

FUTURE TRENDZ LIMITED
2016-17

INDEPENDENT AUDITORS REPORT

To,

The Members of,

M/s. Future Trendz Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **M/S FUTURE TRENDZ LIMITED** ('the company'), which comprises Balance Sheet as at **31st March 2017**, the Statement of Profit and Loss account & Cash Flow Statement for the year ended 31st March 2017, and a Summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedure selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system and the operating effectiveness of such control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2017, and its profit and for the year ended on that date.

Report on Other Legal and Regulatory Requirements

5. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet and the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) In our opinion there are no observations or comments on the financial transactions, which may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31st Mar 2017 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st Mar 2017 from being appointed as a directors in terms of section 164(2) of the Act.
 - g) Report on the Internal Financial Controls under Clause (1) of Sub-section 3 of section 143 of the companies Act, 2013 ("the Act")- is enclosed an annexure to this report.

h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. As informed to us the Company does not have any pending litigations which would impact its financial position
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For DMKH & CO.
CHARTED ACCOUNTANTS
FRN 0116886W**

**CA. Durgesh Kabra
M.No.044075
Place: Mumbai
Date: 09/08/2017**

Annexure 'A'

REPORT ON INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/S FUTURE TRENDZ LIMITED** ("the Company") as of **March 31, 2017** in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DMKH & CO.
CHARTED ACCOUNTANTS
FRN 0116886W

CA. Durgesh Kabra
M.No.044075
Place: Mumbai
Date: 09/08/2017

FUTURE TRENDZ LIMITED

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Lakhs)

	Note	As at March 31, 2017
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2	35.00
Reserves and Surplus	3	(3.27)
		31.73
Current Liabilities		
Trade Payable	4	0.29
Other Current Liabilities	5	0.13
		0.42
TOTAL		32.15
ASSETS		
Non-Current Assets		
Non Current Investment	6	25.90
		25.90
Current Assets		
Cash and Bank Balance	7	6.25
		6.25
TOTAL		32.15
The accompanying notes are forming part of the financial statements	1-11	

As per our Report of even date attached
For DMKH & Co.
Chartered Accountants
FRN: 116886W

For and on behalf of Board of Directors

Durgesh Kabra
Partner
Membership No.:044075

Vimal Dhruve
Director
DIN- 02243595

Subodh More
Director
DIN- 07230828

Place : Mumbai
Date : May 11, 2017

FUTURE TRENDZ LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017

		(₹ in Lakhs)
		2016-17
A	Cash Flow From Operating Activities	
	Net Profit Before Tax	(3.27)
	Adjusted For:	
	Interest Income	-
	Operating (Loss) Before Working Capital Changes	(3.27)
	Adjusted For:	
	Trade Payables, Othe Liabilities and Provisions	0.42
	Cash Generated From Operations	(2.85)
	Tax Paid	-
	Net Cash From Operating Activities	(2.85)
B	Cash Flow From Investing Activities	
	Purchase of Investement	(25.90)
	Net Cash (Used In) Investing Activities	(25.90)
C	Cash Flow From Financing Activity	
	Proceeds from Issue of shares	35.00
	Net Cash Provided By Financing Activity	35.00
	Net Increase in Cash & Cash Equivalents (A+B)	6.25
	Opening Balance of Cash & Cash Equivalents	-
	Closing Balance of Cash & Cash Equivalent	6.25

As per our Report of even date attached
For DMKH & Co.
Chartered Accountants
FRN: 116886W

For and on behalf of Board of Directors

Durgesh Kabra
Partner
Membership No.:044075

Vimal Dhruve
Director
DIN- 02243595

Subodh More
Director
DIN- 07230828

Place : Mumbai
Date : May 11, 2017

FUTURE TRENDZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

1. Significant Accounting Policies

A. Basis of Preparation

Financials Statements have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on an accrual basis. The company has prepared these financials statement to comply in all material respect with the accounting standard notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

B. Use of Estimates

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

C. Tangible Fixed Assets and Depreciation

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

Depreciation is provided, pro rata for the period of use on straight line basis as per the useful life of the assets prescribed under Schedule II to the Companies Act, 2013.

D. Intangible Assets and Amortisation

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible Assets are amortised on straight line basis over their estimated useful life.

E. Investments

Long-term investments are valued at cost less provision for diminution (If any), other than temporary to recognize any decline in the value of such investments. Current investments are stated at lower of cost and market value.

F. Inventories

Inventories are valued at lower of cost and net realizable value. Cost of Inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average cost method.

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G. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the prevailing rates of exchange on the date of transaction. Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the Balance Sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the Statement of Profit and Loss. Exchange differences on forward contracts entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium/Discount on foreign exchange contracts are recognised as an expense/income over the life of the contract.

H. Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use, are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur in the Statement of Profit and Loss.

I. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured. Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyers. Sale of goods are recorded at net of trade discounts, rebates, sales tax, and value added tax. Revenue from services are recognised as they are rendered based on agreements/arrangements with the concerned parties and recognised net of service tax (If applicable). Interest income is recognised on a time proportion basis taking into account the amount outstanding and applicable interest rate. Dividend income on investments is accounted for when the right to receive the payment is established.

J. Retirement and other Employee Benefits

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

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

K. Taxes on Income

Tax Expense includes provision for current tax and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted as at the Balance Sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

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L. Provisions, Contingent Liabilities and Contingent Assets

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

M. Impairment of Assets

An asset is considered as impaired in accordance with Accounting Standard 28 on "Impairment of Assets". When at the Balance Sheet date, there are indications of impairment and the carrying amount of the asset or where applicable of the cash generating unit to which the asset belongs exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

FUTURE TRENDZ LIMITED

Notes forming part of the Financial Statements

2 Share Capital

Particular	As at March 31 , 2017	
	Number	(₹ in Lakhs)
<u>Authorised</u>		
Equity Shares of Rs.10/- each	350,000	35.00
	350,000	35.00
<u>Issued,Subscribed and Paid up</u>		
Equity Shares of Rs.10/- each fully paid up	350,000	35.00
	350,000	35.00

(i) Reconciliation of Number of Shares

Equity Share of Rs.10/-each

Particular	As at March 31 , 2017
	Number of Shares
At the beginning of the year	-
Add: issued during the year	350,000
At the end of the year	350,000

(ii) Terms/Rights Attached to Equity Shares

The Company has only one class of shares referred to as equity shares having par value Rs 10/- each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of preferential amounts. The distribution will be in proportion of the number of equity shares held by the shareholders.

(iii) Details of shareholders holding more than 5% in the Company:-

Name of Shareholder	As at March 31 , 2017	
	No. of Shares Held	% of Holding
Future Lifestyle Fashions Limited	350,000	100.00

FUTURE TRENDZ LIMITED

Notes forming part of the Financial Statements		(₹ in Lakhs)
		As at March 31, 2017
3	Reserve and Surplus	
	Statement of Profit and Loss	
	Opening Balance	-
	Add: (Loss) for the Year	(3.27)
		(3.27)
4	Current Liability	
	Trade Payable	0.29
		0.29
5	Other Current Liabilities	
	Other Payables	0.13
		0.13
6	Non Current Investment	
	Trade Investment fully paid up of ₹10 each	
	Unquoted	
	Equity	
	Subsidiary	
	2,59,000 Equity shares in Future Speciality Retail Limited	25.90
		25.90
7	Cash and Bank Balance	
	Balances with Banks	6.25
		6.25
8	Other Expenses	
	Audit Fee	0.29
	Miscellaneous Expenses	2.98
		3.27

FUTURE TRENDZ LIMITED

9. Related Party Disclosure

As required under Accounting Standard 18 "Related Party Disclosures" are given below:

A. List of Related Parties

1. Holding Company

Future Lifestyle Fashions Limited

2. Fellow Subsidiary

- i. Indus-League Clothing Limited (upto March 29, 2017)
- ii. Indus Tree Craft Private Limited (upto March 29, 2017)
- iii. Indus Tree Producer Transform Private Limited (upto March 29, 2017)
- iv. Rachika Trading Private Limited (upto March 29, 2017)
- v. Elisir Lifestyle Private Limited (upto March 29, 2017)
- vi. Mineral Fashions Private Limited (upto March 29, 2017)
- vii. Future Style Lab Limited (upto March 29, 2017)
- viii. FLFL Lifestyle Brands Limited (w.e.f. March 17, 2017 upto March 29, 2017)
- ix. FLFL Business Services Limited (w.e.f. March 27, 2017)

3. Subsidiary Company

Future Speciality Retail Limited (w.e.f. September 27, 2016)

B. Transactions with Related Parties

(₹ in Lakhs)

Nature of Transaction	Subsidiary
Investment Made	20.90

C. Significant Related Party Transaction

- i. Investment made includes Future Speciality Retail Limited ₹ 20.90 Lakhs

10. Auditor's Remuneration

(₹ in Lakhs)

Particular	Amount
Statutory Audit Fee	0.29
Total	0.29

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11. Computation of Basic and Diluted Earnings Per Shares

Particulars	Units	2016-17
Profit after tax	₹ in Lakhs	(3.27)
The Weighted average number of Equity shares for Basic and Diluted EPS	No. in Lakhs	3.50
Earnings per Equity share (Basic & Diluted)	₹	(0.93)

As per our report of even date attached

For DMKH & Co.

Chartered Accountants

FRN: 116886W

For and on Behalf of Board of Directors

Durgesh Kabra

Partner

Membership No.: 44075

Vimal Dhruve

Director

DIN- 02243595

Subodh More

Director

DIN- 07230828

Place: Mumbai

Date: May 11, 2017