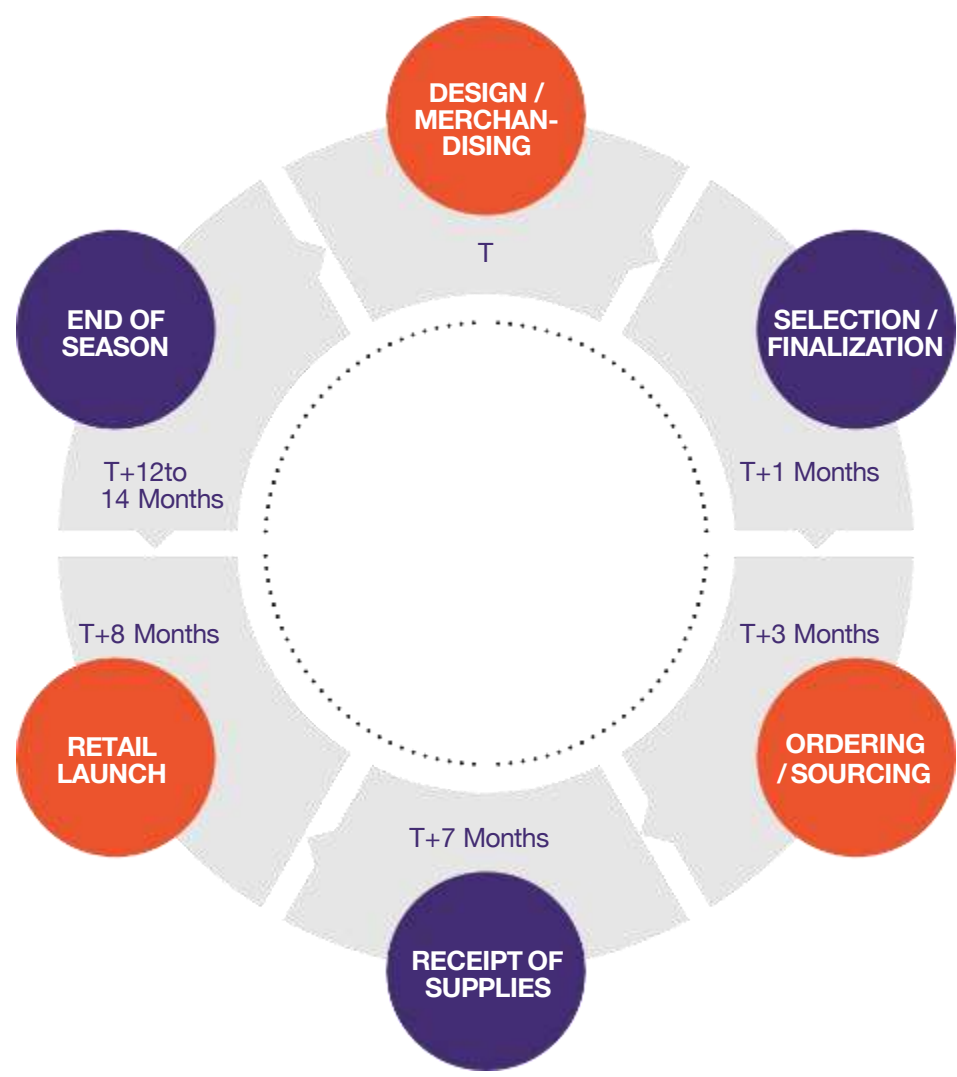
2 Jan at 10:31am · 🌐



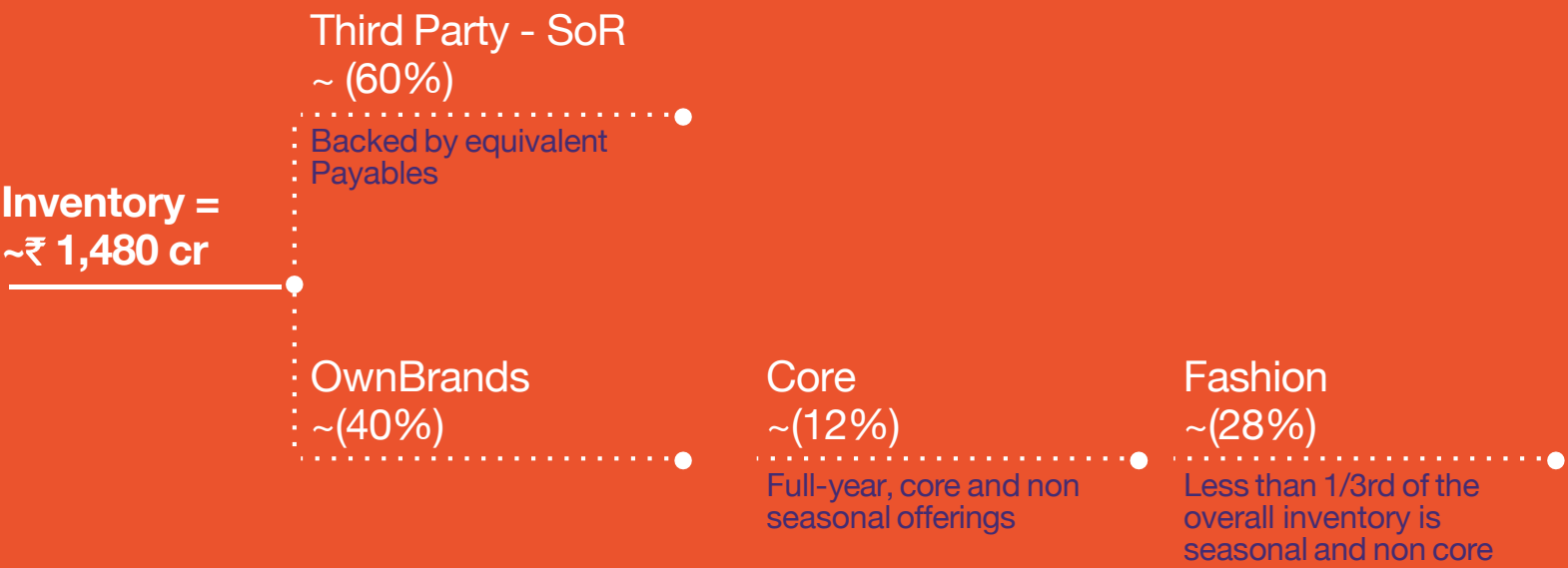
Typical Fashion Season

Concept to Consumption

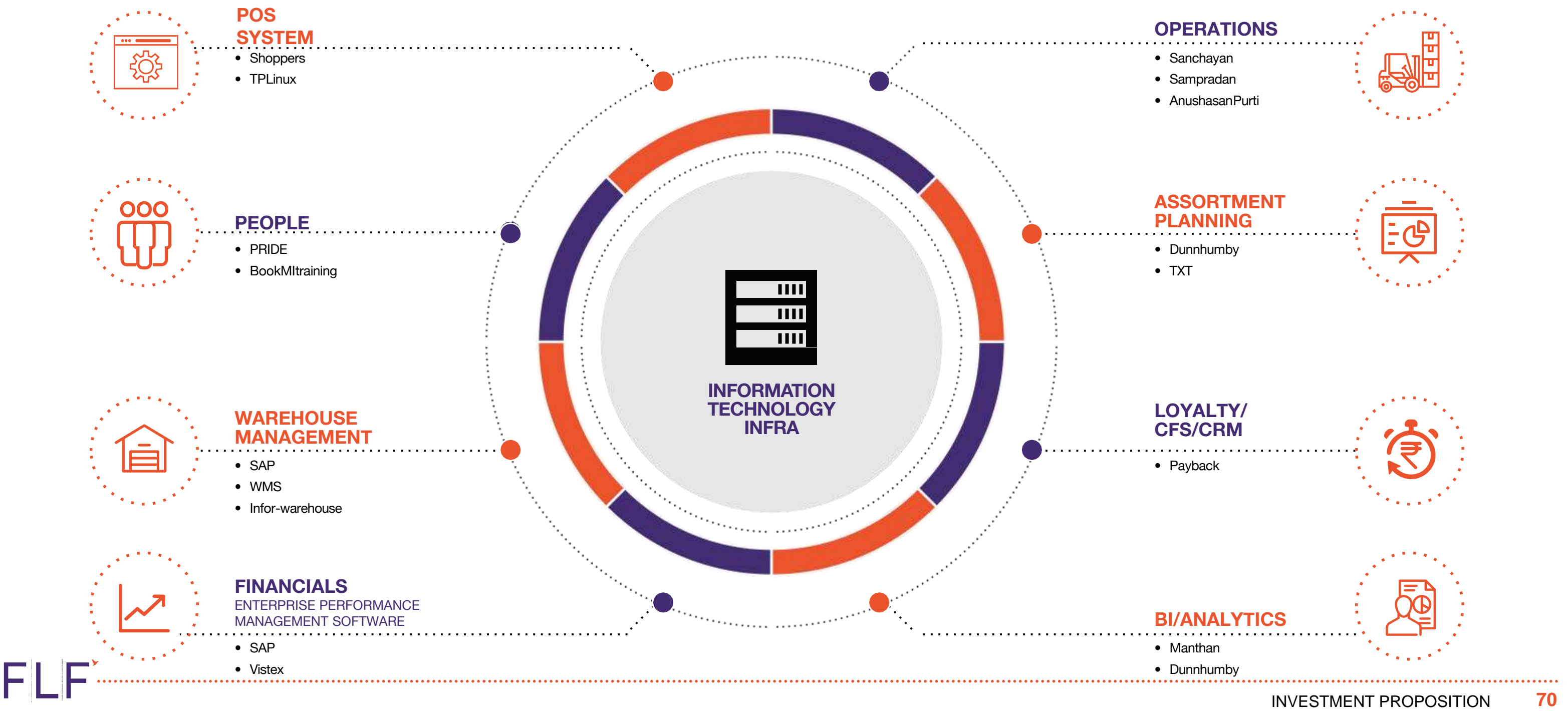
Design to Consumer – 12 to 14 months cycle



Indicative Inventory Overview

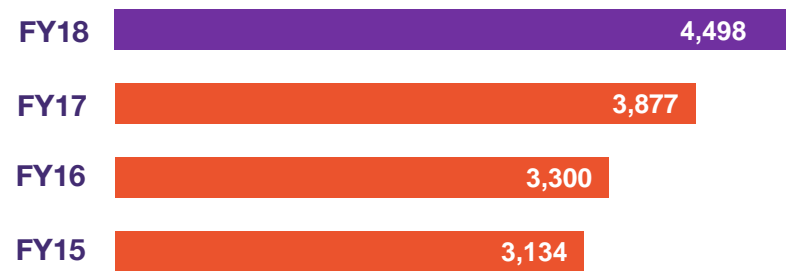


Technological Architecture

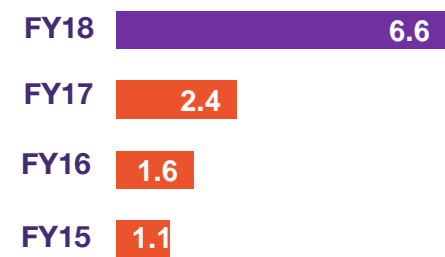


Key Performance Highlights

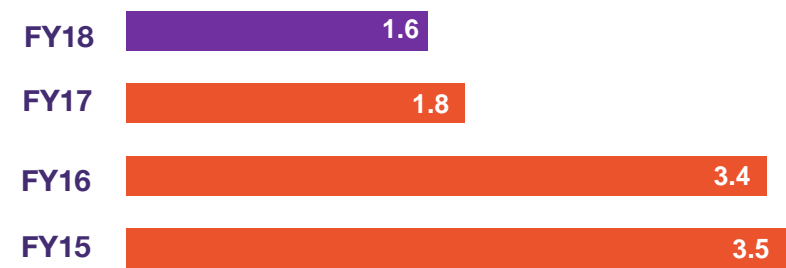
Revenue (in ₹ Crore)



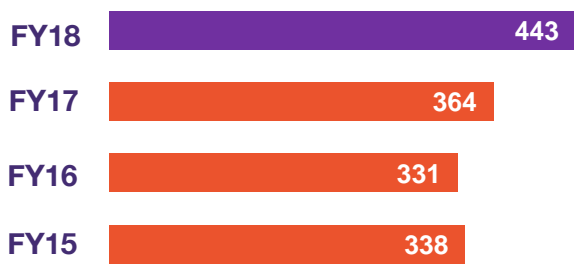
EPS (in ₹)



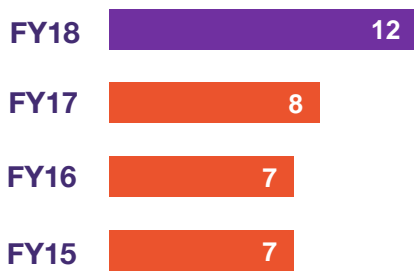
Net Debt / EBITDA



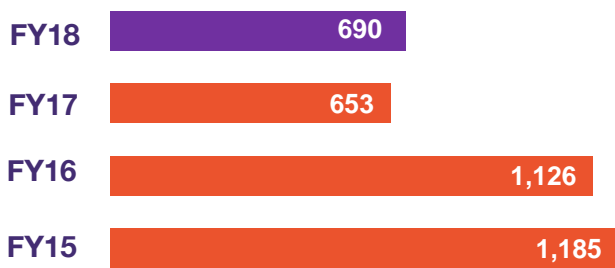
EBITDA (in ₹ Crore)



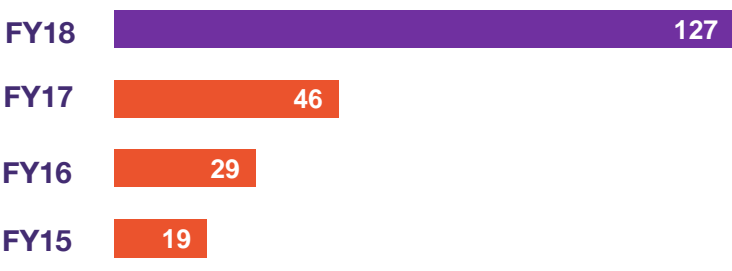
ROCE (%)



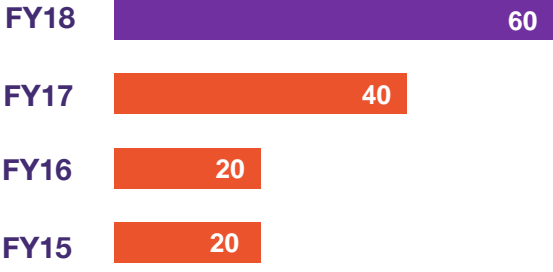
Net Debt (in ₹ Crore)



PAT (in ₹ Crore)



Dividend Payout (%)



NWC Days



Key Accounting Policies

Revenue Recognition

- Revenue is recognized basis the economic benefits that will flow to the Company and that can be reliably measured.
- Revenue from sale of products is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyers.
- Sale of goods are recorded at net of trade discounts, rebates and taxes
- Revenue from services are recognized as they are rendered based on agreements/arrangements with the concerned parties and recognized net of taxes.

Fixed Assets & Depreciation

- FLFL opens its stores on leased premises and invest in fixed assets like electrical equipment, furniture & fittings. lease hold improvements etc.,
- Company depreciates its Fixed Assets over the useful life of the assets and in case of store related assets depreciation is charged basis useful life of assets or renovation period which ever is earlier.

Inventory

- Being the brand and retail player – FLFL revenue for about 60% of its business is through third party brands. Inventory for these third party brands are in FLFL Books and equally backed by creditors hence no impact on working capital. General commercial terms for these third party brands are largely on sale or return basis.
- About 40% of FLFL revenue comes from own brands for which inventory is also owned by FLFL
- The company provides for shrinkage, aged/Damaged & Dead inventory on a periodic basis using historical rate of sales.

Ind AS adjustment

Key impact of Ind AS adjustments

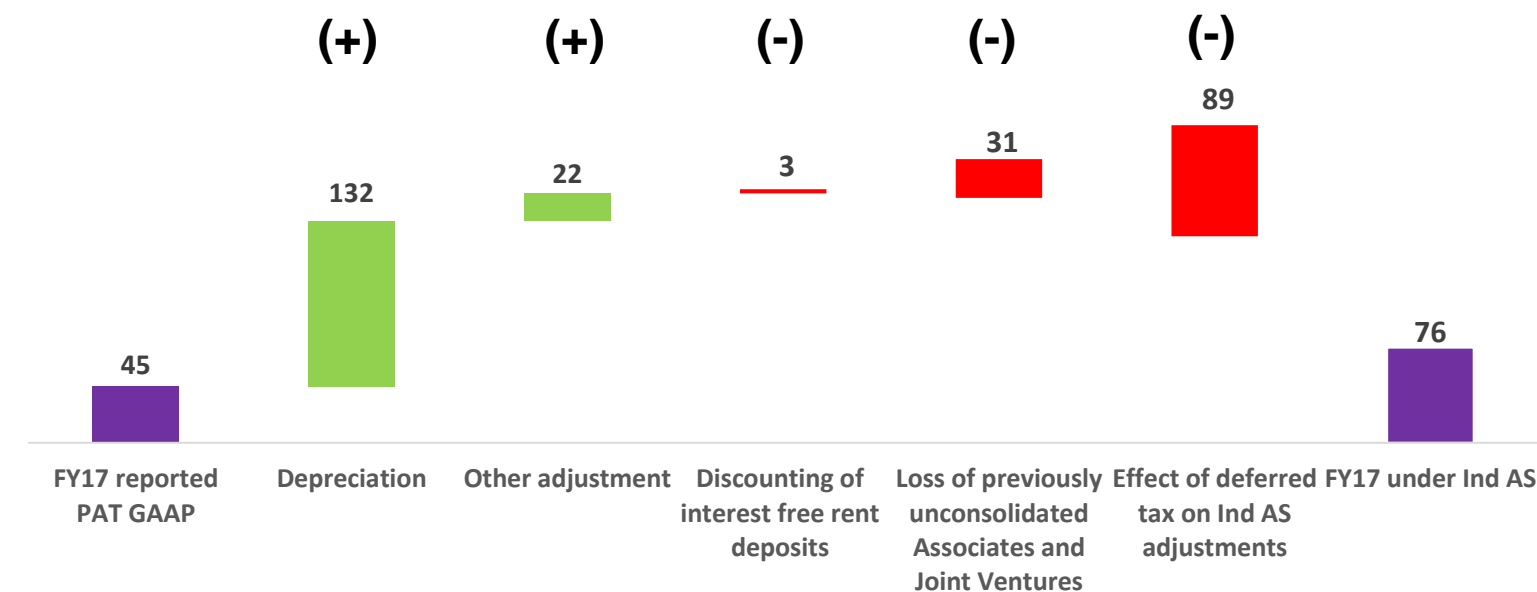
- Employee stock option cost at fair value
 - Under the previous GAAP, the cost of equity-settled employee share-based plan were recognized using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognized based on the fair value of the options as at the grant date
- Fair valuation of property, plant and equipment
 - In accordance with Ind AS 101, the Company has elected to measure certain items of Property, plant and equipment (PPE) at fair value as at transition date of April 01, 2016. These fair values are considered as deemed cost. All other assets are measured as per Ind AS 16. Depreciation is calculated on deemed cost effective from transition date
- Actuarial gain or loss on defined benefit obligation under OCI
 - Under Ind AS, actuarial gains and losses on re-measurements of defined benefit obligation are recognized in Other Comprehensive Income instead of Statement of Profit and Loss. Consequential tax impact is also recognised in other comprehensive income
- Discounting of interest free rent deposit
 - Under the previous GAAP, interest free lease security deposits are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value on initial recognition. Accordingly, the company has measured these deposits at fair value as at initial recognition. Difference between the fair value and transaction value of the security deposit has been recognized as prepaid rent as at initial recognition. Subsequently, security deposit is measured at amortized by recognizing interest income and prepaid rent is amortized as rent expenses
- Measurement of borrowing at amortized cost
 - Under previous GAAP, interest expense was recognized based on contractual rate and expenses directly attributable for fund raising has been charged off in statement of Profit and Loss when incurred. Under Ind AS, effective interest rate method is used to recognize interest expenses and for calculation of amortized cost of borrowing

Ind AS adjustment

Key impact of Ind AS adjustments

- Employee stock option cost at fair value
- Fair valuation of property, plant and equipment
- Actuarial gain or loss on defined benefit obligation under OCI
- Discounting of interest free rent deposit
- Measurement of borrowing at amortized cost

FY17 P&L bridge with Ind AS



Particulars	2016-2017
Profit after tax as reported under previous GAAP	45
Add/(Less): Impact of Ind AS adjustments	
Impact on depreciation expenses	132
Recognition of Finance Cost on Liability portion of compound financial instrument	(2)
Discounting of interest free rent deposits	(3)
Actuarial gains/ losses on defined benefit obligation (net of tax)	(0)
Measurement of derivative at fair value	1
Income recognition on Financial Guarantee	1
Loss of previously unconsolidated Associates and Joint Ventures	(31)
Other adjustments	23
Effect of deferred tax on Ind AS adjustments	(89)
Profit or loss under Ind AS	76
Other comprehensive income under Ind AS, net of tax	0
Total comprehensive income under Ind AS	76



Thank you

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