



*Fashion  
for you*

# What's inside

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### About this report

In the second year of our Integrated Reporting <IR> journey, we at Future Lifestyle Fashions Limited (FLFL) have strived to report our performance, strategy, risks and opportunities, engagement with stakeholders and other aspects in accordance with the International <IR> Framework, published by the International Integrated Reporting Council (IIRC). This has been done with an objective to present to our stakeholders an interconnected, concise and in- depth perspective about how FLFL creates value as leaders in fashion. At FLFL, our actions and decisions are a function of our integrated thinking and multi-capital approach to value creation. This is elucidated in detail across the Report.

### Responsibility statement

The Board and the Management have reviewed the document for accuracy, transparency and the veracity of the information provided in this Report.

### Financial and statutory reporting principles

The financial and statutory data presented in this Report is in line with the requirements of the Companies Act, 2013 (and the rules made thereunder), Indian Accounting Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, and the Secretarial Standards issued by the Institute of Company Secretaries of India.

### Scope and boundary

This Report covers the integrated performance and material matters pertaining to the operations of FLFL and its subsidiaries for the year ended 31st March 2019. The information presented also draws on metrics and figures from previous reporting periods.

### Assurance statement

Assurance on financial statements has been provided by Deloitte, Haskins and Sells, and the Independent Limited Assurance Statement can be found on page 210 and page 211.

### 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.

All the data present in the report belongs to a consolidated basis unless specified otherwise.

# *Fashion for you*

**Fashion interestingly never goes out of fashion.**

It is more than just a decorative wordplay. Fashion articulates boldly that at our very essence we are all creative individuals, and have the confidence to continuously transform ourselves and the world in which we live and thrive. It is our inherent expression of 'design thinking' to adorn our personality and to inspire others to emulate our statement of style

We, at FLF, believe that India offers an enormous opportunity in the lifestyle fashion market. And with a wide ensemble of brands, an integrated business model, coupled with steady investments in the digital space, we are advancing with confident strides in the ever-evolving world of fashion.

We are empowering the imagination of our valued patrons, introducing them to global luxury trends and crafting tomorrow's fashion in a sustainable and responsible way.



**Scan the QR  
Code to read the  
report online**

# Highlights of FY 2018-19

REVENUE (₹ crore)

**5,728**

27% y-o-y growth



EBITDA (₹ crore)

**564**

26% y-o-y growth

RoCE (%)

**13.9**

EPS (₹)

**9.8**



NET DEBT TO  
EBITDA RATIO

**1.4**





VOLUME GROWTH (%)

28



NEW STORES

6

Central

NEW STORES

31

Brand Factory

FLF SSG%\*

8.7

\* Central + Brand Factory SSG

# Future Group

## Co-founders of the new



Future Group has emerged as one of India's leading consumer goods conglomerate, spanning FMCG, fashion and support logistics. Powered by our decades-rich legacy of creating unforgettable customer experiences, the Group has led the paradigm shift in India's retail story.

Today, the Group's businesses comprise sourcing, design, manufacturing, logistics, brand development, distribution and retailing of consumer goods across almost every part of India.

Employee Strength  
> 65,000

Brands  
> 70

Retail Area  
~ 24  
million sq ft

Customer Visits  
> 600  
million

Cities  
> 450



## Group values

### RESPECT & HUMILITY

In dealing with everyone within and outside the organisation

### FLOW

By constantly learning and being inspired from the universal laws of nature

### INDIANNESS

By believing in oneself and doing things the Indian way

### INTROSPECTION

For continuous learning, self-development and personal excellence

### OPENNESS & ADAPTABILITY

By accepting new ideas and knowledge, and being proactive in meeting challenges emerging from changing business scenarios

### VALUING & NURTURING RELATIONSHIPS

With customers, business associates, stakeholders, communities and the society

### LEADERSHIP

In thought and in business

### SIMPLICITY AND POSITIVITY

To foster innovation, speed and imagination



# Introducing Future Lifestyle Fashions

The flagship fashion Company of the Future Group, Future Lifestyle Fashions (FLF) is one of India's fastest-growing players in its space.

We have an integrated portfolio of retail formats spanning 6.8 mn sq. ft. and 30 brands under our umbrella. From design to distribution, we have end-to-end capabilities across the fashion value chain. With our presence, potential and performance, we are changing the way India aspires for and embraces fashion.



## 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.

## Mission

We, at Future Lifestyle Fashions, aim to create a globally-recognised fashion organisation here in India by bringing alive the Indian idiom of fashion. We, thus, strive to:

- Be the most preferred fashion destination of India
- Create the most preferred portfolio of fashion brands
- Be the most innovative, efficient, and profitable retailer
- Be the preferred employer in the fashion space
- Be the trendsetter in Indian fashion through superior understanding of the culture, style code, passion and aspirations of Indian consumers
- Create happiness for customers, colleagues, business partners and every stakeholder

## Our approach



### LIVE, BREATHE AND THINK FASHION

Fashion is ever-evolving, and we will be sensitive, agile and open to the rapidly evolving fashion market.



### CONSUMERS AT OUR CORE

We create exceptional brands and experiences that reflect the various identities and aspirations of Indian consumers.



### DESIGN IS OUR SOUL

The spirit of our design thinking lies not only in the brands and experiences we create, but also in building relationships, leading innovation, setting trends and providing fulfilment to consumers.



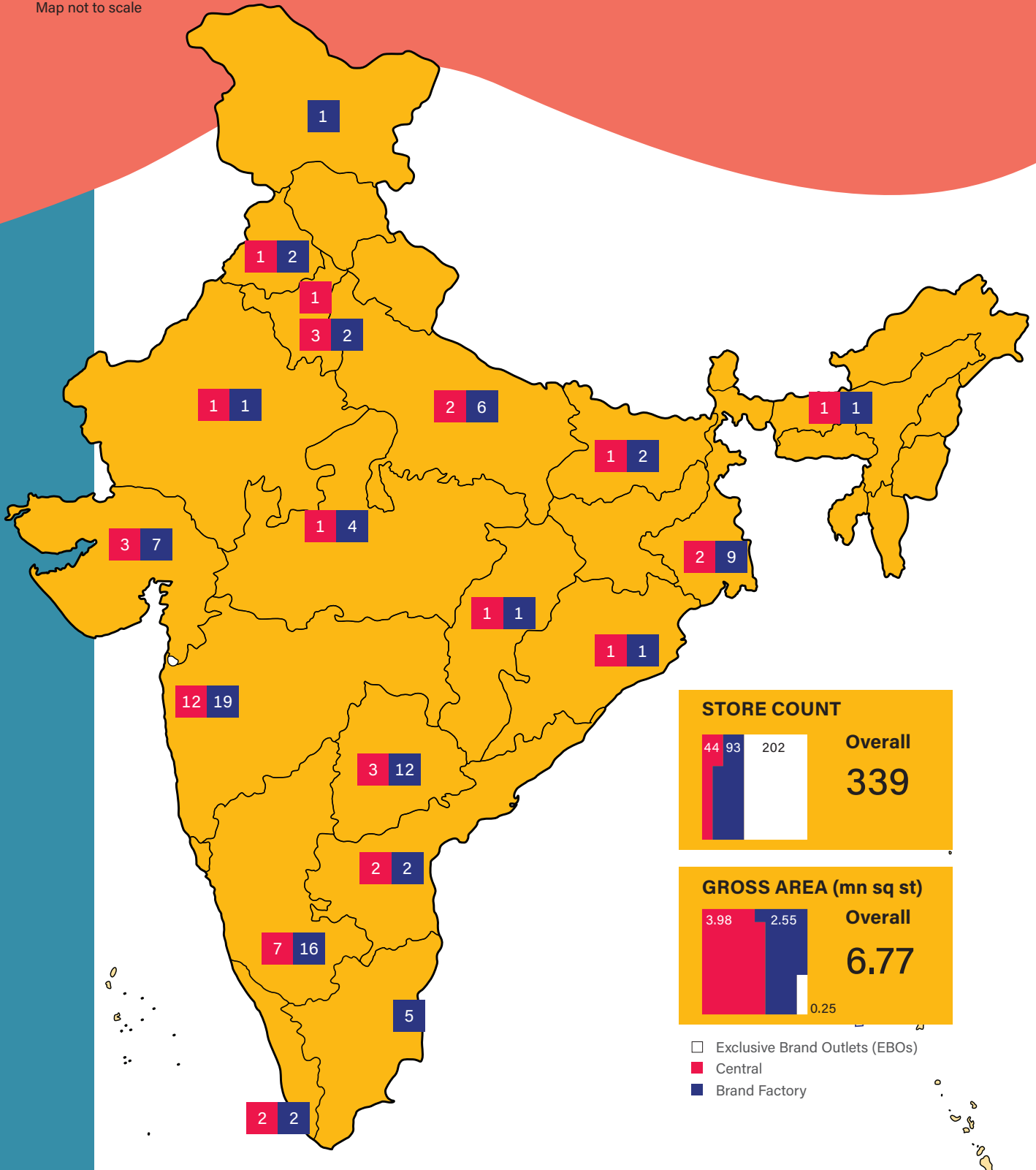
### PURSUIT OF HAPPINESS

Above all, we collaborate and strive to bring happiness to the lives of our customers, colleagues, business partners and the communities we work in

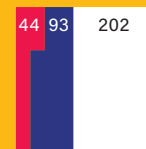


## Our fashion footprint

Map not to scale



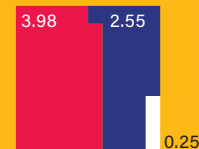
### STORE COUNT



Overall

339

### GROSS AREA (mn sq st)



Overall

6.77

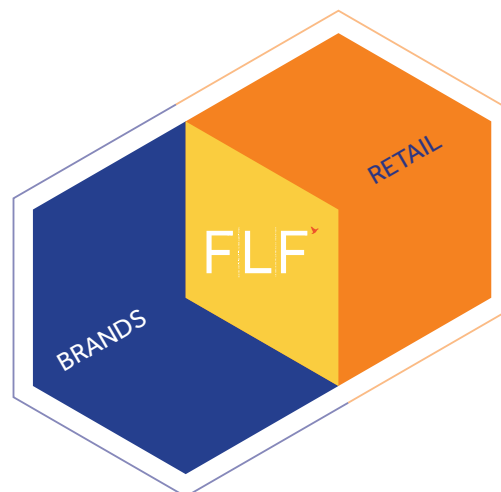
- Exclusive Brand Outlets (EBOs)
- Central
- Brand Factory

# A unique and winning operating model

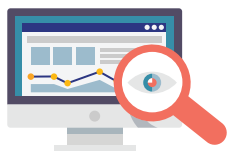
At FLF, we operate with a differentiated operating model, that sets us apart from others in the competitive landscape.

Traditional pure-play brand or pure-play retail players carry several challenges, especially in emerging markets. These include pricing pressures, margin loss and intensive capital requirements to scale.

We at FLF, on the other hand, operate with an integrated model that straddles both brands and retail to constitute a winning business proposition. This unique model combines the benefits of pure-play brand with the advantages of owned retail channels. It helps us operate an end-to-end value chain that maximises margins, controls externalities and above all, enables superior customer experiences.



## Key benefits of our unique and integrated operating model



**Better control over brand presence**



**Enhanced customer experience**



**Analysis and incorporation of sales feedback at every customer touchpoint**



**Economies of scale arising from own brands and distribution**



**Cost efficiency due to multiple cross-selling avenues**



**Increased profitability**

# A wide brandscape

We bring contemporary styles and fashion to the discerning masses of India.

Our wide array of brands caters to every age group, gender and choices, across price points. This has helped us deliver more and deliver better to our different customer groups and earn their loyalty. Our customers are in different stages of their life's journey, where each stage demands a unique occasion to celebrate. We aspire to be their go-to 'fashion genie' that can curate a style solution suitable for every occasion through our brand portfolio. With our portfolio of power brands, emerging brands and investee brands, our customers enjoy unparalleled fashion choices for their every mood, need and want.

## Footwear segment: A strong growth opportunity

We have realised significant opportunities in India's footwear fashion space and are set to leverage our in-depth fashion expertise to cater to a value-accretive niche in India's fashion segment.

### INDIA MARKET

India is the 2nd largest producer of footwear globally, with ~90% of its produce meeting the domestic demand. India has also overtaken USA to become the second largest consumer of footwear globally.

### GROWTH

The Indian footwear market is expected to reach USD 17,500 million by the end of 2019 and continue to grow at a CAGR of 10.5% till 2022. Men's footwear market is growing at a CAGR of 10% and contributes 60% of sales in the footwear segment. Women's market, on the other hand, is growing at a 20% CAGR with a market share of 30%.

### FORMALISATION

Footwear is the most organised category in the Indian retail space, with 41% of all footwear sold in India being retailed through formal channels. With the current growth rate of organised footwear retail, one in every two pairs of footwear sold in India will be through formal channels.

### Casual and party wear

Lee Cooper, aLL, Indigo Nation, John Miller Hangout, Bare Casuals, Bare Denim, RIG and RIG Ladies, Scullers and Scullers for Her, UMM

### Festive wear

aLL, Lombard

### Formal wear

aLL, John Miller, Urbana, Giovani, Lombard

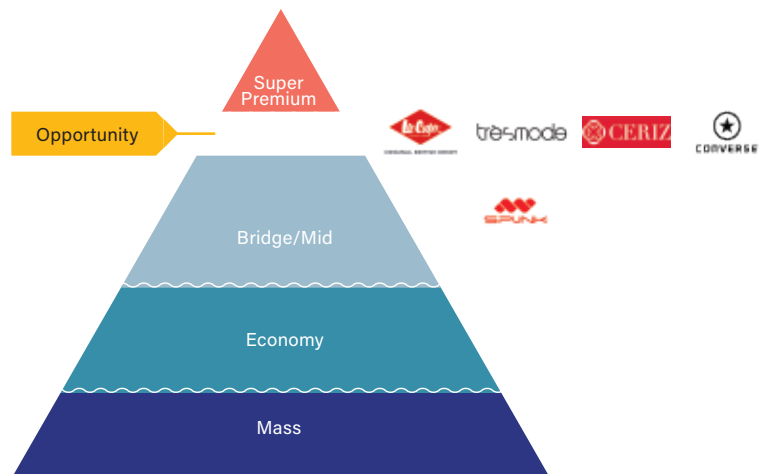
### Sports and leisure wear

Converse, Champion, Umbro, John Miller Sports, RIG

### Key brands & average price points

Clark	₹5,400
Converse	₹3,080
Ancestry	₹2,800
Lee Cooper	₹2,500
Cover Story	₹2,200
Indigo Nation	₹1,640
aLL	₹1,710
John Miller	₹1,340
RIG	₹1,235

Premium/bridge Mainstream



### OPPORTUNITY

Current offerings in the market belong to the classical or traditional styles. Hence, there is a significant headroom for growth by bringing in the latest in footwear fashion to the market, with the best in technology. With our brands such as Lee Cooper (footwear licence received in April 2018), Tresmode, Ceriz, Converse and Spunk, we are serving Indian consumers with contemporary footwear fashion in an identified opportunity space.

Source:

1. The State of Fashion 2019, Business of Fashion and McKinsey & Co.
2. India Business of Fashion Report 2019, IMAGES Yearbook

# Delivering branded fashion to India

FLF is home to a portfolio of 30 brands, comprising own brands and a set of investee brands. The owned brands portfolio includes seven power brands that drive our growth.

## POWER BRANDS



## EMERGING BRANDS



## INVESTEE BRANDS





## Power Brands

### LEE COOPER

#### Purpose

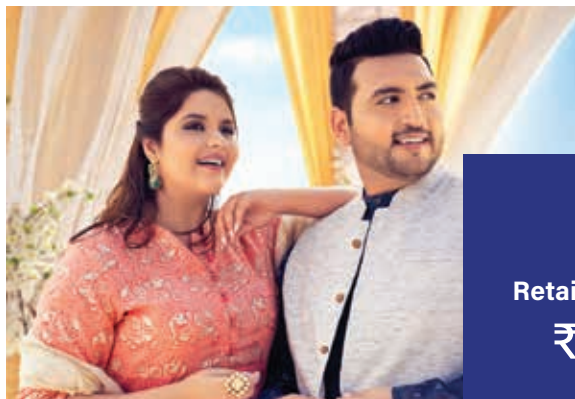
Offers aspirational, trend-led denim apparel and footwear to enable consumers to discover and celebrate their styles

#### Role in life

Enables young individuals (18-30 years) spanning young adults to first jobbers to early settlers, to sport their cool, relaxed and easy-going character

Retail Sales

**₹568**  
crore



Retail Sales

**₹169**  
crore

### ALL

#### Purpose

The purpose of aLL is to be recognised as an aspirational and preferred brand for plus size consumers, which they can own and flaunt

#### Role in Life

Fashion is for everyone & size is just a number. aLL celebrates every size, every body & every shape & is dedicated to offer aspirational fashion for plus size men & women.

### JOHN MILLER

#### Purpose

Creates men's fashion for the workplace. In today's corporate parlance, success is about having an extra edge that makes one stand out and stride ahead. The John Miller man believes it all starts by dressing for success.

#### Role in Life

Helps the young professional exude confidence and charm to win at work and achieve success.

Retail Sales

**₹181**  
crore



## INDIGO NATION

### Purpose

To be a cult brand delivering fast fashion for the young & restless, who are always looking for change

### Role in Life

Lends a swag and edge to the young and uber-stylish individual. Projects the consumer to stand-out with the uniqueness of the clothes

Retail Sales

₹177  
crore



Retail Sales

₹126  
crore

## SCULLERS

### Purpose

Scullers inspires young men and women to take life less seriously and to enjoy light-hearted moments with friends and family, make time for recreations, vacations and holidays

### Role in Life

Enables the consumer to Live the Scullers Life and enjoy relaxed moments with the loved ones and create happy memories

## JEALOUS 21

### Purpose

Be the denim expression young women looks for every occasion. Create memorable micro moments and convert each moment into an event. Create a 'go to' fashion force.

### Role in Life

Be the most preferred denim lifestyle brand and be her 'fashion genie'

Retail Sales

₹98  
crore





## BARE

### Purpose

Democratise the denim lifestyle and create wide access for the young and youthful across the country

### Role in Life

Be the fashion adviser by initiating people into the world of denim lifestyle. Help them feel proud about wearing a national brand of repute.

## Key Emerging Brands



## CONVERSE

### Purpose

Serves the daring spirit of the youth with stories that enable customer occasions

### Role in Life

Helps the daring youth to seek the street attitude and sub-culture. Provides a key marker to help like-minded youth to hangout.



## RIG

### Purpose

The purpose of RIG is to be recognised as the most preferred outdoor fashion utility brand.

It spurs the intrinsic rebellious spirit to go beyond just the 'physical' thrill of adventure into the bold new world of exploration.

### Role in Life

It is a friend and companion to the curious exploring mind on its journey of unplanned discoveries into the unknown



## Key Investee Brands

### COVER STORY

Addressing the eclectic sartorial needs of the modern woman, the brand brings fresh fashion straight from the Future Style Lab based out of Victoria, London. Cover Story, within two years of operations, is considered among the top western wear brands focusing on fast fashion in the country. It will focus on bringing a very exciting accessories collection to Cover Story stores, while increasing revenue from our own website.



### ANCESTRY

Launched under the aegis of the Future Style Lab, the brand designs fashion solutions for the millennial customer. Ancestry stands apart as it is a contemporary lifestyle brand that draws inspiration from Indian heritage, while incorporating the global trends. Its vision is to be a complete wardrobe and lifestyle solution for the modern Indian woman. The eclectic collection of the brand is a beautiful mix of organic, ethnic and specially handcrafted products.



## TURTLE

Turtle's journey began in Kolkata as an aspiring yet steadfast enterprise that went on to become one of India's fastest growing companies in the industry. From a company primarily into men's readymade shirts to a leading brand in menswear fashion, Turtle has indeed come a long way. After all, what started with a production capacity of just 20 shirts a day, today has an exhaustive in-house retail unit that caters to more than 100 exclusive stores and 1,200 multi-brand outlets across the country. With trendsetting fashion and redefining styles, its two iconic brands - Turtle and London Bridge have become favourites among men who wish to stand out and make a statement



## CLARKS

A product of the joint venture between Future Group and C. & J. Clark International Ltd., it offers a range of branded boots, sandals and shoes for men and women.

## TRESMODE

A brand renowned for trendy and functional footwear as well as accessories, Tresmode is synonymous with contemporary footwear styles. The brand is looking at expanding its footprint in travel retail and is thus widening its offering to include travel-related merchandise.



# Fashion next. Fashion now.

With a vision to serve customers in both physical and digital spaces, FLF is pursuing an omnichannel strategy. The Company is cognisant of the fact that online marketplaces are gaining strong inroads in bringing products and services to customers, located across India. Towards this end, the Company already has multiple established online shopping platforms set up for its brands. Going forward, the Company's online presence is set to rise further.



## aLL AND ONLINE

aLL is a dedicated plus size fashion store which gives an opportunity to every plus size individual to flaunt themselves with confidence, without any inhibitions. The Brand reaches its customers through its online store - [www.allonlinestore.in](http://www.allonlinestore.in), and serves over 8,000 pin codes across India.

With more than 40% repeat visitors, who contribute to 74% of all transactions

### aLL Mobile App

The aLL Mobile App is a dedicated shopping app for:

- Enhancing ease of buying
- Intuitive & personalised shopping experience
- Creating, growing & engaging with customers
- Giving customers a new shopping platform

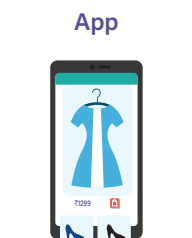
and contributes to over 50% of online sales.

Overall about 90% of total online sales comes through mobile platforms, i.e. the app and mobile site.



Contribution to transactions

74%



Contribution to online sales

50%

**80%**  
of Koovs transactions happen through mobile app and site



COVER/STORY

amazon.in

ancestry  
STORIES RETOLD

KOOVS.com

### COVER STORY'S E-COMMERCE ECOSYSTEM

Coverstory has adopted a two-pronged strategy to cater to India's rising digital natives. The brand has launched its own website, [www.coverstory.co.in](http://www.coverstory.co.in), complete with an online marketplace.

#### A highly engaging website for a highly fashionable brand

Cover Story's website's ([www.coverstory.co.in](http://www.coverstory.co.in)) focus is to expand the brand's reach, customer focus and to adapt to the latest runway trends and to bring about a personalised experience. The website helps maximise the Brand's profitability, with 30% of its e-commerce business being led by the website. With a newly opened in-house studio, Cover Story has developed end-to-end capability to launch its collection both online and offline in tandem.

### ANCESTRY GOING ONLINE

FLF's contemporary brand for millennials, Ancestry is focussing on establishing a strong digital presence with the introduction of its proposed website.

The website is being designed to engage and enthrall the visitors, with an ardent focus on storytelling. To ensure this, every collection is showcased with the use of pictures and videos.

The website will also focus on international commerce, with orders being shipped in exclusive hangar packaging to discerning consumers globally.

### 24X7 ACCESS TO BRANDED FASHION

FLF's value retail format, Brand Factory, is widely accepted by India's brand and price conscious fashion consumers. To extend its serviceability, agnostic of time and place, FLF is working towards launching Brand Factory online. Through this channel, customers can access branded fashion at affordable prices, at their own convenience.

### PARTNERING WITH LEADING PLATFORMS

In order to maximise visibility of its brands across the online spectrum, FLF has partnered with leading online service providers that e-tails its products.

aLL is spreading its online reach with presence on Amazon, Flipkart & Myntra. Due to niche offering & increasing awareness, these fashion portals combined has seen a growth of 60% over last year for the brand.

With the inclusion of third party channel contribution, online sales contributes 10-30% to the revenue of brands such as Clarks and Converse.

### KOOVS LEADING THE WAY FORWARD

Building on the pulse of e-shoppers, Koovs brings home affordable, aspirational and authentic western fashion, curated in London. Backed by a strong management, Koovs follows a private label strategy and is focussed on customer experience and engagement. Koovs is always connected via social media and lifestyle content, driving 80% of its transactions on mobile and with ~40% returning customers. Apart from the design and portfolio synergies, Koovs catapults FLF into a meaningful place in the online sphere.



**The website is being designed to engage and enthrall the visitors, with an ardent focus on storytelling**

# Tomorrow's retail. Today.

We operate two unique retail formats, Central and Brand Factory, catering to the premium and value segments, respectively.

## Central

Central is our flagship retail format, which showcases over 500 brands across 25 fashion categories in high definition. Comparatively younger than its peers, Central converges extraordinary fashion with exemplary customer service.

### VISION

To become the most preferred fashion destination by offering brands that best fit the lifestyle of the evolving Indian consumer in a modern retail environment. This is to be achieved by forging strategic profitable alliances with a team of happy employees which believes in service excellence, leading to leadership position in the lifestyle fashion retail space.

### POSITIONING

With its wide spectrum of brands, Central caters to fashion consumers who belong to the mid to the premium economic segment. Among its peers, Central enjoys the maximum penetration of younger audience (18-25 years of age). Central is positioned as a fashion destination with a larger than life ambience.



Revenue (₹ crore)

2,859

Stores

44

Fashion  
brands housed

> 500

Cities

27

Retail space

3.98 million sq ft

SSG

5.7%

Customers  
visits

35.7 million

Fashion  
categories

25

Available  
workforce

~4,700





Apparel: Lifestyle ratio

72:28

Apparel: Category ratio  
Men: Women: Kids

38:28:6

## GOING FORWARD

Going forward, we envisage Central to be a billion-dollar brand. We aim to do so by adopting the best practices, while staying relevant to the changing landscape of customer preferences. To achieve this purpose, a four-pronged growth strategy has been instituted, as summarised below:

### Strategic focus area for the next 3-5 years

Market leadership	Profitability	Moving from convenience to hyper-convenience	Technology interface to make shopping experience seamless
<b>Primary KPIs to measure strategic progress</b>			
<ul style="list-style-type: none"> <li>Strive to increase in market share by 450-500 bps</li> <li>Target a high single digit same store sales growth</li> </ul>	<ul style="list-style-type: none"> <li>Improve the operating leverage of matured stores leading to overall margin expansion of 20-30 bps</li> </ul>	<ul style="list-style-type: none"> <li>Experience-led shopping instead of brand/product-led</li> <li>Increase per piece quantity to ~4 on a per bill basis</li> </ul>	<ul style="list-style-type: none"> <li>Increase in footfall by 10%</li> <li>Decrease in shrinkage by 5%</li> <li>Accurate and timely stock take</li> </ul>
<b>Strategy/enablers to achieve the focussed area</b>			
<ul style="list-style-type: none"> <li>Store expansion in unexplored Tier-II capital cities</li> <li>Multiple Tier-II capital cities have been identified</li> </ul>	<ul style="list-style-type: none"> <li>Zero-based budgeting</li> <li>Drive operating leverage in matured stores</li> </ul>	<ul style="list-style-type: none"> <li>Investment in HD stores, with an avg capex of ₹3,500-₹4,000 per sq ft</li> </ul>	<ul style="list-style-type: none"> <li>Store navigation</li> <li>RFID tags</li> <li>Bluetooth beacons</li> </ul>

## Brand Factory

Brand Factory brings branded fashion to India's masses at attractive prices. It is the country's largest chain of fashion discount stores and offers Indian and international brands at 20–70% discounts, throughout the year.

### KEY DIFFERENTIATORS

- Uniquely placed with exciting growth prospectus
- Availability of distinguished brands for a fantastic shopping experience
- Average store size of ~25,000 - 30,000 sq. ft.
- Round-the-year discount competes strongly with e-commerce channels

### CUSTOMER PROFILES

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



Revenue (₹ crore)

**2,160**

Stores

**93**

Fashion brands housed

**> 200**

Cities

**42**

Retail space

**2.55** million sq ft

SSG

**13.9%**

Customer visits

**29.6** million

Fashion categories

**20**

Available workforce

**~5,000**



Apparel: Lifestyle Ratio

88:12

Apparel: Category ratio  
Men: Women: Kids



64:15:9

## GOING FORWARD

### Strategic focus area for the next 3-5 years

**BF expansion in Tier-II and Tier-III cities**

**Launch of e-commerce business**

**Introduction of fashion and fast-fashion merchandise**

**Introduction of international brands**

### Key KPIs to measure the focus area (% of the business)

30%

10%

12%

8%

### Strategy/enablers to achieve the focussed area

- 100 stores planned in Tier-II and Tier-III cities
- Average store size would be 20,000 - 25,000 sq. ft.
- Content shoot, warehousing, last-mile delivery, and customer service hub are functional
- Introduction of fashion and fast-fashion brands in format
- Discussion with regional brands to balance core merchandise
- Partner with reputed global brands for off-price channel opportunities



# Ready for an agile market



We have deep expertise in both digital technology and fashion design; and are uniquely positioned to grow profitably in the coming years.

## Dear Shareholders

We are pleased to share with you the annual report of your Company for FY 2018-19. The opportunity landscape of our business is widening significantly in a largely consumption-driven economy such as India, and we are fully equipped to leverage the positivity in the macro environment.

The lifestyle fashion market in India is among the fastest evolving businesses in the country. Brands, consumers and distribution channels are simultaneously going through rapid transformation. Regardless of the size and segment, companies in this space need to be agile, digital and technology-led and should be able to operate with velocity and faster speed-to-market. FY 2018-19 saw us focus on multiple initiatives that keep our brands and business relevant to customers, and at the same time enhance the productivity and resilience of the organisation to cope and benefit from change.

During this financial year, we posted consolidated revenues of ₹ 5,728 crore, a growth of 27%, over the last financial year. Growth in business was accompanied by retaining EBITDA margins at 9.8%, inspite of significant increase in share of Brand Factory to overall revenue. Our net profit stood at ₹ 189 crore in FY 2018-19, compared to ₹ 126 crore in the previous year; and this resulted in an expansion of earnings per share (EPS) by 48% to ₹ 9.82.

During the year, the team focussed on reinvigorating each of our brands and building a sharper focus on consumers through data and better understanding of the consumers' lifestyles, preferences and aspirations. Most of our brands now have a strong digital presence to connect with customers and keep the brand alive, interactive and relevant every day of the year.



Lee Cooper is among our flagship brands and over the years, we have invested in growing this brand. During the years under review, we added the footwear franchise to its portfolio and introduced new products in the market. This will further aid the growth of the brand and generate higher returns from the investments we make in this brand. This years' Lee Cooper television campaign received over 7 million views on different social media platforms. With the addition of the footwear franchise, we believe the brand now has the potential to emerge among the largest consumer brands in India.

Plus size fashion provide a very large opportunity in India. Our brand, aLL has been the leader in this segment and has earned itself a large and very loyal customer base across the country. This year, we organised the first beauty pageant exclusively for plus-size women. During the year, we launched an exclusive e-commerce portal for aLL to further enhance its reach among its target customers. We are happy to report aLL Online has met with an unprecedented success that reflect the popularity the stores have so far enjoyed.

Without the limitations of physical space, the digital platform is actively exploring if it now can extend its merchandise to a far wider range of categories that serve the plus-size market. In addition to aLL, many of our brands operate several popular digital-commerce platforms, including Cover Story and Clarks. Most of our brands are also available across leading e-commerce channels in the country.

To further strengthen our digital presence and expertise, we acquired 16.25% stake in Koovs Plc., and intend to reach upto 29.9% stake. Koovs operates the India-focussed popular fashion portal Koovs.com. With its easy navigation, catwalk videos, 360° product views and a portfolio of home-grown fashion

brands, Koovs.com enjoys a cult-like following among its customers. We have deep expertise in both digital technology and fashion design; and are uniquely positioned to grow profitably in the coming years. Apart from integrating Koovs.com brands within Central stores, we are also leveraging the Koovs.com expertise and knowledge in building digital platforms for our brands.

In the forthcoming financial year, we are slated to launch Brand Factory's e-commerce platform, backed by the technical expertise and platform provided by Koovs. As a leading off-price brand outlet chain, we are confident that Brand Factory Online will perform exceedingly well in delivering value for customers and for us at large.

While we were growing and strengthening our brands, we also extended our own distribution network. At the end of the year, we were operating 44 Central stores, including a newly launched iconic store in Kolkata's New Market area. We opened 31 new Brand Factory stores, taking the total store count to 93.

Brand Factory is now by far our leading off-price outlet chain and enjoys a strong connect to attract young customers across large and small towns alike. Brand Factory grew at a faster pace, driving overall volume growth for us to 28% year-on-year. Along with the brands' exclusive brand outlets, we now operate 6.8 million square feet of retail space across the country.

Ongoing structural reforms and a favourable demographic advantage casts a positive outlook on the Indian consumer businesses. The domestic fashion and apparel market is estimated to touch \$59.3 billion by 2022, making it the sixth largest in the world and comparable with United Kingdom's (\$65 billion) and Germany's (\$63.1 billion).

With a projected annual GDP growth and on the back of high domestic private consumption, a young working-age population and policy reforms, India is a critical engine of global economic growth. Global consultancy major, McKinsey in its report 'How India's Ascent Could Change the Fashion Industry' estimates that the domestic market is expected to attract over 300 international fashion brands within the next couple of years.

We firmly believe that both the opportunity and competitive intensity in the lifestyle fashion market in India will steadily rise from here on. With an integrated business of a wide portfolio of brands and own retail networks, coupled with our investments in the digital space, we believe we are well poised to win in this fast-evolving market.

Our future strategy and growth potential depends on the imagination and hard work of our teams, and I appreciate their contribution in all these years to make us what we are today.

I, on behalf of the Board, and the entire leadership team thank all our stakeholders for their continued trust and support, and for acting as our backbone to tap the immense market potential.

## Rewrite Rules. Retain Values.

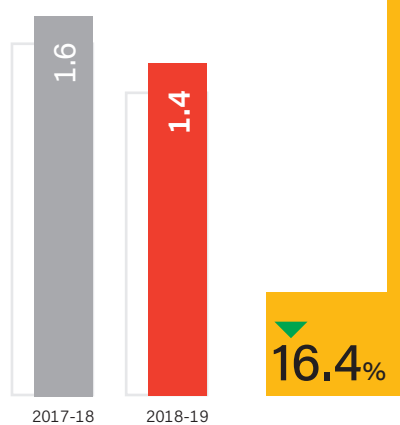
**Kishore Biyani**

# Our industry-leading performance

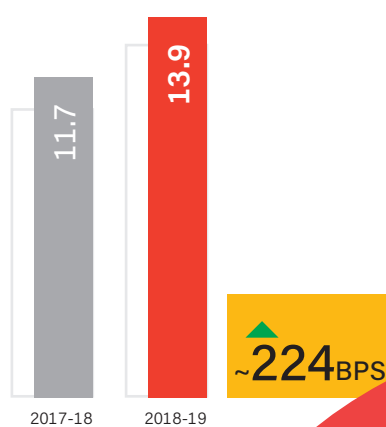


**Net debt to EBITDA**

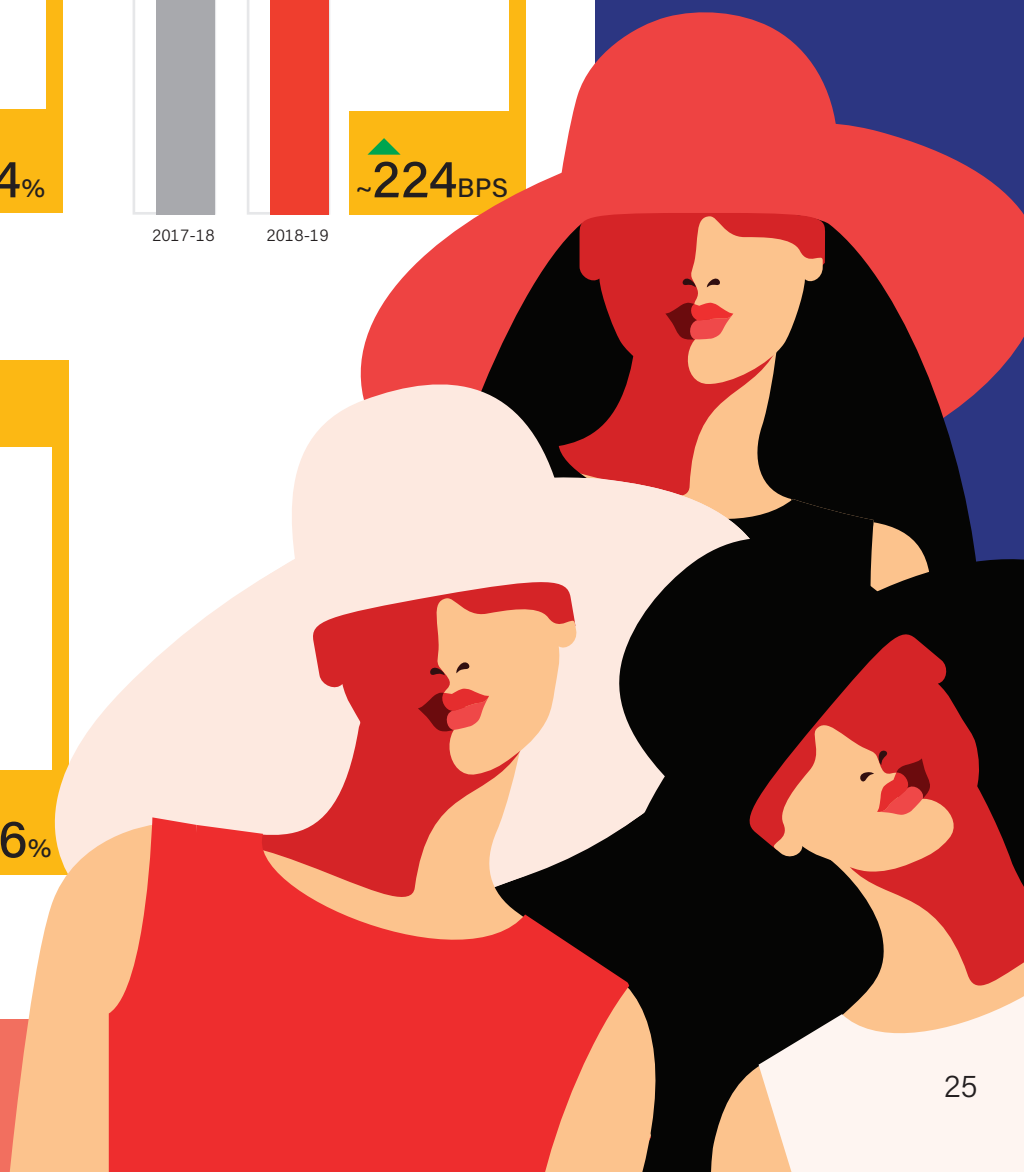
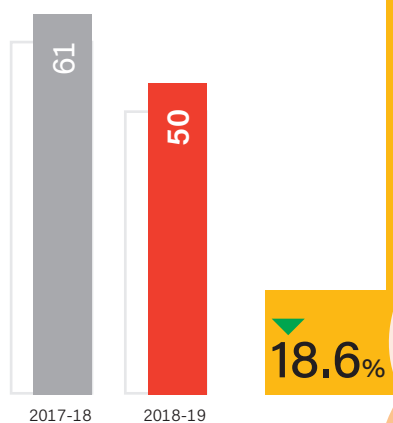
(in times)

**RoCE**

(%)

**Net working capital days**

(in days)



# The macro context in which we operate

Our operating environment is shaped by domestic and global developments that impact our scale and scope of value creation.



## Worldwide trends

### GLOBAL GROWTH SLOWDOWN

With escalating trade disputes and tepid economic activity, global economic growth is facing multiple downside risks. This translates to proportional impact on the fashion market and consumer spending.

### LUXURY AND VALUE BRANDS LEAD FASHION GROWTH

In 2018, the fashion industry grew by 4-5% and this was led primarily by the luxury and value brand demand. This is also linked to the enhanced consumption levels in the US and the emerging markets.

### TRANSFORMATION WITH 'DIGITAL' AND 'FAST' STRATEGY

Digital servicing and faster go-to-market strategy represents top-of-the-mind recall for companies in the fashion retail space.



## FLF'S STRATEGIC RESPONSE

- We operate in India as our primary market, which continues to see steady growth in consumer spending.
- Close to 40% of our revenue comes from the top 10 fastest growing cities in the world, including Bengaluru, Hyderabad, Nagpur and Surat, among others. This is expected to continue and hence act as natural hedge for us.
- We offer brands and products from across the fashion spectrum. We provide a high-scale fashion experience through our 'Central' large format stores, while straddling the value segment through our well-received 'Brand Factory' stores.
- We are home to premium in-house brands such as 'Coverstory' as well as value brands such as RIG drive growth.
- We have deployed state-of-the-art efficiency maximisation measures to optimise turnaround time and the number of average working capital days. These are supported by technology-led planning and analytics tools platforms such as SAP and Manthan.
- To ensure brand recall, we have established a widespread social media presence as part of our digital-first strategy.



## OMNICHANNEL IS A CORE PRIORITY AREA

Investment priority to drive sales growth continues to be developing omnichannel capabilities across global fashion houses. The investing community has taken cognisance of the fact that digital delivery is a prerequisite to gain ground in today's market scenario.



## FLF'S STRATEGIC RESPONSE

- We have a strong omnichannel play, managed by integrating a digital business front with a diversified physical presence.
- Select brands such as aLL, Coverstory and so on have dedicated websites and taken together, online channels including 3rd party online have contributed between 10%–30% to the revenue of these brands.
- We are also foraying into online platform through our flagship value retail format – Brand Factory online.

## SUSTAINABILITY EVOLVING AS AN IMPORTANT AGENDA

Customers and stakeholders are now more cognisant of their environmental footprint. Therefore, there is a conscious effort by corporates to transform their business models and build sustainability as part of their ethos.

- We have undertaken proactive steps to ensure organisational sustainability and transparency. Led by our core tenets, our multi-capital approach to value creation underpins all decisions and initiatives.
- We strive to ensure responsible sourcing and ask suppliers to comply to applicable regulations. Our select vendors have also undergone Higg self-assessment of environmental and social sustainability.
- We have supported artisan livelihoods through brands like 'Mother Earth'. we have engaged around 2,300 artisans in the sector of banana bark products and apparel manufacturing towards this cause.

Source:

1. The State of Fashion 2019 , Business of Fashion and McKinsey & Co.
2. World Economic Outlook April 2019, International Monetary Fund





## STRUCTURAL CHANGES BOLSTER 'CORPORATISED RETAIL'

Following the introduction of the Goods and Services Tax (GST), the instances of tax evasion have considerably reduced, and tax structures have been streamlined. This is supporting a migration of market share from unorganised retail to organised retail.



### FLF'S STRATEGIC RESPONSE

- Being a formal player with an established presence, we stand to benefit from this trend. Apparel and accessories enjoy an organised penetration at ~23%; and we will be a key beneficiary of the growth in organised brick-and-mortar retail.

## EXPERIENCE-LED SHOPPING

Value proposition of large physical stores is evolving from being a distribution channel to that of a platform for discovery, engagement, experience and interaction.

### What is Consumer Value?

#### Historical equation

Cost + Choice + Convenience

#### Future equation

Experience \* Cost \* Choice  
Convenience Control



- Our Central is India's leading fashion destination that effortlessly merges the brand experience of an exclusive brand outlet with the variety of a large format store. Central is on a continuous drive to maximise the experience of discerning Indian consumers.

## RISE OF VALUE RETAIL

Value retailing remains the fastest growing category, as consumers uptrend from the unorganised sector. However, this space is becoming crowded in India with 12-15 players currently operating in the Northern and Eastern parts of India.



- Our Brand Factory caters to the value-seeking customers and has been a proven business proposition with growing returns.
- Brand Factory distinguishes itself from its peers as it proposes 'brand at value' as opposed to 'private white label at value'. As a format, Brand Factory caters to the brand conscious, aspiring consumer, who wants to access quality brands with only a marginal increase in spending.

## INCREASING BRANDED FASHION PENETRATION IN TIER II AND TIER III CITIES

India's Tier II and Tier III cities are exhibiting a visible change in their fashion consumption pattern, where they are going beyond necessities to purchase branded apparel, previously only available in the metros. This has caused companies to focus on the potential of these cities and towns.



### FLF'S STRATEGIC RESPONSE

- Our extensive pan-India presence spans a large number of small cities and towns.
- The strategy for Brand Factory includes a focus on 30% revenue contribution from Tier II and Tier III towns in the next 3-5 years.
- In addition to its existing online brand stores, We will be launching Brand Factory online, enabling it to serve customers spread across the country.

## E-COMMERCE IN APPAREL AND ACCESSORIES RISE

Programmes such as Digital India has helped the country achieve internet penetration to 400 million + users and is connecting 48,000+ gram panchayats under Bharatnet optical fibre connectivity. Internet availability to such a large proportion of the population has resulted in paving the way for e-commerce to gain popularity, considering both economy and options.

## DATA ANALYTICS

Businesses will have to accelerate the journey from simply collecting consumer data to using it to scale and systematise enhanced decision-making across the entire value chain. Major players are also leveraging advanced analytics to revolutionise the planning and production process.

- The Consumer and Digital Labs (C&D Labs) is the data, technology and innovation platform of Future Group that is accelerating the realisation of its digital business strategy.
- C&D Labs has pioneered Tathastu, the largest platform for Industry 4.0 technology development. It helps in curating next-generation consumer interactions by combining artificial intelligence, data science and emerging technologies with consumer platforms.

Source:

WEF - Shaping the Future of Retail for Consumer Industries



# Flaunting the future of fashion

As frontrunners in fashion, we at FLF are changing the way India experienced fashion. Starting with this year's annual report, we will be discussing one format in detail each year, in the light of how the format is altering the fashion paradigm for our customers. For FY 2018-19, we would like to showcase Central and its long-term propositions.

Fashion today is largely looked upon as an extension of a person's personality, rather than just an aspiration. As contemporary societies embrace evolved fashion trends, customer engagement is also changing dramatically. Departmental stores are thus reinventing themselves to create a holistic and experience-led shopping journey for the customers.

Our 'Central', therefore, is leveraging experiential shopping and technology to build on global trends and deliver customer delight. It is truly bringing tomorrow's fashion experiences to the discerning customer groups, today.

## Drivers of change

Customers are now evolved in their preferences and the consequent key changes comprise



From wearing fashion to fashioning of oneself

Shift from fashion for special occasions to create new occasions

Constantly seeking new possibilities, interpretations

Shift towards mode of broadcasting oneself

Ageless youth and celebrating body as primary asset with a strong desire for self-investment

Questioning templates and redefining fashion

From being influenced by celebrities to being inspired by influencers

Move towards emerging fashion experiences

Demanding ROI of time spent

Expects to know him in depth and build deep meaningful connections, hence intimacy

**The new-age customer expects much more from departmental stores. For them, the stores should:**

**01**

Understand customers' ever-changing needs and reorient the service charter

**02**

Deliver experience-led shopping that creates memories, moments and micro moments of delight

**03**

Fashion choreographed and presented as Look

**04**

Assistance from influencers, designers, photographers, make-up artists, stylists

*Move from convenience to hyper-convenience*

**How is India's favourite fashion destination 'Central' transforming to a fashion experience centre?**



# Vision for Central



**Become the most exciting fashion experience centre**

**Enhance the ROI of time spent by customer**

**Create experiences through celebrations, memories, convenience**

**Nurturing a team of employees who strive to make the customers fashionable and create happy moments**

**Be the most desirable and profitable concept**

**Showcase looks through storytelling that creates intimacy with products**



The store is evaluating the inclusion of multiple customer touchpoints within the same large format store.



**The store also explores moving from convenience to hyper-convenience to engage with and retain more customers.**



**CENTRAL IS BEING ENVISAGED AS A DESTINATION WHERE CUSTOMERS CAN CELEBRATE THEIR LOOKS VIA**

**Look experience zones**

**Stylists**

**Central influencer community**

**TECHNOLOGY WILL BE LEVERAGED TO BETTER CUSTOMER EXPERIENCE USING**

**Store navigation**

**RFID tags**

**Bluetooth beacons**



**By introducing globally relevant innovations in its stores, Central is exploring newer ways to engage and delight its customers. Together, these innovations will propel Central to be India's go-to fashion destination.**

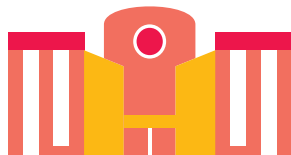
# Resources and relationships that drive us

Our multi-capital approach to business involves several resources and relationships that help us operate and create sustainable stakeholder value.



## FINANCIAL CAPITAL

Our financial capital comprises the equity and debt funds we have or have access to, to create further stakeholder value.



## RETAIL CAPITAL

Our retail capital entails our large-scale retail area available in leased formats, to conduct business and reach our customers.



## INTELLECTUAL CAPITAL

Our capabilities in research and development, our expertise in design and our strong standard operating procedures form our pool of intellectual capital, along with our trademark brands.





### HUMAN CAPITAL

Our diverse, skilled and motivated workforce who put their imagination and effort to serve our customers round-the-clock across our frontend and backend operations.



### BRAND CAPITAL

Our vast portfolio of both owned and investee brands across categories that we retail through multiple channels.



### SOCIAL AND RELATIONSHIP CAPITAL

Our relationships with customers, suppliers, partners, investors and communities to ensure smooth operations and maximise our long-term sustainability.

# Creating value for everyone

At FLF, we create value using multiple resources and relationships to operate an end-to-end value chain. Our unique and integrated business model comprises both brands and retail portfolio to take on an increasing number of opportunities, while remaining competitive and ahead of the curve.

## Inputs



- Total employees: **12,601**
- Male to female employee ratio: **79:21**
- Average age of employees: **27**
- Number of training programmes: **1,008**



- Central: **44 stores** spread over **3.98 mn sq. ft.** of area
- Brand Factory: **93 stores** spread over **2.55 mn sq. ft.** of area
- Exclusive Brand Outlets (EBOs): **202 stores** totalling **0.25 mn sq. ft.** in area



- Owned brands: **30**
- Brands in Central: **507\***
- Brands in Brand Factory: **295\***
- Investee brands: **10**



- Total equity: **₹1,827.0 crore**
- Total debt: **₹903.6 crore**
- Capex: **₹431.3 crore**
- Net worth: **₹1,311.1 crore**



- Total trademarks applied for: **150**
- Total granted trademarks: **111**
- Our state-of-the-art digital infrastructure
- Our stringent SOPs, protocols and systems



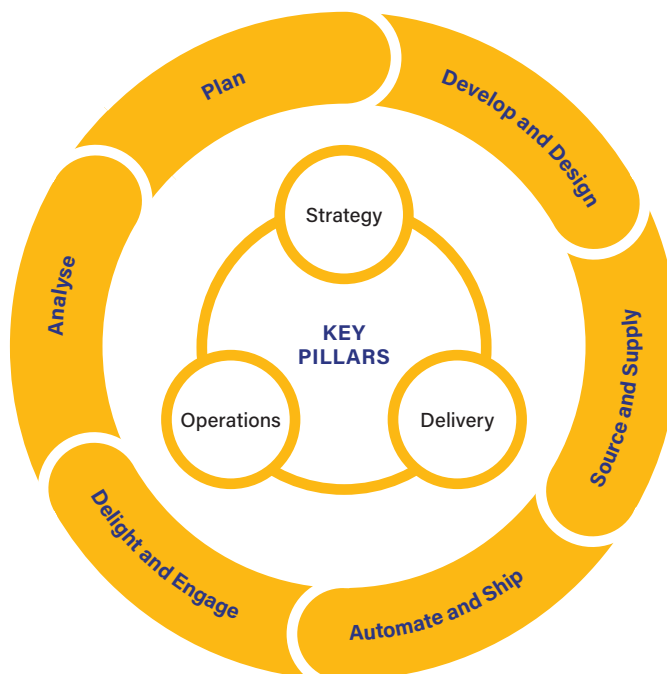
- Contribution to CSR initiatives: **₹2.2 crore**
  - Flagship CSR initiative 'Odha do Zindagi' in partnership with Goonj
- Suppliers: **1,197**
- Shareholders: **36,927**
- Robust stakeholder grievance redressal mechanism

## Process



- Owned brands
- Investee brands

- Central
- Brand Factory
- Exclusive Brand Outlets



\* Brands with less than ₹ 50,000 annual sales have not been considered.

## VISION AND MISSION

## Outputs

Total volume of products  
retailed across Central,  
BF and EBOs (million)

**77.9**

Total number of  
footfalls across Central,  
Brand Factory and  
EBOs (million)

**66.2**

New styles introduced  
for power brands  
(in FY 2018-19):

**~7,000**

SSG (%)\*

**8.7**

\* Central + Brand Factory SSG

## Outcomes



- Attrition: **6%**
- Total man hours of training conducted: **1,02,099**
- Employees promoted: **453**



- Net retail area added in FY 2018-19: **1.03 mn sq. ft.**
- Central stores: **6 opened, 2 closed**
- Brand Factory stores: **31 opened, 1 closed**
- EBOs: **27 opened, 54 closed**
- Total sales from third-party brands: **₹ 3,482.6 crore**



- New brands retailed in Central, Brand Factory and EBOs:
- Total value of sales from owned brands: **₹ 2,245.5 crore**
- Total sales from Power brands: **₹~1,400 crore**



- Income from operations: **₹5,728.1 crore**
- EBITDA: **₹564.2 (9.8% margin)**
- PAT: **₹189.0 crore**
- Free cash flow: **₹ 46.0 crore**
- RoCE: **13.9%**
- Total Corporate tax contribution: **₹ 46.3 crores**
- Basic EPS: **₹ 9.8**
- RoE: **14.4%**
- Market Capitalisation: **₹ 9,528.4 crore**
- Dividend: **70%**



- 11 days** reduction in net working capital days
- Rising amount of data to serve as base for stronger analytics



- Awards won: **8**
- 1,000 households** supported under the 'Cloth for Work' programme via Goonj Foundation
- Blankets worth **₹2.7 lakh** distributed among **900** tribal families of Uttarakhand via Seva Sahyog Foundation
- 146 youth** provided with footwear under the Magic Bus Foundation
- Extended support to tribal welfare, school infrastructure, cancer patients, eye care camps, diabetes awareness and so on
- Shareholder grievances addressed: **8**
- Social media following: **>4.5 million**
- Loyalty memberships: Central - **5.3 million**, Brand Factory - **2.7 million**

## EXTERNAL ENVIRONMENT

# Strong strategy for a sustainable future

With global and Indian fashion world migrating to curated shopping experiences, branded fashion and data-led business models that maximise choices, FLF is at a clear vantage point.

We are poised to grow with our power brands, which are expected to register a double-digit growth rate. We are excited by rising opportunities in the digital and physical space, feeding into our well established inclusive omnichannel approach of own and 3<sup>rd</sup> party e-commerce platforms coupled with the underlying support provided by our retail formats – Central as a lifestyle format store and Brand Factory as a value-focussed format store.

As we grow, we will continue to be a profitable, integrated fashion player that focusses on current and future consumer aspirations, while retaining our thought leadership in the industry.



## Our format-wise growth strategy

### CENTRAL

- Curated experiences across stores
- Leverage growing loyalty base
- Establish Central as a key opinion leader in the fashion circuit
- Imbibe new-age marketing, centralised around content

### BRAND FACTORY

- Expand categories, brands and geographies
- Achieve and sustain cost leadership
- Establish Brand Factory online and scale it up profitably





## BRANDS

- Power brands to lead growth and profitability
- Footwear, casualwear, and ladies ethnicwear to be the key focus categories
- Expand in athleisure category through Spunk apparel and footwear
- Expand distribution and e-commerce reach

## INVESTEES BRANDS

- Invest in high growth and profitable business such as Coverstory and Ancestry to scale
- Harvest few maturing brands in the next 2-3 years
- Hold and provide strategic inputs to brands that are still in the initial stages of growth

FLF is well equipped to capitalise on the key macro drivers of Indian retail

MACRO DRIVERS

EXPERIENCE-LED SHOPPING	Value proposition of large physical stores is evolving from being a distribution channel to that of a platform for discovery, engagement, experience and interaction
TECHNOLOGY & INNOVATION	Technology will be the key driver of industry transformation, with strong backend technology framework, augmenting physical infrastructure
CATEGORY EXPANSION	Globally, consumers have access to more than 1 billion different products offered by a wide range of traditional competitors and dynamic new entrants. Choices and brand loyalty prove to be inversely proportional.
DATA ANALYTICS	Businesses to accelerate the journey from consumer data collection to use the data for scaling and systematising enhanced decision-making. The industry is witnessing advanced analytics being used to optimise the planning and production process.
DEMAND FORECASTING	Rising 'consumer-first' mindset to meet the consumer requirement at a time and place of their choice. With on-demand economy (auto-replenishment or smart reordering) is leading to product-pull than product-push in the fashion space.
VALUE RETAIL	Value retailing remains the fastest growing category, as consumers from the unorganised sector are migrating forward to organised fashion.

**ENABLER FOR FLF**

Central providing an elevating customer experience

Multiple technology initiatives and platforms including:

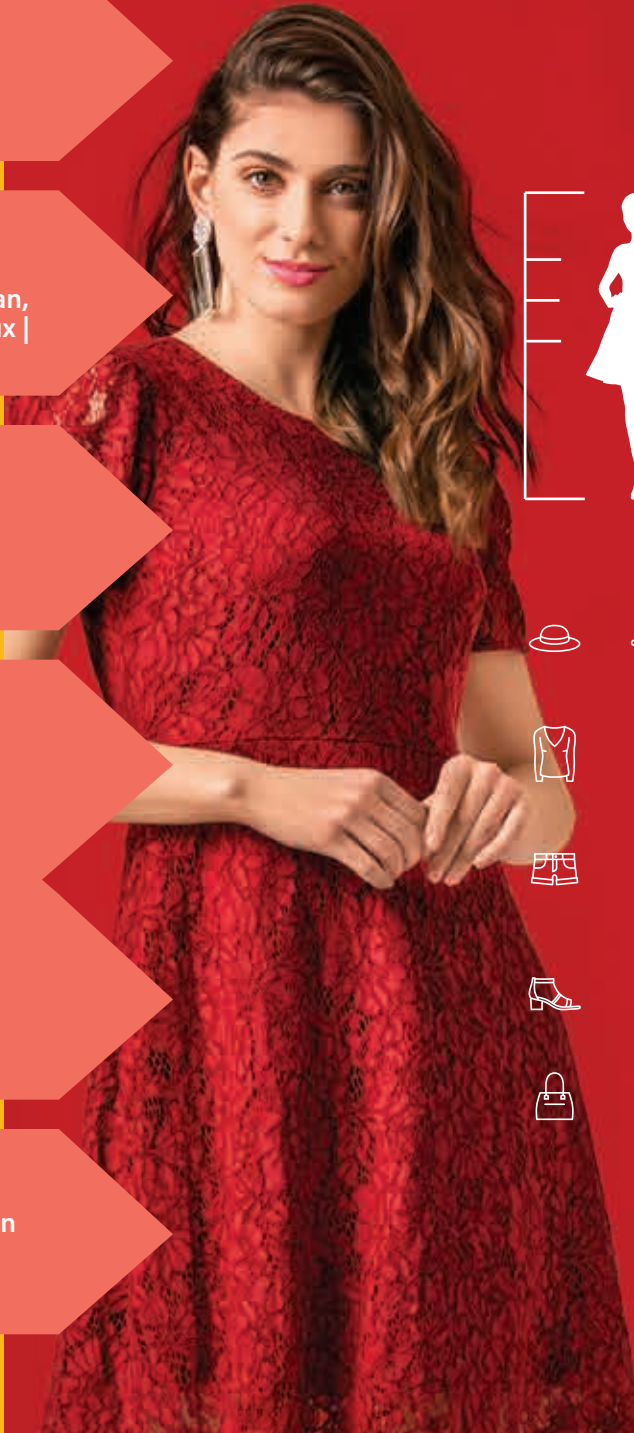
TXT | Manthan | SAP, Vistex | Sampradan, Anushasan Purti (compliance) | TP Linux | PRIDE, Book MI training

Multiple brands across the fashion spectrum

Advanced analytics and demand forecast platforms including:

Tathastu or Retail 3.0 | Consumer & Digital Lab

Brand Factory as a preferred destination for branded apparel at value



# Engaging and identifying business-critical issues

Our key objective has always been to gradually enhance our operational efficiency and maximise the value that we create for our wide fraternity of stakeholders.

Our constant engagement with our stakeholders help us identify crucial issues that matter to them. These material issues help shape our insights for strategy formulation to drive business growth and craft a resilient risk-mitigation model.



## How we engage with our stakeholder groups

INVESTORS	Annual General Meetings	Annual reports	Quarterly results, conference call and presentations	Roadshow presentations	One-on-one meetings
	Annual	Annual	End of every financial quarter	Twice per year	Thrice per quarter
CUSTOMERS	In-store engagement and assistance	SMS and email	Feedback on shopping experience	Promotions and sale	Advertisements
	Daily	Daily	Daily	Conducted round the year for different retail formats	Daily



Mode of enegament      Frequency of engagement

<b>EMPLOYEES</b>	Internal surveys	Intranet portal	Training programmes	Phone/Email	One-on-one meetings
	Annual	Daily	As and when required	As and when required	As and when required
<b>BANKERS</b>	One-on-one meetings	Branch visits	Engagement events	Phone/Email	
	As and when required	Monthly	Conducted throughout the year	As and when required	
<b>GOVERNMENT &amp; REGULATORS</b>	Regular filings	Press releases			
	As and when required	As and when required			
<b>COMMUNITY</b>	CSR interventions	Meeting stakeholders			
	Conducted throughout the year	As and when required			
<b>SUPPLIERS AND EXTERNAL BRANDS COMMUNITY</b>	Supplier meets	One-on-one meetings			
	Conducted throughout the year	As and when required			



Basis our regular engagement with the key stakeholder groups, we've identified the key material matters that are important for the stakeholders and the organisation. The outcome of the identification process has been mapped along with stakeholder relevance below.

MATERIAL ISSUES

1. Compliance to fair business practices

2. Transparency and reporting

3. Profitability & cash flow generation

4. Growth potential of the business

5. Stock price maximisation

6. Capital returns via dividends

7. Corporate governance
8. Service quality

9. Employee and customer safety and security

10. Exquisite customer experiences

11. Value for money

12. Fast fashion

13. Internal efficiency

14. Media visibility
15. Product innovation

16. Employee motivation, retention and fair compensation

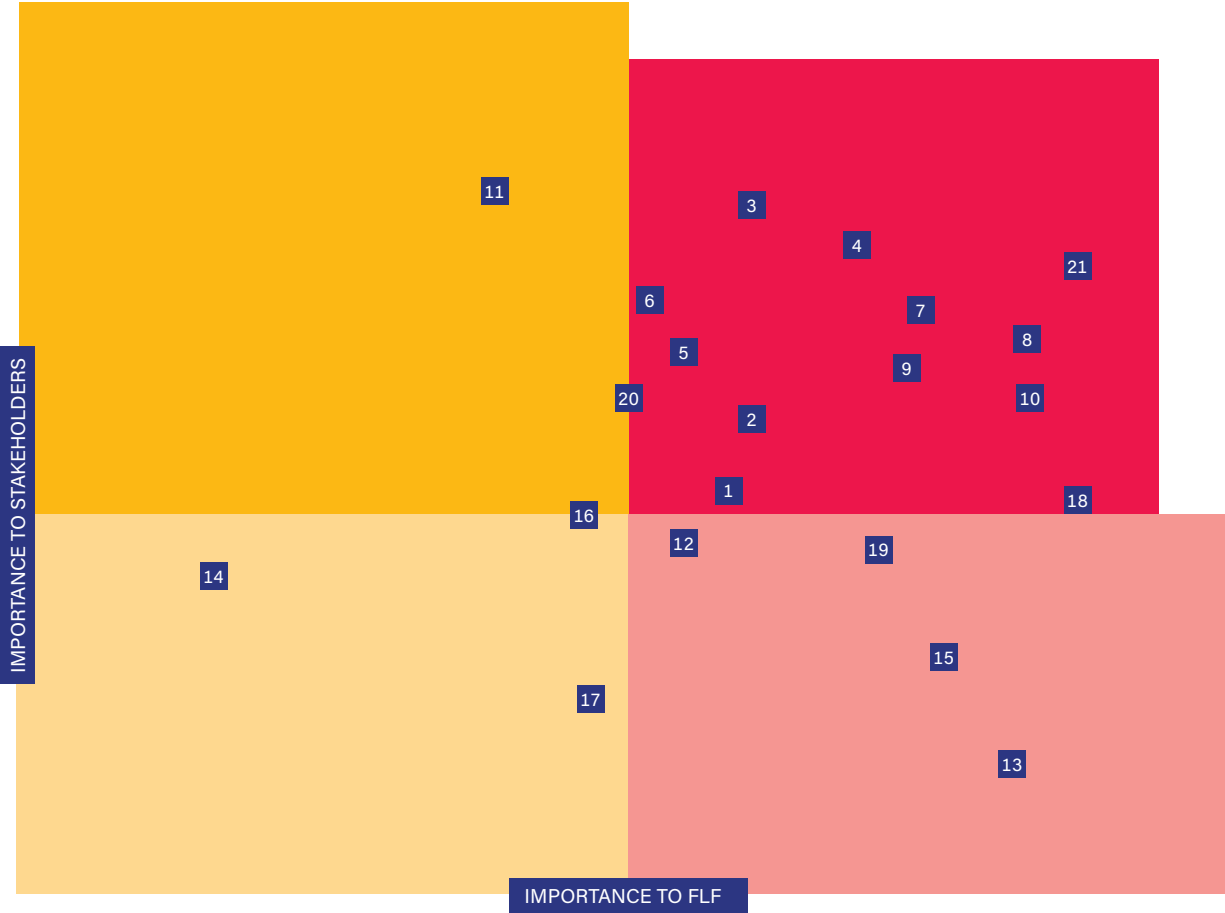
17. Employee training and development

18. Technology deployment

19. Omnichannel approach

20. Philanthropy and CSR

21. Market leadership



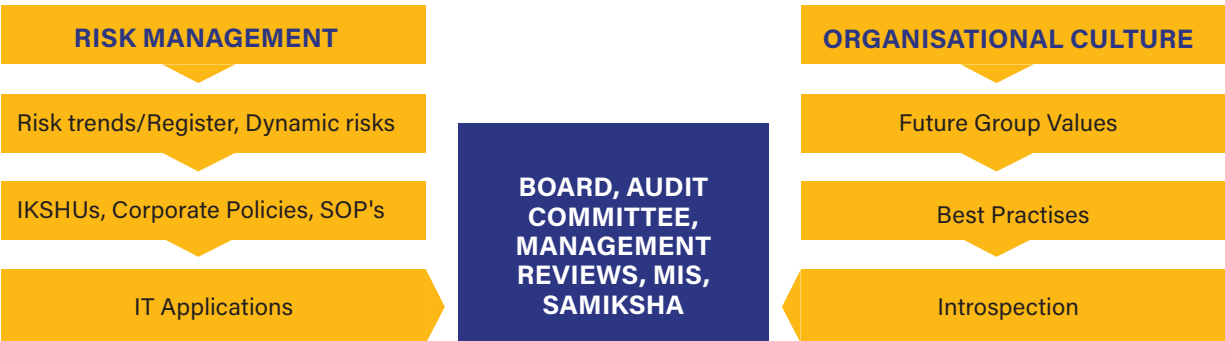
## MATERIAL ISSUES

	Investors	Customers	Employees	Bankers	Suppliers and external brands	Government and regulators	Community
Compliance to fair business practices	■	■	■	■	■	■	■
Transparency and reporting	■	■	■	■	■	■	■
Profitability & cash flow generation	■		■	■			
Growth potential of the business	■		■	■	■		
Stock price maximisation	■						
Capital returns via dividends	■						
Corporate governance	■		■	■		■	
Service quality		■	■			■	
Employee and customer safety and security		■	■				
Exquisite customer experiences		■	■				
Value for money		■					
Fast fashion	■	■					
Internal efficiency	■		■	■			
Media visibility		■					
Product innovation		■	■				
Employee motivation, retention and fair compensation	■		■				
Employee training and development		■					
Technology deployment		■			■		
Omnichannel approach	■	■	■				
Philanthropy and CSR						■	■
Market leadership	■		■	■	■		

# Managing risks with prudence

Risk management and mitigation is integral to our sustainability priorities.

We proactively strive to identify existing and potential risks and take pre-emptive steps to mitigate them. Our robust risk management framework represents the basis of this approach. Our risk- management process is closely linked to our organisational culture.



## Our key risks, considerations and mitigation measures

### EXTERNAL RISKS

Environment 	
Raw materials, Processing, packaging, distribution and its Impact on environment.	<div>MITIGATION MEASURES</div> <ul style="list-style-type: none"><li>Introducing alternate categories, piloting programmes for various alternates, sustainability reviews, restructuring distribution, creating awareness, reviewing packaging, compliances, health &amp; safety, etc.</li><li>Chief Sustainability Officer has been appointed.</li><li>Strategy with respect to sustainability drafted</li><li>Policies with respect to Environment, Ethics, Human Rights, Influencing Public and Regulatory, Product Stewardship (Sustainability, Product labelling, Re-cycling, New Product Development) , Health and Safety, Stakeholder Engagement, Wellbeing of Employees &amp; Corporate Social Responsibility are now in place.</li><li>These are displayed on Websites for reference. Implementation is underway.</li></ul>
<div>CRUCIAL FACTORS</div> Depleting/extinct categories, alternate categories, alternate energy, alternate processes, alternate materials, distribution channels, alternate packaging, compliance with NGT or other NGOs etc.	



**Regulatory**

Ease of operating business, cost of compliances and its management.

**CRUCIAL FACTORS**

Goods and Services Tax (GST), demonetisation initiatives, amendments to Consumer Protection Act, implemented by the Government of India have had a positive impact on the organised retail sector. Repealing/scrapping of redundant acts, & ongoing update of various regulations (specially policies with respect to e-Commerce) is promising towards ease of doing business. Emerging Compliances in the area of data privacy/protection, cyber world, digital transformations, consumer protection will further enable consumer protection and help us win their confidence.

- Improving overall culture for compliances by implementation and upgrade of multiple applications like Anushasan (Licence Tracking), Abhiyog (Litigation Management), Lekha Prabandhak (IPR management) and introducing further applications for areas such as insider trading management.
- Continuous update of governance processes/documents
- Re-skilling of workforce, adoption of technology (AR,VR, Cloud, Artificial Intelligence, Mobiiity, Analytics, Blockchain) & improved MIS/reporting.

**MITIGATION MEASURES****Economy**

Revenue from operations

**CRUCIAL FACTORS**

At present, various macroeconomic, geo-political factors such as stable government, GDP growth rate, inflation are impacting FLF favourably.

- Continue to upgrade and open high-definition stores: Central and further improve network of Brand Factory.
- Deploying dedicated teams to capture trends/moods/aspirations of customers at international/national levels.
- Designing suitable promotions (Free Shopping etc.), Driving relevant customer loyalty programmes (Future Pay).
- To improve media space utilisation application called Central Brand Spaces.
- Initiatives are being taken to improve efficiency/effectiveness of Markdowns i.e. to make it more smarter with the help of technology.
- Markdowns related to slow moving inventory and other inventory dilutions (shrinkage, damages, defects, etc.) to be reduced by optimising overall inventory levels and improving inventory audits.

**MITIGATION MEASURES**

**Level of  
criticality**



High



Medium




Low

**Key considerations**

## INTERNAL RISKS

Strategy 	
Business model, online e-commerce, online-offline, offline-online, format size, value/lifestyle etc.	<ul style="list-style-type: none"> <li>▪ Sustaining a multi-format, multi-channel approach to help the Company remain in business.</li> <li>▪ E-commerce channel has been established for select formats and brands. aLL, Brand Factory are live.</li> <li>▪ Emerging risks such as Online Reputation Management, Digital Campaigning Effectiveness, etc. are already being managed in a structured way, which need to be further strengthened.</li> </ul>
<div data-bbox="116 713 132 895" data-label="Text">CRUCIAL FACTORS</div> <p>Deep discounting across channels online and offline continues to disrupt the market.</p>	

Governance 	
Shareholder value creation, vendor management, people office management.	<ul style="list-style-type: none"> <li>▪ Received only 8 grievances from shareholders, which have been resolved.</li> <li>▪ Future 360, a SAS-based model, Cloud-based People Office System bringing about digital transformation in the area of HR.</li> <li>▪ Geo-tagging, Geo-fencing, on-the-fly travel requisitions, and other additional facilities are part of this package for the employees.</li> <li>▪ Chatbot model (Genie) an Artificial Intelligence system is in the pipeline for implementation.</li> <li>▪ A vendor organisation is being created responsible for onboarding, scaling-up and mentoring vendors within the ecosystem, and relentlessly driving execution of these strategies.</li> <li>▪ The vendor organisation will lay strong foundation of partnerships with vendors. This will improve areas of store-memberships, financial services to vendors, supply chain and warehousing among numerous other services.</li> </ul>
<div data-bbox="116 1284 132 1465" data-label="Text">CRUCIAL FACTORS</div> <p>Shareholder satisfaction, vendor performance/satisfaction/relationship management, product quality, employee satisfaction.</p>	

Technology 		
Customer service/experiences, supply chain, cyber, innovation.		
<b>CRUCIAL FACTORS</b> Availability and demand forecasting; Tathastu (Anything, Anytime, Anywhere); Enhancing customer experience/service for ever-changing customer requirements; Cyber attacks/protection and data governance/protection; technology innovation and implementation.	<b>MITIGATION MEASURES</b> <ul style="list-style-type: none"> <li>Continuous improvements are being made in the area of supply chain and related technology (latest being state-of-the-art sorting facility established at Nagpur Distribution Centre).</li> <li>Brand management (with partner brands), is being continuously improved, obtaining and acting upon customer feedback.</li> <li>Chief Information Security Officer has been appointed.</li> <li>Policy with respect to information and IT security, including data governance/privacy and disaster recovery are in place.</li> <li>Programmes with respect to these are being implemented.</li> <li>This is critical as the organisation is being built upon the vast consumer data generated.</li> <li>The data-led digital platform is being built that world can emulate.</li> <li>Future is being created with data sciences, artificial intelligence, and next-generation technology (Internet of Things, Augmented Reality, Virtual Reality, etc.).</li> <li>Strategy in relation to insurance is being regularly revisited in terms of further areas for which insurance is required specially in the cyber/data segment.</li> <li>The Consumer and Digital Labs (C&amp;D Labs) continues to work in the area of R&amp;D where required. MS-Customer Relationship Management software has been implemented, Net Promoter Score is tracked continuously to improve overall experience.</li> </ul>	
Liquidity 		
Working Capital		
<b>CRUCIAL FACTORS</b> Reasonable interest rates.	<b>MITIGATION MEASURES</b> <ul style="list-style-type: none"> <li>1.20x current ratio</li> </ul>	

**Level of  
criticality**


High



Medium



Low

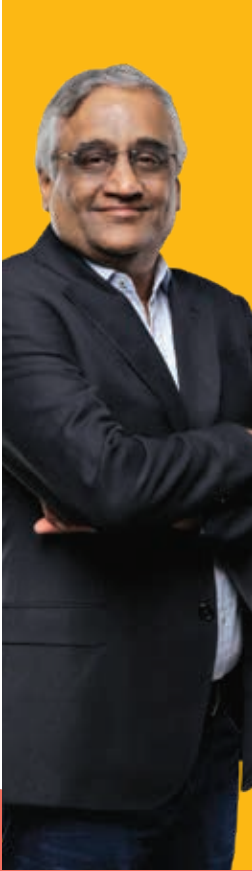
**Key considerations**

# Led by gold standards of governance



**Shailesh Haribhakti**  
Chairperson/  
Independent

1 2



**Kishore Biyani**  
Managing Director

3 4



**Sharda Agarwal**  
Independent

1 2 4



**Dr. Darlie Koshy**  
Independent

1 2 3 4



**Bijou Kurien**  
Independent

FLF is driven by a strong corporate governance mechanism, led by an illustrious Board and supported by an able leadership team. Together, they ensure that the organisation more than complies with legal and regulatory requirements, retains and exemplifies the core ethical values of the organisation.





**Rakesh Biyani**  
Non-executive Director

2 3 5



**Ravinder Singh Thakran**  
Non-executive Director



**C. P. Toshniwal**  
Non-executive Director

1 4 5



**Avni Biyani**  
Non-executive Director

#### COMMITTEE

1. Audit
2. Nomination and Remuneration
3. Stakeholders' Relationship
4. Corporate Social Responsibility
5. Risk Management

Chairman  
Membership

#### OUR CORPORATE GOVERNANCE FRAMEWORK

Board of Directors  
and Committees  
thereof

Managing  
Director

Key managerial  
Personnel  
and Senior  
Management  
Employees

#### AVERAGE EXPERIENCE OF THE BOARD

32  
years

#### GENDER COMPOSITION

two out of nine are  
females

## SHAILESH HARIBHAKTI

Mr. Shailesh Haribhakti is a Chartered and Cost Accountant, Certified Internal Auditor, Financial Planner and Fraud Examiner. With over decades of hands-on professional involvement, he serves on the Boards of large multinational and Indian companies and chairs multiple Audit Committees. He also lends his expertise to several professional and regulatory bodies. He is the Chairman of Haribhakti & Co. LLP. He also served as the Chairman and Trustee of the National Pension Scheme Trust (NPS Trust) and a Member of Pension Advisory Committee (PAC) of Pension Fund Regulatory and Development Authority (PFRDA).

## KISHORE BIYANI

Mr. Kishore Biyani is the founder and Group CEO of the Future Group. Widely acknowledged as the pioneer of modern retail industry in India, Mr. Biyani is a mentor and role model for many Indian entrepreneurs and a thought leader in Indian business.

Over the past two decades, he has created and leads some of India's most popular retail chains like Big Bazaar, Central, Brand Factory, Foodhall, fbb, Home Town and eZone, among others. Under his leadership, various retail chains like Nilgiris, Aadhaar, Easyday, Heritage, Hypercity and others have also become part of Future Group. Simultaneously, he has also led the creation of a wide portfolio of consumer goods brands in fashion, food, home and electronics space that are distributed through the Group's retail chains and various other modern retail networks in the country. He is an ardent believer of the Group's corporate credo, 'Rewrite Rules, Retain Values' and considers Indianness as the core value driving the Group. His autobiography, 'It Happened in India,' has been translated into a number of languages. Mr. Biyani has completed his graduation in commerce and PGD in Marketing Management.

## SHARDA AGARWAL

Ms. Sharda Agarwal holds a postgraduate diploma from Indian Institute of Management, Bangalore and a B.Sc. Honours (Economics) degree from St. Xavier's College, Kolkata. She is a renowned marketing and brand expert, with over two decades of experience in various industries and sectors. She is the co-founder of MarketGate Consulting. She has served as Director of Marketing at Coca Cola India and was also associated with Johnson & Johnson in India and the US. She is also the co-founder of Sepalika, a website that helps people with chronic ailments.

## DR. DARLIE KOSHY

Dr. Darlie Koshy is a well-known Textile-Apparel-Retail industry expert apart from being a visionary educationist. Dr. Koshy has been the Director General & Chief Executive Officer of Apparel Training & Design Centre (ATDC), India's largest Quality Vocational Education provider under the aegis of Apparel Export Promotion Council (AEPC) since 2009. He is well known for transforming national-level educational institutions like the National Institute of Design (NID), Ahmedabad where he had served as the Director and Governing Council Member for two terms of office (2000-2009) before the current assignment. Dr. Koshy is the only Indian to have served the Executive Board of World Body of Design (ICSID) for three terms giving leadership to Indian Design and NID in the global arena.

Dr. Koshy holds PhD from IIT Delhi and is a rank holder in MBA from Cochin University of Science and Technology, having been also trained at Fashion Institute of Technology, New York, before joining as the Founding Head of Fashion Management at National Institute of Fashion Technology (NIFT), New Delhi (1987-2000). Dr. Koshy is an acclaimed international speaker, author and Design Management Strategist for

Fashion, Lifestyle and Retail industries. Dr. Darlie Koshy has been conferred with several significant international/national awards and citations during his illustrious career in the field of management and education for over four decades.

## BIJOU KURIEN

Mr. Bijou Kurien holds a post graduate degree in Management from XLRI, Jamshedpur and has been associated with marquee brands in the fast-moving consumer products and retail industry in India for over 35 years. After an initial stint with Hindustan Unilever Ltd., he joined the founding team at Titan Industries where he helped build powerful brands in the watches and jewellery industry and also create India's largest exclusive brand retail chains. In his stint with Reliance Retail, he was at the forefront of its ambitious retail ventures. He is also a member of the Advisory Board of the World Retail Congress, Mentor of the FICCI National Retail Committee, member of the Advisory Council of the Retailer Association of India (RAI) and governing boards of various academic institutions.

## RAKESH BIYANI

Mr. Rakesh Biyani has been in retail business for more than two decades and is one of the authorities in modern retail.

He is actively involved in the areas of fashion, category management, retail stores operations & information technology of the Group across various formats. Mr. Biyani was instrumental in forming various technology-driven processes of retail operation and formation of various joint ventures at group level for ensuring a better product mix and increasing foothold on overall consumption space of Indian retail sector.

He has done Advanced Management Program from Harvard Business School and is a Commerce Graduate.

### RAVINDER SINGH THAKRAN

Mr. Ravinder Singh Thakran holds an MBA from the Indian Institute of Management, Ahmedabad. He 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 the Middle East since September 2007.

Mr. Thakran launched L Capital Asia (currently known as L Catterton Asia) in 2009. L Catterton, formed in 2016 through the partnership of Catterton, LVMH and Groupe Arnault, is the largest consumer-focussed private equity firm in the world, operating six distinct fund strategies out of seventeen offices located across five continents. Prior to his time at LVMH, Mr. Thakran held senior management positions at the Swatch Group, Nike and the Tata Group.

### C. P. TOSHWIHAL

Mr. C.P. Toshniwal is a Chartered Accountant and Company Secretary. He started his journey with Future Group in May 1997 and has over 28 years of rich managerial experience. Prior to his association with Future Group, he worked with other corporate houses like Donear Synthetics Limited, Orient Vegetexpo Limited and Control Print India Limited. Mr. Toshniwal has strong domain knowledge of the Indian Retail Industry with good understanding of Information Technology systems and a proven ability in setting up systems and procedures for Robust Management Accounting. He has rich experience in the field of corporate and strategic planning, financial planning and restructuring, risk management system and process implementation, mergers, amalgamations, takeover of business

enterprises, raising capital through innovative financial products. He has been awarded as India's Best CFO by Asia's most admired Brands & Leaders 2018, the Best CFO Award-2011 in the Service Sector Category by the Institute of Chartered Accountants of India and 'CFO100 Roll of Honour' by CFO India for his extraordinary performance as senior finance leader in Retail Industry. He held the position of Chairman of Finance Committee of Retailer Association of India.

### AVNI BIYANI

Ms. Avni Biyani created and leads the Foodhall chain of gourmet food stores that cater to a very exclusive clientele in large metropolitan cities in India. Foodhall introduces customers to premium, packaged food products and also acts as an innovation hub for identifying and prototyping future trends in food consumption for Future Group's multiple retail chains.

She is also actively involved with the Group's lifestyle fashion business and helped the conceptualisation and launch of the Cover Story brand, among others. Avni is a member of Executive Food & FMCG Council of Future Group and has helped shape the Group's foray into packaged and processed food and FMCG segment that are backed by food processing facilities at the state-of-the-art integrated food park in Tumkur, Karnataka. Avni studied liberal arts at the College of Art & Science, New York University and takes a keen interest in liberal arts and current affairs.

## KEY DECISIONS AND CORPORATE INITIATIVES OF FY 2018-19

### Issue of shares to Spectacular Investments Pte. Ltd.

WHAT

Spectacular is wholly owned by L Catterton Asia 3 Pte. Ltd. (L Catterton Asia). L Catterton Asia, the Asian unit of the largest and most global consumer-focussed private equity firm in the world.

WHY

The fund raised through issue of equity shares to Spectacular Investments Pte. Ltd. by FLF, for:

- Retail network expansion, frontend and backend capital expenditures, working capital requirements, investments in fashion brands and for general corporate purposes.
- Further help in growth and investments in developing its portfolio of brands and expansion of its retail network.

### Investment in Koovs Plc.

WHAT

Koovs Plc. and its subsidiary, Koovs Marketing Consulting Private Ltd., operate a wholesale business, supplying branded fashion products for sale exclusively on the Koovs.com website in India. By providing a range of products from credible international brands and designing exclusive fashion forward products under the Koovs label, Koovs Plc intends to support the Koovs.com website in building the leading fashion website in India. The Koovs.com website is operated by a third party under licence from the Koovs Group.

WHY

Synergies with the Koovs Plc. and investment in Koovs would allow the Company to get a strategic online presence and thereby complements the existing value chain. It would also help the Company with a strategic investment in a strong platform with international design capabilities, strong online brand and e-commerce platform.

## Leadership Team



### **Vishnu Prasad**

Chief Executive Officer (CEO), FLF

Vishnu has over three decades of sales and retail experience. He joined the Future Group in 2001 and set up the Big Bazaar stores in the South, before moving on to head the Central retail business.



### **Suresh Sadhwani**

Head - Brand Factory

Suresh has over 20 years of retail experience. He has been heading Brand Factory since 2014. Under his stewardship, the retail business has tripled its turnover and added more than 60 new stores across India.



### **Manjula Tiwari**

Head - Cover Story

A lifestyle industry professional, Manjula is the CEO of Future Style Lab and is the brain behind the Cover Story and Ancestry brands. She provides significant insights into the mindset of Indian consumers. She has launched and managed international brands like Esprit and Benetton and was also involved in setting up Wills Lifestyle.



### **Hetal Kotak**

Head - Lee Cooper & aLL

Hetal is strategic business leader with 22 years of wide-ranging experience in the lifestyle retail domain & building brands. He joined Future Group in 2016 to head two of the key strategic brands; Lee Cooper & aLL. Hetal has worked across various textile and retail companies such as Raymond Ltd, Indorama Synthetics (Indonesia) and Arvind Mills, prior to joining the Group.


**Kaleeswaran Arunachalam**

Chief Financial Officer (CFO), FLF

Kaleeswaran possesses more than 18 years of experience in the food and fashion industry. Prior to joining the Group, he worked with Mondelez International, Aditya Birla Nuvo and TVS Motors.


**Venkatesh Raja**

Head - Human Resources

With 25 years of varied experience in organisations such as Sterling Holidays, Reliance Petroleum, Reliance Infocom and MTS Group, Venkatesh heads the People Office at FLF


**Sanjay Kumar Mutha**

Company Secretary

Sanjay has more than 18 years of experience in the industry. He previously worked with Mather & Platt, Mahindra and Mahindra, and CMIFPE. He heads corporate secretarial functions at FLF.



# Campaigns that connect

We at FLF, have innovated a wide array of campaigns and initiatives to reach our audiences and connect them with the best we have to offer in contemporary fashion.

## FASHION ICON @CENTRAL



To celebrate the fashion wave among youth, Central conducted the Fashion Icon programme that attracted the interest of over 4,000+ aspirants. Central invited top 20 entries countrywide to Mumbai to select the year's Fashion Icon.

## ALL FASHION WEEK



aLL conducted a unique fashion show that celebrated Plus Size people, alongside the Lakme Fashion Week. The brand inducted Bollywood Actor, Zareen Khan, as the celebrity judge for the auditions, which witnessed participation from over 300 people.

## FREE SHOPPING WEEKEND @ BRAND FACTORY



A mega hit among customers, the Free Shopping Weekend initiative has garnered thousands of footfalls into various Brand Factory outlets, where customer shop at effectively zero prices.

## MTV ROADIES AND INDIGO NATION



Indigo Nation partnered with MTV's Roadies show to promote its spirit of daring and dynamism. Through the partnership that emphasised on presenting the arrival of a new movement, the brand brought out its rugged and contemporary style appeal.

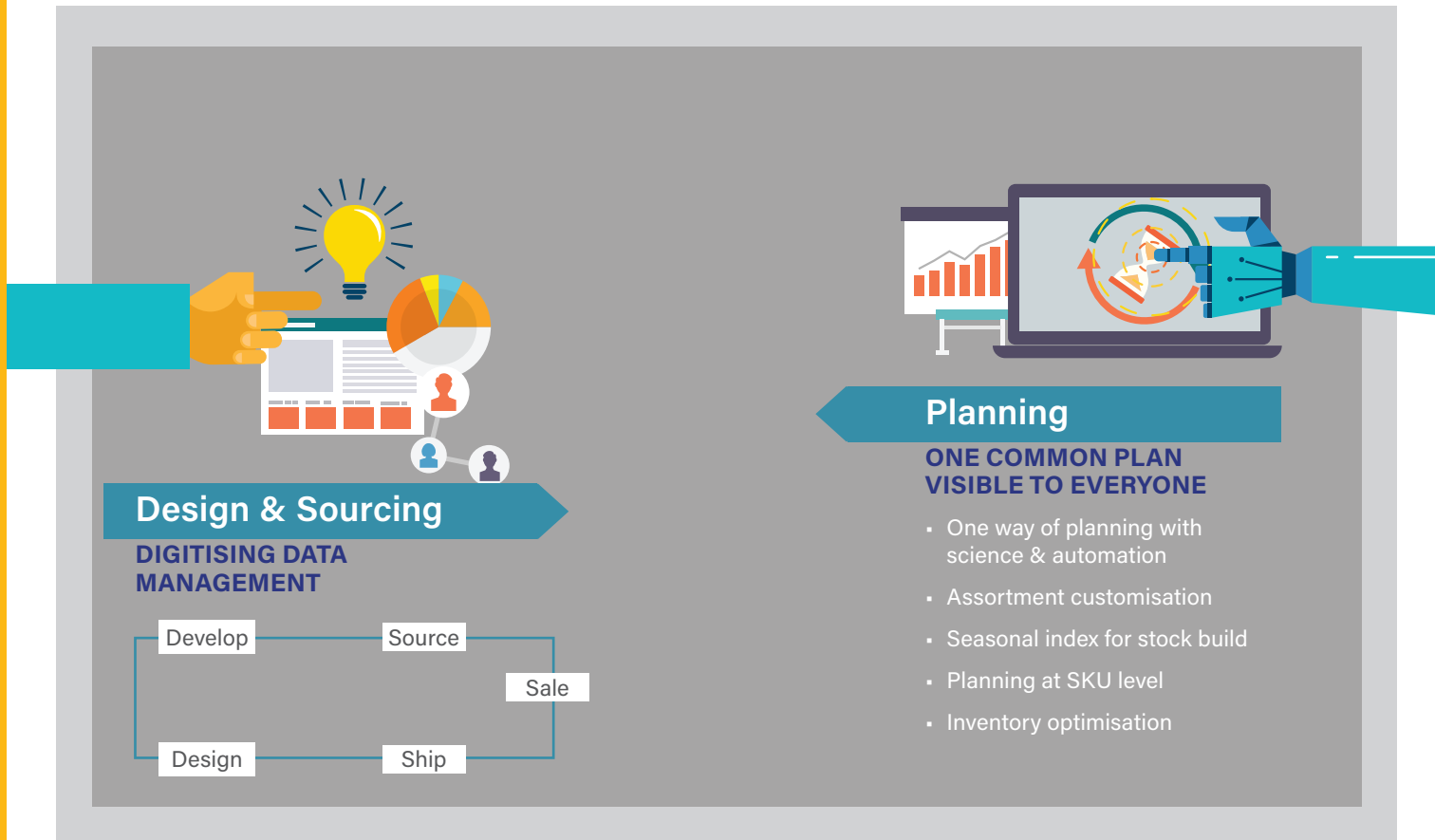
## LEE COOPER WEAR YOUR MIX

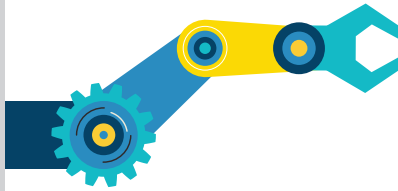
This integrated marketing campaign celebrated Lee Cooper's fashion appeal in both apparel and footwear across diverse physical and digital media. In digital format alone, the campaign registered over seven million views.



# Technology is the harbinger of change

We look at technology as a large-scale enabler to help us drive efficiencies across the operational canvas, understand market dynamics and consumer behaviour better and deliver an enriching experience to consumers. Therefore, we are continuously strengthening our technology backbone across multiple levels in the organisation.





## Supply Chain

### STATE-OF-THE-ART DISTRIBUTION CENTRE

- Cross belt sorting
- Auto pick & drop
- Automated sorter & conveyor
- Auto replenishment



## Digital Mock Room

### VISUAL RETAILING STUDIO

#### Style studio

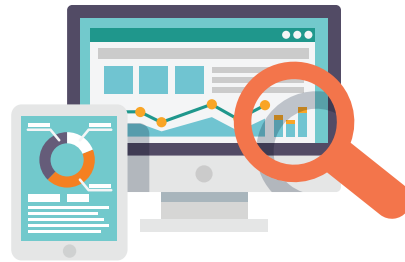
- In-house image capturing

#### Mock Room

- 3D Software for retail, planning and visual merchandising

#### Shop shape

- Guidelines to store teams retail execution and compliance feedback



## Analytics

### CUSTOMER-CENTRIC GROWTH

#### Merchandise Analytics

- Merchandise assortment planning, replenishment and pricing

#### Customer 360

- Behavioural segmentation and targeted marketing

#### Vendor Link

- Supply process visibility with supplier collaboration

#### E-commerce Analytics

- Identify path to purchase and channel contribution



## Digital Selling

### HIGH-QUALITY CUSTOMER EXPERIENCE

Online representation

CRM operations

Digital documentation

Sales automation

# Winning with our people

At FLF, we focus on creating a workplace that fosters thought leadership, innovation and a culture of involvement, participation and transparency. We provide our employees opportunities to collaborate, learn and grow within the organisation.

The key focus areas for our people development are:

01

Engaging employees to ensure motivation

02

Inspiring them to learn and develop

03

Providing growth and capability building opportunities

04

Ensuring workplace safety and conducive working environment

## ENGAGING EMPLOYEES TO ENSURE MOTIVATION

We, at FLF, believe that engaged employees contribute more effectively and optimally towards organisational growth that is sustainable and value accretive. Thus, our continual endeavour is to provide regular opportunities to our teams to engage, share knowledge, insight and help create a positive workplace environment.

Some of the initiatives that we drive to foster engagement are:

- **A Fun Workplace:** We encourage employees having fun at the workplace by organising picnics, outdoor team-building workshops and other engagement initiatives such as sports competitions like Box Cricket, Coffee with CFO and other celebrations like Men's Day, Women's Day and other celebrations. Family members of employees are invited as well, for select events.
- **Health & Wellness:** We promote employee wellness through self-defence training sessions for women, weekly Zumba sessions, fitness challenges, free eye check-up and health camps, and so on.
- **CSR Activities:** We involve employees volunteering for our CSR initiatives, for activities such as visits and donations to orphanages and old-age homes.





## INSPIRING THEM TO LEARN & DEVELOP

We ensure continuous upskilling and competence development of our employees by providing equal and non-discriminatory learning opportunities to all. Our talent development team has been instrumental in creating a culture of learning within the organisation.

Our Group-level guidance and customised growth plans with regard to overall development has helped establish a robust retention scheme. Along with this, an employee assistance plan is intended to help employees deal with personal and professional problems that might adversely impact work performance, health and overall wellbeing. A job analysis is conducted to ensure employees are well equipped in terms of functional and skill-based competencies required for the job.

We have several programmes designed to benefit our employees such as:

- **FutuReady - Induction & Orientation Programme:** An interactive, engaging induction and orientation programme for all new joiners provides them an overview of Future Group, its businesses, values and culture and prepares them for their journey at Future Group.
- **Hero in You:** A two-day training programme for Fashion Consultants of aLL, focussed on personalised selling, customer service excellence, visual merchandising and grooming.
- **Power of One:** A two-day workshop for the store managers of aLL, with an emphasis on target achievement, leadership skills, ownership, succession planning and negotiation skills.
- **The Learning Culture (TLC):** An initiative was driven at the head office to foster a culture of learning by focusing on self-directed learning and leveraging the competence of internal subject matter experts.
- **Young Managers Program (YMP):** A two-day workshop was conducted for mid-level managers encompassing key aspects of leadership, team management, planning & prioritising and change management.
- **Lakshya:** An eight-month intensive programme focussed on building high-definition peer groups of store managers at Brand Factory. This will enable potential store managers to build high-performance teams and drive execution excellence.

## PROVIDING GROWTH & CAPABILITY-BUILDING OPPORTUNITIES

Talent management refers to the anticipation of required human capital for an organisation and the planning to meet those requirements. With this objective in focus, we launched the leadership academy for Future Group.

- **Leadership Academy:** Leadership Academy is a nine-month transformational journey for the identified high-potential employees across all formats to build a leadership pool, which can play a pivotal role in contributing towards the Group's larger vision.

As part of this journey, we have identified talented individuals through a series of assessments, who went through an intensive 10-month leadership development programme. After the training, they graduated as leaders of the Group and embarked upon their journey with expanded roles and cross-functional exposure.



## FUTURE360

Technology and data help us take real-time decisions and result in agile execution. We have worked towards getting People Office as the first function to start operating real-time. To enable this, we are now migrating to a forward-looking, nimble and data-driven People Management System called Future360. This system is a mobile-first mechanism and uses artificial intelligence and machine learning to cater to all employee requirements. Future360 will bring together People Office transactions, recruitment, learning and development and collaboration through a chat application, all at one place and on a real-time basis.

# Recognised for consistent value creation



## Central

**Best Department Store** (VM & Design)-Vasant Kunj Central (VMRDA)

**Best Activation in Fashion Space:**  
Miss Diva (TAVF)

**Triumph Award** for Best growth format in LFS category 2018-19.

**Silver** in Digital Activation for Instacast in Goa Festival.

## Brand Factory

**VIDEA 2019:** Video Content in a Social Media Marketing Campaign - Special Mention: Brand Factory's #MadeForMumbai Campaign by IdeateLabs.

**ACEF Global Customer Engagement Award** - Silver (Grand Prix AWARD) - Social Media Brand of the Year.

**Digixx 2019:** GOLD for Brand Factory's FSW at Digixx 2019.

**ET Now Presents Global Awards for Retail Excellence:** - Best Use of Social Media for FSW.

## Corporate

Nominated for best IR team award at the annual IR magazine award



# Corporate Information

## BOARD OF DIRECTORS

**Mr. Shailesh Haribhakti**  
Chairperson and Independent Director

**Mr. Kishore Biyani**  
Managing Director

**Ms. Sharda Agarwal**  
Independent Director

**Dr. Darlie Koshy**  
Independent Director

**Mr. Bijou Kurien**  
Independent Director

**Mr. Rakesh Biyani**  
Non-Executive Director

**Mr. Ravinder Singh Thakran**  
Non-Executive Director

**Mr. C. P. Toshniwal**  
Non-Executive Director

**Ms. Avni Biyani**  
Non-Executive Director

**Mr. Narayan Ramachandran**  
Alternate Director (upto May 20, 2019)

**CHIEF FINANCIAL OFFICER**  
**Mr. Kaleeswaran Arunachalam**

**COMPANY SECRETARY**  
**Mr. Sanjay Kumar Mutha**

**STATUTORY AUDITORS**  
**NGS & Co. LLP**

**INTEGRATED REPORTING ASSURANCE**  
**Deloitte Haskins & Sells LLP**

**INTERNAL AUDITORS**  
**Ernst & Young LLP**  
**Protune KS Aiyar Consultants Pvt. Ltd**  
**S Tandon & Associates**

## BANKERS

Axis Bank Ltd.  
Bank of Baroda  
Bank of India  
Canara Bank  
IDBI Bank Ltd.  
State Bank of India  
Vijaya Bank

## SHARE TRANSFER AGENTS

**Link Intime India Private Limited**  
C-101, 247 Park, L B  
S Marg, Vikhroli (West),  
Mumbai - 400083,  
Tel: +91 22 4918 6270,  
Fax: +91 22 4918 6060,  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## REGISTERED OFFICE AND CORPORATE OFFICE:

**Future Lifestyle Fashions Limited**  
CIN: L52100MH2012PLC231654  
Knowledge House, Shyam Nagar,  
Off Jogfeshwari-Vikhroli Link Road,  
Jogeshwari (East), Mumbai - 400060  
Tel: +91 22 66442200  
Fax: +91 22 66442201  
Website: [www.futurelifestyle.in](http://www.futurelifestyle.in)



# Management Discussion and Analysis



## Global

The global economy grew by 3.6% during CY2018 (Source: International Monetary Fund). This growth was a function of firming oil prices, results of the US fiscal stimulus plans and a stronger economic activity in the first half. Emerging economies stayed resilient during the period, with India leading the growth.

In the second half of the year, trade wars between economies, particularly USA and China, stunted the growth momentum. Global leaders have expressed concerns of this leading to an economic crisis and have thus urged high-level settlements and cooperation between the battling economies.

## OUTLOOK

Going forward, the world economy will see a moderated growth in the near term and then firmer growth in the second half of CY2019. This will be driven by the ongoing buildup of policy stimulus in China, expected high-level deliberations on trade disputes, stabilisation of conditions in emerging market economies such as Argentina and Turkey and the resurgence of activity in the Eurozone. Overall growth rate will slow to 3.3% in CY2019 and return to near 3.6% levels in CY2020.

## India

While the global economy is undergoing a turbulent phase, India has stood its ground and have bounced back to a 7.0% economic growth rate (Source: Central Statistics Office). This growth is a function of robust domestic demand and consumption, strong government expenditure and rising investments. India's macro level policies, introduced in the recent past, have also started contributing to this growth. Initiatives such as the Goods and Services Tax (GST), have

played a pivotal role in ushering in a level-playing field for organised players across industries.

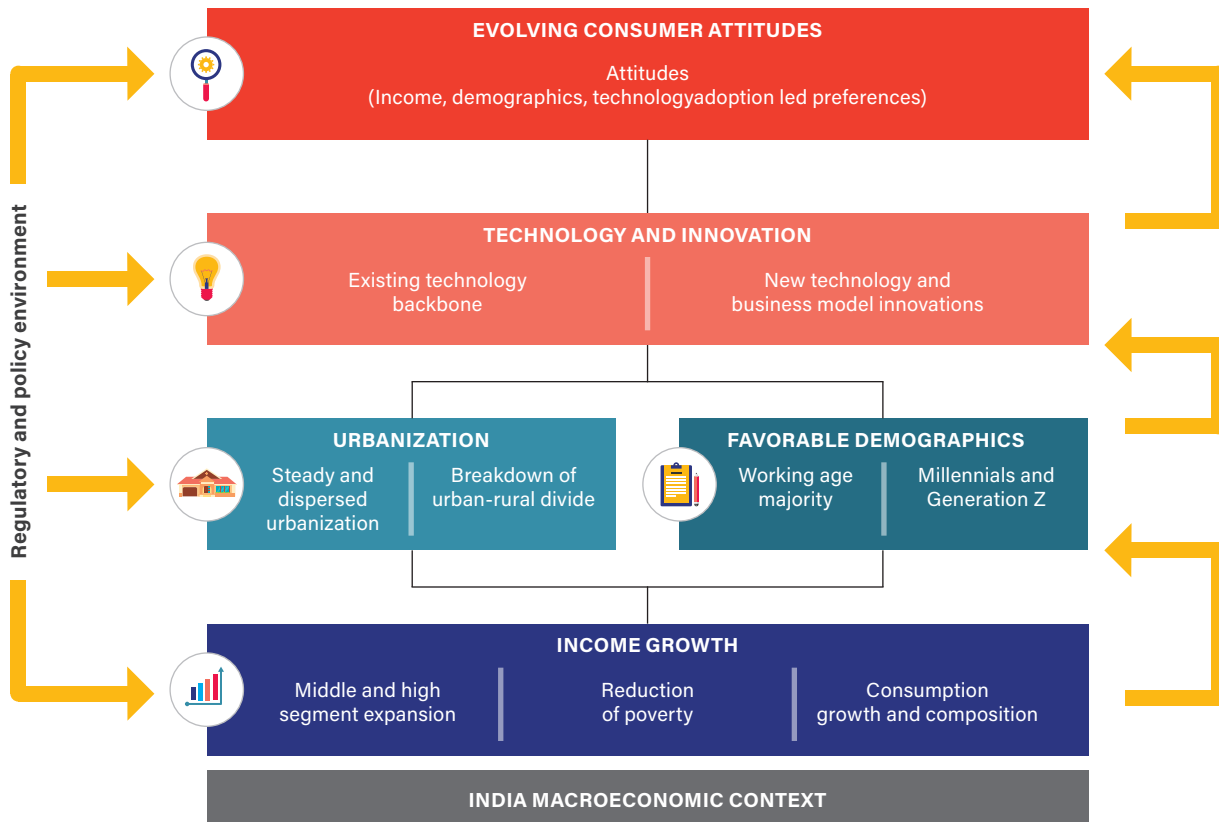
India represents a relatively broad-based pattern of growth. While the future of consumption will be led by a growth in the upper-middle and high-income segments, the country is also expected to lift nearly 2.5 crore households out of poverty by 2030.

FY2019 had India perform well across its macroeconomic fundamentals. Net direct tax collection and GST collection crossed ₹ 10 lakh crore each by March 2019 and by February 2019, respectively. The Index of Industrial Production (IIP), rose 4.4% y-o-y (January 2019) and the Consumer Price Index (CPI) inflation stood at 2.57% in February 2019. As of March 2019, India's forex reserves touched ~USD

405.64 billion. The year also witnessed Foreign Direct Investments worth ~USD 33.5 billion flowing to India (Source: IBEF).

A population with a median age of 28 years renders India as a country with a young workforce, which drives income and consumption. In India, domestic consumption drives 60% of the economy and is expected to become a USD 6 trillion opportunity by 2030. On an average, India's savings-conscious households reserve a 20% of their income for future, which supports the overall economy even during periods of inactivity. India's consumption story is also being boosted by the government, which is introducing conducive foreign direct investment (FDI) policies, enhancing overall infrastructure and accelerating the overall economic development.

#### Drivers of future consumption in India



Source: Bain & Company/World Economic Forum analysis

FORCE

1 2 3 4 5



## Industry review

### GLOBAL FASHION RETAIL

The past year witnessed the global fashion industry grow between 4.0-5.0%, driven by demand for both luxury and value brands alike. Growth in emerging markets and increased sales in the US also contributed to the growth. As per a recent study conducted by McKinsey & Company with Business of Fashion, three core themes defined fashion industry for the stakeholders – 'Changing', 'Digital' and 'Fast'. Taken together, these themes point to where fashion is headed and where brands should focus their energies. Amidst tepid global growth prospects, fashion industry is expected to grow by 3.5-4.5% in 2019.

#### Key trends in fashion 2019

##### 1. Caution ahead:

With a global slowdown, companies will look forward to boost productivity compared to previous years.

##### 2. Indian ascent:

India will become a focal point for the fashion market and places an opportunity for fashion players to cater to a highly fragmented, challenging and value-focussed market.

##### 3. Trade 2.0:

Redrawing of trade barriers amidst ongoing trade tensions will impact and alter global value chains in fashion. Companies must be prepared with contingency plans for such shifts.

##### 4. End of ownership:

Pre-owned, refurbished, repaired and rental business models are evolving and growing in the fashion industry. Fashion companies will tap into this market as well, in light of newer opportunities.

##### 5. Getting woke:

The passion for environmental and social causes have gained considerable ground among the young population. Consequently, their appreciation for brands that are environmentally and socially conscious are on the rise.

##### 6. Now or never:

Customers who discover products online and impatient and requires immediate window to purchase the items. Fashion companies are expected to address such pain points in the mobile consumer journey.



##### 7. Radical transparency:

Today's well-informed customers are expecting businesses to be extra transparent in the matters of value for money, creative integrity and data protection.

##### 8. Self-disrupt:

In the wake of decreasing customer loyalty and an appetite for the new, a new breed of small brands are emerging. Traditional brands are repositioning and realigning themselves to emulate this newness, thereby disrupting their own existing business models.

##### 9. Digital landgrab:

E-commerce players who diversify their offerings using organic or inorganic initiatives are expected to lead the markets, by becoming the platform of choice for both customers and brands.

##### 10. On demand:

While smaller brands and companies have instituted data analytics and automation as part of their go-to-market strategy, bigger and mass players are expected to experiment and introduce just-in-time production to optimise inventory, thereby making short, small-batch production cycles the new norm.

Source: The State of Fashion 2019 (McKinsey & Company and Business of Fashion)



## INDIAN FASHION RETAIL

(Sources: Technopak, McKinsey and Company, Business of Fashion, Euromonitor International, IMAGES Yearbook 2019)

India has emerged as one of the fastest-growing fashion markets in the world. The country is set to become a ₹ 7,88,532 Crore apparel market by 2028, growing at a 10- year CAGR of 8.1% from ₹ 3,61,160 Crore at present. Entry of international brands, changes in preferences from non-branded to branded, the fast-growing economy and large young consuming population make India a lucrative fashion market. In fact, India's ascent to the fashion fore has been among top ten global fashion trends identified by a recent report by McKinsey & Co and Business of Fashion.

The country's fast growing middle class combine with robust economic fundamentals and technology affinity to make it an attractive proposition for fashion players. The addressable population of customers (individuals with over \$9,500 in annual income) is expected to triple by 2025. A new class of customers are also evidently emerging, who are highly paid and willing to spend and are expanding today's consumption. Cognisant of this large opportunity-scape, around 300 international brands are setting shop in India in the next two years. Such movements into the Indian fashion is expected to accelerate the formalisation of the fashion market to 45% by 2025, from the current 35%.

India's fashion industry is also ready with a well-established supply side, and this gives thrust to the growth of the sector, particularly in terms of exports. Sourcing from India is also expected to rise, a function of ample raw material supply and lower average labour cost than peer economies.

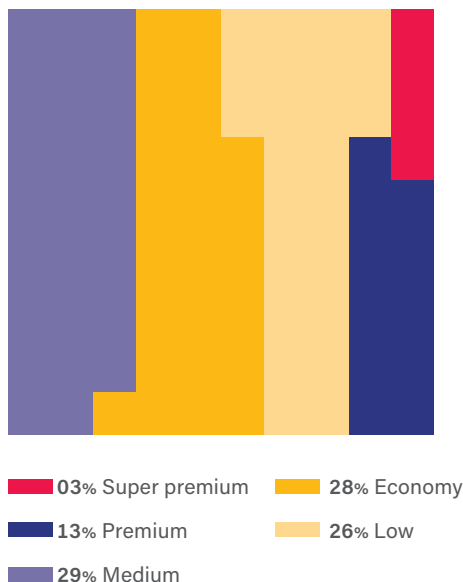
To increase footfalls and engagement within the stores, retailers are leveraging technology such as augmented reality. E-commerce, on the other hand, is moving to artificial intelligence (AI)-based solutions, to cater with customised fashion solutions.

### Innovation and scalability key to create high-recall, high- turnover brands

The Indian apparel market is segmented primarily into super premium, premium, medium, economy and low price categories.

Of these, the medium price segment holds the maximum share at 29%, closely followed by the economy segment at 28%. The price-sensitive rural population contributes to over half of the entire low and economy apparel demand in India. Hence it takes strong product innovation priced economically to win in India's highly demanding fashion marketplace.

Indian apparel market



Source: Secondary research, Technopak Analysis

### Acceleration from mobile platforms

The mobile connectivity wave has enabled fashion retailers in India to reach customers and unlock remarkable value from them. With two-thirds of both apparel and fashion accessories purchase expected to be influenced by mobile platforms in the next few years, there is an exceptional opportunity. Research indicates that compared to offline modes, mobile-enabled purchase journeys of apparel and fashion accessories are shorter by 14% and 25%, respectively. Going forward, there is a five billion dollar opportunity for apparel brands to penetrate markets using mobile platforms and reducing media friction. For accessories brands, this opportunity is valued at nine billion dollars

### Trends in Indian fashion retail

- Fast fashion and value fashion are high potential segments in apparel retailing in India and both are growing at a 10-15% same store sales growth (SSSG).
- In organised apparel retail, women's and kids' wear are likely to grow at faster rate at 29-34% CAGR versus men's wear (12-18% growth).
- With fashion quotient spreading beyond metros and tier 1 cities, apparel retailers are increasingly penetrating smaller cities, backed by a wide range of product pricing.

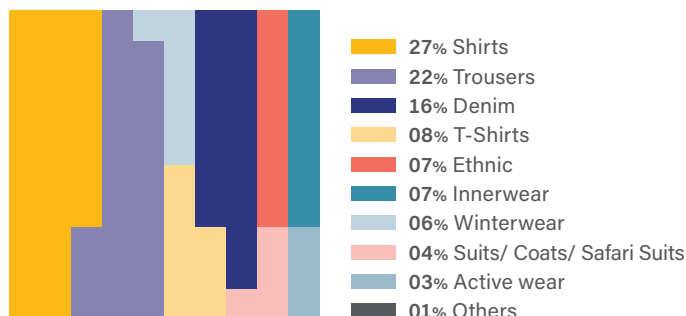
Source: Retail Sector - Triumph of Empiricism (The Investment Trust of India and Antique Stock Broking Limited)



### Menswear

At a market size of ₹ 1,56,496 crore, Menswear is the largest segment in the apparel market. It is expected to grow at 7.6% CAGR to more than double its size by 2028. Denim wear, Friday dressing, smart casuals and athleisure are expected to push demand for the segment, going forward.

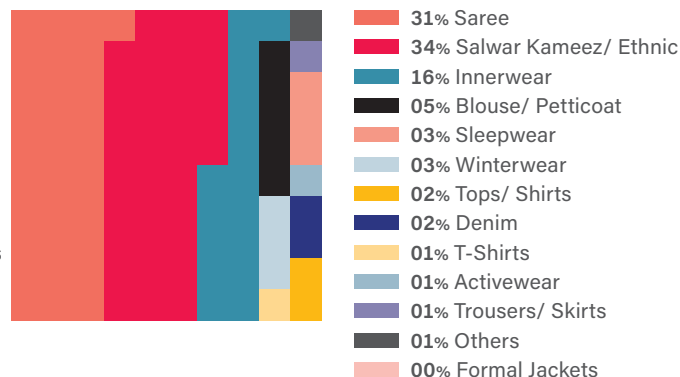
### Share of Individual Categories within Menswear (2018)



### Womenswear

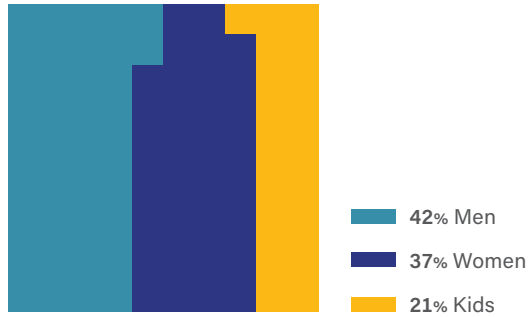
The womenswear industry is currently estimated to be worth over ₹ 1,31,389 crore in 2018 and is expected to more than double its size by 2028 at a CAGR of 8.3%. The womenswear market is being shaped by growing awareness levels in global fashion trends and the increasing number of working women. Western wear, fusion wear and specific ethnic wear are expected to drive demand.

### Share of Individual Categories within Womenswear (2018)

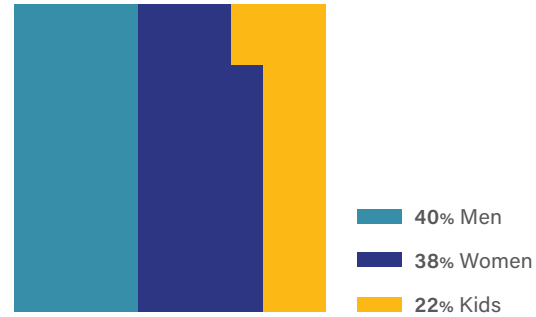


**Segment-wise analysis**

Breakup of fashion market (current vs future)

**Current**

Source: Technopak Analysis

**Future****Kidswear**

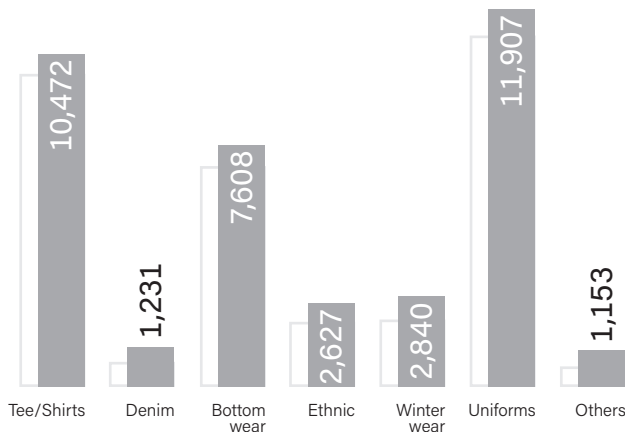
One of the fastest growing segments in the Indian apparel sector, kidswear contributes to ~20% of the total apparel market in the country. Valued at ₹ 73,274 crores, the industry will surpass both menswear and womenswear category at a 9% CAGR to reach ₹ 1,66,147 crore by 2028. This forecast is also built on the fact that India has a burgeoning population of 33.7 crore children in the 0-14 age group. With this opportunity at hand, several players, both domestic and

foreign, have entered the kidswear market. This has improved the overall quality of kidswear in the country, while reducing costs to the benefit of the customers.

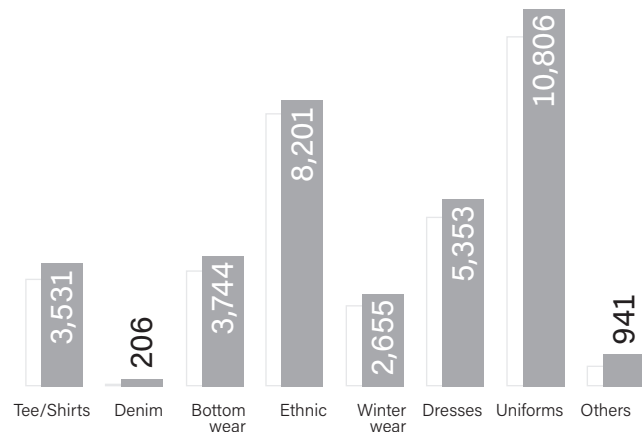
The kidswear category is further subcategorised into boyswear and girlswear, valued at ₹ 37,838 crore and ₹ 10,806 crore, respectively.

**Category growth in Boyswear**

(in ₹ crore)

**Category growth in Girlswear**

(in ₹ crore)



## Accessories

The accessories market in India has undergone a paradigm shift in the past decade. Initially retailed largely through unorganised channels such as mom and pop stores and street vendors, fashion accessories have now made their way into luxury boutiques, high street brands, international accessories chains, international brands with accessories sections and multi-brand outlets. The increasing prevalence of e-commerce have also served it well, making the availability of branded and unbranded accessories more democratised. Going forward, the fashion accessories market is expected to grow rapidly in India by 2022.

## Footwear

In line with apparel fashion footwear fashion has also evolved in India, giving rise to a number of subcategories and facilitating the entry of several international and domestic players into the market. India is estimated to produce 22 billion pairs a year at present, accounting for ~9.6% of all footwear produced worldwide. India has overtaken the US as the largest consumer of footwear with 90% of all footwear produced in India being consumed domestically.

India's footwear market is moulded by a rise in disposable incomes, rising demand for branded premium footwear and evolving shopping patterns. The Indian footwear market is expected to reach USD 17,500 million by the end of 2019 and continue to grow at a CAGR of 10.5% till 2022. The men's footwear market is growing at a 10% CAGR and the women's footwear is growing at double the pace at 20%.

## Company overview

Future Lifestyle Fashions Limited (FLFL) is one of the India's most profitable fashion retailer and the flagship branded fashion business of Future Group. Led by veterans in India's retail story, the Company operates 339 stores in around 90 cities, occupying 6.8 mn sq. ft. of retail space and has end-to-end capabilities from design to distribution. It has a strong established retail presence under the Central, Brand Factory

chains and exclusive brand outlets (EBOs). Its market-leading owned brands are sold through its own channels and other multi-brand outlets. The Company's innovative and integrated business model acts as its core differentiator and together with its brands retail outlets, FLFL caters to both premium-seeking and value-seeking customer groups and all others in between.

## Brand profile

<<refer page 9 for more information on brands>>

### FLF BRANDS

#### Menswear



#### Unisex



#### Womenswear



#### Sports | Leisure wear



#### Footwear | Others



### INVESTEE BRANDS





## Retail profile



### CENTRAL

Central is known for delivering exceptional shopping experience to customers vis-à-vis other retail platforms. A seamless fashion destination, where ambience is at the core of Central's strategic approach, helping it improve customer footfall and conversion. On both these parameters, it has shown consistent growth. Higher footfalls, better customer engagement and greater conversion will drive growth for this format in the future.

<<refer page 16 for information on Central>>



### BRAND FACTORY

Brand Factory, over the years, has shown consistent double digit same store sales growth. At present, there is huge traction for the format among customers. Indians are brand-aspirational and value-conscious; and the nation's consumption story is being shaped by its burgeoning middle class. There is a strong demand for affordable branded apparel and Brand Factory is well-positioned to cater to this trend. This is backed by the fact that customer visits at the Brand Factory stores have grown in double digits consistently for the last two years and are expected to continue growing for the next couple of years as well.

<<refer page 18 for more information on Brand Factory>>

## Risks and opportunities

External environmental factors like Interest rates, Inflation, Quick changes in fashion, Growth in economic activity, Job creation, Emerging compliances, Consumer sentiments and consumption including Demand Forecasting, Changing government policies, Information/cyber security including Data Governance/Security, Environment and Sustainability (Depleting/extinct categories, alternate categories, alternate energy, alternate processes, alternate materials, distribution channels, alternate packaging, compliance with NGT or other NGO's etc.) and, Competition have been identified as key threats as well as opportunities for the Company.

At present, various macroeconomic factors such as interest rates, inflation and GDP growth rate, Geo-political factors such as stable government, are impacting the Company favourably. Overall, the Goods and Services Tax (GST), demonetisation initiatives, & amendments to Consumer Protection Act, implemented by the Government of India have had a positive impact on the organised retail sector.

Repealing/scrapping of redundant acts, & ongoing update of various regulations (especially Policies with respect to E-Commerce) is promising towards ease of doing business. Emerging Compliances in the area of Data Privacy/Protection, Cyber world, Digital Transformations, Consumer Protection, will further enable Consumer Protection and help us winning their confidence. Deep discounting across online and offline channels continues to disrupt the market. With a number of new entrants and global retailers arriving, the quality of retail space may be an impediment to growth.

In recent years, affordable luxury and value-based fashion have gained considerable ground. Several iconic brands have introduced sister brands that offer more value for a similar product at a lesser price point. Of late, athleisure segment that combines sport and comfort has also seen rise in popularity. Further, aspirational consumer groups, particularly middle class and urban youth, drive the demand for 'fast fashion'. New-age Indian consumers have evolved from traditional mindset of product-based shopping to experience-led shopping. Departmental models have thus taken shape and are proving to be value-accretive propositions for players in the field. Technology has emerged as a key differentiator among participants in the industry, bringing customers closer to brands.

## Risk mitigation

The Company has constituted a Risk Management Committee as a measure of good governance. The Committee is tasked with the responsibility to frame, implement and monitor the risk management plan for the Company. It is responsible for reviewing the risk management plan and ensuring its effectiveness. The Company has adopted a Risk Management Policy to identify and evaluate business risks and opportunities for mitigation on a continual basis. The Risk Management framework seeks to create transparency, minimise adverse impact on business objectives and enhance the Company's competitive advantage. It defines the risk management approach across the enterprise at various levels including documentation and reporting.

The Company is faced with risks of different types, each of which need varying approaches for mitigation. It has identified each of the risks and implemented measures to mitigate such risks with the help of competent senior





management and outside specialist consultants. The mitigation measures include:

- Improving supply chain technology, brand management (with partner brands), promotions and customer loyalty programs, and customer service
- Introducing high-definition stores
- Deploying dedicated teams to capture trends/moods/aspirations of customers
- Widening the customer base by way of geographical spread to ensure consumption even in the case of slowdown of economic environment or disruptive events
- Sustaining a multi-format approach to help the Company remain in business even with changes in policies, etc.

In addition to the above, the management's efforts in increasing per store efficiency and improving product margins will deliver better profitability for the Company and enable it to sustain it in adverse scenarios. The management team has set standards and policies for each of the identified risks. Technology is extensively used to minimise risk from

execution. The risk register is reviewed periodically and appropriate risk mitigating measures are implemented for the new risks identified in the review.

## Internal control systems and their adequacy

The scope and authority of the Internal Audit function is well defined in the organisation. To maintain its objectivity and independence, the Internal Audit function reports to the Chairperson of the Audit Committee of the Board. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of the Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The internal financial controls as laid down are adequate and were operating effectively during the year.

The Company has identified key external and internal risks associated with the operations as well as control process to mitigate such risks. Further, regular review of identification of risks and control process to mitigate such identified risks ensures new evolved risks are identified well within time and appropriate control process to counter such risks is established. The Company also makes appropriate use of its ERP system (SAP) and various applications to put checks and controls to strengthen the internal control framework for financial reporting, organisational structure, authorities and procedures, which are also reviewed and validated by the external experts.

All such internal controls and their adequacy, financial and risk management policies, significant audit findings, compliance with accounting and or other standards are regularly reviewed by the Audit Committee.

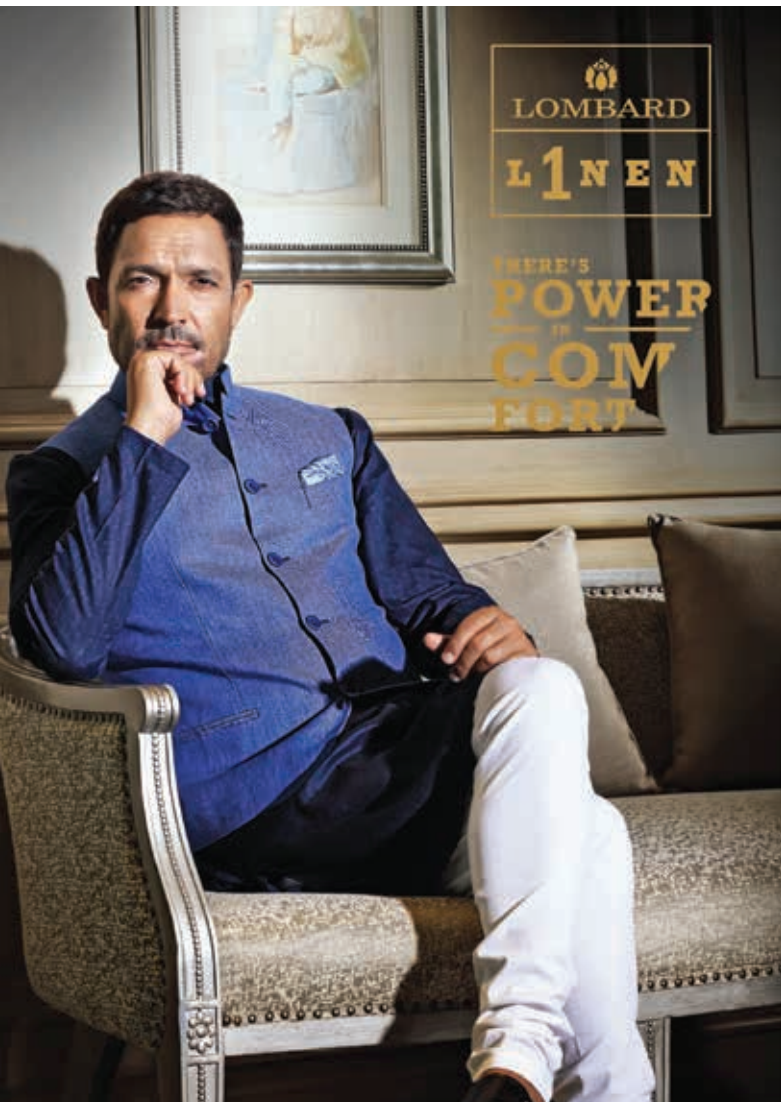
## Human resources

Our people are at the heart of how we do business. It is their talent and skills that will take us to the next level. We continue to invest in building best-in-class fashion teams. We focus on creating a workplace that fosters thought leadership, innovation and a culture of involvement, participation and transparency. We strive to provide employees opportunities to collaborate, learn and grow within the organization.



A structured talent acquisition process through a behavioural assessment for mid-level and above is implemented, wherein certain benchmarks are defined for key parameters, with proper monitoring, leading to a structured appraisal process.

The HR department of FLF follows a nine-grid Model Matrix for the assessment of employees across all levels. As an outcome of the model, we have introduced the Leadership Academy as a part of Leadership Development Program wherein we have selected employees with high potential and high performance. They are mentored by the top management to complete various projects as part of succession planning. A succession plan for identified talent in commercial and finance team is also rolled out under program named Extended Finance Leadership Team.



FLF ensures continuous skill and competence upgradation by providing equal and non-discriminatory learning opportunities to all. Our talent development team has been instrumental in creating a culture of learning in the organization. Group level guidance and customized growth plans with regards to overall development has helped establish a robust retention scheme. A job analysis is conducted to ensure employees are well equipped in terms of functional as well as skill based competencies required for the job.

Technical training forms the core interface for customer service excellence. The HR conducts various training modules at stores including in-store training, brand sensitisation and new store training. The concept of Atithee Devo Bhav is imbibed in the people through various connect sessions at the stores. There are various customised online training modules designed for constant knowledge & skill upgradation of the employees.

At FLF we believe that engaged employees contribute more effectively and optimally towards organizational growth. Thus it is our constant endeavour to provide opportunities to engage employees and create a positive workplace environment and conduct various engagement initiatives in this regard.

Additionally, as an organisation we have started our journey to be driven by technology and data that would help us take real-time decisions and make our execution extremely agile. With this belief in mind we have worked towards getting HR as the first function to start operating real-time. To enable this, we have moved to a forward looking, agile and data driven Human Resource Management System called Future360.

This system is a mobile-first-system and uses Artificial Intelligence and Machine Learning to cater to all human resource needs. It helps take away a lot of negative labour from our day to day chores and brings all HR transactions on one platform and with an effortless user interface. Future360 brings together HR transactions, Recruitment, Learning and Development and Collaboration through a chat application, all at one place and on a real-time basis.

With over 12,601 employees (FLF Standalone employee no. is 11,498), the Company believes investing in the most treasured capital in an organisation – the people.

## Financial performance

Income statement (₹ Crore)		Standalone			Consolidated		
Particulars	FY 18	FY 19	Y-o-Y Growth (%)	FY 18	FY 19	Y-o-Y Growth (%)	
Revenue from operations	4,219	5,377	27.5%	4,498	5,728	27.3%	
Cost of goods sold	2,651	3,459	30.5%	2,847	3,689	29.6%	
<b>Gross profit</b>	<b>1,568</b>	<b>1,918</b>	<b>22.3%</b>	<b>1,651</b>	<b>2,039</b>	<b>23.5%</b>	
<b>Gross margin %</b>	<b>37.2%</b>	<b>35.7%</b>		<b>36.7%</b>	<b>35.6%</b>		
Employee benefits expense	243	297	22.1%	265	331	24.9%	
Rent including lease rental	451	546	21.3%	453	550	21.4%	
Other expenditures	508	614	20.7%	520	632	21.5%	
Total expenditure	1,202	1,457	21.2%	1,238	1,513	22.2%	
Other Income	33	39	15.9%	34	38	12.4%	
<b>EBITDA</b>	<b>400</b>	<b>500</b>	<b>25.2%</b>	<b>448</b>	<b>564</b>	<b>26%</b>	
<b>EBITDA margin%</b>	<b>9.5%</b>	<b>9.3%</b>		<b>10%</b>	<b>9.8%</b>		
Depreciation	149	197	31.7%	154	207	34.6%	
EBIT	250	303	21.3%	294	357	21.5%	
Finance costs	95	104	10.2%	108	117	7.9%	
PBT	156	199	28.0%	186	240	29.4%	
Tax expense	45	54	19.3%	59	47	20.6%	
Share in Net Loss of Associates and JVs				1	5	394.8%	
<b>Net profit</b>	<b>110</b>	<b>145</b>	<b>31.5%</b>	<b>126</b>	<b>189</b>	<b>49.9%</b>	

## Key ratios

Creditors Turnover

115

Debtors Turnover

25

Inventory Turnover

129

Interest Coverage Ratio

5.26

Current Ratio

1.20

Debt Equity Ratio

0.42

Gross Margin

35.6%

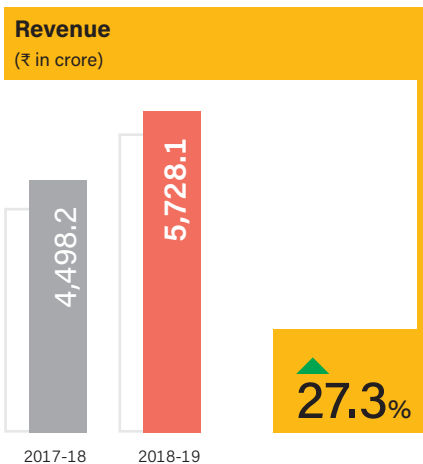
Net Profit Margin

4.2%

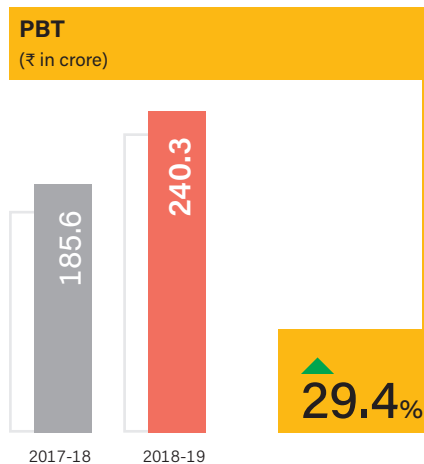
Return on Net Worth

14.4%

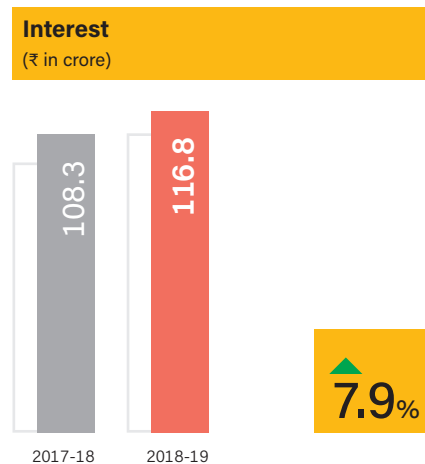




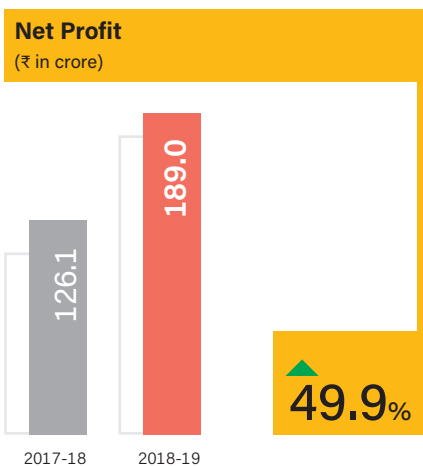
During the year, FLF delivered revenue from operations of ₹ 5,728 crore, a 27.3% increase from the previous fiscal's ₹ 4,498 crore. Strong revenue growth was on the back consistent same store sales growth coupled with expansion in Central and Brand Factory. Robust performance by own brands have also aided in stellar revenue growth.



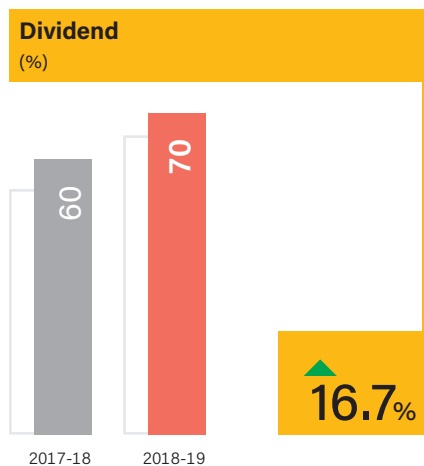
The consolidated profit before tax stood at ₹ 240 crore. It has increased from the previous financial year, - owing to the operating leverage in own store and prudence in cost management.



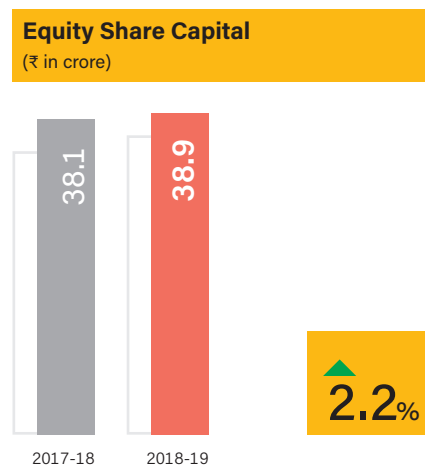
The finance costs increased marginally compared previous fiscal due strong fiscal budget management and capital allocation coupled with lower interest cost financial products.



The net profit for the period stood at ₹ 189 crore, a ~50% n increase from previous fiscal, driven by strong operating profit growth across formats and lower cost of interest.



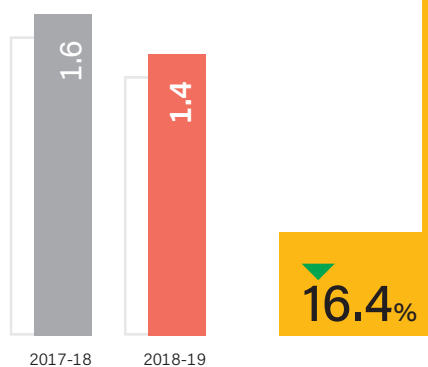
The Board of Directors have recommended a dividend of ₹ 1.40 per equity shares of face value ₹ 2.



The equity share capital has increased by ~0.8 crore due to subscription of the Company's equity shares by L Catterton a global private equity firm as part of the 9.99% stake it has picked up in FLF.

**Net Debt to EBITDA**

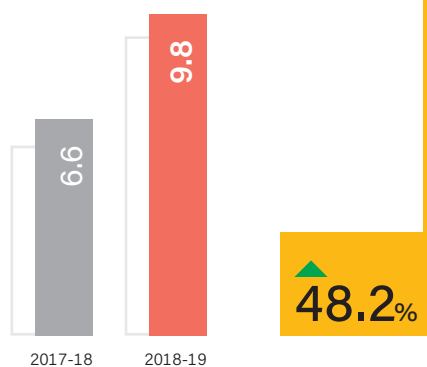
(in times)



Net debt-to-EBITDA ratio has come down to 1.4 from 1.6 in the previous fiscal. Net debt increased by 5.4% while EBITDA increased by 26.0%, leading to fall in the ratio.

**Basic EPS**

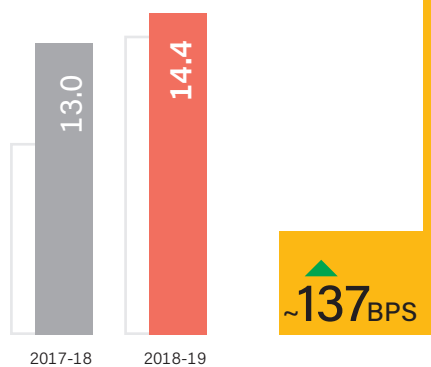
(₹)



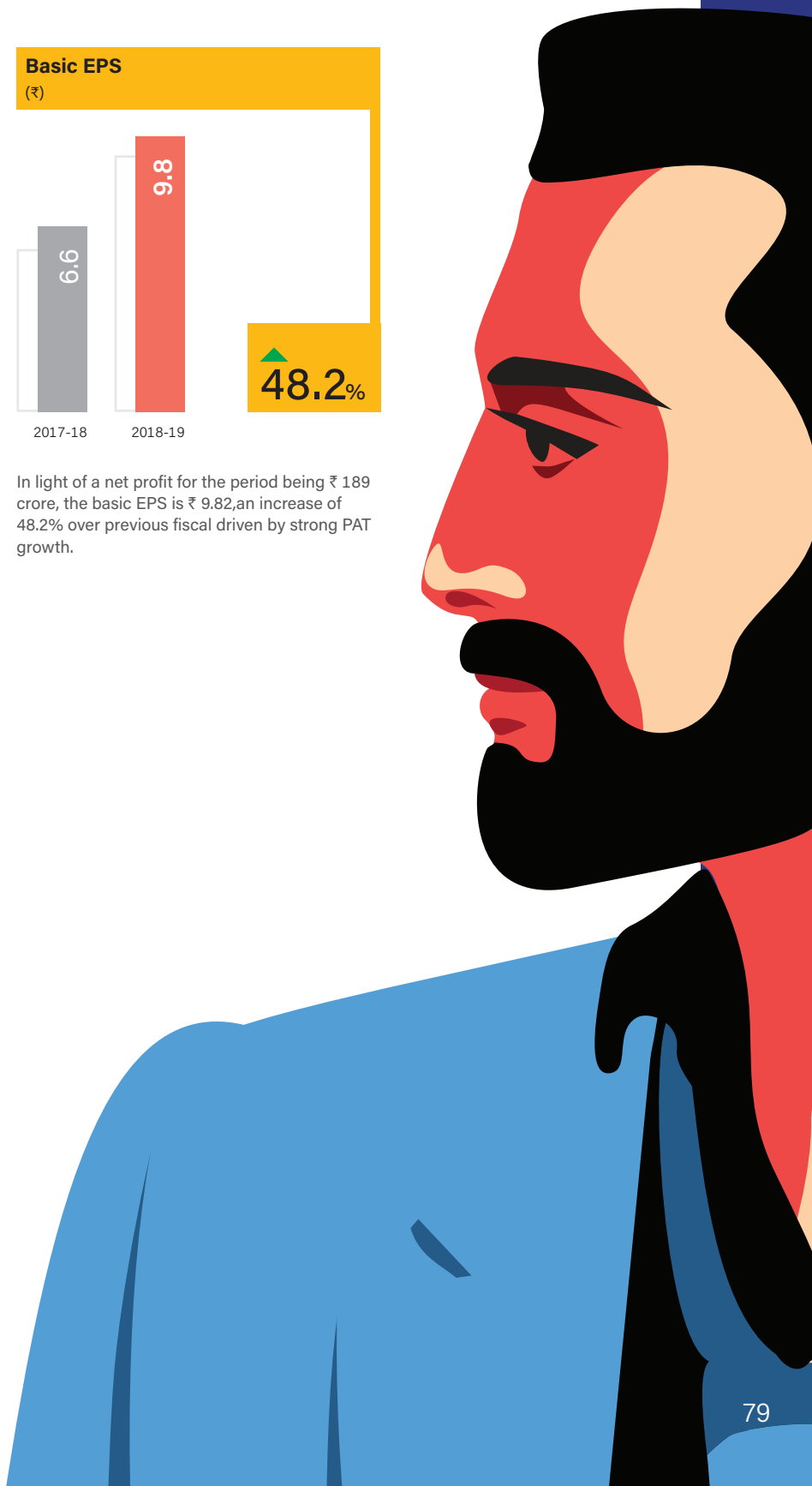
In light of a net profit for the period being ₹ 189 crore, the basic EPS is ₹ 9.82, an increase of 48.2% over previous fiscal driven by strong PAT growth.

**Return on Net worth**

(%)



Return on net worth increased by ~137 BPS due to growth in net profit by ~50%.



# Consolidated Balance Sheet

as at March 31, 2019

(All amounts in INR crore, unless otherwise stated)

	Note	As at March 31, 2019	As at March 31, 2018
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	1,229.55	894.02
Capital work-in-progress		157.81	290.49
Intangible assets	3	44.18	30.44
Financial assets			
Investments	4	305.09	174.93
Loans	5	145.31	126.69
Others financial assets	6	0.08	0.05
Deferred tax assets (net)	25	28.27	39.18
Non-current tax assets (net)		7.44	5.97
Other non-current assets	7	89.56	77.12
<b>Total Non - Current Assets</b>		<b>2,007.29</b>	<b>1,638.89</b>
<b>Current Assets</b>			
Inventories	8	2,031.48	1,482.88
Financial assets			
Investments	4	43.95	42.12
Trade receivables	9	390.29	303.22
Cash and cash equivalents	10	116.51	36.06
Other balances with banks	11	9.09	9.13
Loans	5	189.19	96.65
Others financial assets	6	6.14	14.49
Other current assets	7	266.65	174.98
<b>Total Current Assets</b>		<b>3,053.30</b>	<b>2,159.53</b>
<b>Total Assets</b>		<b>5,060.59</b>	<b>3,798.42</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	12	38.91	38.08
Convertible non-participating preference share capital	12	0.01	0.01
Other equity	13	1,788.12	1,491.52
<b>Equity attributable to owners of the Group</b>		<b>1,827.04</b>	<b>1,529.61</b>
Non-controlling interests		0.01	0.01
<b>Total Equity</b>		<b>1,827.05</b>	<b>1,529.62</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial liabilities			
Borrowings	14	673.28	612.27
Other financial liabilities	15	6.26	5.00
Provisions	16	8.93	8.86
<b>Total Non - Current Liabilities</b>		<b>688.47</b>	<b>626.13</b>
<b>Current Liabilities</b>			
Financial liabilities			
Borrowings	14	136.31	135.63
Trade payables			
Dues of micro enterprises and small enterprises	34	18.79	9.51
Dues of creditors other than micro enterprises and small enterprises		1,781.11	1,083.70
Other financial liabilities	15	434.00	290.76
Other current liabilities	17	67.30	26.35
Provisions	16	107.56	87.77
Current tax liabilities (Net)		-	8.95
<b>Total Current Liabilities</b>		<b>2,545.07</b>	<b>1,642.67</b>
<b>Total Equity and Liabilities</b>		<b>5060.59</b>	<b>3798.42</b>

The accompanying notes are forming part of the financial statements

1-39

As per our report of even date attached

For and on behalf of the Board of Directors

For **NGS & Co. LLP**  
Chartered Accountants  
Firm Registration No. 119850W

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**Sharda Agarwal**  
Director

**Rakesh Biyani**  
Director

**Ashok A. Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy**  
Director

**Bijou Kurien**  
Director

**C. P. Toshniwal**  
Director

**Narayan Ramachandran**  
Director

Mumbai  
May 01, 2019

**Avni Biyani**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Sanjay Kumar Mutha**  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts in INR crore, unless otherwise stated)

	Note	2018-2019	2017-2018
<b>Revenue</b>			
Revenue from operations	18	5,728.12	4,498.22
Other income	19	38.31	34.10
<b>Total Revenue</b>		<b>5,766.43</b>	<b>4,532.32</b>
<b>Expenses</b>			
Cost of materials consumed		1.65	22.23
Purchases of stock-in-trade		4,237.35	2,803.38
Changes in inventories of finished goods, stock-in-trade and work-in-progress	20	(549.56)	20.97
Excise duty on sales of goods		-	0.25
Employee benefits expense	21	330.79	264.86
Finance costs	22	116.82	108.26
Depreciation and amortisation expense	3	207.10	153.89
Other expenses	23	1,182.01	972.84
<b>Total Expenses</b>		<b>5,526.16</b>	<b>4,346.68</b>
<b>Profit Before Tax</b>		<b>240.27</b>	<b>185.64</b>
Tax Expense	24	46.52	58.59
<b>Profit Before Non-Controlling Interests/Share in Net Loss of Associates and Joint Ventures</b>		<b>193.75</b>	<b>127.05</b>
Share in Net Loss of Associates and Joint Ventures		4.75	0.96
<b>Profit for the Year</b>		<b>189.00</b>	<b>126.09</b>
<b>Other Comprehensive Income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(a) Remeasurements of the defined employee benefit plans		0.94	1.26
(b) Change in fair value of investments in equity shares carried at fair value through OCI		0.62	0.67
Income tax relating to items that will not be reclassified to profit or loss		(0.33)	0.61
<b>Total Other Comprehensive Income, Net of Tax</b>		<b>1.23</b>	<b>2.54</b>
<b>Total Comprehensive Income for the year</b>		<b>190.23</b>	<b>128.63</b>
<b>Profit for the year Attributable to:</b>			
Owners of the Group		188.99	126.08
Non-controlling interests		0.01	0.01
<b>Total Comprehensive Income for the Year Attributable to:</b>			
Owners of the Group		190.22	128.62
Non-controlling interests		0.01	0.01
<b>Earnings per equity share of Face Value of ₹ 2 each</b>	30		
Basic (₹)		9.82	6.63
Diluted (₹)		9.79	6.61
The accompanying notes are forming part of the financial statements		1-39	

As per our report of even date attached

For and on behalf of the Board of Directors

For **NGS & Co. LLP**  
Chartered Accountants  
Firm Registration No. 119850W

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**Sharda Agarwal**  
Director

**Rakesh Biyani**  
Director

**Ashok A. Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy**  
Director

**Bijou Kurien**  
Director

**C. P. Toshniwal**  
Director

**Narayan Ramachandran**  
Director

Mumbai  
May 01, 2019

**Avni Biyani**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Sanjay Kumar Mutha**  
Company Secretary

# Consolidated Statement of Cash Flows

for the year ended March 31, 2019

(All amounts in INR crore, unless otherwise stated)

	2018-19	2017-18
<b>A. Cash Flows from Operating Activities</b>		
Profit for the year	189.00	126.09
<b>Adjustments to Reconcile Net Profit to Net Cash Generated by Operating Activities</b>		
Income tax expense	46.52	58.59
Finance costs	116.82	108.27
Interest income	(31.96)	(23.42)
Loss on disposal/discard of property, plant and equipment	28.01	22.19
Expected credit loss allowance (for doubtful debts)	0.42	0.13
Depreciation and amortisation of property, plant and equipment and intangible assets	207.10	153.89
Share of Loss of Associates and Joint Ventures	4.75	0.96
Expense recognised in respect of equity-settled share-based payments	12.48	10.86
Bad Debts/(Sundry Balances written back)	0.32	(0.60)
<b>Cash Generated from Operations before Working Capital Changes</b>	<b>573.46</b>	456.96
<b>Movements in working capital:</b>		
(Increase)/Decrease in trade and other receivables	(84.18)	93.73
(Increase)/Decrease in inventories	(548.60)	22.88
(Increase)/Decrease in other assets	(111.17)	36.63
Increase/ (Decrease) in trade payables	706.65	(132.38)
Increase in provisions	20.80	51.14
Increase in other liabilities	51.52	24.71
<b>Cash Generated from Operations</b>	<b>608.48</b>	553.67
Direct taxes paid	(46.30)	(45.55)
<b>Net Cash Generated by Operating Activities</b>	<b>562.18</b>	508.12
<b>B. Cash Flows from Investing Activities</b>		
Inter corporate deposit (Given) (Net)	(92.54)	(54.27)
Interest received	31.96	23.42
Payments for property, plant and equipment, intangible assets and capital advances	(432.08)	(462.52)
Proceeds from disposal of property, plant and equipment	0.79	1.09
Payment to acquire financial assets - Investment	(136.12)	(0.96)
Realisation of deposits/restricted deposits with banks	0.04	5.57
<b>Net Cash (Used in) Investing Activities</b>	<b>(627.95)</b>	(487.67)



# Consolidated Statement of Cash Flows

for the year ended March 31, 2019

(All amounts in INR crore, unless otherwise stated)

	2018-19	2017-18
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from issue of equity instruments of the company	170.97	0.41
Proceeds from issue of compulsory convertible preference shares	-	25.00
Proceed from borrowings	120.20	101.61
Interest paid	(116.82)	(108.27)
Dividend paid (including dividend distribution tax)	(28.13)	(18.31)
<b>Net Cash Generated by Financing Activities</b>	<b>146.22</b>	<b>0.44</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>80.45</b>	<b>20.89</b>
Cash and cash equivalents at the beginning of the year	36.06	15.17
<b>Cash and Cash Equivalents at the End of the Year (Refer Note 10)</b>	<b>116.51</b>	<b>36.06</b>

As per our report of even date attached

For **NGS & Co. LLP**  
Chartered Accountants  
Firm Registration No. 119850W

**Ashok A. Trivedi**  
Partner  
Membership No. 042472

Mumbai  
May 01, 2019

For and on behalf of Board of Directors

**Shailesh Haribhakti**  
Chairperson

**Dr. Darlie Koshy**  
Director

**Avni Biyani**  
Director

**Kishore Biyani**  
Managing Director

**Bijou Kurien**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Sharda Agarwal**  
Director

**C. P. Toshniwal**  
Director

**Sanjay Kumar Mutha**  
Company Secretary

**Rakesh Biyani**  
Director

**Narayan Ramachandran**  
Director

# Balance Sheet

as at March 31, 2019

(All amounts in INR crore, unless otherwise stated)

	Note	As at March 31, 2019	As at March 31, 2018
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	1,223.23	891.95
Capital work-in-progress		157.81	290.21
Intangible assets	3	5.30	8.37
Financial assets			
Investments	4	139.16	7.83
Loans	5	138.27	125.89
Others financial assets	6	0.06	0.05
Deferred tax assets (net)	25	95.80	112.26
Non-current tax assets (net)		7.36	5.97
Other non-current assets	7	102.76	76.94
<b>Total Non - Current Assets</b>		<b>1,869.75</b>	<b>1,519.47</b>
<b>Current Assets</b>			
Inventories	8	1,976.60	1,452.16
Financial assets			
Investments	4	44.46	42.35
Trade receivables	9	194.35	162.27
Cash and cash equivalents	10	90.76	35.13
Other balances with banks	11	9.09	9.13
Loans	5	195.36	96.65
Others financial assets	6	6.14	11.99
Other current assets	7	246.72	161.95
<b>Total Current Assets</b>		<b>2,763.48</b>	<b>1,971.63</b>
<b>Total Assets</b>		<b>4,633.23</b>	<b>3,491.10</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	12	38.91	38.08
Other equity	13	1,608.74	1,355.80
<b>Total Equity</b>		<b>1,647.65</b>	<b>1,393.88</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial liabilities			
Borrowings	14	653.05	573.87
Other financial liabilities	15	6.26	5.00
Provisions	16	8.47	8.50
<b>Total Non - Current Liabilities</b>		<b>667.78</b>	<b>587.37</b>
<b>Current Liabilities</b>			
Financial liabilities			
Borrowings	14	136.31	135.63
Trade payables			
Dues of micro enterprises and small enterprises	35	15.53	6.02
Dues of creditors other than micro enterprises and small enterprises		1,653.68	1,041.09
Other financial liabilities	15	403.49	252.54
Other current liabilities	17	55.98	26.20
Provisions	16	52.81	48.37
<b>Total Current Liabilities</b>		<b>2,317.80</b>	<b>1,509.85</b>
<b>Total Equity and Liabilities</b>		<b>4,633.23</b>	<b>3,491.10</b>

The accompanying notes are forming part of the financial statements

1-42

As per our report of even date attached

For and on behalf of the Board of Directors

For **NGS & Co. LLP**  
Chartered Accountants  
Firm Registration No. 119850W

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**Sharda Agarwal**  
Director

**Rakesh Biyani**  
Director

**Ashok A. Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy**  
Director

**Bijou Kurien**  
Director

**C. P. Toshniwal**  
Director

**Narayan Ramachandran**  
Director

Mumbai  
May 01, 2019

**Avni Biyani**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Sanjay Kumar Mutha**  
Company Secretary

# Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts in INR crore, unless otherwise stated)

	Note	2018-2019	2017-2018
<b>Revenue</b>			
Revenue from operations	18	5,377.41	4,219.15
Other income	19	38.60	33.30
<b>Total Revenue</b>		<b>5,416.01</b>	4,252.45
<b>Expenses</b>			
Cost of materials consumed		1.65	22.22
Purchases of stock-in-trade		3,982.74	2,664.31
Changes in inventories of finished goods, stock-in-trade and work-in-progress	20	(525.40)	(36.06)
Excise duty on sales of goods		-	0.25
Employee benefits expense	21	296.91	243.07
Finance costs	22	104.38	94.72
Depreciation and amortisation expense	3	196.65	149.33
Other expenses	23	1,159.98	959.04
<b>Total Expenses</b>		<b>5,216.91</b>	4,096.88
<b>Profit Before Tax</b>		<b>199.10</b>	155.57
Tax Expense	24	53.73	45.06
<b>Profit for the Year</b>		<b>145.37</b>	110.51
<b>Other Comprehensive Income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(a) Remeasurements of the defined employee benefit plans		0.84	1.26
(b) Change in fair value of investments in equity shares carried at fair value through OCI		0.62	0.67
Income tax relating to items that will not be reclassified to profit or loss		(0.30)	0.61
<b>Total Other Comprehensive Income, Net of Tax</b>		<b>1.16</b>	2.54
<b>Total Comprehensive Income for the year</b>		<b>146.53</b>	113.05
<b>Earnings per equity share of Face Value of ₹ 2 each</b>	31		
Basic (₹)		7.57	5.94
Diluted (₹)		7.54	5.93
The accompanying notes are forming part of the financial statements		1-42	

As per our report of even date attached

For and on behalf of the Board of Directors

For **NGS & Co. LLP**  
Chartered Accountants  
Firm Registration No. 119850W

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**Sharda Agarwal**  
Director

**Rakesh Biyani**  
Director

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Partner  
Membership No. 042472

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**Bijou Kurien**  
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Director

**Narayan Ramachandran**  
Director

Mumbai  
May 01, 2019

**Avni Biyani**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Sanjay Kumar Mutha**  
Company Secretary

# Statement of Cash Flows

for the year ended March 31, 2019

(All amounts in INR crore, unless otherwise stated)

	2018-19	2017-18
<b>A Cash Flows from Operating Activities</b>		
Profit for the year	145.37	110.51
<b>Adjustments to Reconcile Net Profit to Net Cash Generated by Operating Activities</b>		
Income tax expense	53.73	45.06
Finance costs	104.38	94.72
Interest income	(32.25)	(23.42)
Loss on disposal/discard of property, plant and equipment	27.44	21.96
Expected credit loss allowance (for doubtful debts)	0.42	0.13
Depreciation and amortisation of property, plant and equipment and intangible assets	196.65	149.33
Expense recognised in respect of equity-settled share-based payments	12.48	10.86
Bad Debts/(Sundry Balances written back)	0.32	(0.60)
<b>Cash Generated from Operations before Working Capital Changes</b>	<b>508.54</b>	408.55
<b>Movements in Working Capital:</b>		
(Increase)/Decrease in trade and other receivables	(111.73)	190.16
(Increase) in inventories	(524.44)	(34.14)
(Increase)/Decrease in other assets	(37.55)	36.86
Increase/(Decrease) in trade payables	622.08	(85.94)
Increase in provisions	5.26	22.81
Increase in other liabilities	51.28	77.70
<b>Cash Generated from Operations</b>	<b>513.44</b>	615.99
Direct Taxes Paid	(38.95)	(37.48)
<b>Net Cash Generated from Operating Activities</b>	<b>474.49</b>	578.51
<b>B Cash Flows from Investing Activities</b>		
Inter corporate deposit (Given) (Net)	(92.54)	(54.27)
Interest received	32.25	23.42
Payments for property, plant and equipment, intangible assets and capital advances	(403.33)	(461.16)
Proceeds from disposal of property, plant and equipment	0.73	1.09
Payment to acquire financial assets - Investment	(132.83)	(1.22)
Realisation of deposits/restricted deposits with banks	0.04	5.57
<b>Net Cash (Used in) Investing Activities</b>	<b>(595.68)</b>	(486.57)
<b>C Cash Flows from Financing Activities</b>		
Proceeds from issue of equity instrument of the company	170.97	0.41
Proceeds from borrowings	138.36	40.76
Interest paid	(104.38)	(94.72)
Dividend paid (including dividend distribution tax)	(28.13)	(18.31)
<b>Net Cash Generated by/(Used in) Financing Activities</b>	<b>176.82</b>	(71.86)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>55.63</b>	20.08
Cash and cash equivalents at the beginning of the year	35.13	15.05
<b>Cash and Cash Equivalents at the End of the Year (Refer Note 10)</b>	<b>90.76</b>	35.13

As per our report of even date attached

For and on behalf of the Board of Directors

For **NGS & Co. LLP**  
Chartered Accountants  
Firm Registration No. 119850W

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**Sharda Agarwal**  
Director

**Rakesh Biyani**  
Director

**Ashok A. Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy**  
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**Narayan Ramachandran**  
Director

Mumbai  
May 01, 2019

**Avni Biyani**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Sanjay Kumar Mutha**  
Company Secretary

# Independent Limited Assurance Statement

on key performance indicator disclosures in the Integrated Report of Future Lifestyle Fashions Limited for the financial year ended March 31, 2019

## The Board of Directors of Future Lifestyle Fashions Limited

We have been engaged by the Management of Future Lifestyle Fashions Limited, to provide a Limited Assurance Statement on key performance indicators ("KPIs") described below and presented in the Integrated Report ("the Report") of Future Lifestyle Fashions Limited ("the Company") for the year ended March 31, 2019.

## Subject Matter

We are required to provide limited assurance on the following KPIs presented in the Report in accordance with management's basis of preparation, the audited financial statements, and the audited books of account for the year ended March 31, 2019.

The terms of management's basis of preparation comprise the criteria by which the Company's compliance is to be evaluated for purposes of our limited assurance engagement.

The subject matter includes the following:

Category	KPI	Scope of coverage
Human Capital	Number of employees employed#	Consolidated
Financial Capital	Total Equity#	Consolidated
	Total Debt#	Consolidated
	Capital expenditure incurred (Net)*	Consolidated
	Financial performance	
	- Income from operations*	
	- Earnings before interest, tax, depreciation and amortization ("EBITDA") and EBITDA margin*	
	- Profit after tax *	
	- Earnings per share*	
	- Basic	
	- Diluted	Consolidated
	Total Corporate Tax Contribution*	Consolidated
Social and Relationship Capital	Market Capitalisation@	Standalone
	Dividend (%)*	Standalone

# As at March 31, 2019

\* For the year ended March 31, 2019

@ Computed at volume weighted average price as at March 29, 2019

## Responsibility of the Directors

The Company's management is responsible for the selection, preparation and presentation of the KPIs for the year ended March 31, 2019, in accordance with the criteria mentioned above. This responsibility includes the identification of KPIs, preparation in accordance with the management's basis of preparation, the identification of stakeholders and stakeholder requirements, material matters and for commitments with respect to sustainability performance. The management is also responsible for design, implementation and maintenance of adequate internal controls to facilitate collection, calculation, aggregation and validation of the data, relevant to the KPIs and preparation of the Report that is free from material misstatement, whether due to fraud or error.

## Our Independence, Ethical Requirements and Quality Control

We have complied with independence policies of Deloitte Haskins and Sells LLP, which address the requirements of the International Federation of Accountants ("IFAC") Code of Ethics for Professional Accountants in the role as independent auditors. We have complied with the relevant applicable requirements of the International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We also confirm that we have maintained our independence in the Report and there were no events or prohibited services related to the Assurance Engagement which could impair our independence.

## Our Responsibility

Our responsibility is to express a limited assurance conclusion on the KPIs, set out in the subject matter paragraph, as disclosed in the Report for the year ended March 31, 2019, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance in accordance with International Standard on Assurance Engagement 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information (herein referred as "ISAE



3000") issued by the IFAC. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement to obtain sufficient appropriate evidence about whether the KPIs are free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal controls, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgment and included inquiries, observation of process followed, inspection of documents, analytical procedures, evaluating appropriateness of quantification methods, agreeing or reconciling with underlying data, etc.

In performing the procedures listed above, we tested data, reviewed records, relevant documents and agreed information with audited financial statements submitted by the Company, to support the relevant KPIs.

We have relied on the information, documents, records and explanations provided by the Company for the purpose of our review.

Our procedures do not include detailed testing of source data or the operating effectiveness of processes or internal controls or review of the Company's financial performance and any other KPIs.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the KPIs have been presented, in all material respects, in accordance with management's basis of preparation.

Further, a limited assurance engagement does not constitute an audit or review of any of the underlying information in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

## **Our Conclusions**

The procedures we have performed and the audited financial statements and the documents and records that were made available to us and the information and explanations provided to us by the Company in connection to the review of the KPIs set out in the subject matter paragraph, as disclosed in the Report for the year ended March 31, 2019, provide an appropriate basis for our conclusion.

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the KPIs set out in the subject matter paragraph for the year ended March 31, 2019, are not prepared, in all material respects, in accordance with the management's basis of preparation.

## **Other Matters**

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the reports. The maintenance and integrity of the Future Lifestyle Fashions Limited website is the responsibility of its management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information on the website, the reports or our independent assurance report that may have occurred since the initial date of presentation.

## **Restriction on use and distribution**

Our work has been undertaken to enable us to express a limited assurance conclusion on the KPI disclosures to the directors of the Company in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the entity, for our work, for this report, or for the conclusion we have reached.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**Pratiq Shah**

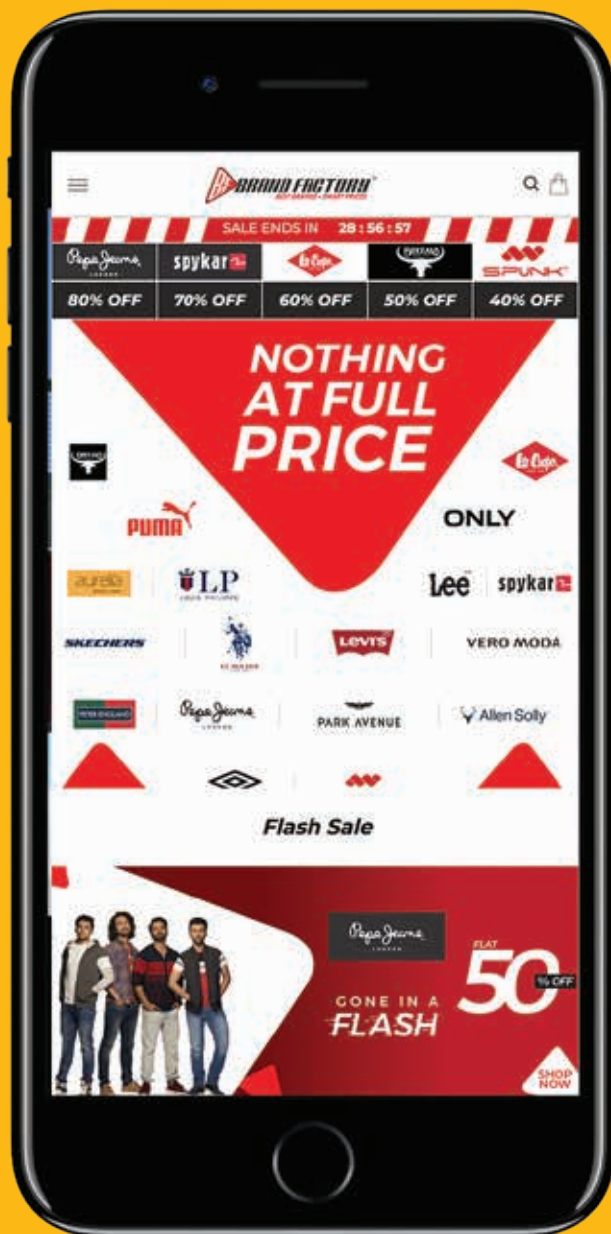
Partner

(Membership No. 111850)

Place: Mumbai

Date: July 2nd, 2019

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Jogeshwari (East), Mumbai - 400 060. Maharashtra, India

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