

# FAST FORWARD

Annual Report 15-16

INDIA



From the first collection of COVER STORY, a fast fashion brand made for India, designed at Future Style Labs, London.



A fashion photograph featuring two women standing in a field of tall, dry, golden-brown grass. In the background, a steep, rocky hillside rises, covered with sparse, dry vegetation. The woman on the left is wearing a black short-sleeved top with a frayed hem, light-colored shorts, and black strappy high-heeled sandals. She is looking towards the camera with her hand near her face. The woman on the right is wearing a black dress with a white geometric pattern and a matching belt, and black strappy high-heeled sandals. She is also looking towards the camera. The overall lighting is warm, suggesting a sunset or sunrise setting.

**LET'S TALK  
FASHION**

Fashion is a reflection of social, economic, political and cultural changes. It expresses modernity, symbolizing the spirit of the times. And it also expresses identity, symbolizing the rituals, beliefs and context that we grow in.

Future Lifestyle Fashions (FLF), India's youngest fashion Company, is also home to some of India's most popular fashion brands and retail destinations.

With stores in every fast growing city and two dozen brands, we transport India's changing trends, moods, aspirations and themes from factories to stores and into the wardrobes of the new Indian consumer.

Our mission is to keep discovering the Indian idiom of fashion that captures both modernity and tradition, culture and the context, life and the lifestyle of a fast changing India. We live, think and breathe fashion.




## DESIGN YOUR OWN LOOK

- I'm my own designer
- My concepts, my ideas!

## DON'T NEED a Reason to CELEBRATE

- Modern India- New Rituals, New Festivals
- Distinct wardrobes- beach, work, travel
- New Festivals: Holi, Sunburn and more
- Occasion specific attires- tuitions, dating

## THE SELFIE Culture

- Every moment is fashionable
-    

## THE Working WOMAN

- Everyday Indian wear sees a revival amongst women
- Negotiated aesthetics, Modernity = Negotiated Tradition

## OUT — OF — CLOSET

- Coming out of closet of the alternate sexes- LGBT, Homosexuals.
- New communities, new fashion codes- geeks, innovators, BPO workers.
- Clothing based on life stages

## THE Tween SEGMENT

- Young adults in 13- 21 now becoming as large as that of the working professional



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Shailesh Haribhakti**

Chairperson and Independent Director

**Kishore Biyani**

Managing Director

**Dr. Darlie Koshy**

Independent Director

**Bijou Kurien**

Independent Director

**Sharda Agarwal**

Independent Director

**Rakesh Biyani**

Non-Executive Director

**C. P. Toshniwal**

Non-Executive Director

**Avni Biyani**

Non-Executive Director

## CHIEF FINANCIAL OFFICER

**Kaleeswaran Arunachalam**

## COMPANY SECRETARY

**Sanjay Kumar Mutha**

## STATUTORY AUDITOR

**NGS & Co. LLP**

## BANKERS

Allahabad Bank

Axis Bank

Bank of Baroda

Bank of India

Canara Bank

IDBI Bank

Union Bank of India

Vijaya Bank

## REGISTRAR AND TRANSFER AGENTS

**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West), Mumbai - 400 078

Tel: +91 22 2596 3838 Fax: +91 22 2594 6969 [www.linkintime.co.in](http://www.linkintime.co.in)

## REGISTERED OFFICE

**Future Lifestyle Fashions Limited**

CIN: L52100MH2012PLC231654

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Jogeshwari (East), Mumbai - 400 060

Tel: +91 22 6644 2200 Fax: +91 22 6644 2201 [www.futurelifestyle.in](http://www.futurelifestyle.in)



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## LETTER FROM MANAGING DIRECTOR

Dear Stakeholders,

We are pleased to share with you the Annual Report of your Company for the financial year 2015-16. Despite stiff competition from multiple channels and a muted economic environment, your Company was able to lead a transformation, posting improvements across financial and operational metrics as well rejuvenating its brand portfolio and the retail experiences for its customers. The Company posted a net profit of ₹ 29 Crore at a growth of almost 53%, on a standalone turnover of ₹ 3,300 Crore. The Company reported free cash flows of ₹ 85 Crore, while reducing its overall capital employed by ₹ 80 Crore and debt by ₹ 104 Crore, almost entirely through internal accruals.

The Company's flagship retail format, Central posted a same store sales growth of 10.3%, while the Company's leading brand, Lee Cooper turned in gross sales of ₹ 567 Crore, a growth of by 19%. The Company's other leading brands, John Miller, Bare and Indigo Nation - each with over ₹ 150 Crore of gross sales - posted double digit sales growth. The Company also made fresh investments in its investee companies that manage brands such as Holii, Mineral, Tresmode and Giovani. Collectively, these investee companies posted a turnover of an additional ₹ 610 Crore. The largest amongst them, Turtle posted a turnover of ₹ 157 and an operating profit of ₹ 22 Crore. The Company holds a 26% stake in the Turtle.

During the year, the Company also made substantial investments in reinventing the retail spaces, thereby making it a compelling experience for customers to visit, shop and celebrate fashion.



The Central chain now promises the experience of 'Brands in High Definition.' Starting with our earliest stores in Bangalore and Hyderabad, the retail chain is going through a rapid transformation. Digital interfaces, new and innovative customer services and an architecture and design that can compete with the best from across the world in lifestyle and luxury fashion, are being rolled out at these stores as well as in a new upcoming store at Aerocity in Delhi.

Your Company also introduced its first women's-only fast fashion brand Cover Story. Conceived, designed and led by a multinational team based out of the Company's Future Style Lab in London, the brand brings in global trends from the ramps to the wardrobes of Indian consumers within the shortest possible time frame. The first Indian fast fashion brand, Cover Story promises to offer new styles every week. The brand has met with an encouraging response within Central stores and set to open exclusive brand stores as well. Simultaneously, each of the Company's existing fashion brands went through a thorough review with individual teams now giving fillip to the growth and expansion of each of these brands.

As we look ahead, we believe we are at an interesting inflection point, both from the point of view of market and as an organization. The Indian market is showing a distinct promise for disproportionate growth in fashion brands and it therefore attracting the attention of global players. During the ten years of 2002 to 2012, China's fashion industry trebled in size, leading to the emergence of billion dollar fashion brands. Most agree, the inflection point was in 2002, when China's GDP crossed USD 2000. From this point, discretionary spending grew disproportionately, with fashion being the biggest beneficiary. With per capita GDP touching USD 2000, China's per Capita fashion consumption grew from USD 50 to USD 250 in ten years to around USD 400 today, outpacing consumption and economic growth. China's domestic fashion market today is now set to become larger than the United States' market.

India is at a similar position with GDP per capita is about USD 1700. Our per capita apparel consumption is around USD 35. However, more and more customers are visiting stores and buying fashion more frequently than ever before. As India approaches per capita, the USD 2000, it is expected that India's fashion market will grow beyond USD 80 billion, with branded apparel sector likely to outpace the industry growth rates by 1.5x through to FY 21.

With a wide portfolio of brands, retail formats and investments in fast growing fashion brands and entrepreneurs, along with the fundamental improvements that it brought in through the year, your Company is very well placed to shape and benefit from this growing opportunity. We thank you for your continued support and encouragement in making this journey worthwhile.

Rewrite Rules, Retain Values



Kishore Biyani

**TOTAL INCOME**  
3,300 CR

**NET PROFIT**  
29 CR

**TOTAL RETAIL SPACE**  
5 MN SQ.FT.

**STORE COUNT**  
369

**LEADING BRAND LEE COOPER  
POSTED GROSS SALES OF**  
567 CR

**LEADING RETAIL FORMAT  
CENTRAL POSTED SAME  
SALES GROWTH OF**  
10.3%

# FLF BRANDS

## COVERSTORY

### COVER STORY<sup>#</sup>

The just launched fast fashion brand for women is styled at Future Style Lab in London and promises new collections every week at exclusive stores and departmental chains.

## INDIGO NATION

CHANGEISM

### INDIGO NATION

Made for the young and restless, the men's brand comes with the credo of 'Subject to change'! It's #StartupNation campaign helped brand's gross sales grow by 11% to ₹ 165 Crore.



### MOHR

A premium women's wear brand embodies the sensibilities, attitude, behavior and persona of the 'at ease' Indian woman. Stylish and easy it has an unpronounced Indian accent.

## CERIZ

### CERIZ

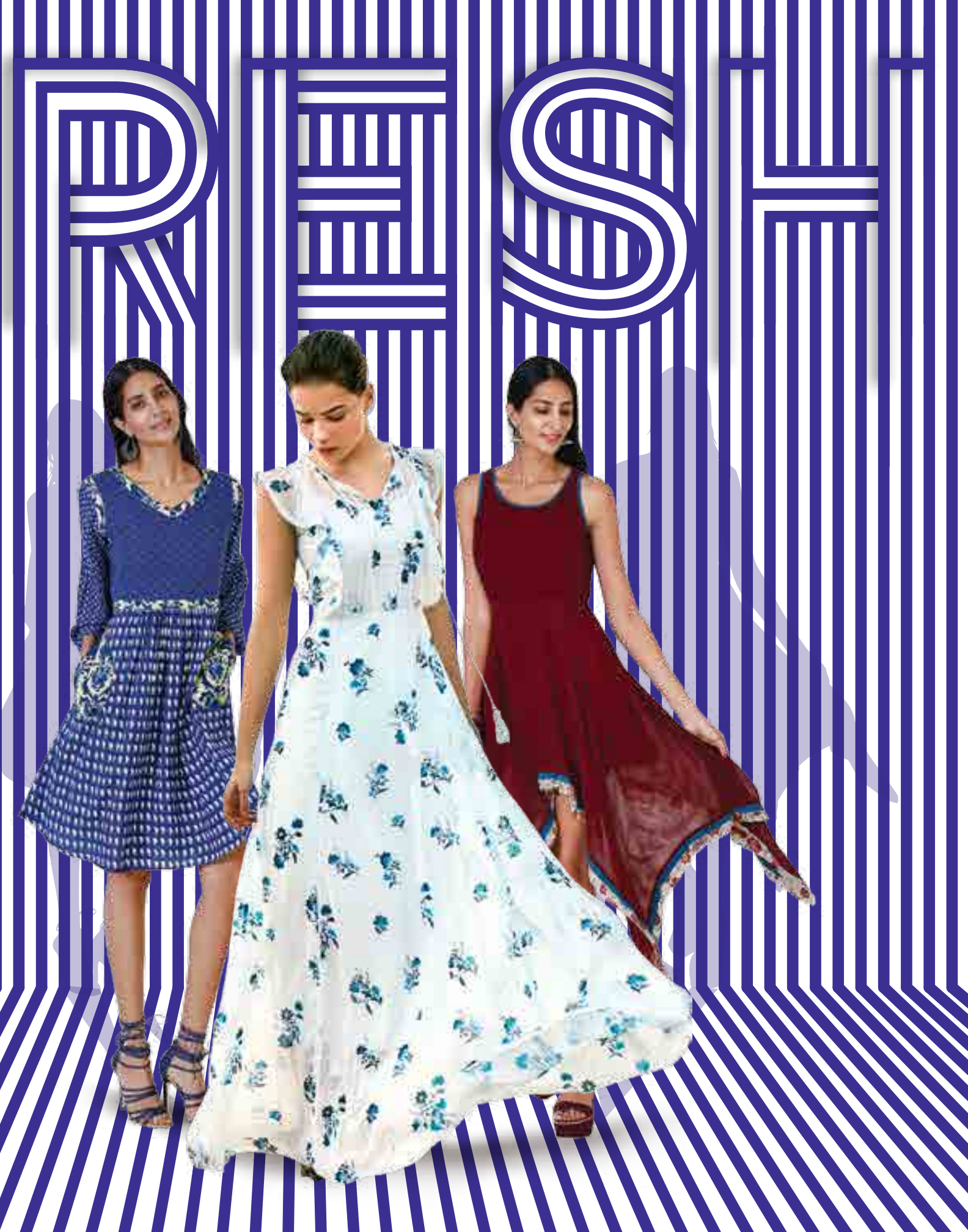
The footwear and accessories brand echoes women's signature style in bold, impulsive, powerful, sexy, or passionate ways. The CERIZ woman is Indian and global, stylish and sensible, high fashion and street.



### LEE COOPER<sup>\*</sup>

Defining global fashion trends since 1906 Lee Cooper denim wear offers products for all segments - men, women and kids and through sub- brands, Lee Cooper Original, LC Junior. Two TV commercials and concerned branding has helped the brand's gross sales grow by 19% to ₹ 567 Crore.

# Investee Brand  
\* Licensed Brand





# FLF BRANDS



## URBANA

Urbana is a premium formal wear brand that offered a “CEO of Life” collection and innovations such as feather-lite and wrinkle free shirts, microbe-resistant trousers, amongst others, using a range of techno-textiles and finishes.



## SCULLERS

The country’s favourite chinos brand now offers an all-inclusive range of casual and sportswear for men, women and kids. Gross sales for the year was ₹ 161 Crore.



## LOMBARD\*

A fine menswear fashion and fabric brand, Lombard celebrates people to whom power comes naturally with purpose and vision. The brand offers a range of men’s suits, shirts and accessories.



## JOHN MILLER\*

Amongst the Company’s oldest brands, John Miller makes a clever mix of conformity and distinctiveness that attracts the young professional. Gross sales touched ₹ 243 Crore.



## GIOVANI<sup>#</sup>

A quintessential suits and jackets brand that refuses to be ‘jacketed’, Giovanni brings in the Italian cut and sensibilities to suits and occasion wear.

# Investee Brand  
\* Licensed Brand





# FLF BRANDS



## aLL

The plus size brand offers trendy western wear, ethnic wear and accessories for this niche segment with 53 exclusive stores and presence in number of department stores. Gross sales of aLL was ₹ 106 Crore.



## JEALOUS 21

India's only exclusive women's denim brand offers an extensive range of Hip-fit Jeans, collection of tops and tee shirts for women. Gross sales were at ₹ 145 Crore.



## UMM\*

This Italian brand born out of a music label - Underground Music Movement - has over the years evolved into a fashion brand available at Central, Brand Factory, and various multi-brand outlets.



## DANIEL HECHTER\*

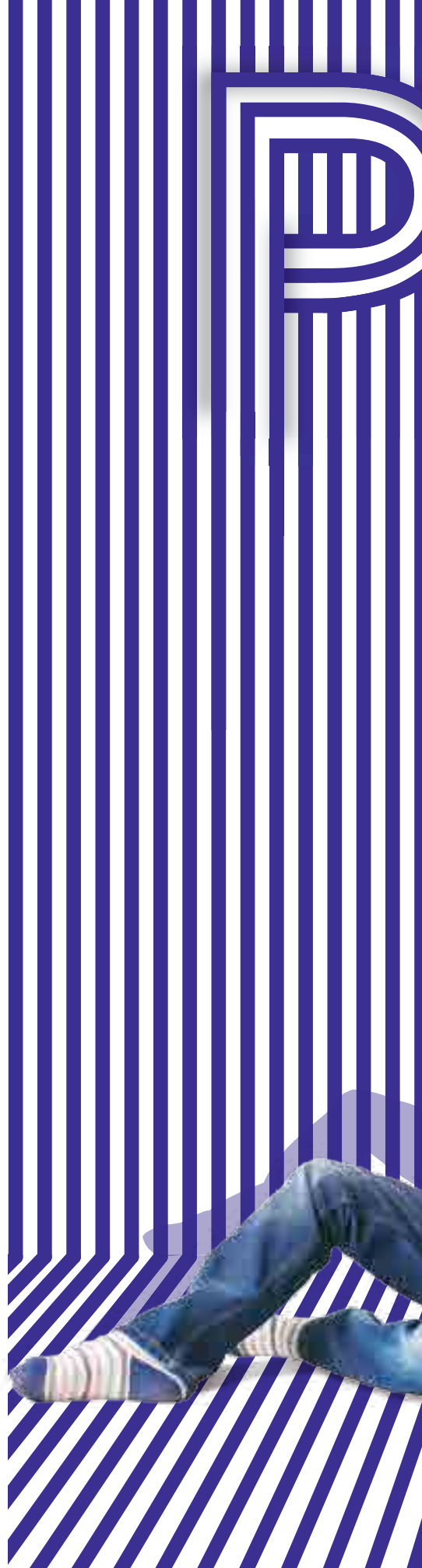
This high-end French brand, that offers formal, semi-formal and casual wear for men. Launched in India through a license agreement in 2009, it is available at Central, Brand Factory and Exclusive Brand Outlets.



## BARE\*

Bare offers a wide range of casual and denim wear for men, women and kids who value individuality and celebrate their 'me time'. Bare gives you the confidence that you can be fashionable in your own world and at your own terms.

\* Licensed Brand







# FLF BRANDS



## URBAN YOGA

Yoga has evolved into a younger, more energetic and dynamic avatar. The brand reflects this attitude by being fashionable, yet rooted in functionality. The brand is distributed through EBOs and departmental stores.



## UMBRO\*

The European football brand is licensed from the Iconix Brand Group and is distributed through fbb, Central, Brand Factory, Planet Sports and other multi brand outlets.



## CHAMPION\*

Licensed from Hanes Brand, Inc, Champion is the second largest brand of its portfolio and it is positioned in India as a sports lifestyle brand that operates at entry price point.



## CONVERSE\*

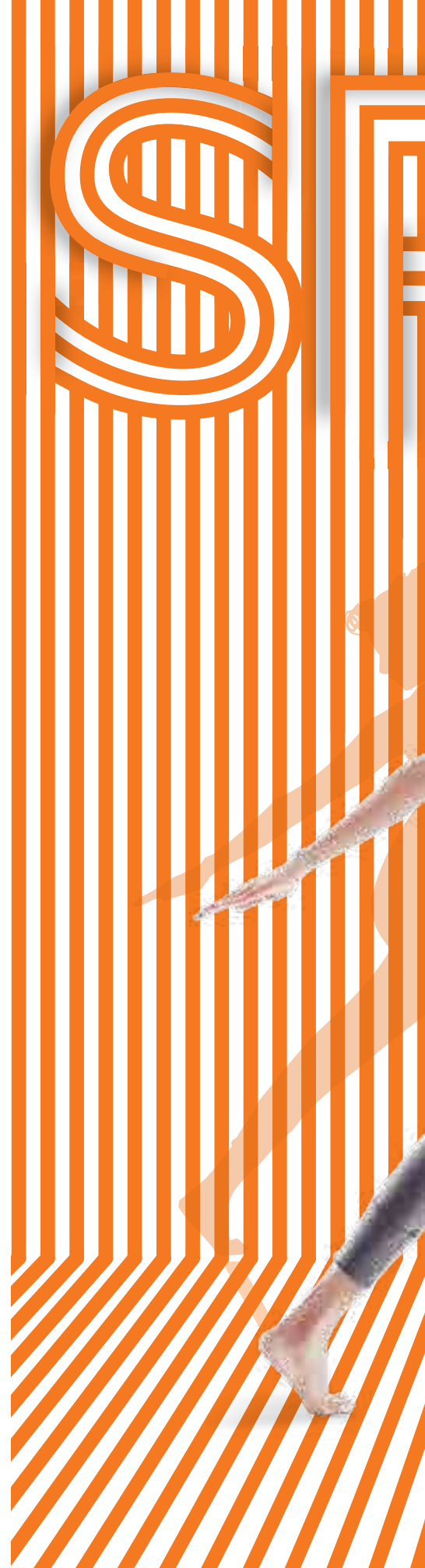
Established in 1908, 'America's Original Sports company,' offers an extensive range of its signature footwear collection at Central, Brand Factory, Planet Sports, exclusive outlets, and fbb.



## RIG\*

RIG salutes the curiosity to discover, that exists within all of us, and to explore without knowing what is around the bend. An outdoor wear brand, RIG's clothing is unique in style and projects a different attitude from denims or formal wear.

\* Licensed Brand





# DOPPELT







## FLF RETAIL

The Company's flagship retail chain, Central is in the midst of a complete transformation that is designed around the theme, 'Brands in High Definition.' Backed by some of the best talent in design, visual merchandizing and German architecture firm Blocher Blocher Partners, the retail chain is being reinvented for the next decade. Smart and technology-led interfaces compliment heightened customer service initiatives such as free home delivery, in-store wi-fi networks, personal shoppers, infant care rooms, among others.

The Company's earliest and largest stores, Bangalore Central at Residency Road and Hyderabad Central at Panjagutta circle are in the midst of the transformation. Along with these a new store at Aerocity, next to the T3 Terminal in Delhi will sport the next generation Central store. Over time, most of the existing Central stores will undergo this transformation.

During the year, 4 new Central stores were launched, including the first ones in Bhubaneswar and Lucknow. The chain witnessed a 10.3% same store sales growth led by a stronger focus on operational excellence, speed, data analytics and social interaction, engaging with the millennial generation and a revamp of its talent management program.



A robust hiring norm, coupled with comprehensive training through the year, including soft skills training, new uniforms and an overall emphasis on a stronger performance driven culture for fashion consultants and other store functions were rolled out during the year. A new customer happiness index measurement system was introduced. The chain also launched its first television commercial and leveraged social media to amplify its impact. Loyalty programs are being geared up to increase frequency of purchase and increase average bill value from ₹ 2,900 to ₹ 3,200. A tie up for a mobile wallet-based payment with Mobiqwik now enables the millennial generation to pay from their smartphones.



**STORES**

31

**CITIES**

24

**TOTAL RETAIL SPACE**

3.19 MN SQ.FT.





STORES

42

CITIES

19

TOTAL RETAIL SPACE

1.29 MN SQ.FT.

Brand Factory serves as a outlet store chain acting as a bridge for young customers who want to own branded fashion at smart prices and would eventually move to become full-priced branded merchandize buyers. The brand was sharply positioned against e-commerce sites which sell similar off-season merchandize at discounted prices.

During the year, the brand was heavily promoted on social media as well as print media. Over 20 million pieces of garments were sold, including 3 million denims and 5 million T-shirts.





**STORES**

55

**CITIES**

83

**EXCLUSIVE BRAND STORES**

241

The Company's sportswear chain, Planet Sports focused on improving its profitability and merchandize mix.

The Exclusive Brand stores network too was optimized during the year, to improve profitability and availability of brands in new and emerging cities. While aLL now operates 53 stores, new stores of other brands were introduced in cities in Ongole in Andhra Pradesh, Palai in Kerala and other smaller towns that currently lack branded fashion stores.

# FLF INVESTMENTS



## CLARKS

The company's flagship footwear brand is operated through a joint venture with British footwear maker, C&J Clark International. The company posted a turnover of ₹ 131 Crore, making it one of the leading brands in its space. The company has so far invested ₹ 32 Crore for a 50% stake in the company.



## TURTLE

Turtle, along with its sister brand, London Bridge represents high quality men's range including formals, casuals, trousers, chinos, denims and jackets across aggressive price points. The company posted total income of ₹ 157 Crore and net profit of ₹ 5 core. FLF has invested ₹ 113 Crore for a 26% stake, in the company.

## PEPERONE

## PEPERONE

Peperone, offered by Unico Retail Private Limited, offers a range a fashionable, affordable, non-leather handbag and accessories for women. The products are manufactured at its own facility in Okhla and features aggressive price points. The company has so far invested ₹ 50 lakhs for a 12% stake in the company.



## DESIBELLE

Desibelle offers a wide range of fusion wear for women in colorful Indian prints and western cuts. It is targeted at the working women and posted a turnover of ₹ 24 Crore. The company had invested ₹ 4 Crore for a 27.5% stake in 2013.



## HOLII

Holii offers premium, hand crafted leather bags and accessories that capture the colors and designs from Indian heritage. The brand is offered through an equal joint venture with Hidesign.



holii



# FLF INVESTMENTS

## MINERAL

### MINERAL

Mineral is a women's pret brand helmed by a team led by well known designer Priyadarshini Rao and also as an eponymous high end couture brand. It offers a range of fusion wear for its target consumer in the age group of 25 to 34 years. The company posted a turnover of ₹ 17.5 Crore, representing an annual growth of 66%.

## trèsmode

### TRESMODE

KFC Shoemaker owns and markets two footwear brands, Tresmode, a premium line and Solovoga, a chic line. The brands are designed in Florence and manufactured in Italy, China and Vietnam. The company posted a turnover of ₹ 51 Crore, a growth of 33% during the year.



### SPUNK

Spunk, offered by Elisir Lifestyle, offers a active wear clothing line of t-shirts, tracks and footwear and had Saif Ali Khan as its brand endorser. The company posted total income of ₹ 40 Crore and FLF holds a 60% stake for ₹ 6 Crore invested in the entity.

## FAMOZI

LIFESTYLE

### FAMAOZI

A men's footwear brand, inspired by Italian design, the brand offers a complete collection of drivers, loafers, boat shoes, derby, oxfords, boots, mules, sandals and slippers. FLF had invested ₹ 2 Crore for a 30% stake in 2014 and the brand is expected to cross retail sales of ₹ 10 Crore during the forthcoming year.

trèsmode







MINERAL 



# SOCIAL CAPITAL

FLF is privileged to support a social enterprise network led by Industree. Industree is a social enterprise, with an aim to lift artisans out of poverty while celebrating their skills, culture and legacy. The unique Producer Ownership model goes beyond giving employment by helping artisans create wealth in form of equity in producer company. Over years, this accumulated equity helps them transition from poverty to prosperity.

Industree has facilitated setting up of two producer companies engaging 2000 artisans in the sector of banana bark products and apparel manufacturing. These give full time employment to 300 artisans and part time employment to 2000 artisans spread across 6 districts in Karnataka and Tamil Nadu.

Industree primarily works with women. Women are trained to be leaders and run their business. Encouraging women leadership has helped women not only to take better decisions at work but also make her take right decisions in running their households. The incubation of Producer Companies with constant guidance and mentoring support

to artisans, has resulted in social advancement. There are women who have transitioned from being helper to being director, from tailor to being a trainer. They have now become role models for other women artisans.

FLF invests, mentors and owns around 72% equity in Indus Tree Crafts Private Limited (ITCPL), that markets these produce through the Mother Earth brand that is sold across the company's retail outlets. During the year, the producer groups also supplied to Swedish homeware retailer IKEA and their products are now available in 75 IKEA stores in 10 countries.

Through such initiatives and through Mother Earth, artisans get the requisite support to earn regular and sustained incomes. Assurance of regular income results in peace of mind to artisans, because when they are working in organized set up, they can give commitments to their landlord, plan their expenses, provide for their children's education.

Over next 10 years, ITCPL aims to reach to 1 million artisans across 5 states in India.





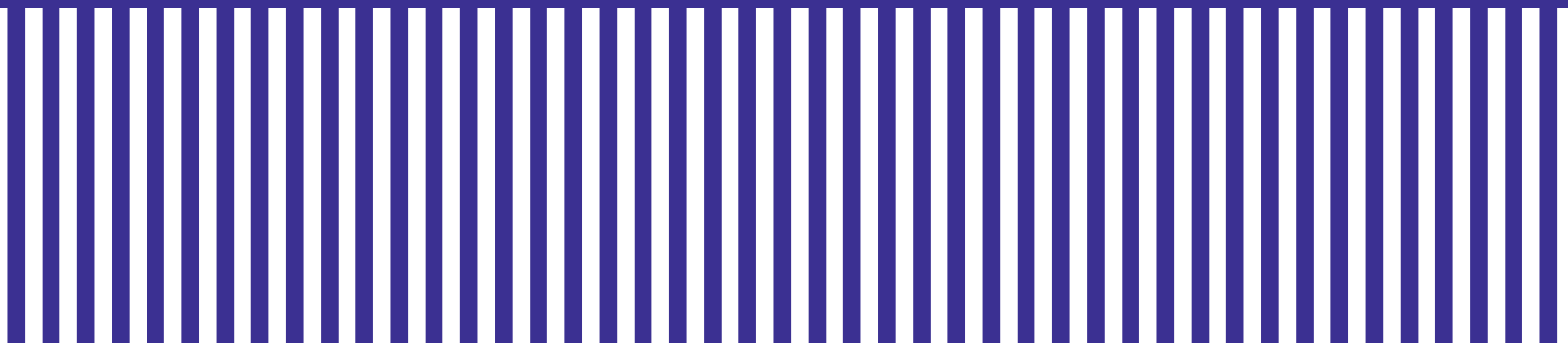


**mother  
earth**  
natural way the better way



# FLF IN FIGURES

2015-2016





## MANAGEMENT DISCUSSION AND ANALYSIS

Future Lifestyle Fashions (FLF) has continued to build and strengthen its portfolio as a lifestyle fashion arm of Future Group. In its third successful year of operations, FLF has reinforced its position as a leading fashion retailer with strong fashion portfolio in the country. The Company derives its strengths in three integrated areas: fashion brands, fashion distribution and investments in fast growing fashion companies.

Indian economy is expected to remain on a strong growth trajectory. Given the cyclical nature of clothing and apparel industry, the industry should significantly benefit from this economic upturn. Images Retail Report 2015 pegs the clothing & apparel retail market at ₹ 3,24,500 Crore growing at 20-21% and expects the market to be worth around ₹ 5,64,800 Crore by 2017. Apparel enjoys a much higher modern retail penetration of ~43% vs a 9-10% modern retail penetration for the overall Indian retail market. The modern retail is also expected to grow at a much higher growth rate, offering a sizable growth opportunity to leading fashion retailers. FLF is well positioned to capture major share of the fast growing and evolving lifestyle fashion market in the country.

Categories such as denim, casual wear, women western wear and kids' party wear have outgrown the entire fashion retail with the advent of modern retail. FLF with its broad portfolio of fashion brands covering the entire range of categories is in a great position to tap this market opportunity. FLF's brand portfolio includes brands in formal men-wear, casual wear, active or sportswear, women's ethnic wear, women's denim wear, women's casual wear, footwear and accessories present across various price points. FLF also has exclusive tie ups with renowned international / global brands for manufacturing and marketing the products in India.

FLF distributes its portfolio of fashion brands through own retail chains, exclusive brand outlets (EBOs) and multi brand outlets (MBOs) across the country. The Company also operates national retail chains viz. Central, Brand Factory, I Am In, and Planet Sports, that is spread across 4.97 million sq. ft. of retail space. These chains are backed by strong sourcing network, in-house trend-spotting and design teams, coupled with robust logistics and warehousing network. Your Company also believes in spotting fast growing fashion companies at early stage and building the portfolio of fashion brands. During the fiscal year, FLF increased its stakes in existing brands like brand Giovani from 80.00% to 96.00% also invested in convertible instrument of Mineral Fashions Private Limited which resulted in increase of its stake from 49.62% to 52.44% post conversion on April 01, 2016.

### OPERATIONAL OVERVIEW

FLF follows a vertically integrated business model with strong capabilities in trend spotting, brand building, product development, manufacturing and distribution. FLF keeps track of customer preference and emerging trends in the lifestyle fashion market. These trends lead

to creation of new brands, products or offerings to meet the consumer needs. Based on consumer needs and business opportunity, FLF creates, develops and nurtures brands to make the product offering for lifestyle needs of consumer. The brand portfolio meets the needs of different customer segments in lifestyle fashion business. At the end of the year, FLF operated through 4.97 million sq ft of retail space across its retail formats. The Company undertook modest store expansion during the year adding around 0.66 million sq. ft. of retail space. Apart from own store network, the brands are also retailed through national MBOs and leading e-commerce sites.

As of year ended March 31, 2016, the Company operated 31 Central stores, 42 Brand Factory outlets along with 296 other stores comprising sport stores and EBOs.

aLL, the Company's niche plus size clothing brand, completed 10-whole years of stylizing customers in this category. Starting with a single store in 2005, the format has come a long way to create a strong brand identity of its own. Today, the total strength of aLL stands at 53 EBOs and 31 Shop In Shop (SIS) in Central stores across the country.

In the fiscal year 2015-16, your Company also opened its first International Design Studio, "Future Style Lab" in London to keep up with ever evolving trends of fashion and bring out the latest fashion styles and trends for the young and ambitious India.

### CUSTOMER AND MARKETING OVERVIEW

The process of brand building includes activities like branding, in-store display and promotion, mass media communication through print, hoardings and electronic media, event sponsorships and associations. This creates mind share for the brand and market share follows.

Urbana, the Company's menswear brand, launched innovative range of shirts such as Anti-Spill Shirts, Eco-Friendly Shirts, Feather light Shirts and Cool Max Shirts. Paulina Vega, the reigning Miss Universe from Columbia, launched Jealous 21's limited edition Miss Universe Collection in August, 2015. The glamorous launch of the Miss Universe collection was showcased through a fashion show where models walked the ramp wearing the latest signature Jealous 21 collection. The Company's flagship brands also launched Autumn Winter and Spring Summer collections to keep its offerings fresh and in line with the latest trends.

Your Company also roped in Fawad Khan as the brand ambassador for the Company's menswear brand Giovani. Giovani is a quintessential suits & jackets brand offering classic and elegant clothing tailored with refined Italian cuts. He is the perfect Giovani man – sophisticated and charming with an inborn sense of effortless style. With a history of over 16 years, Giovani was acquired by FLF in 2014.

In April, 2016, Central, the Company's leading fashion destination store, launched its first TV commercial which helped in attracting additional customers to its stores.

Lee Cooper also launched two TV commercials across national channels in India to promote its “Unbeatable” campaign and to launch Spring Summer 2016 collection. Lee Cooper also effectively managed its social media campaign with a milestone of over 4,00,000 Facebook fans during the year.

During fiscal year 2015-16, FLFs website underwent a complete makeover. This young, sassy and responsive website is one platform which gives hands-on information about various company brands and formats.

## **COMPETITION**

The Company operates in a competitive market environment. The Company faces competition from other fashion brands and national retailers. Further, it faces competition from online retailers who market similar products. Additionally, we may face competition from international players if foreign participation in the retail sector is further liberalized.

The Company's vast experience in fashion, strong sourcing abilities, a strong portfolio of fashion brands and loyalty programs are expected to provide a fundamentally stronger position to face competition. The Company's fashion formats have established a strong presence across major metropolis and also expanding beyond the top 8 cities like Nagpur, Patna, Hubli, Kanpur among others.

## **HUMAN RESOURCE INITIATIVES**

FLF employs around 8400 employees located at head office, zonal offices, retail stores and EBOs across the country. The People Office takes care of acquisition, development and retention of right skills and talent in a way that best supports the accomplishment of the Company's goals and objectives. FLF believes in creating a culture and environment that allows its people resources to best utilize their skills, knowledge and leadership abilities and collectively excel in serving the customers. The Company runs a number of learning and development programs for employees at each level.

## **BUSINESS OUTLOOK**

In FY 2016-17, FLF intends to focus on growing its brand portfolio across various distribution channels. Your Company also aims to focus on fast fashion products / categories enabling higher churns. Revenue growth will also be driven by new store additions, exploring new channel of sales for the brand portfolio and increasing consumer spending within the stores.

The Company's Brands will also follow a focused approach to capture newer categories and newer customers. This focus on achieving disproportionate growth of the brands business will lead to margin expansions. The product portfolio will be expanded through extending lines of existing brands. FLF is on the path of creating significant stakeholder value through conservation of capital employed and generation of free cash flows thereby maximizing returns.

Additionally, FLF plans to expand its retail network to newer cities and also penetrate existing cities. Your Company will expand its EBO network to towns and cities in order to capture newer markets which are currently not serviced by multi-brand outlets. The brands will be continued to be nurtured by dedicated teams capturing trends, moods and aspirations of the customers. FLF will also launch and extend its brand portfolio to new fashion lines and categories, footwear and accessories, in order to capture larger consumer spending. With the surge in demand for readymade branded apparel in semi-urban areas, rising income levels and youth population, the Company expects to deliver higher same store sales growth along with higher operating margins. FLF will undertake various initiatives to increase footfalls, store productivity and consumer ticket size. FLF will continue to explore opportunities to partner and invest in fast growing labels managed by designers and entrepreneurs.

## **RISKS AND THREATS**

The state of external environment, including factors like interest rates, inflation, quick changes in fashion, growth in economic activity, job creation, consumer sentiments and consumption, changing government policies, emerging compliances, information/IT security & Competition have been identified as key threats as well as opportunities for the Company.

However, at present various macroeconomic factors such as interest rates, inflation, GDP growth rate are impacting the Company favorably. The Company has identified each of the risks and ensured measures to mitigate such risks. These include deleveraging the balance sheet, deployment of dedicated teams to capture trends, moods and aspirations of the customers, widening the customer base to ensure consumption even in the case of slow down of economic environment, multiple format business to ensure that the Company remains in business even with changes in policies. In addition to the above, the management's efforts in increasing per store efficiency and improving product margin will ensure better profitability for the Company and enable it to sustain in adverse scenarios.

The management team has set standards and policies for each of the identified risks and responsibility of management has also been defined to ensure that appropriate risk mitigating measures are implemented, if any identified threat / risk causes further concern. The risk register is reviewed periodically and appropriate risk mitigating measures are implemented for the new risks identified in the review and extensive use of technology is implemented to ensure minimization of risk of execution.

## **INTERNAL CONTROLS AND THEIR ADEQUACY**

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, organization 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 standards are regularly reviewed by the Audit Committee.

## **REVIEW OF FINANCIAL PERFORMANCE OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

### **Sales**

During the financial year ended March 31, 2016, the Company's Revenue from Operations was ₹ 3,300 Crore. The Company had also recorded Same Store Sales growth of 8.60% for financial year ended March 31, 2016.

### **Profit before Tax**

Profit before Tax of the Company for financial year ended March 31, 2016 stood at ₹ 45 Crore.

### **Interest**

Finance Cost was ₹ 135 Crore for financial year ended March 31, 2016. The interest & financial charges cover for financial year ended March 31, 2016 under review was 2.53 times.

### **Net Profit**

Net Profit for financial year ended March 31, 2016 stood at ₹ 29 Crore.

### **Dividend**

The Board has recommended a dividend of ₹ 0.40 (20.00 %) per Equity Share of ₹ 2 each.

### **Capital employed**

The capital employed (net of cash) was ₹ 2,749 Crore as at March 31, 2016. EBITDA return on average capital employed (net of cash) for the financial year ended March 31, 2016 was 12.35%.

### **Surplus management**

The Company generated a cash profit of ₹ 197 Crore for financial year ended March 31, 2016. The balance amount, after cash outflow on account of proposed dividend, is ploughed back into the business to fund the growth. The growth of the Company has partly been funded by the cash generated from the business, during the year under review.

### **Equity Share Capital**

During the year under review, the Company's Equity share capital has been increased from ₹ 37.24 Crore to ₹ 37.92 Crore upon conversion of 32,96,700 Compulsorily Convertible Debentures of ₹ 91 each into equivalent number of equity shares of face value of ₹ 2 each at a price of ₹91 per equity share.

### **Debt-Equity**

Debt-Equity ratio of the Company was 0.70 as at March 31, 2016.

### **Earnings Per Share (EPS)**

The Company's Basic and Diluted EPS was ₹ 1.55 for financial year ended March 31, 2016.

### **Cash Earnings Per Share (CEPS)**

The Company's CEPS was ₹10.38 for the financial year ended March 31, 2016.

### **Investment**

The Company's investment portfolio was ₹ 375.43 Crore as at March 31, 2016.

## DIRECTORS' REPORT

To  
The Members,

Your Directors are pleased to present the Fourth Annual Report of the Company together with the Audited Financial Statements for the financial year ended March 31, 2016.

### FINANCIAL HIGHLIGHTS

The financial performance of the Company is as follows:

(₹ in Crore)

Particulars	Financial Year 2015-16	Financial Year 2014-15
Revenue from Operations	3300.19	3,134.09
Other Income	16.49	21.74
Total Revenue	3316.68	3,155.83
Profit before Depreciation and Amortization expense and Tax expense	206.40	193.57
Less: Depreciation and Amortization expense	161.42	170.09
Profit before Tax	44.98	23.48
Less: Tax expense	15.51	4.93
Profit after Tax	29.47	18.55
Balance brought forward from previous year	7.73	2.33
Less: Adjustments for Depreciation as per Schedule II of the Companies Act, 2013	-	1.45
Surplus available for appropriation	37.20	19.43
APPROPRIATION		
Additional Dividend on shares issued during the year	-	0.74
Transfer to General Reserve	-	1.86
Proposed Dividend on Equity Shares	7.58	7.58
Tax on Proposed Dividend	1.55	1.52
Balance carried to Balance Sheet	28.07	7.73

### REVIEW OF PERFORMANCE

During the year under review, your Company recorded an increase of 5.30% in revenue from operations at ₹ 3,300.19 Crore as compared to ₹ 3,134.09 Crore in the previous financial year. Your Company reported an increase of 91.57% in net profit before tax of ₹ 44.98 Crore for the year under review as compared to ₹ 23.48 Crore for the previous financial year.

Your Company's fashion brands are distributed through its retail chains, exclusive brand outlets (EBOs) and multi brand outlets (MBOs) across the country. The stores in Company's retail chains viz. Central, Brand Factory, I Am In, aLL, Planet Sports and Lee Cooper are spread in more than 80 cities across the country and cover over 4.97 million sq. ft. of retail space. These retail chains collectively attracted over 46.98 million customer footfalls during the financial year ended March 31, 2016. These chains are backed by strong sourcing network, in-house trend-spotting and design teams, coupled with robust logistics and warehousing network. Further, the Company's distribution network includes 31 Central Stores, 42 Brand Factory Outlets along with 296 Sport Stores and EBOs.

### BUSINESS OUTLOOK

Your Company continues to focus on building a strong portfolio of fashion brands and growing the distribution footprint across various channels. The Company's Brands also continue to follow a persistent approach to capture new categories and new customers in order to capture a larger consumer spending. Your Company aims to focus on fast fashion products / categories enabling higher churns and continues to ensure that dedicated teams review various brands and formats on an on-going basis in light of the trends, moods and aspirations of the customers and appropriately position these brands to ensure the growth. Your Company also foresees revenue growth being driven by new store additions and increased customer spending within the Company's stores. With the surge in demand for readymade branded apparel, rising income levels and youth population, the Company envisages higher same store sales growth along with higher operating margins. The Company would undertake various initiatives to increase footfalls, store productivity and consumer ticket size and it will also continue to explore opportunities to partner and invest in fast growing labels managed by designers and entrepreneurs.



## DIVIDEND

The Board of Directors of the Company has recommended a dividend of ₹ 0.40 per Equity Share of ₹ 2 each for the financial year ended March 31, 2016. The said dividend shall be subject to the approval of the Members at the forthcoming Annual General Meeting.

The dividend, if approved by the Members at the Annual General Meeting, would entail a payout of ₹ 9.13 Crore (including Dividend Distribution Tax of ₹ 1.55 Crore) for the financial year 2015-16 as compared to ₹ 9.10 Crore (including Dividend Distribution Tax of ₹ 1.52 Crore) for the financial year 2014-15.

## ISSUE OF EQUITY SHARES

During the year under review, the Company has issued and allotted 34,03,427 Equity Shares of the Company as under:

- 32,96,700 Equity Shares of ₹ 2 each were issued and allotted to Arlette Infrastructure Private Limited (AIPL), a promoter group company, at a price of ₹ 91 per Equity Share (including share premium of ₹ 89 per Equity Share), upon conversion of 32,96,700 Compulsorily Convertible Debentures (CCDs) held by AIPL, on April 01, 2015;
- An aggregate of 1,06,727 Equity Shares of ₹ 2 each were issued and allotted under FLFL Employees' Stock Option Scheme - 2013, to the eligible employees of the Company on May 20, 2015, December 15, 2015 and January 30, 2016.

## DEBENTURES

During the year under review, 32,96,700 Compulsorily Convertible Debentures (CCDs) face value of ₹ 91 each, were converted into 32,96,700 Equity Shares of ₹ 2 each of the Company on April 01, 2015.

The Company has fully repaid the principal amount of Secured Redeemable Non-Convertible Debentures Series-II aggregating to ₹ 250 Crore in two equal tranches on June 06, 2015 and June 07, 2016.

Further, the Company has also repaid partially the principal amount of Secured Redeemable Non-Convertible Debentures Series-III aggregating to ₹ 100 Crore on May 31, 2016.

The Company has made timely payment of interest and principal amount, as and when due on Debentures, issued by the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act 2013 ('the Act'), the Board of Directors of the Company confirms that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2016 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

Company at the end of the financial year and of the profit of the Company for the year ended March 31, 2016;

- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts for the financial year ended March 31, 2016 on a going concern basis;
- (v) the directors, further state that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the following changes took place in the Board of Directors and Key Managerial Personnel of the Company.

Mr. C. P. Toshniwal has tendered his resignation as an Executive Director & Chief Financial Officer of the Company effective from the close of the business hours on May 01, 2016. However, he continued to be a member of the Board, as a Non-Executive Director of the Company.

The Board at its Meeting held on May 26, 2016 has re-appointed Mr. Kishore Biyani as the Managing Director of the Company for a further period of three years with effect from June 25, 2016.

The Board has appointed Mr. Bijou Kurien as an Additional (Independent) Director of the Company for a term of five years with effect from May 26, 2016, subject to approval of Members of the Company at the forthcoming Annual General Meeting.

The Board has also appointed Ms. Avni Biyani as an Additional Director of the Company with effect from June 07, 2016.

Mr. Bijou Kurien and Ms. Avni Biyani hold office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received separate notices from a member under section 161 of the Companies Act, 2013, signifying its intention to propose Mr. Bijou Kurien and Ms. Avni Biyani as candidates for the office of Director of the Company at the forthcoming Annual General Meeting.

Mr. Rakesh Biyani retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Kaleeswaran Arunachalam was appointed as Chief Financial Officer of the Company with effect from May 26, 2016.

The necessary resolutions for re-appointment of Mr. Kishore Biyani as Managing Director and appointment

of Mr. Bijou Kurien as an Independent Director and Ms. Avni Biyani as a Director, are being placed before the Members for approval at the forthcoming Annual General Meeting.

The Company has received necessary declarations from all the Independent Directors under section 149(7) of the Act that they meet the criteria of independence laid down in section 149(6) of the Act and Regulation 25 of the Listing Regulations.

Additional information on appointment / reappointment of directors as required under Regulation 36 of the Listing Regulations is given in the Notice convening the forthcoming Annual General Meeting.

## NUMBER OF MEETINGS OF THE BOARD

During the year under review, six meetings of the Board of Directors were held. The details of date of meetings of the Board including attendance of directors, are given in the Corporate Governance Report that forms part of this Annual Report.

## SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Pursuant to the provisions of section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries / associate companies / joint ventures as on March 31, 2016 in the prescribed Form AOC-1 is attached to the financial statements of the Company, which forms part of this Annual Report.

The details of the Company's subsidiaries / associate companies / joint ventures are as under:

### SUBSIDIARIES

#### Future Style Lab Limited (FSLL)

During the year under review, the Company incorporated a wholly owned subsidiary in the name and style of "Future Style Lab Limited", with an objective of developing women focused fast fashion brand at affordable pricing. FSLL launched "COVER STORY" India's first fast fashion brand for women offering the latest fashion trends. Styled at Future Style Lab Design Studio in London, COVER STORY is a perfect blend of modern and traditional clothing. The brand will focus on catering to the rising demand for global fashion among young women's segment in India. Your Company, with FSLL's brand promises to deliver the latest international trends while they are still latest. The brand was initially launched in select shop-in-shop (SIS) stores of Central. This was followed by opening of Exclusive Brand Outlets (EBOs) in Mumbai and in NCR region.

Presently, your Company holds 90.00% of the paid-up equity capital of FSLL.

#### Indus-League Clothing Limited (ILCL)

ILCL, a wholly owned subsidiary of the Company, was engaged in design, manufacture and marketing of readymade apparels and accessories. It had developed exciting fashion brands such as "Indigo Nation",

"Scullers", "Jealous21", "Urbana" and "Urban Yoga". The entire business of ILCL has been transferred to and vested in the Company, pursuant to the Composite Scheme of Arrangement and Amalgamation.

#### Elisir Lifestyle Private Limited (ELPL)

ELPL is engaged in the business of supply and distribution of footwear and accessories in India. The core competence of ELPL lies in initiating designs & keeping in tune with fashionability in the market to develop latest fashion products in footwear and apparel for brand "SPUNK".

It owns and runs 12 EBOs for brand SPUNK. It also markets and distributes SPUNK products in over 300 MBOs and over 200 Large Format Stores (LFS).

Presently, your Company holds 60.00% of the paid-up equity capital of ELPL.

#### Rachika Trading Private Limited (RTPL)

RTPL is in the business of design, manufacture and marketing of readymade apparels and accessories under the brand "GIOVANI". The brand "GIOVANI", a quintessential suits & jackets brand, eases the layer of formal-rituals around the suit and allows ones true self to manifest. Giovani also offers a niche and unique collection for the more discerning man and woman with elegant sense of style. It markets its products through EBOs and other leading hyper markets across India.

During the year under review, your Company has made further investment in the Rights Issue of RTPL, which resulted in increase of its total stake from 80.00% to 96.00% of the paid-up equity capital of RTPL.

Presently, your Company holds 96.00% of the paid-up equity capital of RTPL.

### JOINT VENTURES

#### Holii Accessories Private Limited (HAPL)

HAPL is engaged in the business of retailing fashion accessories such as leather handbags, wallets and other accessories under the Brand "Holii".

HAPL has always tried to reflect the ever changing lifestyle of the modern Indian women through their designs. Right now it has complete range of handbags, wallets, clutches, travel bags and small accessories.

HAPL is available through 15 exclusive boutiques across India and over 50 MBOs and also available online from its website [www.holii.in](http://www.holii.in) and from major e-retailers.

During the year under review, the Company has made further investment in the Rights Issues of HAPL. Presently, your Company holds 50.00% of the paid-up equity capital of HAPL.

#### Clarks Future Footwear Private Limited (CFFPL)

CFFPL is a Company's joint venture with C&J Clark International Limited, is engaged in the business of single brand wholesale and retailing of footwear and accessory such as shoes, boots, sandals, handbags and accessories. The Brand "CLARKS" is world's largest casual and smart shoe brand and the world number one in 'everyday

footwear'. It is sold over 35 countries around the world. In India, Clarks is available through 38 EBOs and over 50 MBOs / LFS and also available online through website [www.clarks.in](http://www.clarks.in).

Presently, your Company holds 50.00% of the paid-up equity capital of CFFPL.

#### **Celio Future Fashion Private Limited (CFFPL)**

CFFPL deals in the Retail trading and distribution of men's ready to wear garments under single brand "Celio". Decoding trends to offer smart and contemporary menswear is the brand's forte. Showcasing collections oriented to the different moments of a man's life, Celio captures effortless style for men. "Celio" is a French menswear brand and is present across 1,000 stores in 60 countries. It carries the latest international range in India of casual wear, denim wear & smart work wear through its 40 EBOs & 128 SIS in leading departmental stores.

Presently, your Company holds 3.13% of the paid-up equity capital of CFFPL.

### **ASSOCIATES**

#### **Indus Tree Crafts Private Limited (ITCPL)**

ITCPL is in the business of design, manufacture and marketing of readymade apparels, accessories, home décor and handicraft items, and other related articles. ITCPL owns brand "MOTHER EARTH". ITCPL is an artisanal enterprise founded to provide market support to rural craftsmen and provide training and infrastructure support to artisans. ITCPL is one of India's best known social enterprises which organizes and trains groups of artisans into producer Self Help Groups (SHGs). It sources from a network of over 100 producer groups and has developed production facilities in Bangalore as well as grass root facilities in Tirunelveli. Its aim is to work with craftspeople in a self sustainable fashion and marketing rural skills to urban markets all over the world.

Presently, your Company holds 25.79% of the paid-up capital of ITCPL.

#### **Indus Tree Producer Transform Private Limited (ITPTPL)**

ITPTPL a wholly owned subsidiary of ITCPL, is engaged in the business of designing, retailing, wholesale trading, exporting handicrafts, handloom, personal care and value added food items made by commodities. This includes garment, furniture, personal and home accessories, utility items, textiles, leather, natural fibre, stone wood glass rubber items as well as personal care such as soaps, shampoos, cosmetics and value added food such as staples, cereals, spices, tea, coffee, pickles, papads, juices, ready to eat and ready to prepare items.

ITPTPL is in the business of marketing of readymade apparels, accessories, home décor and handicraft items, and other related articles under the name "MOTHER EARTH". The brand "MOTHER EARTH" is India's first green and sustainable brand that believes that nature provides for all as long as one gives back as much as one takes. With a wide range of carefully selected merchandise under fashion and home décor, every

time a customer shops at "MOTHER EARTH", he/she participates in preserving India's heritage of centuries old art and craft. ITPTPL sources traditionally handcrafted products from artisans from all over India and provides them a market for their livelihood and crafting skills. ITPTPL also markets innovative products made from natural fibres for homes.

ITPTPL markets its products through EBOs and other leading hyper markets across India and supplies to leading home companies of the world, such as Ikea and Pier Europe.

#### **Resource World Exim Private Limited (RWEPL)**

RWEPL is engaged in the business of indo-fusion women's fashion apparel under the brand "Desi Belle". The Brand Desi Belle has made a mark in the Indo-Western category for fashionable young women. Desi Belle was conceptualized with the idea of evolving the way women dress in India. Desi Belle's footprints spreads PAN India and is now available in 300+ MBOs & LFS across the country as well as internationally.

Presently, your Company holds 27.50% of the paid-up equity capital of RWEPL.

#### **KFC Shoemaker Private Limited (KSPL)**

KSPL focuses on wholesale and retailing of footwear under the brands "Tresmode" & "Solovoga".

"Tresmode" is a brand synonymous with uber-chic footwear and designed at a studio in Florence. Tresmode's shoes are manufactured across the world with young, trendy and fashion forward designs. Tresmode shoes are ever changing keeping pace with fashion trends and at times setting new trends. Tresmode's versatile collection from party to work wear appeals to the urban clientele whose fashion tastes are constantly evolving. Within a short time, Tresmode has truly established its name and became a celeb favorite. Tresmode is a phenomenon that evolves each season, continuously keeping pace with the fast changing styles, discovering designers and elevating the fashion industry.

During the year under review, the Company has made further investment in the Rights Issue of KSPL. Presently, your Company holds 33.30% of the paid-up equity capital of KSPL.

#### **Mineral Fashions Private Limited (MFPL)**

MFPL is engaged in designing of elevated casual collections and Indian western wear and markets, distributes and retails under the brand "Mineral". Mineral is an elegant recombination of predominantly natural fabrics with a western construct, creating clothing that makes a woman look and feel special. Versatile, elegant, perfect fits and effortless styling are words which describe Mineral.

Mineral collections currently include clothing and fashion jewelry and is available at exclusive stores in Mumbai and at select stores of Shoppers Stop, Central, Lifestyle and Brand Factory. It is available online with Amazon, Jabong and Myntra. MFPL retails out of 92 locations in 25 cities across India.



The Company has made further investment in the Rights Issue of MFPL, which resulted in increase of its total stake from 37.00% to 49.62% of the paid-up equity capital of MFPL. During the year under review, the Company also subscribed to 3,33,333 Compulsorily Convertible Debenture (CCDs) of MFPL. Subsequent to the year under review, these CCDs were converted into equity shares of MFPL on April 01, 2016, which resulted in further increase of its stake from 49.62% to 52.44% of the paid-up equity capital of MFPL.

Presently, your Company holds 52.44% of the paid-up equity capital of MFPL.

#### **Eclat Life Style Private Limited (ELSPL )**

ELSPL operates in retailing of its own lifestyle brand “Famozi”, with a vision to create an iconic brand globally with an omni-channel presence. It operates through online channels (both Indian & International) and its stores. Currently, ELSPL operates in the men’s lifestyle footwear space, specializing in the corporate casual range. The brand is centered on the proposition of “occasion-based” footwear. The collection includes Drivers, Loafers, Boat shoes, Derby, Oxfords, Boots, Mules, Chukkas, Espadrilles, Sandals & Slippers. Famozi’s vision is to create an iconic brand globally, with an omni-channel presence.

Famozi is one of the most widely traded online brands. Its off-line presence spans across over 20 cities, having over 45 SIS counters. On the international front, Famozi is present in the Middle-east, Singapore, Malaysia and Russia. The brand currently has one of the highest style rotations within the men’s lifestyle footwear space in India. The brand shall soon be launching its collection of men’s corporate bags.

Presently, your Company holds 30.00% of the paid-up equity capital of ELSPL.

#### **Turtle Limited (TURTLE)**

TURTLE focuses on manufacturing and retailing of readymade garments under the brand “Turtle”. With trend setting fashion and redefining styles, its two iconic brands “Turtle” and “London Bridge” have become favorites among men.

Turtle has an impressive and complete range of men’s Formals, Casuals, Party-wear and much more, these include Suits, Trousers, Blazers, Jackets, Pullovers, Denims, T-shirts, Shirts, Belts, Ties, Eyewear and wide range of Accessories. The brand has nurtured a reputation of providing international style at a formidable value to its customers.

Turtle is one of the fastest growing apparel brands in the country with a nationwide presence in over 400 cities, across 1200 Dealer/Agents and over 97 EBOs and also has presence in over 320 stores in Central, Pantaloons, Reliance Trendz, Shoppers Stop and Brand factory as well as online which is growing rapidly on e-retailers websites such as Turtleonline.in, jabong.com, flipkart.com, myntra.com and amazon.in to name a few.

Presently, your Company holds 26.00% of the paid-up equity capital of TURTLE.

## **DIVESTMENTS**

During the year under review, the Company as a part of its strategy to look for opportunity to divest such investments which provides appropriate appreciation and valuation, has divested 2,967 equity shares in Biba Apparels Private Limited and entire investment held in Edmon Trading Private Limited.

## **CONSOLIDATED FINANCIAL STATEMENTS**

The Company had acquired certain investments through vesting of the demerged undertakings under the Composite Scheme of Arrangement and Amalgamation. It had been decided by the Company that all the investments would be held for sale. The investments made thereafter, were also decided to be held for sale. Since all investments made by the Company in subsidiary companies, joint venture companies and associate companies are held exclusively with a view to its subsequent disposal in near future and therefore it was not required to prepare consolidated financial statements under the provisions of the Act and the prescribed Accounting Standards under the Act as applicable to the Company.

## **AUDIT COMMITTEE**

The details of composition of the Audit Committee are disclosed in the Corporate Governance Report, which forms part of this Annual Report. There are no instances where the Board did not accept the recommendations of the Audit Committee.

## **AUDITORS AND AUDITORS’ REPORT**

### **Statutory Auditors**

M/s. NGS & Co. LLP, Chartered Accountants (Firm Registration No.119850W) have been appointed as the Statutory Auditors of the Company from the conclusion of the Second Annual General Meeting of the Company held on August 08, 2014 till the conclusion of the Fifth Annual General Meeting of the Company. However, their appointment shall be subject to ratification by the Members in every Annual General Meeting during the said term.

The Company has received a written confirmation from the Auditors that the ratification of their appointment for the next financial year, if made, shall be in accordance with the criteria as provided under section 141 of the Act.

The Auditors’ Report on the financial statements for the financial year ended March 31, 2016 is issued with unmodified opinion and does not contain any qualification, reservation or adverse remark.

### **Secretarial Auditor**

M/s. Sanjay Dholakia & Associates, Practising Company Secretary (Membership No. 2655 / Certificate of Practice No.1798) was appointed as Secretarial Auditor to conduct the secretarial audit of the Company for the financial year 2015-16, as required under section 204 of the Act and Rules made thereunder.

The Secretarial Audit Report for the financial year 2015-16 is given in **Annexure A** which forms part of this Report.

The said Secretarial Auditor's Report does not contain any qualifications, reservations or adverse remarks.

## **RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROL**

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company.

The Board has delegated responsibility to the Risk Management Committee to monitor and review risk management, assessment and minimization procedures and to develop, implement and monitor the risk management plan and identify, review and mitigate all elements of risks which the Company may be exposed to. The Audit Committee and the Board also periodically review the risk assessment and minimization procedures.

The Company has in place adequate internal financial controls with reference to Financial Statements. Key risks and threats to the Company and internal controls and their adequacy are analyzed in the Management Discussion and Analysis, which forms part of this Annual Report.

## **SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

## **BOARD EVALUATION**

Pursuant to the provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors individually.

At the meeting of the Board all the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail.

A separate exercise was carried out to evaluate the performance of individual directors including the Chairperson of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board except the Independent Director being evaluated. The performance evaluation of the Chairperson and Non-Independent Directors was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

## **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The Company's policy on Directors' appointment, remuneration and other matters provided in section 178(3) of the Act, has been disclosed in the Corporate Governance Report, which forms part of this Annual Report.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The CSR Committee of the Company comprises of Mr. Kishore Biyani as a Chairperson, Dr. Darlie Koshy, Mr. C. P. Toshniwal and Ms. Sharda Agarwal as members of the Committee.

During the year under review, "Sone Ki Chidiya" Foundation Trust has been set up with an objective to consolidate and merge the CSR funds at Future Group level so that the combined corpus from all the group entities required to do CSR spent as per applicable provisions, would help in undertaking better and larger CSR initiatives.

With regard to the year under review, the Company was not required to spend any amount on CSR activities, since the average net profits of the Company made during the three immediately preceding financial years, as calculated under section 198 of the Act was negative.

The Brief outline of the CSR Policy of the Company is given in **Annexure B** which forms part of this Report.

## **EMPLOYEES STOCK OPTIONS (ESOPs)**

During the year under review, the Nomination and Remuneration Committee has granted 3,95,476 Stock Options to the eligible employees under the FLFL Employees Stock Option Scheme-2013 ("FLFL ESOS-2013") and cancelled 14,278 unvested Stock Options in terms of FLFL ESOS-2013.

Further, the Company has formulated a new FLFL Employees Stock Option Scheme-2015 ("FLFL ESOP-2015"), which would be routed / implemented through the FLFL Employees' Welfare Trust, set up by the Company.

The applicable disclosures as stipulated under the Act and SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2016 with regard to the FLFL ESOS-2013 and FLFL ESOP-2015 are given in **Annexure C** to this Report and also available on the Company's website [www.futurelifestyle.in](http://www.futurelifestyle.in)

## **FIXED DEPOSITS FROM PUBLIC**

The Company has not accepted any fixed deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as at March 31, 2016.

## **CORPORATE GOVERNANCE**

A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding the compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, which comes into effect from December 01, 2015 and corresponding provisions of erstwhile Listing Agreement for the period between April 1, 2015 and November 30, 2015, forms part of this Annual Report.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis as required under Regulation 34 read with Schedule V of the Listing Regulations, forms part of this Report.

## **PARTICULARS OF EMPLOYEES**

The information pertaining to remuneration and other details as required under section 197(12) of the Act

read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure D** which forms part of this Report.

In terms of the provisions of section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report.

Having regard to the provisions of the first proviso to section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The full Annual Report including the aforesaid information is being sent electronically to all those Members who have registered their email addresses and is also available on the Company's website.

#### DISCLOSURE REQUIREMENTS

- Details of programs for familiarization of Independent Directors with the Company are available on the website of the Company at the link [http://futurelifestyle.in/pdf/ID\\_Familiarization.pdf](http://futurelifestyle.in/pdf/ID_Familiarization.pdf)
- Policy for determining material subsidiaries of the Company is available on the website of the Company at the link [http://futurelifestyle.in/pdf/Mat\\_Sub\\_Policy.pdf](http://futurelifestyle.in/pdf/Mat_Sub_Policy.pdf)
- Policy for determining Materiality of Events of the Company is available on the website of the Company at the link [http://futurelifestyle.in/pdf/Policy\\_for\\_Determining\\_Materiality\\_of\\_Events.pdf](http://futurelifestyle.in/pdf/Policy_for_Determining_Materiality_of_Events.pdf)
- Policy for archival of documents of the Company is available on the website of the Company at the link [http://futurelifestyle.in/pdf/Archival\\_Policy.pdf](http://futurelifestyle.in/pdf/Archival_Policy.pdf)
- The code of conduct for the Board of Directors and senior management personnel of the Company is available on the website of the Company at the link [http://futurelifestyle.in/pdf/Code\\_of\\_Conduct\\_for\\_Key\\_Management\\_Persons.pdf](http://futurelifestyle.in/pdf/Code_of_Conduct_for_Key_Management_Persons.pdf)
- Policy on dealing with related party transactions is available on the website of the Company at the link [http://futurelifestyle.in/pdf/RPT\\_Policy.pdf](http://futurelifestyle.in/pdf/RPT_Policy.pdf)

The Company has established a Whistle Blower Policy to provide Vigil Mechanism for Stakeholders of the Company to report genuine concerns that could have serious impact on the operations and performance of the business of the Company.

#### DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual

working in the Company through various training, awareness and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees and investments under the provisions of section 186 of the Act are provided in the note no. 46 of notes forming part of the financial statements, which forms part of this Annual Report.

#### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all transactions entered into by the Company with related parties as defined under the Act and the Listing Regulations, were in the ordinary course of business and on an arm's length basis.

There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company. Accordingly, the disclosure of related party transactions as required under section 134(3)(h) of the Act, in Form AOC-2 is not applicable to your Company.

Disclosure of transactions with related parties as required under the Accounting Standard (AS-18) has been made in the notes forming part of the financial statements.

#### PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, are given in **Annexure E**, which forms part of this Report.

#### EXTRACT OF ANNUAL RETURN

In accordance with section 134(3)(a) of the Act, an extract of annual return in the prescribed Form MGT-9 is given as **Annexure F**, which forms part of this Report.

#### ACKNOWLEDGEMENT

The Board thanks all customers, bankers, investors, vendors and other stakeholders for their continued support and patronage during the year under review. The Board also places on records its sincere appreciation to the employees of the Company for their efforts, hard work and dedication, which enabled the Company to achieve the targets and recognitions.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : June 08, 2016

**Shailesh Haribhakti**  
Chairperson



## ANNEXURE A

Form No. MR-3

### SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Future Lifestyle Fashions Limited**  
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Future Lifestyle Fashions Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit of the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - (Not applicable to the Company during the Audit Period);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto May 14, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective May 15, 2015);
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective October 28, 2014);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period); and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period);

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective July 01, 2015;
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements), 2015 made effective December 01, 2015.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations and Guidelines, as mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors / Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act.

Based on the representation given by the Management of the Company and as verified by us, it is observed that there are no such laws which are specifically applicable to the industry in which the Company operates.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions of the Board are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This Report is to be read with our letter of even date which is annexed as Annexure I and forms an integral part of this Report.

For **Sanjay Dholakia & Associates**  
Practising Company Secretary

Place: Mumbai  
Date : May 26, 2016

**Sanjay Dholakia**  
Membership No. 2655 /CP No. 1798

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#### **Annexure I to Secretarial Audit Report**

To,  
The Members,  
**Future Lifestyle Fashions Limited**  
Mumbai

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Wherever required, we have obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of the Corporate and other applicable laws, rules, regulations and norms is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Sanjay Dholakia & Associates**  
Practising Company Secretary

Place: Mumbai  
Date : May 26, 2016

**Sanjay Dholakia**  
Membership No. 2655 /CP No. 1798

## ANNEXURE B

### A brief outline of the Company's CSR Policy

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>The CSR Policy of the Company inter-alia includes CSR activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013 ('the Act').</p> <p>During the year under review, "Sone Ki Chidiya" Foundation Trust has been set up with an objective to consolidate and merge the CSR funds at Future Group level so that the combined corpus from all the group entities required to do CSR spent as per applicable provisions of the Act, would help in undertaking better and larger CSR initiatives.</p> <p>CSR Policy of the Company is available on the website of the Company at the link: <a href="http://futurelifestyle.in/pdf/FLFL_CSR_Policy.pdf">http://futurelifestyle.in/pdf/FLFL_CSR_Policy.pdf</a></p>						
2. The Composition of the CSR Committee.	<p>Mr. Kishore Biyani – Chairperson Dr. Darlie Koshy – Independent Director Mr. C. P. Toshniwal – Non-Executive Director Ms. Sharda Agarwal – Independent Director</p>						
3. Average net profit/loss of the Company for last three financial years.	Loss of ₹ 85.90 Crore.						
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above).	Nil						
5. Details of CSR spent during the financial year 2015 -16:							
a. Total amount to be spent for the financial year 2015-16	Nil						
b. Amount unspent, if any	Nil						
c. Manner in which the amount spent during the financial year in detailed below:							
Sl. No.	CSR project or activity identified.	Sector in which the project is covered.	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken.	Amount outlay (budget) projects or programs wise.	Amount spent on the projects or programs Sub-heads: 1) Direct on projects or programs 2) Overheads:	Cumulative Expenditure upto the reporting period.	Amount spent directly or through implementing agency.
N.A.							



## ANNEXURE C

### Disclosure with respect to FLFL Employees Stock Options Scheme – 2013 (FLFL ESOS – 2013) of the Company as at March 31, 2016

A.	I.	Date of Shareholders' approval	*Extraordinary General Meeting held on December 16, 2013
	II.	Total number of Options approved under FLFL ESOS-2013	*15,00,000 (Fifteen Lakh only) Equity Shares of face value of ₹ 2/- each
	III.	Vesting requirements	Options granted under FLFL ESOS - 2013 would vest not less than 1 year and not more than 3 years from the Grant Date of such Options, however, in respect of grant of Options to employees transferred pursuant to the Composite Scheme of Arrangement and Amalgamation, the Options granted pursuant to the said Scheme vested as per the original vesting period in the respective companies.
	IV.	Exercise price or pricing formula	Exercise price for Options granted during the year was ₹ 10/-
	V.	Maximum term of Options granted	3 Years from the respective date of vesting of Options granted
	VI.	Source of shares (primary, secondary or combination)	Primary
	VII.	Variation in terms of Options	None
	VIII.	Method used to account for FLFL ESOS-2013	Intrinsic Value Method

\*Includes 3,01,160 Options granted in lieu of Value for Value exchange of Options under the Composite Scheme of Arrangement and Amalgamation as approved by the Hon'ble High Court of Judicature at Bombay vide its order dated May 10, 2013, whereby Demerged Fashion undertakings of Future Enterprises Limited (Formerly known as Future Retail Limited) and Future Consumer Enterprise Limited have been vested in the Company.

B.	The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2015-16 is ₹ 3.07 Crore. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2015-16 would be ₹ 3.28 Crore. The effect of adopting the fair value method on the net income and earnings per share is given in note no. 47 of notes forming part of the financial statements.
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C.	Option movement during the financial year ended on March 31, 2016	
	<b>Particulars</b>	<b>Options / Equity Shares</b>
	Number of Options outstanding at the beginning of the year	4,80,402
	Number of Options granted during the year	3,95,476
	Number of Options forfeited / lapsed during the year	14,278
	Number of Options vested during the year	2,38,830
	Number of Options exercised during the year	1,06,727
	Number of shares arising as a result of exercise of Options	1,06,727
	Exercise Price	₹ 10/-
	Money realized by exercise of Options, if scheme is implemented directly by the Company	₹ 10,67,270/-
	Loan repaid by the Trust during the year from exercise price received	N.A.
	Number of Options outstanding (in force) at the end of the year	7,54,873
	Number of Options exercisable at the end of the year	2,38,830

D.	Weighted average Fair Value of Options granted during the financial year ended on March 31, 2016	
i	Exercise price equals market price	-
ii	Exercise price is greater than market price	-
iii	Exercise price is less than market price	84.18
Weighted average Exercise price of Options granted during the year whose		
i	Exercise price equals market price	-
ii	Exercise price is greater than market price	-
iii	Exercise price is less than market price	10.00

E.	Employee-wise details of Options granted during the financial year ended on March 31, 2016	
i	Senior managerial personnel	
	<b>Name of Employee</b>	<b>No. of Options</b>
	Mr. C. P. Toshniwal (Key Managerial Personnel)	98,360
	Ms. Rachna Aggarwal	65,574
	Mr. Suresh Sadhwani	49,180
	Mr. Ravikant Anwekar	26,648
ii	Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year	
	<b>Name of Employee</b>	<b>No. of Options</b>
	Mr. C. P. Toshniwal	98,360
	Ms. Rachna Aggarwal	65,574
	Mr. Suresh Sadhwani	49,180
	Mr. K. Venkateswara Rao	39,344
	Mr. Ravikant Anwekar	26,648
	Mr. Amit Kasat	25,930
iii	Identified employees who were granted Options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grants.	
	<b>Name of Employee</b>	<b>No. of Options</b>
	None	N.A.

F.	Method and Assumptions used to estimate the fair value of Options granted during the financial year ended on March 31, 2016		
	The fair value has been calculated using the Black Scholes Option Pricing model.		
	The Assumptions used in the model are as follows:		
	<b>Perticulars</b>	<b>Option I</b>	<b>Option II</b>
	Date of Grant	30-Aug-15	30-Aug-15
	Risk Free Interest Rate	7.67%	7.69%
	Expected Life	2.75	3.00
	Expected Volatility	52.36%	52.36%
	Dividend Yield	0.57%	0.57%
	Price of the underlying share in market at the time of the option grant (₹)	69.90	69.90
	Stock Price	Closing price on National Stock Exchange on the date of grant has been considered.	
	Volatility	The historical volatility over the expected life has been considered to calculate the fair value.	
	Risk-free rate of return	The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the Options based on the zero-coupon yield curve for Government Securities.	
	Exercise Price	Exercise Price of each specific grant has been considered.	
	Time to Maturity	Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live.	
	Expected divided yield	Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.	

**Disclosure with respect to FLFL Employees Stock Options Scheme – 2015 (FLFL ESOP – 2015) of the Company as at March 31, 2016**

The Shareholders at the Annual General Meeting held on August 26, 2015 had approved the Future Lifestyle Fashions Limited Employee Stock Option Plan 2015 ("FLFL ESOP 2015") and also approved to offer, issue and allot at any time or to acquire by way of secondary acquisition, to or for the benefit of Eligible Employees under FLFL ESOP 2015, not exceeding 35,00,000 Equity Shares of ₹ 2 each, in one or more tranches, at such price and on such terms and conditions as may be determined by the Nomination and Remuneration Committee.

Pursuant to the applicable provisions of the Act and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Company has set up a 'Future Lifestyle Fashions Limited Employees' Welfare Trust' ("Trust") for implementation of the said Scheme.

As on March 31, 2016, no grant of Options was made under FLFL ESOP 2015.



## ANNEXURE D

### DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

- I. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the Median Remuneration of the Employees (MRE) of the Company for the financial year 2015-16.

Name of Director/ Key Managerial Personnel (KMP) and Designation	Remuneration of Director/KMP for financial year 2015-16 (1) (₹ in Crore)	% increase in Remuneration in the financial year 2015-16 (2)	Ratio of remuneration of each Director to MRE for financial year 2015-16 (3=(1)/MRE)
Mr. Kishore Biyani Managing Director	0.98	Nil	67
Mr. C. P. Toshniwal Executive Director & Chief Financial Officer	1.82	9.64%	124
Mr. Sanjay Kumar Mutha* Chief Legal & Company Secretary	0.24	Nil	N.A.

\* Appointed with effect from March 17, 2015

- II. The MRE of the Company during the financial year under review was ₹ 1,47,017 as compared to ₹ 1,36,015 in the previous financial year;
- III. The increase in MRE in the financial year 2015-16, as compared to the financial year 2014-15 was 8.09%;
- IV. There were 8449 permanent employees on the rolls of the Company as on March 31, 2016;
- V. Relationship between average increase in remuneration and the Company's performance:- Total income from operations of the Company was increased by 5.30% and the Profit before Tax was increased by 91.55% for the financial year ended March 31, 2016 as compared to the previous financial year, whereas the increase in median remuneration was 8.09%. The average increase in median remuneration was in line with the performance of the Company and prevailing industry norms;
- VI. Comparison of Remuneration of the KMP(s) against the performance of the Company:

	(₹ in Crore)
Aggregate remuneration of KMP	3.04
Revenue from Operations	3,300.19
Remuneration of KMPs (as % of revenue)	0.09%
Profit before tax (PBT)	44.98
Remuneration of KMP (as % of PBT)	6.76%

- VII. a) Variations in the market capitalisation of the Company: The market capitalisation as on March 31, 2016 was ₹ 1,494.34 Crore as compared to ₹ 1,270.88 Crore as on March 31, 2015 (based on volume weighted average price quoted on NSE);
- b) Price Earnings ratio of the Company was 50.85 (on basic and diluted EPS) as at March 31, 2016 as compared to 63.79 (on basic EPS) and 65.00 (on diluted EPS) as at March 31, 2015;
- VIII. Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2015-16 was in the range of 4% to 10%, whereas the increase in the managerial remuneration for the same financial year was 6.06%;
- IX. The key parameters for the variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee and Human Resources as per the Remuneration Policy for Directors, KMP and other Employees;
- X. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year was 1.33 and 1.14; and
- XI. The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : June 08, 2016

**Shailesh Haribhakti**  
Chairperson

## ANNEXURE E

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo under section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

<b>(A) Conservation of Energy :</b>	
(i) the steps taken or impact on : conservation of energy	The operations of your Company are not energy intensive, however adequate measures have been taken to reduce energy consumption.
(ii) the steps taken by the Company for utilising alternate sources of energy	All efforts are made to use more natural lights in offices/store premises to optimize the consumption of energy.
(iii) the capital investment on energy conservation equipments	Nil
<b>(B) Technology absorption :</b>	N.A.
(i) the efforts made towards technology absorption	
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	N.A.
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	N.A.
(a) the details of technology imported;	
(b) the year of import;	
(c) whether the technology been fully absorbed;	
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	
(iv) the expenditure incurred on Research and Development.	Nil
<b>(C) Foreign exchange earnings and outgo:</b>	The Foreign Exchange outgo and foreign exchange earned by the Company during the year are detailed in Note nos. 42, 43 and 44 of Notes forming part of the Financial Statements.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : June 08, 2016

**Shailesh Haribhakti**  
Chairperson

## ANNEXURE F

### FORM MGT-9

#### EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2016

(Pursuant to section 92 (3) of the Companies Act, 2013 and  
Rule 12(1) of the Company (Management & Administration) Rules, 2014)

#### I. REGISTRATION AND OTHER DETAILS

i	CIN	L52100MH2012PLC231654
ii	Registration Date	May 30, 2012
iii	Name of the Company	Future Lifestyle Fashions Limited
iv	Category / Sub-Category of the Company	Public Company / Limited by shares
v	Address of the Registered office and contact details	Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai - 400 060. Tel No: +91 22 6644 2200 Fax No: +91 22 6644 2201 Email: investorrelations@futurelifestyle.in Website: www.futurelifestyle.in
vi	Whether listed company Yes / No	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078. Tel No: +91 22 2596 3838 Fax No: +91 22 2594 6969 Email: rent.helpdesk@linkintime.co.in Website: www.linkintime.co.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10.00% or more of the total turnover of the Company shall be stated:-

Sl. No	Name and Description of main products/ services	NIC Code of the product/ service	% to total turnover of the Company
1	Fashion design related to textiles, wearing apparel, shoes, jewelry, furniture and other fashion goods/ accessories.	74994	100.00%



### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SL. NO.	NAME OF THE COMPANY	ADDRESS OF THE COMPANY	CIN / GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Indus-League Clothing Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai - 400 060, Maharashtra	U85110MH1998PLC226134	Subsidiary	100.00	2(87)
2	Elisir Lifestyle Private Limited	E-13, Greater Kailash Enclave-1 New Delhi - 110 048	U19200DL2014PTC268716	Subsidiary	60.00	2(87)
3	Rachika Trading Private Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai - 400 060, Maharashtra	U51101MH2014PTC254277	Subsidiary	96.00	2(87)
4	Future Style Lab Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai - 400 060, Maharashtra	U74999MH2015PLC266355	Subsidiary	58.12*	2(87)
5	Mineral Fashions Private Limited	301-303, Solaris - 2, Opp. L & T Gate No. 6, Sakivihar Road, Andheri (E), Mumbai - 400 072, Maharashtra	U74120MH2010PTC209327	Associate	49.62	2(6)
6	Indus Tree Crafts Private Limited	Sy.No. 36/5, 2nd Floor, BBMP Katha, No 89/1, 88/69, 36/5 Somasundrapalya, Haralukunte Village, Begur Hobli, Bangalore - 560 102, Karnataka	U20296KA1994PTC016824	Associate	25.79*	2(6)
7	Indus Tree Producer Transform Private Limited	Sy.No. 36/5, 2nd Floor, BBMP Katha, No 89/1, 88/69, 36/5 Somasundrapalya, Haralukunte Village, Begur Hobli, Bangalore - 560 102, Karnataka	U74900KA2010PTC054502	Associate	25.79**	2(6)
8	KFC Shoemaker Private Limited	201, Ramkrishna Chambers, Plot No. 114 TPS IV, Linking Road, Khar (W) Mumbai - 400 052, Maharashtra	U74999MH2008PTC180601	Associate	33.30	2(6)
9	Eclat Life Style Private Limited	E-6, IIIRD Floor Prashant Vihar, Outer Ring Road, Delhi, 110 085	U74140DL2010PTC210029	Associate	30.00	2(6)
10	Turtle Limited	Lemon Fresh, Block-2, 3rd Floor 29/1, Kalabagan Lane, Howrah - 711 104, West Bengal	U17219WB1992PLC056339	Associate	26.00	2(6)
11	Resource World Exim Private Limited	606, Ecohouse, Vishweshwar Nagar, Off. Aarey Road, Goregaon (E), Mumbai - 400 063, Maharashtra	U52300MH2010PTC209836	Associate	27.50	2(6)
12	Clarks Future Footwear Private Limited	Shop No. 246, 247 & 248, First Floor DLF Place Mall, Saket, Delhi - 110 017	U19200DL2010PTC206824	Joint Venture/ Associate	50.00	2(6)
13	Holii Accessories Private Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai - 400 060, Maharashtra	U93090MH2007PTC168048	Joint Venture/ Associate	50.00	2(6)
14	Celio Future Fashion Private Limited	Unit No. 301 & 302, 3rd Floor, A Wing Lotus Corporate Park, Off Western Express Highway, Goregaon (E), Mumbai - 400 063, Maharashtra	U74994MH2008PTC181891	Joint Venture	3.50	2(6)

\* The total share capital means the aggregate of the paid-up equity share capital and convertible preference share capital.

\*\* Wholly owned subsidiary of Indus Tree Crafts Private Limited

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Shareholding

Category code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>Shareholding of Promoters and Promoter Group</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals/ Hindu Undivided Family / Nominee of Promoter	38,933	-	38,933	0.02	38,933	-	38,933	0.02	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	10,48,27,426	-	10,48,27,426	56.30	11,42,75,622	-	11,42,75,622	60.27	3.97
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>10,48,66,359</b>	<b>-</b>	<b>10,48,66,359</b>	<b>56.32</b>	<b>11,43,14,555</b>	<b>-</b>	<b>11,43,14,555</b>	<b>60.29</b>	<b>3.97</b>
<b>2)</b>	<b>Foreign</b>									-
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Promoter Companies	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>10,48,66,359</b>	<b>-</b>	<b>10,48,66,359</b>	<b>56.32</b>	<b>11,43,14,555</b>	<b>-</b>	<b>11,43,14,555</b>	<b>60.29</b>	<b>3.97</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>1)</b>	<b>Institutions</b>									
(a)	Mutual Funds/ UTI	43,36,383	-	43,36,383	2.33	55,64,903	-	55,64,903	2.94	0.61
(b)	Financial Institutions/ Banks	2,03,122	-	2,03,122	0.11	1,24,615	-	1,24,615	0.07	(0.04)
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	1,55,27,950	-	1,55,27,950	8.34	1,55,27,950	-	1,55,27,950	8.19	(0.15)
(e)	Insurance Companies	19,21,336	-	19,21,336	1.03	18,03,402	-	18,03,402	0.95	(0.08)

Category code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(f)	Foreign Institutional Investors	96,67,881	-	9,667,881	5.19	56,37,669	-	56,37,669	2.97	(2.22)
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Foreign Bodies Corporate	-	-	-	-	59,44,061	-	59,44,061	3.13	3.13
	<b>Sub-Total (B)(1)</b>	<b>3,16,56,672</b>	<b>-</b>	<b>31,656,672</b>	<b>17.00</b>	<b>3,46,02,600</b>	<b>-</b>	<b>3,46,02,600</b>	<b>18.25</b>	<b>1.25</b>
<b>2)</b>	<b>Non-Institutions</b>									<b>-</b>
(a)	Bodies Corporate	2,68,37,052	9,214	2,68,46,266	14.42	2,25,78,898	9,214	2,25,88,112	11.92	(2.50)
(b)	Individuals									-
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	77,31,117	4,15,027	81,46,144	4.37	68,64,726	4,04,702	72,69,428	3.83	(0.54)
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,07,74,323	-	1,07,74,323	5.79	93,65,068	-	93,65,068	4.94	(0.85)
(c)	Any Other									
	1. N R I	3,25,792	733	3,26,525	0.18	2,31,225	733	2,31,958	0.12	(0.05)
	2. Directors & Relatives	1,35,821	-	1,35,821	0.07	1,34,905	-	1,34,905	0.07	-
	3. Clearing Member	9,77,635	-	9,77,635	0.52	3,78,151	-	3,78,151	0.20	(0.33)
	4. Trust	24,79,253	-	24,79,253	1.33	24,566	-	24,566	0.01	(1.32)
	5. Foreign Nationals	33	-	33	-	25,033	-	25,033	0.01	0.01
	6. Hindu Undivided Family	322	-	322	-	6,77,760	322	6,78,082	0.36	0.36
	<b>Sub-Total (B)(2)</b>	<b>4,92,61,026</b>	<b>4,24,974</b>	<b>4,96,86,000</b>	<b>26.68</b>	<b>4,02,80,332</b>	<b>4,14,971</b>	<b>4,06,95,303</b>	<b>21.47</b>	<b>(5.22)</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>8,09,17,698</b>	<b>4,24,974</b>	<b>8,13,42,672</b>	<b>43.68</b>	<b>7,48,82,932</b>	<b>4,14,971</b>	<b>7,52,97,903</b>	<b>39.72</b>	<b>(3.97)</b>
	<b>TOTAL (A)+(B)</b>	<b>18,57,84,057</b>	<b>4,24,974</b>	<b>18,62,09,031</b>	<b>100.00</b>	<b>18,91,97,487</b>	<b>4,14,971</b>	<b>18,96,12,458</b>	<b>100.00</b>	<b>-</b>
<b>(C)</b>	<b>Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>18,57,84,057</b>	<b>4,24,974</b>	<b>18,62,09,031</b>	<b>100.00</b>	<b>18,91,97,487</b>	<b>4,14,971</b>	<b>18,96,12,458</b>	<b>100.00</b>	<b>-</b>



**(ii) Shareholding of Promoters and Promoter Group**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Future Retail Limited	3,05,70,108	16.42	-	3,05,70,108	16.12	-	(0.30)
2	Future Corporate Resources Limited	2,98,22,732	16.02	15.80	3,23,68,066	17.07	15.84	1.05
3	PIL Industries Limited	1,09,64,652	5.89	5.81	1,09,64,652	5.78	3.85	(0.11)
4	Future Capital Investment Private Limited	28,22,097	1.52	1.51	28,22,097	1.49	-	(0.03)
5	Central Departmental Stores Private Limited	29,66,570	1.59	1.59	29,66,570	1.57	1.56	(0.02)
6	Gargi Business Ventures Private Limited (f/k/a - Gargi Developers Private Limited)	66,57,511	3.57	3.58	66,57,511	3.51	2.72	(0.06)
7	Ryka Commercial Ventures Private Limited	2,01,63,384	10.83	10.83	2,01,63,384	10.63	10.63	(0.20)
8	Tirumal Trading & Investment Consultants Private Limited*	4,80,457	0.26	0.26	N.A.	N.A.	N.A.	N.A.
9	Arlette Infrastructure Private Limited*	55,664	0.03	-	N.A.	N.A.	N.A.	N.A.
10	Weavette Business Ventures Limited (f/k/a - Future ideas Realtors India Limited)*	N.A.	N.A.	N.A.	38,38,788	2.03	0.26	1.74
11	Future Ideas Company Limited	-	-	-	36,00,195	1.90	1.90	1.90
12	Manz Retail Private Limited	3,23,918	0.17	0.04	3,23,918	0.17	0.04	-
13	Ashni Kishore Biyani	16,770	0.01	-	16,770	0.01	-	-
14	Avni Kishorkumar Biyani	19,499	0.01	-	19,499	0.01	-	-
15	Vivek Biyani	333	-	-	333	-	-	-
16	Akar Estate and Finance Private Limited	333	-	-	333	-	-	-
17	Sunil Biyani	333	-	-	333	-	-	-
18	Anil Biyani	333	-	-	333	-	-	-
19	Kishore Biyani	333	-	-	333	-	-	-
20	Gopikishan Biyani	333	-	-	333	-	-	-
21	Laxminarayan Biyani	333	-	-	333	-	-	-
22	Rakesh Biyani	333	-	-	333	-	-	-
23	Vijay Biyani	333	-	-	333	-	-	-
	<b>Total</b>	<b>10,48,66,359</b>	<b>56.32</b>	<b>39.42</b>	<b>11,43,14,555</b>	<b>60.29</b>	<b>36.80</b>	<b>3.97</b>

\*Tirumal Trading & Investment Consultants Pvt. Ltd. and Arlette Infrastructure Pvt. Ltd. have been merged into Weavette Business Ventures Ltd. w.e.f. June 04, 2015, pursuant to Scheme of Amalgamation as sanctioned vide Order of the Hon'ble High Court of Mumbai dated February 06, 2015.

**(iii) Change in Promoters and Promoter Group Shareholding (please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	10,48,66,359	56.32	10,48,66,359	56.32
1	April 01, 2015 Conversion of Compulsorily Convertible Debentures	32,96,700	1.74	10,81,63,059	57.08
2	June 01, 2015 market purchase	5,967	0.00	10,81,69,026	57.08
3	June 29, 2015 market purchase	13,45,195	0.71	10,95,14,221	57.79
4	June 30, 2015 market purchase	55,000	0.03	10,95,69,221	57.81
5	July 07, 2015 market purchase	5,00,000	0.26	11,00,69,221	58.08
6	July 08, 2015 market purchase	7,00,000	0.37	11,07,69,221	58.45
7	July 09, 2015 market purchase	5,00,000	0.26	11,12,69,221	58.71
8	July 13, 2015 market purchase	5,00,000	0.26	11,17,69,221	58.98
9	July 14, 2015 market purchase	25,40,182	1.34	11,43,09,403	60.32
10	September 03, 2015 market purchase	5,152	0.00	11,43,14,555	60.32
	At the end of the year			11,43,14,555	60.29

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	PI Opportunities Fund - I	1,55,27,950	8.34	1,55,27,950	8.34
	At the end of the year			1,55,27,950	8.19
2	Bennett, Coleman and Company Limited	81,12,748	4.36	81,12,748	4.36
	At the end of the year			81,12,748	4.28
3	Morgan Stanley Asia (Singapore) PTE.	20,76,228	1.11	20,76,228	1.11
	May 08, 2015 - Market Purchase	1,74,286	0.09	22,50,514	1.19
	May 15, 2015 - Market Purchase	89,435	0.05	23,39,949	1.23
	May 22, 2015 - Market Purchase	42,102	0.02	23,82,051	1.26
	May 29, 2015 - Market Purchase	22,23,514	1.17	46,05,565	2.43
	June 26, 2015 - Market Purchase	4,57,954	0.24	50,63,519	2.67
	June 30, 2015 - Market Purchase	24,292	0.01	50,87,811	2.68
	July 03, 2015 - Market Purchase	16,480	0.01	51,04,291	2.69
	At the end of the year			51,04,291	2.69
4	India Opportunities Growth Fund Ltd - Pinewood Strategy	21,17,250	1.14	21,17,250	1.14
	April 10, 2015 - Market Purchase	50,000	0.03	21,67,250	1.14
	April 17, 2015 - Market Purchase	26,082	0.01	21,93,332	1.16
	April 24, 2015 - Market Purchase	1,34,031	0.07	23,27,363	1.23
	May 01, 2015 - Market Purchase	1,00,382	0.05	24,27,745	1.28
	May 08, 2015 - Market Purchase	1,83,413	0.10	26,11,158	1.38
	May 22, 2015 - Market Purchase	20,000	0.01	26,31,158	1.39

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	May 29, 2015 - Market Purchase	70,000	0.04	27,01,158	1.43
	June 05, 2015 - Market Purchase	90,000	0.05	27,91,158	1.47
	June 12, 2015 - Market Purchase	3,59,985	0.19	31,51,143	1.66
	June 19, 2015 - Market Purchase	1,08,863	0.06	32,60,006	1.72
	June 26, 2015 - Market Purchase	81,034	0.04	33,41,040	1.76
	June 30, 2015 - Market Purchase	60,000	0.03	34,01,040	1.79
	July 10, 2015 - Market Purchase	80,000	0.04	34,81,040	1.84
	August 14, 2015 - Market Purchase	68,616	0.04	35,49,656	1.87
	August 21, 2015 - Market Purchase	71,384	0.04	36,21,040	1.91
	August 28, 2015 - Market Purchase	20,000	0.01	36,41,040	1.92
	September 04, 2015 - Market Sale	(20,000)	(0.01)	36,21,040	1.91
	October 09, 2015 - Market Purchase	1,83,031	0.10	38,04,071	2.01
	October 16, 2015 - Market Purchase	3,28,207	0.17	41,32,278	2.18
	October 23, 2015 - Market Purchase	92,728	0.05	42,25,006	2.23
	November 13, 2015 - Market Purchase	35,942	0.02	42,60,948	2.25
	November 20, 2015 - Market Purchase	86,709	0.05	43,47,657	2.29
	November 27, 2015 - Market Purchase	45,808	0.02	43,93,465	2.32
	December 11, 2015 - Market Purchase	61,680	0.03	44,55,145	2.35
	December 25, 2015 - Market Purchase	50,000	0.03	45,05,145	2.38
	February 05, 2016 - Market Purchase	96,331	0.05	46,01,476	2.43
	February 12, 2016 - Market Purchase	50,000	0.03	46,51,476	2.45
	March 04, 2016 - Market Purchase	48,524	0.03	47,00,000	2.48
	At the end of the year			47,00,000	2.48
5	Lata Bhanshali	34,97,905	1.88	34,97,905	1.88
	At the end of the year			34,97,905	1.84
6	Reliance Capital Trustee Co. Ltd A/C Reliance Equity Opportunities Fund	32,18,000	1.73	32,18,000	1.73
	At the end of the year			32,18,000	1.70
7	Mohini Resources Private Limited	21,29,943	1.14	21,29,943	1.14
	At the end of the year	21,29,943	1.12		
8	Aaradhak Commercial Ventures Private Limited	20,33,814	1.09	20,33,814	1.09
	At the end of the year			20,33,814	1.07
9	Life Insurance Corporation of India	Nil	Nil	Nil	Nil
	April 10, 2015 - Market Purchase	16,89,046	0.89	16,89,046	0.89
	At the end of the year			16,89,046	0.89
10	Rapid Estates Private Limited	Nil	Nil	Nil	Nil
	August 07, 2015 - Market Purchase	11,96,121	0.63	11,96,121	0.63
	August 14, 2015 - Market Purchase	3,879	0.00	12,00,000	0.63
	At the end of the year			12,00,000	0.63



**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Kishore Biyani - Managing Director	333	0.00	333	0.00
	At the end of the year			333	0.00
2	Mr. C. P. Toshniwal -Executive Director & Chief Financial Officer	57,233	0.03	57,233	0.03
	At the end of the year			57,233	0.03
3	Mr. Rakesh Biyani - Non-Executive Director	333	0.00	333	0.00
	At the end of the year			333	0.00
4	Mr. Shailesh Haribhakti - Independent Director	62,800	0.03	62,800	0.03
	At the end of the year			62,800	0.03
5	Dr. Darlie Koshy - Independent Director	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
6	Ms. Sharda Agarwal - Independent Director	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
7	Mr. Sanjay Kumar Mutha - Chief Legal & Company Secretary	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ in Crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,244.40	Nil	Nil	1,244.40
ii) Interest due but not paid	-	Nil	Nil	-
iii) Interest accrued but not due	65.31	Nil	Nil	65.31
Total (i+ii+iii)	1,309.71	Nil	Nil	1,309.71
Change in Indebtedness during the financial year				
i) Addition in principal amount	-	Nil	Nil	-
ii) Reduction in principal amount	103.86	Nil	Nil	103.86
Net Change	(103.86)	Nil	Nil	(103.86)
Indebtedness at the end of the financial year				
i) Principal Amount	1140.54	Nil	Nil	1140.54
ii) Interest due but not paid	-	Nil	Nil	-
iii) Interest accrued but not due	53.70	Nil	Nil	53.70
Total (i+ii+iii)	1194.24	Nil	Nil	1194.24

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Kishore Biyani, Managing Director	C. P. Toshniwal, Executive Director & Chief Financial Officer	
1	Gross salary:			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.91	1.68	2.59
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	0.01	0.01
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit			
	- others, specify			
5	Others - Contribution to Funds	0.07	0.13	0.20
	Total (A)	0.98	1.82	2.80
	Ceiling as per the Act	₹ 5.98 Crore (being 10% of net profits calculated as per section 198 of the Act)		

### B. Remuneration to other Directors

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Shailesh Haribhakti	Dr. Darlie Koshy	Ms. Sharda Agarwal	
1.	<b>Independent Directors</b>				
	• Fee for attending board / committee meetings	0.06	0.07	0.03	0.16
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	Total (1)				0.16
2.	<b>Other Non-Executive Directors</b>			<b>Rakesh Biyani</b>	
	• Fee for attending board / committee meetings			0.03	0.03
	• Commission			Nil	Nil
	• Others, please specify			Nil	Nil
	Total (2)				0.03
	Total (B) = (1 + 2)				0.19
	Total Managerial Remuneration				2.99
	Overall Ceiling as per the Act	₹ 5.98 (being 10% of net profits calculated as per section 198 of the Act)			

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB**

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Company Secretary
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.23
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission	Nil
	- as % of profit	
	- others, specify	
5	Others - Contribution to Funds	0.01
	Total	0.24

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences during the financial year ended March 31, 2016.

## CORPORATE GOVERNANCE REPORT

Your Company consistently followed the principles of good corporate governance and strives to enhance the stakeholders' relationship, e-governance initiatives, while upholding the core values of integrity, transparency, fairness, responsibility and accountability.

Your Company, in line with the above, has taken various initiatives to further strengthen the corporate governance practices and adopted various codes / policies, pursuant to the Companies Act, 2013 ('the Act') and Clause 49 of the erstwhile Listing Agreement. It has further modified / adopted various codes and policies as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations').

During the year under review, the Company has complied with all the provisions as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, which comes into effect from December 01, 2015 and corresponding provisions of erstwhile Listing Agreement for the period between April 1, 2015 and November 30, 2015. All reference to the Listing Regulations would also be deemed to be regarded as reference to the corresponding provisions of the erstwhile Listing Agreement for the relevant period.

### CODE OF CONDUCT

The Company has laid down a Code of Conduct ("Code") for the Board of Directors and Senior Management Personnel of the Company. The Company has also adopted Code of Conduct for Independent Directors as prescribed under Schedule IV of the Act. The Code aims to ensure consistent standards of conduct and ethical business practices across the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with this Code. A declaration signed by the Managing Director to this effect is attached at the end of this Report. This Code is available on the Company's website [www.futurelifestyle.in](http://www.futurelifestyle.in)

### COMPOSITION OF THE BOARD

The composition of the Board of Directors of the Company ('the Board') is in conformity with the requirement of Regulation 17 of the Listing Regulations. As on March 31, 2016, the Board comprises of six directors including one woman director. The Chairperson of the Board is Non-Executive Independent Director and the number of Independent Directors is more than one-third of the total number of Directors. The number of Non-Executive Directors (NEDs) is more than one-half of the total number of Directors.

None of the Directors on the Board is serving as an Independent Director in more than seven / three Listed entities, as specified in Regulation 25 of the Listing Regulations.

None of the Directors on the Board is a Member of more than ten Committees or Chairperson of more than five Committees (as specified in Regulation 26 of Listing Regulations), across all the public companies in which he/she is a Director.

Further, the maximum tenures of Independent Directors are in line with provisions of section 149(10) and (11) of the Act and Rules made thereunder.

The information on composition of the Board, category and their Directorships, Committee Membership / Chairmanship across all the companies in which they are Directors, as on March 31, 2016 is as under:

Name of Director	Category	No. of Directorships*		**No. of Memberships / Chairmanships of Committees in public companies	
		Public	Private/Non profit	Memberships	Chairmanships
Mr. Shailesh Haribhakti (DIN 00007347)	Independent Director – Chairperson	10	10	10	5
Mr. Kishore Biyani (DIN 00005740)	Managing Director (Promoter Group)	8	1	3	1
Mr. Rakesh Biyani (DIN 00005806)	Non-Executive (Promoter Group)	6	6	3	-
Mr. C. P. Toshniwal (DIN 00036303)	Executive Director & CFO#	8	4	4	-
Dr. Darlie Koshy (DIN 00023527)	Independent Director	1	1	2	1
Ms. Sharda Agarwal (DIN 00022814)	Independent Director	2	2	1	-

\* No. of Directorships held by the Directors do not include directorships in foreign companies.

\*\* In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies have been considered.

# Mr. C. P. Toshniwal resigned as Executive Director and Chief Financial Officer of the Company with effect from May 01, 2016, however, he continued to be a Non-Executive Director of the Company.



The details of Shares held by the Directors in the Company as on March 31, 2016 are as follows:

Name of Director	Number of Shares held
Mr. Kishore Biyani	333
Mr. Rakesh Biyani	333
Mr. C. P. Toshniwal	57,233
Mr. Shailesh Haribhakti	62,800

The details of the familiarization program of the Independent Directors are available on the website of the Company at the link [http://futurelifestyle.in/pdf/ID\\_Familiarization.pdf](http://futurelifestyle.in/pdf/ID_Familiarization.pdf)

## BOARD MEETINGS

During the year under review, six Board Meetings were held on May 20, 2015, August 04, 2015, September 12, 2015, October 31, 2015, January 30, 2016 and March 21, 2016.

The gap between two Meetings did not exceed one hundred and twenty days as prescribed in the Listing Regulations. Third Annual General Meeting (AGM) of the Company was held on August 26, 2015.

The attendance of Directors at the above Board Meetings and AGM are as under:

Name of Director	No. of Board Meetings		AGM
	Held	Attended	
Mr. Kishore Biyani	6	6	Yes
Mr. Rakesh Biyani	6	4	Yes
Mr. C. P. Toshniwal	6	6	Yes
Mr. Shailesh Haribhakti	6	6	Yes
Dr. Darlie Koshy	6	6	No
Ms. Sharda Agarwal	6	6	Yes

## AUDIT COMMITTEE

The Audit Committee of the Company comprises of four Directors, out of whom three are Independent Directors. Mr. Shailesh Haribhakti, Chairperson of the Committee is an Independent Director. All the Members of the Committee possess accounting and financial management expertise. The Chairperson of the Committee was present at the Third Annual General Meeting of the Company held on August 26, 2015.

The Company Secretary functions as Secretary to the Committee.

During the year under review, five meetings of the Committee were held on May 20, 2015, August 04, 2015, October 31, 2015, January 30, 2016 and March 21, 2016. The gap between two Meetings did not exceed one hundred and twenty days as prescribed in the Listing Regulations.

The composition of the Committee and the attendance of the Members at the above meetings are as under:

Name of Director	Designation	No. of Meetings	
		Held	Attended
Mr. Shailesh Haribhakti	Chairperson	5	5
Dr. Darlie Koshy	Member	5	5
Mr. C. P. Toshniwal	Member	5	5
Ms. Sharda Agarwal*	Member	N.A.	N.A.

\* Appointed as a Member of the Committee w.e.f. March 21, 2016.

The composition of the Committee is in line with the provisions of section 177 of the Act and Regulation 18 of the Listing Regulations.

## Terms of Reference

The Committee has been mandated to comply with the requirements as specified in Part C of Schedule II of the Listing Regulations and the provisions of section 177 of the Act. The terms of reference are reviewed from time to time by the Board.

Role of the Committee inter-alia includes the following

- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public / rights issue / preferential issue and making appropriate recommendations to the board to take up steps in this matter;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the Company with related parties [Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed];
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors of any significant findings and follow up there on;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Reviewing of the following information:

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses;
- the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company comprises of four Non-Executive Directors, out of whom three are Independent Directors.

During the year under review, two meetings of the Committee were held on May 20, 2015 and January 30, 2016.

The composition of the Committee and the attendance of the Members at the above meetings are as under:

Name of Director	Designation	No. of Meetings	
		Held	Attended
Dr. Darlie Koshy	Chairperson	2	2
Mr. Shailesh Haribhakti	Member	2	2
Mr. Rakesh Biyani	Member	2	1
Ms. Sharda Agarwal*	Member	N.A.	N.A.

\* Appointed as a Member of the Committee w.e.f. March 21, 2016.

The Committee's composition meets with the requirements of section 178(1) of the Act and Regulation 19 of the Listing Regulations.

## Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part D of the Schedule II of the Listing Regulations, under section 178 of the Act and Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014, as may be applicable.

The role of the Nomination and Remuneration Committee inter-alia includes the following:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- To formulate criteria for evaluation of independent directors and the Board;
- To devise a policy on Board diversity;
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- To establish and from time to time review the policy for ESOP / ESOS as well as issuance of SWEAT equity shares and recommend the grants to be made under ESOP / ESOS; and
- To review the Company's remuneration and human resources policy.

## Remuneration Policy

The Company believes that human resource is the key for the continuous growth and development of the Company. The Company's remuneration policy is designed to attract, retain and motivate employees by offering appropriate remuneration packages and retiral benefits and also rewarding performance of key employees by offering employee stock options to contribute and participate in the overall corporate growth, profitability and financial success of the organization. The remuneration policy is in consonance with the existing industry practice.

### Remuneration policy for Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission or performance bonus (variable component) to the Managing Director and the Executive Director, as approved by the Board and the Members of the Company. In determining the remuneration package of the Executive Directors, the Nomination and Remuneration Committee (NRC) evaluates the remuneration paid by comparable organisation and thereafter makes its recommendation to the Board. Annual increments are decided by the NRC within the scale of remuneration approved by the Members of the Company. NRC also reviews and decides on the quantum of commission or performance bonus payable to the Managing Director and the Executive Director as per terms of appointment and based on the performance of the individual as well as the Company. Performance criteria for Managing Director and Executive Director, entitled for Commission or Performance Bonus are determined by NRC.

### Criteria of making payments to Non-Executive Directors

The eligible Non-Executive Directors may be paid commission upto an aggregate maximum of 1% of the net profits of the Company as specifically computed for this purpose and as may be approved by Board of Directors of the Company. The criteria of making payments to Non-Executive Directors cover, inter-alia, number of meetings attended, Chairmanship of Committees of the Board, time spent in deliberations with the senior management on operational matters other than at meetings and contribution at the Board/Committee(s) levels. The Company also reimburses the out-of-pocket expenses incurred by the directors for attending the meetings.

Non-Executive Directors are paid sitting fees for attending any Meeting of the Board and Committees of the Board including meeting of Independent Directors, as decided from time to time by the Board. The members of Corporate Social Responsibility Committee have voluntarily waived the acceptance of sitting fees for attending the meeting of the Committee.

Further, the Company has also devised a process for performance evaluation of Independent Directors, the Board, Committees and other individual Directors. The Independent Directors were evaluated on the criteria such as engagement, leadership, analytical, quality of decision-making, interaction, governance, etc.

### Remuneration to Directors

#### a. Managing Director / Executive Director

The remuneration paid to the Managing Director / Executive Director for the year ended March 31, 2016 is as under:  
(₹ in Crore)

Name	Salary	Performance Bonus / Commission	Company's Contribution to Funds	Perquisites and Allowances	Total	Total Contract Period	Notice period in months	Stock Options granted
Mr. Kishore Biyani Managing Director	0.60	–	0.07	0.31	0.98	June 25, 2013 to June 24, 2016	6	Nil
Mr. C. P. Toshniwal Executive Director & CFO	1.06	–	0.24	0.52	1.82	November 01, 2013 to May 01, 2016	6	98,360*

\*Stock Options granted during the year under review would be vested as follows:

Sl. No.	No. of Options	Date of Vesting
1	49,180	August 31, 2016
2	49,180	February 28, 2017

Vested Options can be exercised within a period of three years from the date of vesting, in terms of FLFL ESOS-2013.

Notes:

- (1) All the above components of remuneration, except Performance Bonus / Commission, are fixed in nature.
- (2) There is no separate provision for payment of severance fees.



**b. Non-Executive Directors**

The sitting fees paid to Non-Executive Directors during the year under review are as under:

(₹ in Crore)

Name of Director	Sitting Fee paid
Mr. Rakesh Biyani	0.03
Mr. Shailesh Haribhakti	0.06
Dr. Darlie Koshy	0.07
Ms. Sharda Agarwal	0.03

A total amount of ₹ 0.58 Crore has been provided in the accounts for the year under review, towards commission payable to the eligible Non-Executive Directors, as under:

(₹ in Crore)

Name of Director	Commission
Mr. Rakesh Biyani	0.14*
Mr. Shailesh Haribhakti	0.14*
Dr. Darlie Koshy	0.14*
Ms. Sharda Agarwal	0.14*

\* Represent ₹ 14.50 Lakh.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration for Non-Executive Directors as entitled under the Act, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management, which in their judgment would affect their independence. None of the Directors of the Company is inter-se related to each other.

**STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Committee presently comprises of Dr. Darlie Koshy, Chairperson of the Committee, Mr. Kishore Biyani, Managing Director and Mr. Rakesh Biyani, Director of the Company, as the other members of the Committee.

During the year under review, four meetings of Stakeholders' Relationship Committee were held on May 20, 2015, August 04, 2015, October 31, 2015 and January 30, 2016.

The attendance of the Members at the above meetings is as under:

Name of Director	Designation	No. of Meetings	
		Held	Attended
Dr. Darlie Koshy	Chairperson	4	4
Mr. Kishore Biyani	Member	4	4
Mr. Rakesh Biyani	Member	4	2

The Committee's composition is in line with the provisions of section 178(5) of the Act and Regulation 20 of the Listing Regulations.

**Terms of reference of the Committee**

- To determine on behalf of the Board, the Company's policy on serving the stakeholders in line with best corporate governance norms;
- To periodically review stakeholders' grievance mechanism of the Company;
- To review and redress stakeholders' grievances regarding allotment of securities, transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. and other allied matters;
- The Committee is also authorised to:
  - Investigate any activity within its terms of reference;
  - Seek any information from any employee of the Company;
  - Obtain outside legal or independent professional advice. Such advisors may attend meetings if necessary; and
  - Incur such reasonable expenditure, as it deems necessary.

With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee.

## SHARE TRANSFER COMMITTEE

The Share Transfer Committee comprises of Mr. Kishore Biyani, Mr. Rakesh Biyani and Mr. C. P. Toshniwal. The Share Transfer Committee meets as and when required to consider the transfer proposals and attend to Investors' grievances, transmission of shares, split, consolidation, issue of duplicate share certificate, dematerialisation and rematerialisation of shares.

### Investors' Grievance Redressal

Details of investor complaints received and resolved during the year under review are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	30	30	Nil

### Compliance Officer

Mr. Sanjay Kumar Mutha, Chief Legal & Company Secretary of the Company is the Compliance Officer of the Company.

### Code of Conduct for Prevention of Insider Trading

The Company's Code of Conduct for regulating, monitoring and reporting of trading by insiders as adopted by the Company, inter-alia, prohibits dealing in the securities of the Company by Directors and certain employees while in possession of unpublished price sensitive information in relation to the Company.

## INDEPENDENT DIRECTORS' MEETING

During the year under review, a separate meeting of Independent Directors was held on May 20, 2015. The said meeting was attended by all the Independent Directors of the Company.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee is constituted in line with the provisions of section 135 of the Act. Presently, the Committee comprises of Mr. Kishore Biyani as Chairperson, Dr. Darlie Koshy, Mr. C. P. Toshniwal and Ms. Sharda Agarwal, as Members of the Committee. During the year under review, no meeting of the Committee was held.

The Committee functions in accordance with the terms of reference as specified under the Act, and as may be specified by the Board from time to time, which inter-alia includes:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) monitor the Corporate Social Responsibility Policy of the Company from time to time.

## COMMITTEE OF DIRECTORS

The Committee of Directors comprises of Mr. Kishore Biyani, Mr. Rakesh Biyani and Mr. C. P. Toshniwal. The Board has delegated powers to the Committee of Directors to carry out various activities for day to day operations of the Company. Thirty one meetings of the Committee were held during the year under review.

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of Mr. Rakesh Biyani and Mr. C. P. Toshniwal.

The Committee functions in accordance with the terms of reference as specified by the Board from time to time, which inter-alia includes implementing and monitoring of risk management plan and policy of the Company. One meeting of the Committee was held during the year under review.

## RISK MANAGEMENT

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company.

The Audit Committee/Board of Directors periodically review the risk assessment and minimization procedures and ensures that executive management controls risk through means of a properly defined framework.

The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis forming part of this Annual Report.

## GENERAL BODY MEETINGS

### Annual General Meeting

The details of the Annual General Meetings (AGM) held since incorporation are as follows:

Year	Date & Time of AGM	Venue	Special Resolutions passed
2014-15	August 26, 2015 at 12.00 noon	Rangswar, Fourth Floor, Y. B. Chavan Center, Gen. Jagannath Bhosale Marg, Mumbai – 400 021	<ul style="list-style-type: none"><li>• Approval of Future Lifestyle Fashions Limited Employee Stock Option Plan 2015.</li><li>• Grant of Stock Options to the employees of the subsidiary company(ies) under FLFL ESOP 2015.</li><li>• Implementation of FLFL ESOP 2015 through employees' welfare trust.</li><li>• Authorization for employees' welfare trust for secondary acquisition.</li><li>• Authorization for making of loan / provision of money to employees' welfare trust for purchase of / subscription for Company's shares under FLFL ESOP 2015.</li></ul>
2013-14	August 08, 2014 at 10:30 a.m.	Rangswar, Fourth Floor, Y. B. Chavan Center, Gen. Jagannath Bhosale Marg, Mumbai – 400 021	<ul style="list-style-type: none"><li>• Payment of Commission to Non-Executive Directors.</li></ul>
2012-13	May 09, 2013 at 11:30 a.m.	Future Retail Home Office, Tower – C, 247 Park, L.B.S. Marg, Vikhroli (W), Mumbai – 400 083	<ul style="list-style-type: none"><li>• Authority to advance loan or provide guarantee/ security to other bodies corporate including issuing guarantee of the Company for providing securities for loans availed by the transferor Companies under the Composite Scheme of Arrangement and Amalgamation.</li><li>• Alteration of Articles of Association.</li></ul>

### Extraordinary General Meeting

During the year under review, no Extraordinary General Meeting (EGM) was held.

### Postal Ballot

The Company has not passed any Special Resolution through postal ballot during the financial year 2015-16 nor proposed to pass any Special Resolution through postal ballot.

## MEANS OF COMMUNICATION

The Company regularly submits quarterly / half yearly / annual Financial Results to the Stock Exchanges, as soon as these are taken on record/ approved by the Board. The Financial Results are published in leading English and Marathi dailies, viz. "The Free Press Journal"- (English Daily) and "Nav Shakti" (Marathi Newspaper). The Company's Annual Report, Financial Results, Shareholding Pattern and official news releases are displayed on the Company's website [www.futurelifestyle.in](http://www.futurelifestyle.in) and also posted by the BSE and NSE on their website. The Company's presentations to institutional investors and analysts are posted on the Company's website [www.futurelifestyle.in](http://www.futurelifestyle.in)

The Company sends Annual Report, Intimation for dividend payment, Notices related to General Meetings and Postal Ballot by e-mail to those shareholders whose e-mail ids are registered with the Company / Depository Participants and in hard copies to those shareholders whose e-mail ids are not registered.

All filing, disclosures and communications to Stock Exchanges are made electronically through their specific web portals to disseminate such information and make such information generally available.

## GENERAL SHAREHOLDERS INFORMATION

### Date, Time and Venue of the Fourth Annual General Meeting

Monday, August 29, 2016 at 4:30 p.m. at Rangswar, Fourth Floor, Y. B. Chavan Center, Gen. Jagannath Bhosale Marg, Mumbai – 400 021.

### Financial Year

The financial year covers the period from April 1 of each year to March 31 of the next year.

## Financial Reporting for

Quarter ending June 30, 2016 - Second week of August, 2016

Half-year ending September 30, 2016 - Second week of November, 2016

Quarter ending December 31, 2016 - Second week of February, 2017

Year ending March 31, 2017 - End of May, 2017

Note: The above dates are indicative.

## Dividend Payment Date

The Board of Directors of the Company has recommended a dividend of ₹ 0.40 (20%) per Equity Share. Dividend, if declared at the ensuing Annual General Meeting, will be paid/credited within a period of 30 days from the date of declaration, to those Members whose names appear on the Company's Register of Members and to the beneficial owners as per the particulars to be furnished by the Depositories as on the record date i.e. August 22, 2016.

## Listing on Stock Exchanges

### Equity Shares

The Equity Shares of the Company are listed on the following Stock Exchanges:

- BSE Limited (BSE)  
25th Floor, P. J. Towers, Dalal Street, Mumbai - 400 001
- National Stock Exchange of India Limited (NSE)  
Exchange Plaza, C - 1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

### Debt Securities

Non-Convertible Debentures (Series 1), (Series II), (Series III) of the Company are listed on the Wholesale Debt Market (WDM) Segment of BSE.

### Listing Fees

Listing Fees, as prescribed, has been paid to both the Stock Exchanges where the securities of the Company are listed.

### Debenture Trustees

#### For Non-Convertible Debentures (Series 1 and Series III)

Allbank Finance Limited  
Allahabad Bank Building, 2<sup>nd</sup> Floor,  
37, Mumbai Samachar Marg, Fort, Mumbai - 400 023  
Tel No: +91 22 2262 6283, Fax No: +91 22 2267 7552

#### For Non-convertible Debentures (Series II)

Centbank Financial Services Limited  
Central Bank – MMO Building, 3<sup>rd</sup> Floor (East Wing),  
55, M. G. Road, Fort, Mumbai – 400 001  
Tel No: +91 22 2261 6217, Fax No: +91 22 2261 6208

### Stock Code:

Shares / Debentures	ISIN No.	Stock Code	
		BSE	NSE
Equity	INE452O01016	536507	FLFL
11.50% Secured Non-Convertible Debentures (Series 1)*	INE452O07039	950223	-
11.50% Secured Non-Convertible Debentures (Series II)*	INE452O07013	946822	-
11.50% Secured Non-Convertible Debentures (Series III)*	INE452O07021	947433	-

\* Listed only on BSE

### Corporate Identification Number (CIN)

The Company's CIN as allotted by the Ministry of Corporate Affairs, is L52100MH2012PLC231654.



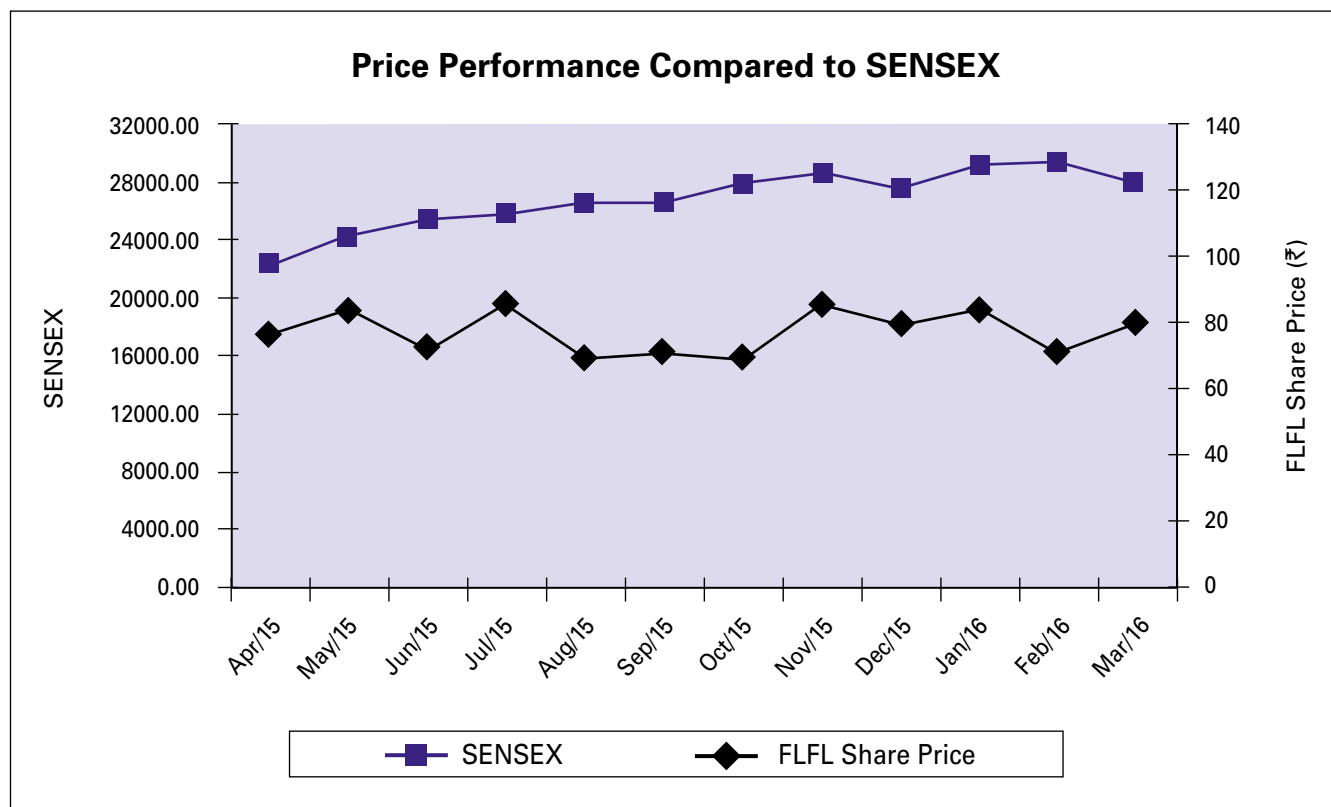
## Stock Performance

The performance of the Equity Shares of the Company at the Stock Exchanges during the year under review is as follows:

Months	BSE (in ₹)		NSE (in ₹)	
	High	Low	High	Low
Apr-15	80.10	67.30	80.00	67.05
May-15	88.50	74.70	88.40	74.05
Jun-15	83.85	63.55	84.00	63.50
Jul-15	93.40	71.55	93.40	71.35
Aug-15	93.20	62.50	93.40	62.05
Sep-15	74.65	63.10	74.50	62.50
Oct-15	81.95	68.75	82.00	68.70
Nov-15	88.05	66.65	87.70	66.70
Dec-15	86.25	73.05	89.70	73.00
Jan-16	96.00	73.00	96.40	73.00
Feb-16	95.00	69.60	95.05	70.10
Mar-16	84.45	70.60	84.30	70.55

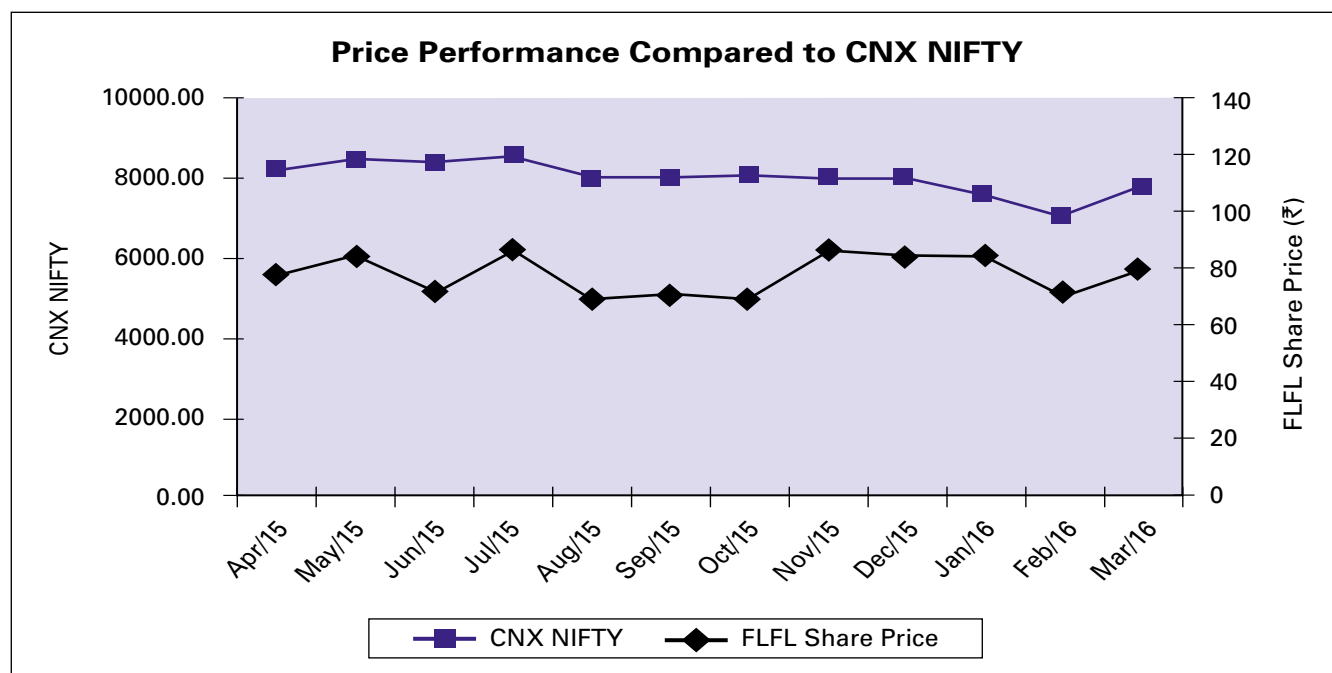
[Source: This information is compiled from the data available from the websites of BSE and NSE]

## Performance of Share Price of the Company in comparison to the BSE SENSEX



The performance comparison is based on the closing price / Sensex on the last trading day of the month.

## Performance of Share Price of the Company in comparison to the NSE CNX NIFTY



The performance comparison is based on the closing price / CNX Nifty on the last trading day of the month.

### Share Transfer System

Trading in Equity Shares of the Company through recognized Stock Exchanges is permitted only in dematerialized form. Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee to approve the transfers of equity shares of the Company. The Share Transfer Committee and Stakeholders' Relationship Committee meet as and when required to consider the transfer proposals and attend to Investors' grievances.

### De-materialisation of shares

99.78% of the Equity Shares of the Company have been dematerialised as on March 31, 2016. The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialise their shares with either of the Depositories. The entire shareholding of Promoters and Promoter Group is in dematerialised form. Status of dematerialisation of Equity Shares as on March 31, 2016 is as under:

Particulars	No. of Shares	% of Capital
NSDL	14,15,34,331	74.64
CDSL	4,76,63,156	25.14
<b>Total Dematerialised</b>	<b>18,91,97,487</b>	<b>99.78</b>
Physical	4,14,971	0.22
<b>Total</b>	<b>18,96,12,458</b>	<b>100.00</b>

### Distribution of Shareholding of Equity Shares as on March 31, 2016

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	46,749	95.28	27,22,186	1.43
501-1000	1,136	2.32	8,22,424	0.43
1001-2000	435	0.89	6,59,278	0.35
2001-3000	146	0.30	3,75,132	0.20
3001-4000	120	0.24	4,11,187	0.22
4001-5000	71	0.14	3,26,753	0.17
5001-10000	133	0.27	9,81,804	0.52
10001 and above	277	0.56	18,33,13,694	96.68
<b>Total</b>	<b>49,067</b>	<b>100.00</b>	<b>18,96,12,458</b>	<b>100.00</b>

**Shareholding Pattern as on March 31, 2016**

Category	No. of Equity Shares	% of holding
Promoters and Promoter Group	11,43,14,555	60.29
Mutual Funds	55,64,903	2.94
Banks, Financial Institutions	1,24,615	0.07
Venture Capital Funds	1,55,27,950	8.19
Insurance Companies	18,03,402	0.95
Foreign Portfolio Investor	1,15,81,730	6.11
Non Resident Indians	2,31,958	0.12
Bodies Companies	2,25,88,112	11.91
Indian Public (Individual)	1,66,33,580	8.77
Directors & their Relatives	1,35,821	0.07
Clearing Members	3,78,151	0.20
Trust	24,566	0.01
Hindu Undivided Family	6,78,082	0.36
Foreign Nationals	25,033	0.01
<b>Total</b>	<b>18,96,12,458</b>	<b>100.00</b>

**Outstanding GDR /ADR /Warrants or any convertible instruments, conversion date and impact on equity**

During the year under review, 32,96,700 Compulsorily Convertible Debentures (CCDs) of face value of ₹ 91 each, held by a Promoter group company have been converted into 32,96,700 Equity Shares of ₹ 2 each of the Company on April 1, 2015.

The Company has not issued any GDRs/ADRs/Warrants, during the year under review.

**Unclaimed Shares**

In accordance with the requirement of Regulation 34(3) and Schedule V of Part F of Listing Regulations, the details in respect of equity shares lying in the suspense account are as follows:

Particulars	Number of Shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 01, 2015	183	33,753
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	-	-
Shareholders to whom shares were transferred from the suspense account during the year	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2016	183	33,753

The voting rights on the shares outstanding in the suspense account as on March 31, 2016 shall remain frozen till the rightful owner of such shares claims the shares.

**Plant Locations**

In view of the nature of the Company's business i.e. lifestyle fashion retail, the Company operates from various stores in India.

**Address for Correspondence****Investor Correspondence for securities held in physical form**

Registrar and Transfer Agents  
Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound, L B S Marg,  
Bhandup (West), Mumbai - 400 078  
Tel No.: +91 22 2596 3838, Fax No.: +91 22 2594 6969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in), Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**For securities held in demat Form**

Investors' concerned Depository Participant(s) and/ or Link Intime India Private Limited

## For any query on the Annual Report

Mr. Sanjay Kumar Mutha, Chief-Legal & Company Secretary

Future Lifestyle Fashions Limited

Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai - 400 060

Tel No: +91 22 6644 2200, Fax No: +91 22 6644 2201

Email: investorrelations@futurelifestyle.in Website: www.futurelifestyle.in

## DISCLOSURES

### Related Party Transactions

All related party transactions were reviewed / approved by the Audit Committee and were entered into in the ordinary course of business and at arm's length basis. During the year under review, there were no materially significant transactions entered into with the related parties that may have potential conflict with the interests of the Company at large. The details of related party transactions are given in Note No. 32 in Notes forming part of the financial statements for the year ended March 31, 2016. Policy on dealing with related party transactions is available on the website of the Company at the link [http://futurelifestyle.in/pdf/RPT\\_Policy.pdf](http://futurelifestyle.in/pdf/RPT_Policy.pdf)

### Disclosure of Accounting Treatment

During the year under review, the Company followed the Accounting Standards as laid down by the Companies (Accounting Standards) Rules, 2006, in the preparation of its financial statements.

### Management

A Management Discussion and Analysis (MDA) forms part of the Directors' Report.

All members of the Senior Management have confirmed to the Board that there are no material, financial and/or commercial transactions between them and the Company, which could have any potential conflict of interest with the Company at large.

### CEO/CFO Certification

As required under Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the financial statements for the year ended March 31, 2016.

### Subsidiary Companies

The Company does not have any material non-listed Indian subsidiary companies. The Company has a policy for determining material subsidiaries of the Company, which is available on the website of the Company at the link [http://futurelifestyle.in/pdf/Mat\\_Sub\\_Policy.pdf](http://futurelifestyle.in/pdf/Mat_Sub_Policy.pdf)

### Details of non-compliance

The Company has complied with all the requirements of regulatory authorities. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange(s) or the Securities and Exchange Board of India or any statutory authority, on any matter related to the capital markets.

### Establishment of Whistle Blower Policy/Vigil Mechanism

The Company has established a whistle blower policy/vigil mechanism. This policy aims to provide an avenue for Stakeholders to raise genuine concerns of any violations of legal or regulatory requirements, actual or suspected fraud or violation of the Company's code of conduct and ethical business practices. This Policy inter-alia provides a direct access to a Whistle Blower to the Chairperson of the Audit Committee.

## DISCRETIONARY REQUIREMENTS

**The Board:** The Chairperson of the Board is an Independent Director. The Company did not maintain a Chairperson's office at the Company's expense or reimburse expenses incurred in performance of his duties, during the year under review.

**Shareholders' Rights:** Quarterly / half yearly / annual financial results of the Company are furnished to the Stock Exchanges and are also published in the newspapers and uploaded on website of the Company. Significant events are also posted on the Company's website under the Investors section. Hence, no half yearly results and significant events were sent to each of household of Shareholders.

**Modified opinion(s) in audit report:** During the year under review, the Company has unmodified audit opinion on the Company's financial statements. The Company continues to adopt best practices and has ensured a track record of financial statements with unmodified audit opinion.

**Separate posts of Chairperson and CEO:** The Company is having separate persons on the post of Chairperson of the Board and the Managing Director of the Company.

**Reporting of Internal Auditor:** Internal Auditors are invited to the meetings of the Audit Committee to make presentation to the Committee on their observations during the course of their Internal Audit.



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Future Lifestyle Fashions Limited

We have examined the compliance of conditions of Corporate Governance by Future Lifestyle Fashions Limited ('the Company') for the financial year ended on March 31, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period April 1, 2015 to November 30, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period December 1, 2015 to March 31, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions relating to Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement/ Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

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

Place: Mumbai  
Date : May 26, 2016

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## DECLARATION ON COMPLIANCE OF CODE OF CONDUCT

To  
The Members of  
Future Lifestyle Fashions Limited

I hereby declare that the Directors and Senior Managerial Personnel of the Company have affirmed in writing, their compliances with the Company's Code of Conduct, during the year ended March 31, 2016.

For Future Lifestyle Fashions Limited

Place: Mumbai  
Date : May 26, 2016

**Kishore Biyani**  
Managing Director

## Future Lifestyle Fashions Limited

### 3 YEARS FINANCIAL SUMMARY

#### Key Highlights of Financial Position

(₹ in Crore)

Particulars	As at March 31, 2014	As at March 31, 2015	As at March 31, 2016
Share Capital	30.89	37.24	37.92
Reserves & Surplus*	1,260.43	1,532.48	1,585.32
Net Worth*	1,291.32	1,569.72	1,623.24
Total Borrowings	1,355.78	1,274.40	1,140.54
Capital Employed	2,647.10	2,844.12	2,763.78
Net Block	1,149.86	1,301.90	1,242.77
Investments	378.53	343.69	375.43
Inventory	1,023.97	1,173.17	1,305.00

\*It includes reserves created Pursuant to the Composite Scheme of Arrangement and Amalgamation

#### Key Highlights of Financial Results

(₹ in Crore)

Particulars	2013-2014	2014-2015	2015-2016
Sales & Operating Income	2,743.98	3,134.09	3,300.19
Total Income	3,075.70	3,155.83	3,316.68
COGS	1,697.03	1,919.37	2,045.54
PBDIT	588.06	351.90	341.65
Interest	162.95	158.33	135.25
Depreciation	385.19	170.09	161.42
Profit Before Tax	34.25	23.48	44.98
Profit After Tax	23.28	18.55	29.47

#### Key Financial Ratios

Particulars	2013-2014	2014-2015	2015-2016
COGS / Sales & Operating Income (%)	61.85	61.24	61.98
Interest / Total Income (%)	5.30	5.02	4.08
PBDIT / Interest (Debt-Service Ratio)	3.61	2.22	2.53
PBDIT / Total Income (%)	19.12	11.15	10.30
PBT / Total Income (%)	1.11	0.74	1.36
PAT / Total Income (%)	0.76	0.59	0.89
Basic EPS (₹)	1.51	1.07	1.55
Debt Equity Ratio	1.05	0.81	0.70

## INDEPENDENT AUDITORS' REPORT

### To the Members of FUTURE LIFESTYLE FASHIONS LIMITED

#### Report on the Financial Statements

We have audited the accompanying standalone financial statements of **FUTURE LIFESTYLE FASHIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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 standalone 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 Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 control, 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

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

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

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 disclosures in the financial statements. The procedures selected depend on

the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company 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 financial statements.

#### Opinion

In our opinion and to the best of information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of Company as at March 31, 2016, its profit and its cash flow for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. 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 appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the 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. On the basis of written representations received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act.

- f. With respect to the adequacy of Internal financial controls over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in "Annexure B" and
- g. 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 explanation given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements.
  - 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 NGS & CO. LLP**  
Chartered Accountants  
Firm Registration No. : 119850W

**Ashok A. Trivedi**  
Partner

Place: Mumbai  
Date : May 26, 2016

Membership No. 042472

## ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the FUTURE LIFESTYLE FASHIONS LIMITED on the standalone financial statements for the year ended March 31, 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) (a) As explained to us, management has conducted physical verification of inventory at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the, Companies Act, 2013 ("the Act"). Therefore, paragraph 3 (iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product of the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, provident fund, employees' state insurance, income-tax, sales-tax, service-tax, value added tax (VAT), cess and other material statutory dues, as applicable, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of custom duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of income tax, sales tax, VAT, service tax which have not been deposited with the appropriate authorities on account of any dispute.



However, according to information and explanations given to us, value added tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
MP VAT Act, 2002	Sales Tax	0.05	2013-14	Dy. Commissioner of Sales Tax

- (viii) Based on our audit procedures and on the basis of information and explanation given by the management, we are of the opinion that the Company does not defaulted in repayment of loans or borrowings from any financial institution, banks, government and debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, paragraph 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company was noticed or reported during the year, although there were some instances of fraud on the Company noticed by the Management, the amounts whereof were not material in the context of the size of the Company and the nature of its business and the amounts were adequately provided for.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the

provisions of section 197 read with Schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations give to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

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

Place: Mumbai  
Date : May 26, 2016

## ANNEXURE - B TO THE AUDITORS' REPORT

### 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 **FUTURE LIFESTYLE FASHIONS LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone 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 ('ICAI'). 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, 2016, 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 NGS & CO. LLP**

Chartered Accountants

Firm Registration No. : 119850W

**Ashok A. Trivedi**

Partner

Membership No. 042472

Place: Mumbai

Date : May 26, 2016

## BALANCE SHEET AS AT MARCH 31, 2016

		(₹ in Crore)	
	Note	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	37.92	37.24
Reserves and Surplus	3	1,585.32	1,532.48
		1,623.24	1,569.72
<b>Compulsory Convertible Debentures</b>	4	-	30.00
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	673.98	1,047.61
Deferred Tax Liabilities (Net)	6	70.87	64.97
Other Long-Term Liabilities	7	61.44	66.20
Long-Term Provisions	8	8.71	7.06
		815.00	1,185.84
<b>Current Liabilities</b>			
Short-Term Borrowings	9	241.56	71.79
Trade Payables	10	921.58	828.75
Other Current Liabilities	11	369.43	252.35
Short-Term Provisions	12	10.74	10.42
		1,543.31	1,163.31
<b>TOTAL</b>		3,981.55	3,948.87
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	13		
Tangible Assets		1,199.50	1,250.98
Intangible Assets		43.27	50.92
Capital Work-in-Progress		186.23	172.12
Long-Term Loans and Advances	14	344.25	305.89
		1,773.25	1,779.91
<b>Current Assets</b>			
Current Investments	15	375.43	343.69
Inventories	16	1,305.00	1,173.17
Trade Receivables	17	241.85	269.23
Cash and Bank Balances	18	14.62	59.66
Short-Term Loans and Advances	19	214.33	285.22
Other Current Assets	20	57.07	37.99
		2,208.30	2,168.96
<b>TOTAL</b>		3,981.55	3,948.87
The accompanying notes are forming part of the financial statements	1-51		

As per our report of even date attached

**For NGS & Co. LLP**  
Chartered Accountants

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

Place: Mumbai  
Date : May 26, 2016

For and on behalf of the Board of Directors

**Shailesh Haribhakti**  
Chairperson

**Rakesh Biyani**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Kishore Biyani**  
Managing Director

**Dr. Darlie Koshy**  
Director

**Sanjay Kumar Mutha**  
Chief - Legal & Company Secretary

**C. P. Toshniwal**  
Director

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Crore)

	Note	2015-2016	2014-2015
<b>INCOME</b>			
Revenue from Operations	21	3,300.19	3,134.09
Other Income	22	16.49	21.74
<b>Total Revenue</b>		<b>3,316.68</b>	3,155.83
<b>EXPENDITURE</b>			
Cost of Materials Consumed		71.23	62.19
Purchases of Stock-in-Trade		2,106.19	2,006.93
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	(131.88)	(149.75)
Employee Benefits Expense	24	188.56	169.19
Finance Costs	25	135.25	158.33
Depreciation and Amortisation Expense	13	161.42	170.09
Other Expenses	26	740.93	715.37
<b>Total Expenses</b>		<b>3,271.70</b>	3,132.35
<b>Profit Before Tax</b>		<b>44.98</b>	23.48
Tax Expense	37	15.51	4.93
<b>Profit For The Year</b>		<b>29.47</b>	18.55
<b>Earnings Per Equity Share of Face Value of ₹ 2 each</b>	34		
Basic (₹)		1.55	1.07
Diluted (₹)		1.55	1.05
The accompanying notes are forming part of the financial statements	1-51		

As per our report of even date attached

**For NGS & Co. LLP**  
Chartered Accountants

**Ashok A. Trivedi**  
Partner  
Membership No. 042472  
Place: Mumbai  
Date : May 26, 2016

For and on behalf of the Board of Directors

**Shailesh Haribhakti**  
Chairperson

**Rakesh Biyani**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Kishore Biyani**  
Managing Director

**Dr. Darlie Koshy**  
Director

**Sanjay Kumar Mutha**  
Chief - Legal & Company Secretary

**C. P. Toshniwal**  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Crore)

		2015-2016	2014-2015
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	Net Profit Before Tax	44.98	23.48
	Adjusted for :		
	Depreciation and Amortisation Expense	161.42	170.09
	Finance costs	135.25	158.33
	Profit on Sale of Investments	(10.73)	(13.54)
	Loss on Disposal/Discard of Fixed Assets (Net)	22.01	15.29
	Expenses on Employee Stock Option Scheme	3.07	1.01
	Dividend Income	(0.21)	(0.31)
	Bad Debts Written Off	1.06	6.73
	Interest Income	(3.90)	(6.18)
	<b>Operating Profit Before Working Capital Changes</b>	<b>352.95</b>	<b>354.90</b>
	Adjusted for :		
	Trade Receivables and Other Current Assets	7.25	17.54
	Loans and Advances	32.66	3.09
	Inventories	(131.83)	(149.20)
	Trade Payables, Other Liabilities and Provisions	107.08	9.18
	<b>Cash Generated from Operations</b>	<b>15.16</b>	<b>(119.39)</b>
	Tax Paid	(9.75)	(4.69)
	<b>Net Cash From Operating Activities</b>	<b>358.36</b>	<b>230.82</b>
<b>B</b>	<b>Cash Flow From Investing Activities</b>		
	Purchase of Fixed Assets	(225.94)	(349.80)
	Sale of Fixed Assets	87.53	28.30
	Purchase of Investments	(33.19)	(29.62)
	Sale of Investments	12.18	78.02
	Interest Income	3.90	6.18
	Dividend Income	0.21	0.31
	<b>Net Cash (Used In) Investing Activities</b>	<b>(155.31)</b>	<b>(266.61)</b>
<b>C</b>	<b>Cash Flow From Financing Activities</b>		
	Proceeds from Issue of Shares	0.12	272.05
	Repayment of Borrowings	(103.86)	(311.38)
	Proceeds from Compulsory Convertible Debenture	-	30.00
	Dividend Paid (Including Dividend Distribution Tax)	(9.10)	(7.97)
	Interest Paid	(135.25)	(158.33)
	<b>Net Cash (Used In) Financing Activities</b>	<b>(248.09)</b>	<b>(175.63)</b>
	<b>Net Decrease in Cash &amp; Cash Equivalents</b>	<b>(45.04)</b>	<b>(211.42)</b>
	Opening Balance of Cash & Cash Equivalents	59.66	271.08
	<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>14.62</b>	<b>59.66</b>

As per our report of even date attached

**For NGS & Co. LLP**  
Chartered Accountants

**Ashok A. Trivedi**  
Partner  
Membership No. 042472  
Place: Mumbai  
Date : May 26, 2016

For and on behalf of the Board of Directors

**Shailesh Haribhakti**  
Chairperson

**Rakesh Biyani**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Kishore Biyani**  
Managing Director

**Dr. Darlie Koshy**  
Director

**Sanjay Kumar Mutha**  
Chief - Legal & Company Secretary

**C. P. Toshniwal**  
Director



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. Significant Accounting Policies

#### A. Basis of Preparation

Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respects with the accounting standards 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, except for Leasehold improvements which are depreciated over the remaining expected lease term.

#### 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 as detailed below:

Assets	Estimated Useful Life
Computer Software	6 Years
License Rights	Over the Period of License

#### E. Investments

Current investments are carried at lower of cost and fair value computed on individual investment basis.

#### 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.

#### 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 recognised as an expense in the Statement of Profit and Loss for the period in which the employee has rendered services. The expense is recognised 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. Taxation

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.

### 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.

### N. Operating Leases

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 2. Share Capital

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	(₹ in Crore)	No. of Shares	(₹ in Crore)
<b>Authorised</b>				
Equity Shares of ₹ 2 each	25,00,00,000	50.00	25,00,00,000	50.00
	25,00,00,000	50.00	25,00,00,000	50.00
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of ₹ 2 each	18,96,12,458	37.92	18,62,09,031	37.24
	18,96,12,458	37.92	18,62,09,031	37.24

#### (i) Reconciliation of number of shares

Equity Share of ₹ 2 each

Particulars	As at March 31, 2016	As at March 31, 2015
	No. of Shares	No. of Shares
At the beginning of the year	18,62,09,031	15,44,73,231
Add : Issued during the year	34,03,427	3,17,35,800
At the end of the year	18,96,12,458	18,62,09,031

#### (ii) Terms/Rights Attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distributions will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Future Corporate Resources Limited	3,23,68,066	17.07	2,98,22,732	16.02
Future Enterprises Limited (Formerly Known as Future Retail Limited)	3,05,70,108	16.12	3,05,70,108	16.42
PI Opportunities Fund - I	1,55,27,950	8.19	1,55,27,950	8.34
PIL Industries Limited	1,09,64,652	5.78	1,09,64,652	5.89
Ryka Commercial Ventures Private Limited	2,01,63,384	10.63	2,01,63,384	10.83

#### (iv) Shares allotted as fully paid up without payment received in cash (during 5 years preceding March 31, 2016):

12,87,41,832 Equity Shares of ₹ 2 each fully paid-up pursuant to Composite Scheme of Arrangement and Amalgamation.

#### (v) Share reserved for issue under Options and contracts, including the terms and amounts :

For details of Shares reserved for issue under the Employee Stock Options Scheme (ESOS) of the Company. (Refer Note: 47)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2016	As at March 31, 2015
<b>3. Reserve and Surplus</b>		
<b>Capital Reserve</b>	<b>1,169.99</b>	1,169.99
	<b>1,169.99</b>	1,169.99
<b>Securities Premium Reserve</b>		
Opening Balance	<b>265.71</b>	-
Add: Transfer From Share Options Outstanding Account	<b>1.01</b>	1.93
Add: Received During the year	<b>29.43</b>	263.78
	<b>296.15</b>	265.71
<b>Debenture Redemption Reserve</b>	<b>83.85</b>	83.85
	<b>83.85</b>	83.85
<b>Share Options Outstanding Account</b>		
Opening Balance	<b>1.01</b>	1.93
Add: Charge for the Year (Refer note no. 47)	<b>3.07</b>	1.01
Less: Transfer to Securities Premium Reserve on Exercise of Options	<b>1.01</b>	1.93
	<b>3.07</b>	1.01
<b>General Reserve</b>		
Opening Balance	<b>4.19</b>	2.33
Add: Transfer from Statement of Profit and Loss	-	1.86
	<b>4.19</b>	4.19
<b>Statement of Profit and Loss</b>		
Opening Balance	<b>7.73</b>	2.33
Add: Profit for the Year	<b>29.47</b>	18.55
Less: Adjustment for Depreciation as per Schedule II of the Companies Act, 2013.	-	1.45
Less: Appropriation		
Additional Dividend on share issued during the year	-	0.74
Transfer to General Reserve	-	1.86
Proposed Dividend on Equity Share	<b>7.58</b>	7.58
Tax on Dividend	<b>1.55</b>	1.52
	<b>28.07</b>	7.73
	<b>1,585.32</b>	1,532.48

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2016	As at March 31, 2015
<b>4.</b>	<b>Compulsory Convertible Debentures</b>	-	30.00
	Nil (32,96,700) Compulsory Convertible Debentures (CCDs) having face value of ₹ 91 each Convertible into equivalent number of equity shares of face value of ₹ 2 each at premium of ₹ 89 each.		
		-	30.00
<b>5.</b>	<b>Long-Term Borrowings</b>		
	<b>Secured</b>		
	Non-Convertible Debentures	300.00	525.00
	Term Loans from Banks	373.98	522.61
		673.98	1,047.61
	<b>a) Non-Convertible Debentures (NCDs)</b>		
	NCDs of ₹ 525 Crore (2014-15 : ₹ 650 Crore) are secured by pari-passu first charge on immovable and movable fixed assets of the Company, carries coupon rate of 11.50% per annum and are redeemable at par. NCDs are repayable as follows ₹ 225 Crore in 2016-17, ₹ 100 Crore in 2017-18, ₹ 80 Crore in 2019-20 and ₹ 120 Crore in 2020-21.		
	<b>b) Term Loan from Banks:</b>		
	i) Term Loans of ₹ 112.20 Crore (2014-15 : ₹ 112.20 Crore) are secured by (a) First pari-passu charge on Fixed Assets of the Company. (b) First charge on Future Credit/Debit card receivables of "Central Format" through escrow mechanism of the Company. (c) Personal guarantee of Director.		
	ii) Term Loans of ₹ 48.61 Crore (2014-15 : ₹ 48.61 Crore) are secured by (a) Residual Charge on Fixed Assets and Current Assets of the Company. (b) First charge on Future Credit/Debit card receivables of "Central Format" through escrow mechanism of the Company. (c) Personal guarantee of Director.		
	iii) Term Loans of ₹ 213.19 Crore (2014-15 : ₹ 361.80 Crore) are secured by First pari-passu charge on Fixed Assets (movable and immovable) both present and future of the Company.		
	iv) Term Loans are repayable as follows: ₹ Nil in FY 2016-17, ₹ 104.05 Crore in FY2017-18, ₹ 124.75 Crore in FY 2018-19 and ₹ 70.50 Crore in FY 2019-20 and ₹ 74.70 Crore in FY 2020-21.		
	v) Weighted average rate of interest on the Term Loans is 11.77 %		
<b>6.</b>	<b>Deferred Tax Liabilities (Net)</b>		
	<b>Deferred Tax Liabilities</b>		
	On Fixed Assets	74.22	67.69
	<b>Deferred Tax Assets</b>		
	Disallowances under Income Tax Act	3.35	2.72
		70.87	64.97



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

		(₹ in Crore)	
		As at March 31, 2016	As at March 31, 2015
<b>7. Other Long Term Liabilities</b>			
	Security Deposits	61.44	66.20
		61.44	66.20
<b>8. Long Term Provisions</b>			
	Provision for Employee Benefits	8.71	7.06
		8.71	7.06
<b>9. Short-Term Borrowings</b>			
	<b>Secured</b>		
	Working Capital Loans from Banks	241.56	71.79
		241.56	71.79
	Working Capital Loans of ₹ 241.56 Crore (2014-15 : ₹ 71.79 Crore) are secured by		
	a) First pari-passu Charge on Current Assets (excluding credit / debit card receivables)		
	b) Second pari-passu Charge on the Fixed Assets		
<b>10. Trade Payables</b>			
	Trade Payables (Refer Note No. 36)	921.58	828.75
		921.58	828.75
<b>11. Other Current Liabilities</b>			
	Current Maturities of Long-Term Borrowings	225.00	125.00
	Interest Accrued but Not Due on Borrowings	53.70	65.31
	Unclaimed Dividend *	0.03	0.01
	Other Payables #	90.70	62.03
		369.43	252.35
	*There are no amounts due and outstanding to be credited to the investor education and protection fund.		
	# Includes capital creditors, statutory dues and others.		
<b>12. Short-Term Provisions</b>			
	Provision for Employee Benefits	1.61	1.32
	Proposed Dividend	7.58	7.58
	Tax on Dividend	1.55	1.52
		10.74	10.42

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 13. Fixed Assets

(₹ in Crore)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION					NET BLOCK	
	As at April 1, 2015	Additions	Deductions	As at March 31, 2016	Up to March 31, 2015	Deductions/ Adjustments	For the Year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>(A) Tangible Asset</b>										
Freehold Land	0.02	-	-	0.02	-	-	-	-	0.02	0.02
Leasehold Improvements	246.75	47.42	96.16	198.01	78.03	33.97	15.66	59.72	138.29	168.72
Plant & Equipments	176.78	9.87	4.42	182.23	23.80	0.72	12.60	35.68	146.55	152.98
Office Equipments	5.50	2.47	0.18	7.79	1.23	0.08	1.26	2.41	5.38	4.27
Computers	29.42	6.64	0.98	35.08	6.76	0.40	5.95	12.31	22.77	22.66
Furniture, Fixtures & Other Fittings	1,101.47	144.85	55.56	1,190.76	199.67	12.60	117.66	304.73	886.03	901.80
Vehicles	0.60	-	-	0.60	0.07	-	0.07	0.14	0.46	0.53
<b>Total</b>	1,560.54	211.25	157.30	1,614.49	309.56	47.77	153.20	414.99	1,199.50	1,250.98
<b>(B) Intangible Asset</b>										
Computer Software	18.07	0.59	0.04	18.62	3.38	0.02	2.86	6.22	12.40	14.69
Licence Rights	48.28	-	-	48.28	12.05	-	5.36	17.41	30.87	36.23
<b>Total</b>	66.35	0.59	0.04	66.90	15.43	0.02	8.22	23.63	43.27	50.92
<b>Grand Total</b>	1,626.89	211.84	157.34	1,681.39	324.99	47.79	161.42	438.62	1,242.77	1,301.90
Previous Year	1,552.38	367.21	292.70	1,626.89	402.52	247.62	170.09	324.99	1,301.90	1,149.86

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2016	As at March 31, 2015
<b>14.</b>	<b>Long-Term Loans and Advances</b>		
	<b>(Unsecured, Considered Good)</b>		
	Capital Advances	47.37	39.92
	Deposits to Others	296.88	265.97
		<b>344.25</b>	<b>305.89</b>
<b>15.</b>	<b>Current Investments</b>		
	<b>Trade Investments fully paid up of ₹10 each unless otherwise stated</b>		
	<b>Unquoted</b>		
	<b>Equity</b>		
	<b>Subsidiaries</b>		
	30,00,000 Elisir Lifestyle Private Limited	6.00	6.00
	2,30,900 Future Style Lab Limited	5.02	-
	3,48,28,227 Indus-League Clothing Limited Face Value of ₹ 1 each	89.28	89.28
	1,29,578 Indus Tree Crafts Private Limited Face Value of ₹ 100 each	22.42	22.42
	2,40,00,000 (40,00,000) Rachika Trading Private Limited	24.00	4.00
	<b>Associates</b>		
	3,05,143 Eclat Life Style Private Limited	2.20	2.20
	6,63,125 (6,25,000) KFC Shoemaker Private Limited	10.99	10.00
	27,93,210 (15,43,210) Mineral Fashions Private Limited	13.00	10.00
	3,37,161 Resource World Exim Private Limited	3.50	3.50
	15,60,000 Turtle Limited	112.51	112.51
	<b>Joint Ventures</b>		
	1,87,254 (1,64,586) Celio Future Fashion Private Limited	8.04	7.16
	2,40,00,000 Clarks Future Footwear Private Limited	31.55	31.55
	60,00,000 (35,00,000) Holii Accessories Private Limited	8.25	5.75
	<b>Others</b>		
	Nil (2,967) Biba Apparels Private Limited Face Value of ₹ 100 each	-	0.95
	Nil (49,99,999) Edmon Trading Private Limited	-	0.50
	6,09,197 SSIPL Retail Limited	35.37	35.37
	51,136 Unico Retail Private Limited	0.50	0.50
	<b>Compulsory Convertible Preference Shares</b>		
	2,00,000 Indus Tree Crafts Private Limited Face Value of ₹ 100 each	2.00	2.00
	<b>Compulsory Convertible Debentures</b>		
	3 33,333 Mineral Fashions Private Limited Face Value of ₹ 24 each	0.80	-
	<b>Aggregate Value of Unquoted Investment</b>	<b>375.43</b>	<b>343.69</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2016	As at March 31, 2015
<b>16.</b>	<b>Inventories</b>		
	Raw-Materials	4.78	4.83
	Work-in-Progress	8.87	5.74
	Stock-in-Trade (Goods-in-Transit of ₹ 39.87 Crore (Previous Year ₹ 37.58 Crore)	1,259.68	1,136.74
	Finished Goods	31.67	25.86
		<b>1,305.00</b>	<b>1,173.17</b>
<b>17.</b>	<b>Trade Receivables</b>		
	<b>Unsecured, Considered Good</b>		
	Outstanding for a period exceeding six months from the date they are due for payment	17.56	11.94
	Others	224.29	257.29
		<b>241.85</b>	<b>269.23</b>
<b>18.</b>	<b>Cash and Bank Balances</b>		
	<b>Cash and Cash Equivalents</b>		
	Balances with Banks	9.73	57.21
	Cheques on Hand	0.09	-
	Cash on Hand	2.44	2.40
	Dividend Accounts	0.03	0.01
	<b>Other Bank Balances</b>		
	Deposit Accounts with original maturity of more than twelve months	2.33	0.04
		<b>14.62</b>	<b>59.66</b>
<b>19.</b>	<b>Short-Term Loans and Advances</b>		
	<b>(Unsecured, Considered Good)</b>		
	Loans and Advances to		
	Related Parties	106.36	145.71
	Others*	107.97	139.51
		<b>214.33</b>	<b>285.22</b>
	*Includes balances with government authorities, advance to suppliers, prepaid expenses etc.		
<b>20.</b>	<b>Other Current Assets</b>		
	Insurance Claim Receivable (Refer Note No 49)	57.07	37.99
		<b>57.07</b>	<b>37.99</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		2015-2016	2014-2015
<b>21. Revenue from Operations</b>			
Sale of Products		3,413.16	3,239.69
Less: Excise Duty		0.03	-
Less: VAT, Sales Tax		184.21	176.10
Other Operating Revenues		71.27	70.50
		<b>3,300.19</b>	<b>3,134.09</b>
<b>22. Other Income</b>			
Interest Income		3.90	6.18
Dividend from Current Investments		0.21	0.31
Gain on Sale of Current Investments		10.73	13.54
Miscellaneous Income		1.65	1.71
		<b>16.49</b>	<b>21.74</b>
<b>23. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>			
<b>Opening Inventories</b>			
Finished Goods		25.86	32.80
Work-in-Progress		5.74	4.33
Stock- in-Trade		1,136.74	981.46
<b>Closing Inventories</b>			
Finished Goods		31.67	25.86
Work-in-Progress		8.87	5.74
Stock- in-Trade		1,259.68	1,136.74
		<b>(131.88)</b>	<b>(149.75)</b>
<b>24. Employee Benefits Expense</b>			
Salaries and Wages		170.71	153.55
Expense on Employee Stock Option Scheme (Refer Note No 47)		3.07	1.01
Contribution to Provident and Other Funds		10.05	9.16
Staff Welfare Expenses		4.73	5.47
		<b>188.56</b>	<b>169.19</b>
<b>25. Finance Costs</b>			
Interest Expense		125.62	146.12
Other Borrowing Costs		9.63	12.21
		<b>135.25</b>	<b>158.33</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		2015-2016	2014-2015
<b>26. Other Expenses</b>			
Power and Fuel		92.27	92.66
Repairs and Maintenance			
Buildings		16.44	14.03
Others		5.20	4.44
Insurance		4.07	3.44
Rates and Taxes		6.33	7.99
Rent		372.65	346.23
Advertisement and Marketing		70.54	69.22
Loss on Disposal/Discard of Fixed Assets (Net)		22.01	15.29
Bad Debts Written Off		1.06	6.73
Exchange Difference (Net)		0.52	0.46
Miscellaneous Expenses		149.84	154.88
		<b>740.93</b>	<b>715.37</b>

## 27. Employee Benefits Plans

### A. Change In Present Value of Obligation

(₹ in Crore)

Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
	2015-2016	2014-2015	2015-2016	2014-2015
Present Value of the Obligation at the beginning of the year	5.16	3.97	3.22	2.54
Interest Cost	0.41	0.32	0.26	0.20
Current Service Cost	1.92	1.68	1.25	1.17
Benefits Paid	(0.57)	(0.47)	(1.40)	(1.01)
Actuarial (gains)/loss on Obligations	(0.44)	(0.34)	0.51	0.32
Present Value of the Obligation at the End of Year	6.48	5.16	3.84	3.22

### B. Amount Recognised in the Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
	2015-2016	2014-2015	2015-2016	2014-2015
Present Value of the Obligation	6.48	5.16	3.84	3.22
Un-funded Liability	6.48	5.16	3.84	3.22
Un-funded liability recognised in Balance Sheet	6.48	5.16	3.84	3.22

### C. Amount Recognised in the Statement of Profit And Loss

(₹ in Crore)

Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
	2015-2016	2014-2015	2015-2016	2014-2015
Interest Cost	0.41	0.32	0.26	0.20
Current Service Cost	1.92	1.68	1.25	1.17
Actuarial (gains)/loss on obligations	(0.44)	(0.34)	0.51	0.32
Total expense recognised in the Statement of Profit and Loss	1.89	1.66	2.02	1.69

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### D. Reconciliation of Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Un-funded)		Leave Encashment (Un-funded)	
	2015-2016	2014-2015	2015-2016	2014-2015
Present Value of the Obligation at the beginning of the year	5.16	3.97	3.22	2.54
Total expense recognised in the Statement of Profit and Loss	1.89	1.66	2.02	1.69
Benefit paid during the year	(0.57)	(0.47)	(1.40)	(1.01)
Present Value of the Obligation at the End of Year	6.48	5.16	3.84	3.22

### E. The Assumptions used to Determine the Benefit Obligations are as follows

Particulars	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%
Expected Rate of return on plan Assets	N.A.	N.A.

The estimate of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

### 28. Disclosure Relating to Leases

The Company has entered into operating lease arrangements for premises. The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets is ₹ 294.68 Crore (2014-15: ₹ 313.05 Crore). The Lease Rent payable not later than one year is ₹ 136.08 Crore (2014-15: ₹ 130.21 Crore), payable later than one year but not later than five year is ₹ 157.60 Crore (2014-15: ₹ 182.74 Crore) and payable later than five years is ₹ 1.00 Crore (2014-15: ₹ 0.09 Crore).

### 29. Capital and other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 11.59 Crore (2014-15: ₹ 14.60 Crore).

### 30. Contingent Liabilities

(₹ in Crore)

Particulars	2015-2016	2014-2015
A. Claims against the Company not acknowledged as debts	3.59	3.37
B. Corporate Guarantees given	26.20	24.20
C. Guarantees given by the bank on behalf of the Company	18.72	0.31

### 31. Borrowing Cost

The borrowing cost capitalized during the year ended March 31, 2016 was ₹ Nil (2014-15: ₹ 4.23 Crore).

### 32. Related Party Disclosures

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

#### A. List of Related Parties

##### a. Subsidiary Companies

- Elisir Lifestyle Private Limited
- Future Style Lab Limited (w.e.f. July 06, 2015)
- Indus-League Clothing Limited
- Indus Tree Crafts Private Limited
- Indus Tree Producer Transform Private Limited (100% Subsidiary of Indus Tree Crafts Private Limited)
- Rachika Trading Private Limited

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### b. Associate Companies

- i. Eclat Life Style Private Limited
- ii. KFC Shoemaker Private Limited
- iii. Mineral Fashions Private Limited
- iv. Resource World Exim Private Limited
- v. Turtle Limited

### c. Joint Ventures

- i. Celio Future Fashion Private Limited
- ii. Clarks Future Footwear Private Limited
- iii. Holii Accessories Private Limited

### d. Enterprises over which key managerial personnel are able to exercise significant influence

- i. Future Corporate Resources Limited
- ii. Future Enterprises Limited (Formerly known as Future Retail Limited)
- iii. Future Ideas Company Limited

### e. Key Management Personnel (KMP)

- i. Mr. Kishore Biyani - Managing Director
- ii. Mr. C. P. Toshniwal - Executive Director & Chief Financial Officer

## B. Transaction with Related Parties

(₹ in Crore)

Nature of Transactions	Subsidiaries	Associates /Joint Ventures	KMP Exercise Significant Influence	Key Management Personnel
Revenue from Operations	5.49 (8.85)	0.84 (3.23)	95.60 (170.78)	- (-)
Purchase of Goods and Services	34.01 (10.48)	48.38 (56.29)	54.53 (99.46)	- (-)
Purchase of Fixed Assets	- (-)	- (0.14)	0.69 (0.55)	- (-)
Sales of Fixed Assets	- (-)	- (-)	0.07 (1.83)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	2.80 (2.64)
Investments Made	24.97 (7.47)	8.17 (10.00)	- (-)	- (-)
Loans and Advances Given	- (24.74)	- (-)	- (-)	- (-)
Deposits Received	0.01 (-)	0.05 (1.16)	- (-)	- (-)
Outstanding Balances as on March 31, 2016 Receivable	15.67 (25.49)	- (-)	106.36 (203.23)	- (-)
Payable	14.58 (4.68)	34.26 (37.99)	0.25 (-)	- (-)

## C. Significant Related Party Transaction

- i. Revenue from Operation includes Rachika Trading Private Limited ₹ 2.95 Crore (2014-15: ₹ 8.34 Crore), Turtle Limited ₹ 0.33 Crore (2014-15: ₹ 2.63 Crore), Future Enterprises Limited ₹ 95.32 Crore (2014-15: ₹ 170.78 Crore), Future Style Lab Limited ₹ 1.66 Crore (2014-15: ₹ Nil), Celio Future Fashion Private Limited ₹ 0.35 Crore (2014-15: ₹ 0.45 Crore).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- ii. Purchase of Goods and Services includes Rachika Trading Private Limited ₹ 11.70 Crore (2014-15: ₹ 7.17 Crore), Indus Tree Producer Transform Private Limited ₹ 6.47 Crore (2014-15 : ₹ 1.16 Crore), Elisir Lifestyle Private Limited ₹ 15.84 Crore (2014-15: ₹ 2.15 Crore), Turtle Limited ₹ 25.68 Crore (2014-15: ₹ 37.25 Crore), Celio Future Fashion Private Limited ₹ 6.48 Crore (2014-15: ₹ 5.86 Crore), Future Enterprises Limited ₹ 4.17 Crore (2014-15: ₹ 57.97 Crore), KFC Shoemaker Private Limited ₹ 4.91 Crore (2014-15: ₹ 3.80 Crore), Future Corporate Resources Limited 49.52 Crore (2014-15: ₹ 41.10 Crore), Mineral Fashions Private Limited ₹ 5.90 Crore (2014-15 : ₹ 2.09 Crore).
- iii. Purchase of Fixed Assets includes Future Enterprises Limited ₹ 0.69 Crore (2014-15: ₹ 0.55 Crore).
- iv. Sale of Fixed Assets includes Future Enterprises Limited ₹ 0.07 Crore (2014-15: ₹ 1.83 Crore).
- v. Investment made includes Rachika Trading Private Limited ₹ 20.00 Crore (2014-15: ₹ Nil), Future Style Lab Limited ₹ 4.97 Crore (2014-15: ₹ Nil), Mineral Fashions Private Limited ₹ 3.80 Crore (2014-15: ₹ 5.00 Crore), KFC Shoemaker Private Limited ₹ 0.99 Crore (2014-15: ₹ Nil), Holii Accessories Private Limited ₹ 2.50 Crore (2014-15: ₹ Nil), Celio Future Fashion Private Limited ₹ 0.88 Crore (2014-15: ₹ Nil).

### D. Joint Venture Information

Joint Venture, as required by (AS-27) "Financial Reporting of interest in Joint Venture" is given below:

Sl. No.	Name of the Company	Description of Interest	Country of Incorporation	Percentage of Interest as on 31.03.2016
1	Celio Future Fashion Private Limited	Equity	India	3.50%
2	Clarks Future Footwear Private Limited	Equity	India	50.00%
3	Holii Accessories Private Limited	Equity	India	50.00%

#### Company's Interest in the Joint Ventures

(₹ in Crore)

Sl.No.	Name of the Company	As at March 31, 2016		2015-2016	
		Assets	Liabilities	Income	Expenditure
1	Celio Future Fashion Private Limited	2.96	3.81	4.41	5.48
2	Clarks Future Footwear Private Limited	68.57	92.62	65.91	78.24
3	Holii Accessories Private Limited	3.67	2.00	3.71	4.98

### 33. Payment to Auditors (Inclusive of Service Tax)

(₹ in Crore)

Particulars	2015-2016	2014-2015
Statutory Audit Fees	0.63	0.62
Tax Audit Fees	0.03	0.03
Other Services	0.03	0.04
<b>Total</b>	<b>0.69</b>	<b>0.69</b>

### 34. Earnings Per Share

Basic and Diluted Earnings per Share (EPS) is computed in accordance with Accounting Standard (AS-20) on "Earning per Share"

Particulars	UNITS	2015-2016	2014-2015
Profit after tax	₹ in Crore	29.47	18.55
The Weighted average number of Equity Shares for Basic EPS	No. in Crore	18.95	17.30
The Weighted average number of Equity Shares for Diluted EPS	No. in Crore	18.95	17.67
Earnings per Equity Share – Basic	₹	1.55	1.07
Earnings per Equity Share – Diluted	₹	1.55	1.05

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 35. Segment Reporting

The Company is primarily engaged in the business of fashion, which in terms of Accounting Standard 17 notified under the Companies (Accounting Standards) Rules, 2006 (as amended) "Segment Reporting" constitutes a single reporting segment.

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

### 37. Tax Expense

The Tax Expense for the Year comprises of

(₹ in Crore)

Particulars	2015-2016	2014-2015
Current Tax	9.60	4.46
Deferred Tax	5.91	0.47
<b>Total</b>	<b>15.51</b>	<b>4.93</b>

### 38. Value of Imported and Indigenous Materials Consumed

(₹ in Crore)

Particulars	2015-2016		2014-2015	
	Value	%	Value	%
Fabrics and Other Accessories				
- Imported	0.09	0.13	0.45	0.72
- Indigenous	71.14	99.87	61.74	99.28
<b>Total</b>	<b>71.23</b>	<b>100.00</b>	<b>62.19</b>	<b>100.00</b>

### 39. Purchase of Stock-In-Trade

(₹ in Crore)

Particulars	2015-2016	2014-2015
Apparel	1539.51	1442.62
Non-Apparel	566.68	564.31
<b>Total</b>	<b>2106.19</b>	<b>2006.93</b>

### 40. Details of Sales Value of Goods

(₹ in Crore)

Particulars	2015-2016	2014-2015
Apparel	2452.87	2542.78
Non-Apparel	776.04	520.81
<b>Total</b>	<b>3228.92</b>	<b>3063.59</b>

### 41. Particulars of Raw Materials Consumed

(₹ in Crore)

Particulars	2015-2016	2014-2015
Fabric And Accessories	71.23	62.19
<b>Total</b>	<b>71.23</b>	<b>62.19</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 42. Value of Imports on CIF Basis

(₹ in Crore)

Particulars	2015-2016	2014-2015
Raw Materials	0.09	0.20
Purchase of Stock-in-trade	35.25	11.70
Capital Goods	21.96	11.60
Accessories & Others	0.00	0.25

### 43. Expenditure in Foreign Currency

(₹ in Crore)

Particulars	2015-2016	2014-2015
Traveling Expenses	1.10	0.58
Professional Charges	0.86	1.22
Interest on Foreign Currency Loan	0.25	0.12
Royalty	22.37	26.09

### 44. Earning in Foreign Currency (On Accrual Basis)

(₹ in Crore)

Particulars	2015-2016	2014-2015
Sales of Products (On FOB Basis)*	35.08	27.94

\*Includes ₹ 22.58 Crore (2014-15 ₹ 24.15 Crore) being indirect foreign exchange earnings during the period through credit cards, as certified by the bankers.

45. a. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivatives instruments for trading and speculative purposes. Forward Contract outstanding as at March 31, 2016 are ₹ 1.77 Crore (2014-15: ₹ 9.36 Crore).
- b. As of Balance Sheet date the Company has net foreign currency exposures (in USD) that are not hedged by derivate instruments or otherwise amounting to ₹ 29.37 Crore (2014-15: ₹ 4.04 Crore)

### 46. Particulars of loans, Guarantee and investment under section 186(4) of the Companies Act, 2013 and under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Sl. No.	Name	Relation	Amount as at March 31, 2016 (Including Interest Accrued)	Amount as at March 31, 2015 (Including Interest Accrued)	Maximum outstanding during the year 2015-2016
<b>I</b>	<b>Inter Corporate Deposits and Loans</b>				
I	Indus Tree Crafts Private Limited	Associate	4.57	4.16	4.62
II	Idiom Design & Consulting Limited		0.96	0.89	0.97
III	Indus Tree Producer Transform Private Limited	Associate	0.45	0.40	0.68
IV	Holii Accessories Private Limited	Joint Venture	-	0.25	0.31
V	Rachika Trading Private Limited	Subsidiary	17.49	26.86	34.53
VI	Unico Retail Private Limited		0.32	-	0.34
<b>II</b>	<b>Corporate Guarantees Given</b>				
I	Indus Tree Producer Transform Private Limited	Associate	7.00	5.00	Not Applicable
II	Rachika Trading Private Limited	Subsidiary	19.20	19.20	Not Applicable
<b>III</b>	<b>Investments</b>				
	Refer Note 15 to Notes forming part of Financial Statements				

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 47. Employee Stock Option Schemes (ESOS)

#### A. Stock Option activity during the year under the Scheme is set out below:

Particulars	2015-2016		2014-2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	4,80,402	10.00	3,01,161	10.00
Granted during the year	3,95,476	10.00	4,64,622	10.00
Forfeited during the year	14,278	10.00	11,596	10.00
Exercised during the year	1,06,727	10.00	2,73,785	10.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	7,54,873	10.00	4,80,402	10.00
Exercisable at the end of the year	2,38,830	10.00	12,736	10.00
Weighted Average Remaining contractual life of outstanding Options (in years)	3.08		4.12	
Weighted average fair value of Options granted (₹)	76.29		85.74	

#### B. The Effect of adopting the fair value method on earnings per share

##### Pro Forma Adjusted Net Income and Earnings Per Share

Particulars	Units	2015-2016	2014-2015
<b>Net Income as reported</b>	₹ in Crore	<b>29.47</b>	18.55
Add: Intrinsic Value Compensation Cost	₹ in Crore	<b>3.07</b>	1.01
Less: Fair Value Compensation Cost	₹ in Crore	<b>3.28</b>	1.15
<b>Adjusted Pro Forma Net Income</b>	₹ in Crore	<b>29.26</b>	18.41
Earnings Per Share: Basic			
As Reported	₹	<b>1.55</b>	1.07
Adjusted Pro Forma	₹	<b>1.54</b>	1.06
Earnings Per Share: Diluted			
As Reported	₹	<b>1.55</b>	1.05
Adjusted Pro Forma	₹	<b>1.54</b>	1.04

#### C. Method and Assumptions used to estimate the fair value of Options granted

The fair value has been calculated using the Black Scholes Option Pricing model. The Assumptions used in the model are as follows:

Grant	Grant V-1	Grant V-2
Date of grant	August 30, 2015	August 30, 2015
1. Risk Free Interest Rate	7.67%	7.69%
2. Expected Life	2.75	3.00
3. Expected Volatility	52.36%	52.36%
4. Dividend Yield	0.57%	0.57%
5. Price of the underlying share in market at the time of the Option grant (₹)	69.90	69.90

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

48. Investment by the Company in Subsidiary companies, Joint Venture companies and Associate companies are held exclusively with a view to its subsequent disposal in near future and therefore it is not required to prepare consolidated financial statements under the provisions of the Companies Act, 2013 and the prescribed Accounting Standards.
49. There was a fire at the Company's one of the Brand Factory store situated at Marathali Bangalore on October 02, 2015, due to which it has become non-operational. The loss incurred by the Company is adequately covered under insurance claim. The Company has also started a new Brand Factory store in the same vicinity on October 17, 2015.
50. For the Year ended March 31, 2016 the Board of Directors of the Company have recommended dividend of ₹ 0.40 Per Share (2014-15: ₹ 0.40) to Equity Shareholders aggregating to ₹ 9.13 Crore (2014-15 : ₹ 9.10 Crore) including Dividend Distribution Tax.
51. Previous Year's Figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date attached

**For NGS & Co. LLP**  
Chartered Accountants

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

Place: Mumbai  
Date : May 26, 2016

For and on behalf of the Board of Directors

**Shailesh Haribhakti**  
Chairperson

**Rakesh Biyani**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Kishore Biyani**  
Managing Director

**Dr. Darlie Koshy**  
Director

**Sanjay Kumar Mutha**  
Chief - Legal & Company Secretary

**C. P. Toshniwal**  
Director

## FORM NO. AOC.1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Part "A": Subsidiaries

Sl. No.	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments (excluding investments in subsidiaries)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of share-holding
1	Elisir Lifestyle Private Limited	March 31, 2016	5.00	(0.47)	34.78	30.26	-	40.07	(1.80)	-	(1.80)	-	60.00
2	Future Style Lab Limited	March 31, 2016	0.40	(0.08)	4.88	4.56	-	-	(4.87)	-	(4.87)	-	58.12*
3	Indus-League Clothing Limited	March 31, 2016	3.48	86.08	89.57	0.01	-	-	0.04	0.02	0.02	-	100.00
4	Rachika Trading Private Limited	March 31, 2016	25.00	(16.58)	53.63	45.21	-	27.34	(8.96)	-	(8.96)	-	96.00

\* The total share capital means the aggregate of the paid-up equity share capital and convertible preference share capital.

**Part “B” : Associates and Joint Ventures**

**Statement pursuant to section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associates/Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the Company on the year end		Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crore)	Profit / (Loss) for the year	
		No.	Amount of Investment in Associates/Joint Venture (₹ in Crore)				Considered in Consolidation	Not Considered in Consolidation (₹ in Crore)
Celio Future Fashion Private Limited	January 31,2015	1,87,254	8.04	Due to Joint Venture Agreement	Refer Note A	(0.66)	-	(35.60)
Clarks Future Footwear Private Limited	March 31,2016	2,40,00,000	31.55	Due to Joint Venture Agreement	Refer Note A	(24.05)	-	(24.65)
Eclat Life Style Private Limited	March 31,2016	3,05,143	2.20	Due to Shareholding	Refer Note A	0.59	-	(0.503)
Indus Tree Crafts Private Limited	March 31,2016	3,29,578	24.42	Due to Shareholding	Refer Note A	5.74		(0.50)
Indus Tree Producer Transform Private Limited**	March 31,2016	6,94,355	0.69	Due to Shareholding	Refer Note A	(6.04)		(2.52)
Holii Accessories Private Limited	March 31,2016	60,00,000	8.25	Due to Joint Venture Agreement	Refer Note A	1.67	-	(2.54)
KFC Shoemaker Private Limited	March 31,2016	6,63,125	10.99	Due to Shareholding	Refer Note A	5.77	-	0.31
Mineral Fashions Private Limited	March 31,2016	27,93,210	13.00	Due to Shareholding	Refer Note A	3.77	-	(0.77)
Resource World Exim Private Limited	March 31,2016	3,37,161	3.50	Due to Shareholding	Refer Note A	2.02		0.25
Turtle Limited	March 31,2016	15,60,000	112.51	Due to Shareholding	Refer Note A	9.95	-	4.88

\* The total share capital means the aggregate of the paid-up equity share capital and convertible preference share capital.

\*\* Wholly owned subsidiary of Indus Tree Crafts Private Limited

Note - A. Investment by the Company in subsidiary companies, Joint Venture companies and associate companies are held exclusively with a view to its subsequent disposal in near future and therefore it is not required to prepare consolidated financial statements under the provisions of the Companies Act, 2013 and the prescribed Accounting Standards.

As per our report of even date attached

For and on behalf of the Board of Directors

**For NGS & Co. LLP**  
Chartered Accountants

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**C. P. Toshniwal**  
Director

**Ashok A. Trivedi**  
Partner  
Membership No. 042472  
Place: Mumbai  
Date : May 26, 2016

**Rakesh Biyani**  
Director

**Dr. Darlie Koshy**  
Director

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**Sanjay Kumar Mutha**  
Chief - Legal & Company Secretary



**INFORMATION AS REQUIRED PURSUANT TO RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULE, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED March 31, 2016**

Sl. No., Employee Name, Designation, Remuneration received (in ₹), Qualification, Age, Date of Joining, Experience (in Yrs), Last Employment, Last Designation;

1. Ajay Chablani\*, Head - LOB fashions, ₹14,15,754, B.Tech., 43, 03-Jun-15, 18, Reliance Industries Limited, Head - Sourcing; 2. Arindam Guha, Chief Financial Officer - Central, ₹73,31,411, B.Com, CA, 59, 01-Jun-13, 36, Future Retail Limited, Chief Financial Officer - Central; 3. C. P. Toshniwal, Executive Director & Chief Financial Officer, ₹1,82,21,132, CA, CS, 49, 01-Nov-13, 26, Future Retail Limited, Chief Financial Officer; 4. Dipayan Baishya, Head-Strategy & Communication, Group CEOs Office, ₹77,95,165, BSc. Statistics, 34, 01-Jun-13, 11, Future Retail Limited, Head-Strategy & Communication, Group CEOs Office; 5. Hetal Kotak\*, Chief Executive Officer - Lee Cooper, ₹15,40,135, B.Tech., 40, 22-Feb-16, 16, Raymond Limited, Vice President and Business Head; 6. K Venkateshwar Rao, Regional Manager - Operations, ₹74,44,277, MBA, BE Mechanical, 51, 01-Jun-13, 26, Future Retail Limited, Regional Manager - Operations; 7. Kishore Biyani, Managing Director & Group - CEO, ₹98,19,996, B. Com., 55, 25-Jun-13, 33, Future Consumer Enterprises Limited, Managing Director; 8. Krishna Thingbaijam, Head - Designing, ₹87,92,864, PGDBM-NIFT, 45, 01-Jan-14, 22, Future Retail Limited, Head - Design; 9. M. Vishnu Prasad, Chief Executive Officer - Central, ₹2,41,99,884, B. Com., MBA, 54, 01-Jun-13, 30, Future Retail Limited, Chief Executive Officer - Central & Brand Factory; 10. Manjula Tiwari\*, Head - Future Style Lab, ₹45,29,851, PGDBM-NIFT, 45, 19-May-15, 19, JABONG.com, Sr.Vice President; 11. Rachna Aggarwal, Chief Executive Officer - FLFL Brands, ₹2,08,25,707, B.Sc, PGDBM, 47, 01-Jun-13, 17, Indus League Clothing Limited, Chief Executive Officer; 12. Raj Kumar Piniseti, Chief Merchandising Officer, ₹1,31,29,050, B.Com, CA, 47, 01-Jun-13, 23, Future Retail Limited, Chief Merchandising Officer; 13. Rajesh Seth, Chief Operating Officer - Central & Brand Factory, ₹1,52,44,748, B.E., 44, 01-Jun-13, 22, Future Retail Limited, Head-Operations Central & Brand Factory; 14. Sanjay Pandey, Head-Business Development & Projects, ₹94,44,705, MBA, PGDBM, 44, 01-Jun-13, 17, Future Retail Limited, Chief - RM Key Accounts; 15. Suresh Sadhwani, Business Head - Brand Factory, ₹66,73,369, B.Com., 39, 01-Dec-13, 16, Pantaloon Fashions Retail Limited, Head - Operations; 16. Venkatesh Raja, Head - People Office, ₹72,18,395, MBA, 46, 01-Dec-13, 21, Pantaloon Fashions Retail Limited, Chief People Officer; 17. Vijaya Kumar N., Regional Manager - Operations, ₹78,51,923, PGDBM, 55, 01-Jun-13, 20, Future Retail Limited, Regional Manager - Operations; 18. Vito Grazio Dellerba\*, Head-Designing Brands, ₹53,00,968, Diploma in Fashion and Costume design and Fashion Merchandising, 50, 04-Jan-16, 21, Raymond Limited, Creative Director;

\* Employed part of the year.

**Notes:**

- 1 Nature of employment is permanent and terminable by Notice on either side.
- 2 The above employees are not related to any other Director of the Company.
- 3 No employee holds by himself/herself or along with spouse and dependent children 2% or more of the equity shares of the Company.
- 4 Terms and conditions of employment are as per Company's Rules.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: June 08, 2016

**Shailesh Haribhakti**  
Chairperson

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



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