



# FASHION IN HIGH DEFINITION

**Annual Report**

2016-17



# FASHION IN HIGH DEFINITION

Fashion is a reflection of social, cultural, economic and political changes. It creates, expresses and augments identity. At Future Lifestyle Fashions, we are combining design, brands and consumer insights with technology and operational excellence to create next generation brands and retail experiences that define excite and win consumers. We are fast, agile, ever evolving, just like our customers. We are an organisation that delivers fashion in high definition.



ORIGINAL BRITISH DENIM



**JERLOUS 21**

 **SCULLERS**

**INDIGO NATION**

CHANGEISM

**JOHN MILLER**

MAKE IT LOOK EASY







# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Shailesh Haribhakti**  
Chairperson and Independent Director

**Sharda Agarwal**  
Independent Director

**Dr. Darlie Koshy**  
Independent Director

**Bijou Kurien**  
Independent Director

**Kishore Biyani**  
Managing 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

## INTERNAL AUDITOR

Ernst & Young

## BANKERS

Allahabad Bank	Canara Bank
Axis Bank	IDBI Bank
Bank of Baroda	Union Bank of India
Bank of India	Vijaya Bank

## REGISTERED OFFICE

Future Lifestyle Fashions Limited  
CIN: L52100MH2012PLC231654  
Knowledge House, Shyam Nagar,  
Off Jogeshwari-Vikhroli Link Road,  
Jogeshwari (East), Mumbai - 400 060  
Tel: +91 22 6644 2200 Fax: +91 22 6644 2201  
[www.futurelifestyle.in](http://www.futurelifestyle.in)

## REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited  
C-101, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai - 400 083  
Tel: +91 22 4918 6270 Fax: +91 22 4918 6060  
[www.linkintime.co.in](http://www.linkintime.co.in)



# CONTENTS

## Strategic Report

Corporate Information	2
Letter from the Managing Director	10
FLF Brands	12
FLF Retail	36

## Statutory Reports

Management Discussion & Analysis	45
Directors' Report	51
Corporate Governance Report	80
Business Responsibility Report	95

## Financial Statements

<b>Standalone</b>	
4 Years Financial Summary	104
Independent Auditors' Report	105
Balance Sheet	110
Statement of Profit & Loss	111
Cash Flow Statement	112
Notes to the Financial Statements	113
<b>Consolidated</b>	
Independent Auditors' Report	133
Balance Sheet	136
Statement of Profit & Loss	137
Cash Flow Statement	138
Notes to the Consolidated Financial Statements	139

# BOARD OF DIRECTORS

---



**Shailesh Haribhakti**

Chairman

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

**Dr. Darlie O Koshy**

Non-Executive Independent Director

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



**Sharda Agarwal**

Non-Executive Independent Director

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



**Bijou Kurien**

Non-Executive Independent Director

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





## **Kishore Biyani**

**Managing Director**

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



## **Rakesh Biyani**

**Non-Executive Director**

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



## **C. P. Toshniwal**

**Non-Executive Director**

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




## **Avni Biyani**

**Non-Executive Director**

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



# FLF DNA



Future Lifestyle Fashions brings together expertise honed over two decades of creating some of India's most popular fashion brands and retail destinations. Everything FLF does begins with the customers, irrespective of age, styles and identities and the goal is the exceed their expectations. We live, think and breathe fashion.





**90+**  
CITIES

**580+**  
DOORS

**5.4 mn**  
SQ.FT. RETAIL SPACE

**2 seconds**  
ONE CUSTOMER WALKS-IN

**7**  
POWER BRANDS

**20+**  
OWN BRANDS

**13**  
INVESTEE BRANDS

# FASHION IN HIGH DEFINITION

**TECH.**



## STRATEGY

Replenishment forecast

Targeted marketing

Product life cycle management

Exception Management

Behavioural segmentation

Auto grading process

## OPERATIONS

Comprehend customer behaviours

Reduce operational costs

Procurement Life Cycle tracked digitally

Limited People dependency

High sorting capability without limitation

High transparency and gain insights into vendor performance

## DELIVERY

Enhancing the brand value

Improving Consumer Perception

Shaping the future of omni channel

Expansion of multi-channel retailing

Providing a seamless experience

Real time analytics to all decision makers



**CUSTOMER**



# TECH @ PLAY

## 1 PLANNING

### ONE COMMON PLAN VISIBLE TO EVERYONE

- One way of planning with science & automation
- Assortment customisation
- Seasonal index for stock build
- Planning at SKU level
- Inventory optimisation

## 2 DIGITAL MOCK ROOM

### VISUAL RETAILING STUDIO

#### Style studio

In-house image capturing

#### Mock Room

3D Software for retail, planning and VM

#### Shop shape

Guidelines to Store Teams Retail Execution & Compliance Feedback

## 3 SUPPLY CHAIN

### STATE OF THE ART DISTRIBUTION CENTRE

Cross Belt Sorting

Auto Pick & drop

Automated Sorter & Conveyor

Auto Replenishment

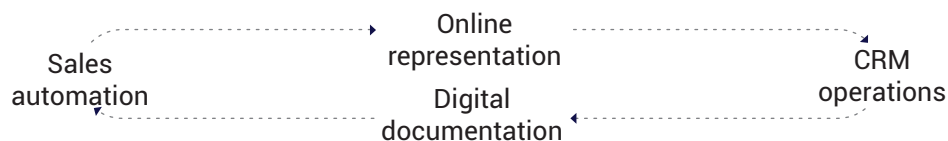
## 4 DESIGN & SOURCING

### DIGITIZING DATA MANAGEMENT



## 5 DIGITAL SELLING

### HIGH-QUALITY CUSTOMER EXPERIENCE



## 6 ANALYTICS

### CUSTOMER CENTRIC GROWTH

- Merchandise Analytics**  
Merchandise assortment planning, replenishment and pricing
- Customer 360**  
Behavioural segmentation and targeted marketing
- Vendor Link**  
Supply process visibility with supplier collaboration
- E-commerce Analytics**  
Identify path to purchase and channel contribution

# LETTER FROM MANAGING DIRECTOR



## Experience Fashion in High Definition



### Dear Stakeholders,

We are pleased to share with you the Annual Report of your Company for the financial year 2016-17. This marks the completion of the fourth year of operation and we are happy to share that your Company has posted a net profit of 46 Crore, a growth of almost 55% over the last year. The standalone turnover for this financial year was 3,877 Crore. As we move ahead, we are fairly confident to build upon our strengths of operating one of the most unique fashion companies created to capture consumption in an emerging market.

Future Lifestyle Fashions is a consumer goods company with a strong portfolio of fashion brands that also has its own retail network. This portfolio of fashion and footwear brands is diverse – they cover almost every consumer need, occasion and segment within the space. While some of them are foreign brands, many of them are home grown brands built through years of experience and investments. Each of the brands are at different stages of growth and evolution. While some like Lee Copper, with gross sales of 651 Crore are large and attract a diverse consumer

segment, there are others that cater to particular niche areas like aLL, a plus size fashion brand or Urban Yoga that cater to yoga enthusiasts. We have an optimum mix of company-owned brands and exclusive licensees. The Company, through its subsidiaries, also owns substantial stakes in a number of fast growing brands in the fashion and footwear space.

Our retail network covering around 5.4 million square feet through 372 stores in more than 90 cities and towns also cover most segments of consumption. Most of the brands have their own exclusive stores and many of them are available across various multi-brand outlets and modern trade networks. The Company also operates its own retail chains. The flagship department chain, Central now has 35 stores at landmark locations and malls in metros in the country. The company also operates the country's only national off-price retailer, Brand Factory. Brand Factory, which is now slated for a rapid expansion, acts as a bridge for customers aspiring for buy branded fashion.

Collectively, the entire gamut of brands and retail networks allows your Company to act, respond and cater to almost every facet of consumption in the fashion space. It allows us to compete at favourable terms with almost every fashion brand, retail chain and e-commerce networks. As we move ahead, our focus will be to strengthen this unique ecosystem that we have built for capturing fashion consumption in India, and also use next generation technology, loyalty platforms and benefit from newer advances in Big Data and artificial intelligence to engage more effectively with customers and drive higher efficiencies across the value chain.

Through the year, we took a number of steps towards more pervasive use of data and technology across the value chain that we have created. While our marketing team now engages customers across multiple social media channels and loyalty



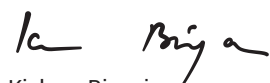
rooms to experiment and visualize different customer experiences for products and brands. Business managers have access to visually richer data sets to take faster and more accurate decisions. These steps are now yielding results that are now showing up across various operational and financial parameters. Despite stiff competition, Central posted a same store sales growth of 19% as compared to 7% in previous year. The free reported free cash flows of 146 Crore, while reducing its overall capital employed by 91 Crore and Net debt by 473 Crore.

The growth in the business is also an outcome of the significant upgradation and improvements in the customer journey. Our next generation Central stores built around the idea of showcasing fashion in high definition, has earned the attention of both customers as well as industry stakeholders. While the oldest store in Bangalore was re-launched with this new design and enhanced customer engagement, a new flagship store in Delhi's Aerocity to capture the city's imagination. In the first quarter of the forthcoming financial year, we are opening a similar 100,000 square feet, landmark store to mark our entry into Kolkata. Brand Factory too is being re-imagined to cater to a much wider range of customers.

During the year, we also took a few steps to bring in more focus into our investee brands. Investee companies posted a combined turnover of around 600 Crore. The largest amongst them, Turtle posted a turnover of 174 Crore. The Company holds a 26% stake in the Turtle. In order to enhance the overall performance and improve the valuation of investee brands, we transferred all investee brands portfolio into an associate entity FLFL Lifestyle Brands Limited (FLBL). The Company's leading brand, Lee Cooper was carved into an independent subsidiary Future Specialty Retail Limited (FSRL) that will help bring in more management focus and enhance the overall brand value.

Fashion incorporates multiple influences and much like our customers, we are an organization that is multi-faceted, young and agile. We have begun the journey of creating a unique fashion organization and we thankful for your continued support, faith and encouragement.

Regards,



Kishore Biyani



Total Income  
**₹3,877 CR**



NET PROFIT  
**₹46 CR**



SQ.FT. RETAIL SPACE  
**5.4 mn**



STORE COUNT  
**372**



LEADING BRAND LEE COOPER  
POSTED GROSS SALES OF  
**₹651 CR**



INDUSTRY LEADING SAME  
STORE GROWTH OF  
**16.4%**

*Note: All Numbers are on standalone basis*



## FLF leads pack of India's finest fashion retailers at IMAGES Fashion Awards 2017

**FLF**

IMAGES Most Admired Fashion  
Company of the Year



Central @ HD won the IMAGES Most  
Admired Design Concept of the  
Year: Theme Store

**INDIGO NATION**  
CHANGEM

IMAGES Most Admired Fashion  
Brand of the Year: Men's  
Westernwear

**COVERSTORY**

IMAGES Most Admired Fashion  
Brand of the Year: New Launch



Free Shopping Weekend' won the IMAGES Most Admired Multi- Brand  
Fashion Retailer of the Year: Marketing & Promotions

# FLF BRANDS



## POWER BRANDS

**AHEAD OF CATEGORY GROWTH**

**HIGH AWARENESS**

**WIDER DISTRIBUTION**

**HIGH RECALL**



\* MRP Revenue



**ORIGINAL BRITISH DENIM**

Lee Cooper is an Authentic British Denim Brand catering to the youth & their celebrity icons since 1908. Creating specialist cuts & innovative new styles has always been at the core of the brand. Innovation, Originality, Style, Attitude & Comfort have been the ideologies that have always been at the core resulting in the creation of jeans such as flexible denim, Water resistant denim & Reverso Jeans

Today Lee Cooper is retailed out of more than 6000 outlets worldwide in nearly 100 countries.

In India, Future Lifestyle Fashions Ltd. owns the exclusive license to manufacture & market the Fashion Clothing Line since 2007 across Men, Women, Boys and Girls

REVENUE\*

 **₹651 CR**

DOORS

 **565**

CITIES

 **187**

*Lee Cooper carved out as a separate subsidiary in March 2017*





ORIGINAL BRITISH DENIM



SUBJECT TO CHANGE



INDIGO NATION





# INDIGO NATION

CHANGEISM

Is a brand that's young, edgy and unconventional and is for the Rockstar of Gen Z. He is young, smart and cool, wears his attitude up his sleeve and knows his fashion well. One word, one mantra that defined youth today, it's "change". For Gen Z, morals, dress codes, heroes, hangouts, girlfriends, beliefs, aspirations and definitions are all temporary and short-lived. Indigo Nation has always been the cult brand for the young and the restless, delivering fast fashion to the Indian dude who forever aspires to be IN. The Indigo Nation dude's stance is always "Subject to Change"

REVENUE\*

₹211 CR

DOORS

424

CITIES

131



BARE<sup>TM</sup>  
CASUALS

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. It has a comprehensive offering for everyone which includes casual tops, t-shirts, denims and winter-wear for men and women. Bare Casual range includes cotton and linen shirts, khakis, corduroys and cotton trousers for men and Bare Kids offers a wide range of clothing options for kids.

REVENUE\*

₹185 CR

DOORS

89

CITIES

38

\* MRP Revenue



## SCULLERS

Positioned as a brand that offers stylish and sporty casual wear for Men, Women and Kids. The Brand is popular for legendary chinos for Men and it also incorporates an Indo-western feel in their women's wear, which is evident in their trendy corporate and premium casual wear. Scullers is timeless, embracing the old as well as new. It is stylish without being flashy, Elegant without being somber, Sophisticated without being upright. Scullers is a celebration of joy, optimism and new beginnings. Scullers tweens offers a range of smart casual clothing focusing on children from 10 to 14 yrs.

REVENUE\*



**₹201 CR**

DOORS



**227**

CITIES



**86**



The Plus Size Store is a fashion forward apparel brand established in 2005 to solely cater to the fashion needs of the plus sized audience in India. aLL's range includes formal, ethnic, party and casual wear for both, men and women. With various sizes & styles to choose from, aLL aspires to be a destination store for plus size audience thereby giving their customers every reason to be what they are and the freedom to choose what they want to be.

Currently the brand operates out of 63 standalone stores and 31 shop-in-shops at Central & is located across 31 cities across India

REVENUE\*



**₹180 CR**

DOORS



**94**

CITIES



**47**







a little larger

**all**

the plus size store



JOHN MILLER

MAKE IT LOOK EASY

WORK-CODE OF THE GOOD LOOKING RASCAL

# FML FASHION MADE LIGHT

With **AIR SHIRTS** - a range of light-weight shirts with N9 Cooling Technology.





## JOHN MILLER

MAKE IT LOOK EASY

Is our flagship brand in the men's clothing. John Miller is brand that blends a clever mix of conformity and distinctiveness to create edgy fashion for the workplace that makes success look easy and inevitable. John Miller is a brand of fashionable formal wear for young male executives, in line with more relaxed work culture seen now a days. John Miller also has a range of relaxed office wear - John Miller Hangout. It includes shirts, trousers, business suits, blazers, accessories.

### REVENUE\*



**₹211 CR**

### DOORS



**472**

### CITIES



**144**



## JEALOUS 21

Jealous 21 is one of India's leading exclusive women's wear brand offering an elaborate range of Hip-fit Jeans, tops and tee shirts designed for the Indian body type. It revolutionized the jeans market for women by launching jeans that fits every body type of Indian women by introducing a unique concept of 3 hip sizes for every waist size - Hottie for the slim hips, Hour Glass for the regular hips & Bootilicious for the curvier hips.

Oozing with oomph, this brand is designed to infatuate today's young women.

### REVENUE\*



**₹108 CR**

### DOORS

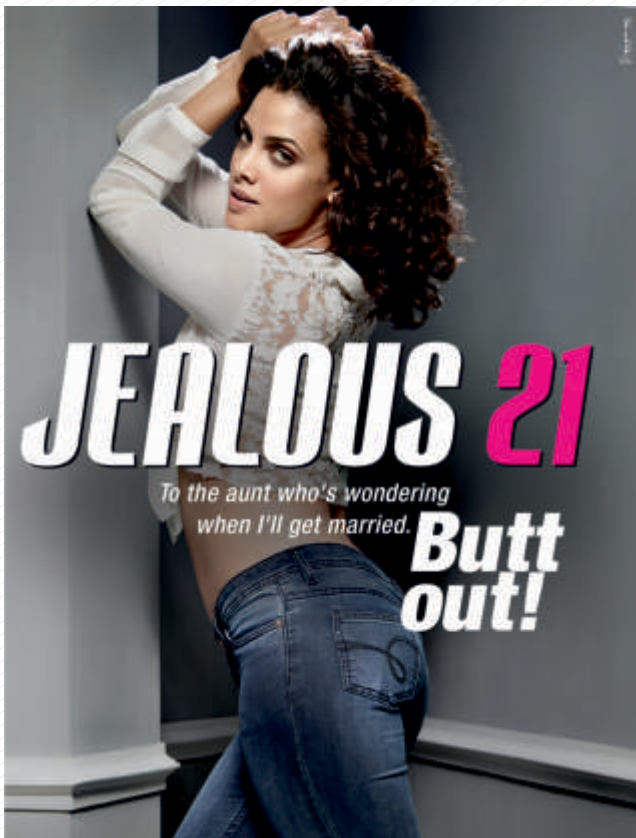


**312**

### CITIES



**107**



\* MRP Revenue

# FLF BRANDS

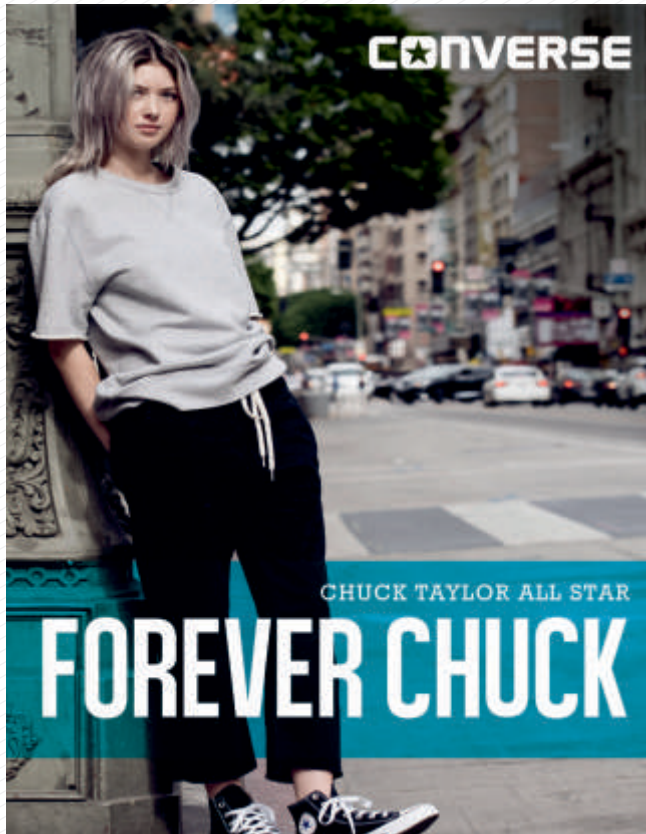


## SPORTS BRANDS

**ADVENTUROUS  
COMFORTABLE**

**LIFESTYLE  
RELAXED**

**GENEX**



### CONVERSE ➤

Converse Inc, based in Boston, Massachusetts is a wholly owned subsidiary of NIKE, Inc. Established in 1908, the Converse brand has built a reputation as "America's Original Sports Company"™ and has been associated with a rich heritage of legendary shoes such as the Chuck Taylor® All Star® shoe, the Jack Purcell® shoe and the One Star® shoe. Today, Converse offers a diverse portfolio including lifestyle men's, women's and children's footwear, apparel and accessories and is sold globally by retailers in over 160 countries. FLF hold an exclusive license of Converse in India. Converse is the authentic street style performance brand which exists to serve the daring spirit



**CONVERSE**



CHUCK TAYLOR ALL STAR

**FOREVER CHUCK**









Licensed from Hanes Inc, Champion is the second largest brand of its portfolio and it is positioned in India as a sports lifestyle brand; FLF hold an exclusive license of Champion in India.

Since 1919, Champion Athleticwear has made breakthrough innovations in athletic apparel for men, women and kids. Today, Champion continues our breakthrough tradition from sweatshirts to sweatpants from T-shirts to athletic shorts in the latest performance fabrics, designs and styles.



The European football brand is licensed from the Iconix Brand Group. In 1924, after witnessing a nation fall in love with football, a young tailor named Harold Humphreys established Umbro in Manchester, England. Humphreys used his knowledge of fashion and English tailoring to create high quality 'sportswear'. He believed that style was a performance advantage - if you looked smart, you played smart - a principle which remains today. FLF hold an exclusive license of Umbro in India.







Yoga today has evolved into a younger, more energetic and dynamic avatar and Urban Yoga is a brand that reflects this attitude by being fashionable yet rooted in functionality. It is for people who believe in the spirit of yoga, seek happiness in everything they do and therefore leading a more fulfilling and fashionable lifestyle. The brand is distributed through EBOs and departmental stores.



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

RIG is a casual wear that allows people to live that hidden side of themselves every day. Comfortable in form and function, the ruggedness adds an element of activity to otherwise sedentary lives.





# FLF BRANDS



## EMERGING BRANDS

**WHITE SPACE  
EXCLUSIVE**

**UNIQUE  
YOUNG**



CERIZ is derived from the French word 'Cerise' /se'ri:z/, meaning cherry. Glamorous and sophisticated, modern and bold, it ensures that your wardrobe is always updated with timeless classics and runway worthy styles. CERIZ echoes women's signature style. Be it bold, spontaneous, powerful, sexy, or passionate. Eternally new, eternally fresh, and effortlessly glamorous. For a new you each and every day. The CERIZ woman is Indian and global, stylish and sensible, high fashion and street.

A fusion of Indian and Global. Rooted and fresh. Discover the most trendy handbags and footwear with Ceriz!



Some people's names always  
so widely renowned, that  
somehow renders them  
what happens to them  
always refreshing  
fortable to hear  
engaged  
rather  
ph





**UMM**  
underground music movement  
- ITALY -





UMM, the Italian fashion brand that finds its essence in underground music culture; a culture that represents the idea of going beyond the mainstream with unabashed self-expression. UMM apparel captures the spirit of what it means to be young; the exploration of self that youngsters undertake through music, allowing them to flaunt 'coolness' and belong to the alternative culture scene. FLF own the exclusive rights to distribute the brand in India. It is among one of the most popular casual wear brands in the country.

## URBANA

Urbana is our premium formalwear brand that is designed on the premise of technology meeting fashion. Urbana also offers a range of finishes like wrinkle free cotton and linens, anti-spill shirts, odor-resistant shirts, sweat-free trousers. It is a fine blend of craftsmanship and innovation immaculately crafted for those seeking perfection. Every Urbana product is benchmarked against the highest global craftsmanship and innovation standards without any compromise. The brand offers a complete ensemble of suits, shirts, trousers and accessories that's a true reflection of sartorial style and finesse.





# FLF BRANDS



## INVESTEE BRANDS

**SPECIALISED, DESIGNER LEAD, APPAREL,  
FOOTWEAR & ACCESSORIES**

COVER/STORY

Clarks®

TURTLE 

*desi belle*

GIOVANI

MINERAL 

*holii*

  
SPUNK

**celio\***

  
mother  
earth  
Empowering Women  
Changing Lives

*Investee Brands were moved into a separate company in March 2017*

MINERAL 







COVER/STORY

# COVER/STORY

---

“ **For the fashion-loving and value-conscious Indian woman, Cover Story delivers the latest from the fashion capitals of the world, while it is still the latest.** ”

---

## BUSINESS DEVELOPMENT

Cover Story understands the need to be relevant - it brings the best of fashion trends in stores modified to suit the local woman's sensibility.

With a fully equipped in-house sampling unit, from fabric printing, embroidery to finishing and a 40 day production cycle, Cover Story has the ability to deliver quick turn arounds, thus always staying on trend.



## KEY POINTS

Launched  
April 2016

Doors  
36

Presence across  
22 cities



Clarks®





“ **A combination of invention and craftsmanship that's remained at the heart of what we do.** ”

#### BUSINESS DEVELOPMENT

More than 22,000 Clarks styles are shoes that have sparked a revolution, defined a generation and captured the imagination. Like the iconic Clarks Desert Boot. Designed by Nathan Clark, launched in 1950, its appeal endures to this day. There's Nature, a ground-breaking sports casual hybrid that made its debut in the late 1980s and, redesigned, has recently been reborn. And there's Trigenic Flex, the crafted innovation that's a modern classic in the making. Clarks spread across categories like Men women and kids footwear along with Leather Hand bags and shoe cares.



#### KEY POINTS

**Launched**  
**April 2011**

**Doors**  
**400**

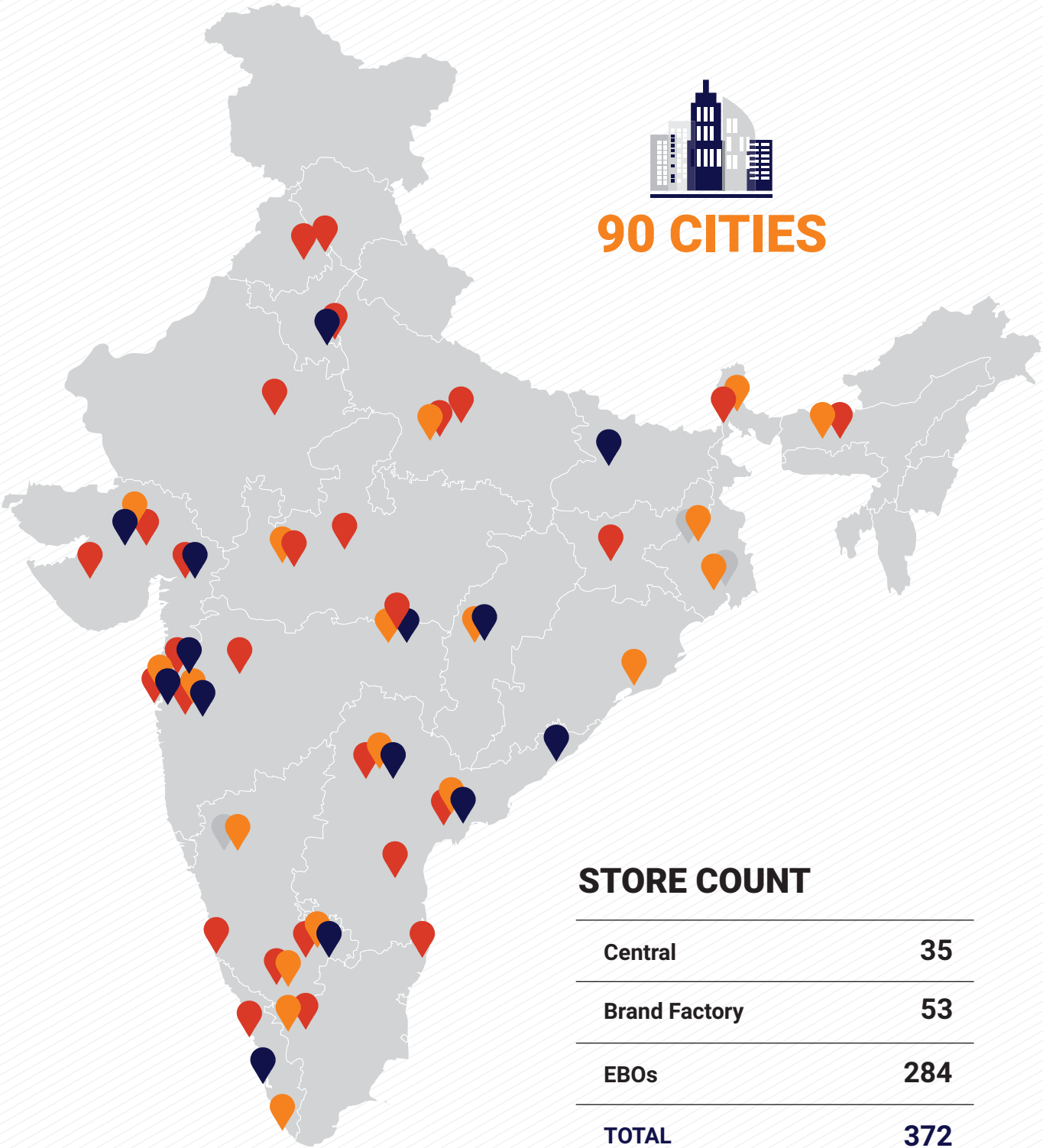
**Presence across**  
**80 cities**



# FLF RETAIL



90 CITIES



## STORE COUNT

Central	35
Brand Factory	53
EBOs	284
TOTAL	372

The map of India for representational purposes only and may not necessarily depict territorial boundaries and hence in now way be interpreted as authoritative. The map is not to scale.



Ahmedabad | Aurangabad | Bengaluru | Bhatinda | Bhimavaram | Bhopal | Bhubaneshwar | Bikaner | Calicut | Chandigarh | Changanacherry | Chennai | Chiplun | Chittoor | Cochin | Coimbatore | Dehradun | Delhi | Erode | Ganga Nagar | Guntur | Gurgaon | Guwahati | Hubli | Hyderabad | Indore | Jaipur | Jalandhar | Kakinada | Kanchipuram | Kannur | Kanpur | Kerala | Khammam | Kochi | Kolkata | Koppal | Kottayam | Lucknow | Ludhiana | Malad | Mallapuram | Mangalore | Manipal | Mohalli | Mumbai | Mysore | Nagpur | Nanded | Nasik | Navi Mumbai | Nellore | New Delhi | Noida | Ongole | Palakkad | Panvel | Patna | Pune | Raipur | Rajahmundry | Ranchi | Ratlam | Sambalpur | Sikar | Siliguri | Solapur | Srikakulam | Surat | Thalassery | Thane | Thiruvananthapuram | Thrissur | Tirupati | Tirupur | Ujjain | Vadodara | Varanasi | Vasai | Vashi | Vellore | Vijayawada | Vishakapatnam | Vizianagaram | Warangal





# CENTRAL





Central offers the best consumer experience in a seamless department store format featuring more than 500 domestic and international brands. It is also the company's largest lifestyle retail brand from FLF. Central stores feature a wide range of categories including apparels, cosmetics, fragrances, eyewear, watches, accessories, sportswear, toys, home and much more for the entire family providing discerning shoppers multiple options to choose from.

Brands and consumer experiences lie at the heart of Central network. The chain's store and sales associates undergo extensive training and development in product knowledge, customer service excellence and grooming. The stores are typically located at prime locations in standalone properties or marquee shopping malls. The company has introduced the next generation Central stores that provide the brands and shopping experience in high definition. The oldest store in the network at Residency Road, Bangalore and a new store at Aerocity, Delhi has been launched with this theme of fashion in new definition and have received rave reviews from customers and fashionistas.

## OUR CUSTOMERS

Caters mid & premium customer spectrum

Highest penetration of younger audience

Larger than life and playful

Hi-Definition customer services

## STORES

35

## SQ.FT. RETAIL SPACE

3.5 mn+

## PRESENT ACROSS

24 cities

## FASHION CATEGORIES

25

## FASHION BRANDS

over 500

## ENHANCING CUSTOMER EXPERIENCE THROUGH HI-DEFINITION



Luxe Billing



Express Alterations



WhatsApp Shopping



Baby Care



Shopping by Appointment



Smart Exchange



Premium Valet Services



Home Delivery



ब्रांड फैक्ट्री



# BRAND FACTORY

**BEST BRANDS • SMART PRICES**

200 BEST BRANDS! ▶ 20% - 70% OFF ▶ ALL 365 DAYS!

YEAR ▶ WOMENSWEAR ▶ KIDSWEAR ▶ HAND BAGS ▶ FOOTWEAR ▶ LUGGAGE ▶ ACCESSORIES

BUY 1 GET 1 FREE





Brand Factory is the country's only pan-India, off-price retailer. Built on the lines of American chains such as TJ Max and Marshalls, the chain offers a bridge for customers aspiring or moving into the consumption of branded apparel. At the same time, the chain forms an important link in the fashion retail space for brands, providing a strong platform sale of off-season merchandize.

These stores now feature over 200 domestic and international brands in apparels for men and women, infant wear, accessories, footwear, sportswear, luggage, sunglasses, hand bags at 20%- 70% discounts throughout the year. Though it is a strong value proposition, the chain competes favourably with ecommerce portals and provide brands a better platform to liquidate their merchandize than ecommerce.

The chain is now focussing on raising the bar on consumer experience and in providing a wider range of merchandize. Rapid expansion has been planned to reach out new consumers across the country.

## OUR CUSTOMERS

Value seeking suburban families

Brand conscious explorative youth

Fashion following mini-metro/smart shoppers

Young qualified, status seekers

## STORES

53

## SQ.FT. RETAIL SPACE

1.5 mn+

## PRESENT ACROSS

23 cities

## FASHION CATEGORIES

20

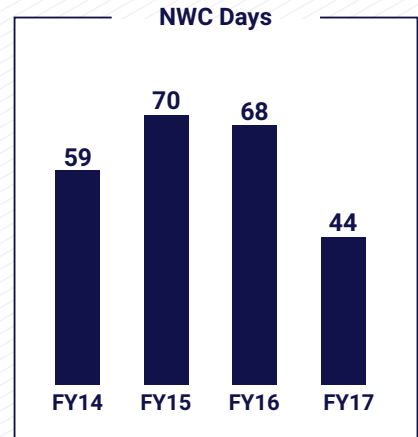
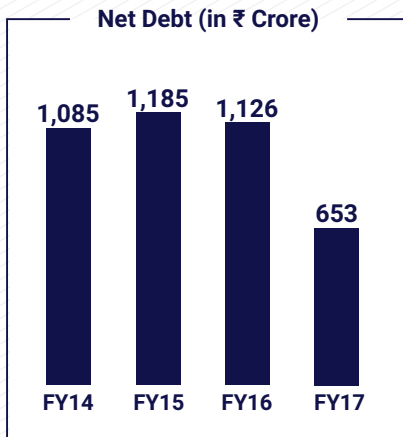
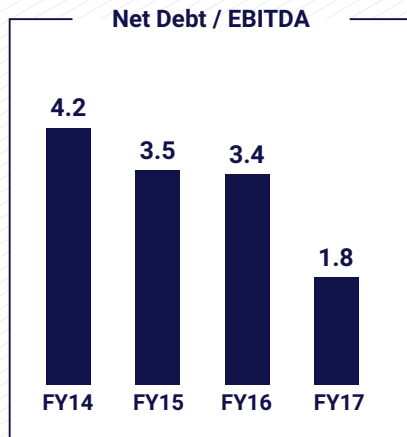
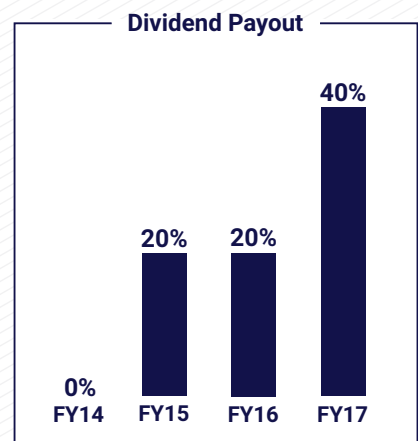
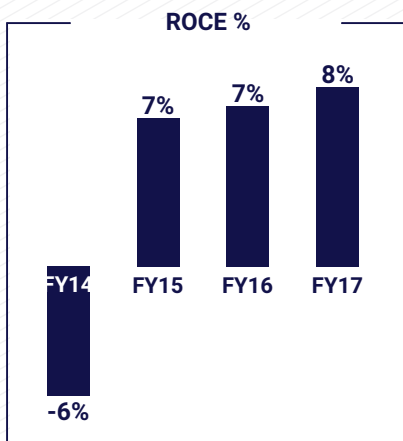
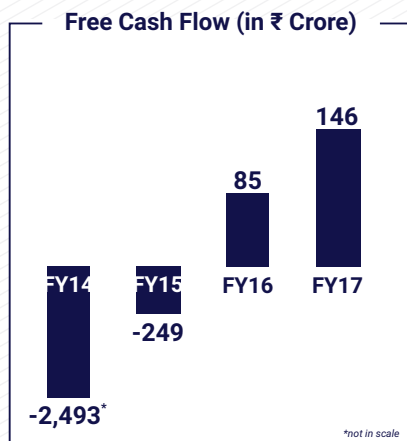
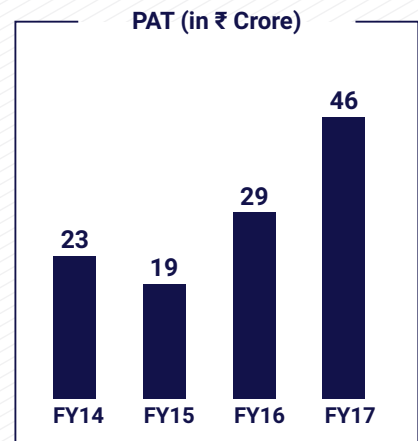
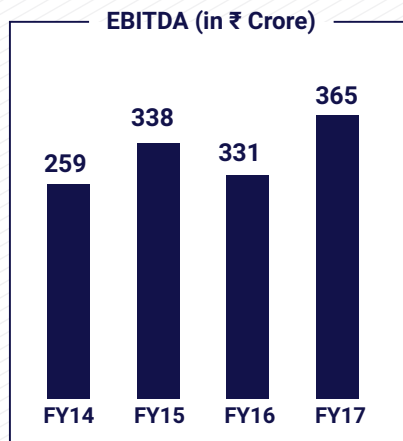
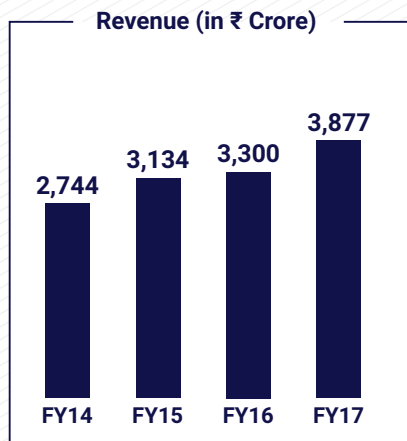
## FASHION BRANDS

over 200





# KEY PERFORMANCE HIGHLIGHTS



Note: All Numbers are on standalone basis



“

**FASHION IS A**

**REFLECTION OF SOCIAL,**

**ECONOMIC, POLITICAL AND**

**CULTURAL CHANGES**

”



**FLF  
IN  
FIGURES  
2016-2017**

# MANAGEMENT DISCUSSION AND ANALYSIS

---

## GLOBAL ECONOMY

There has been significant improvement in confidence on the Global Economy. A recovery in industrial activity has coincided with a pick-up in global trade, after two years of marked weakness. In emerging market and developing economies (EMDEs), obstacles to growth among commodity exporters are gradually diminishing, while activity in commodity importers remains generally robust. As a result, and despite substantial policy uncertainty, global growth is projected to accelerate to 2.7 percent in 2017, up from a post-crisis low of 2.4 percent in 2016, before strengthening further to 2.9 percent in 2018-19, broadly in line with January projections. Global economy has also witnessed steady rise in consumption and M&A's continue to play a key role in industry consolidation.

Basis World bank report on global economic prospects growth in major advanced economies has strengthened, and their short-term outlook has improved, despite elevated policy uncertainty. A modest recovery should continue, with output gaps narrowing and inflation gradually converging toward central bank targets. U.S. monetary policy normalization is expected to proceed at a measured pace. China's policy guided gradual transition to slower but more sustainable growth continues as expected.

## INDIAN ECONOMY

Regional output expanded by an estimated 6.7 percent in 2016, despite temporary disruptions associated with the November withdrawal and replacement of large-denomination currency notes in India, the region's largest economy.

In general, South Asian economies benefited from an improvement in exports, low oil prices, infrastructure spending, and supportive macroeconomic policies last year. In India, activity was underpinned by favourable monsoon rains that supported agriculture and rural consumption, an increase in infrastructure spending, and robust government consumption.

A pickup in regional growth is underway in 2017. In India, recent data indicate a rebound this year, with the easing of cash shortages and rising exports (World Bank 2017). An increase in government spending in India, including on capital formation, has partially offset soft private investment. While manufacturing Purchasing Managers' Indexes have generally picked up, industrial production has been mixed.

India's growth is forecast to increase to 7.2 percent in FY2017 (April 1, 2017 - March 31, 2018) and accelerate to 7.7 percent by the end of the forecast horizon—slightly below previous projections. This outlook mainly reflects a more protracted recovery in private investment than previously envisaged.

Nonetheless, domestic demand is expected to remain strong, supported by ongoing policy reforms, especially the introduction of the nationwide Goods and Services Tax (GST). Significant gains by the ruling party in state elections should support the government's economic reform agenda, which aims at unlocking supply constraints, and creating a business environment that is more conducive to private investment. *(Source: World Bank Global Economic Prospects Jun'17)*

The Government of India announced demonetisation of high denomination bank notes of 1000 and 500, with effect on November 8, 2016, in order to eliminate black money and the growing menace of fake Indian currency notes, thereby creating opportunities for improvement in economic growth. In the Union Budget 2017-18, the Finance Minister verified that the major push of the budget proposals is on growth stimulation, providing relief to the middle class, providing affordable housing, curbing black money, digitalisation of the economy, enhancing transparency in political funding and simplifying the tax administration in the country. India's unemployment rate has declined to 4.8 per cent in February 2017 compared to 9.5 per cent in August 2016, as a result of the Government's increased focus towards rural jobs and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme. (IBEF Report)



## INDUSTRY OVERVIEW AND OUTLOOK

Retail in India continues to be dynamic, fast paced and ever evolving on the base of existing players and new entrants. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space. With the size of retail market expected to reach around USD 1 trillion by 2020 up from current levels of USD 600 billion, modern retail is expected to grow twice the pace of overall retail market growth at around 20% p.a.

Indian retail is one of the pillars of the Indian economy and accounts for ~25% of its GDP which is amongst the highest in the world. Indian retail has experienced high growth over the last decade with a noticeable shift towards organised retailing. In the process, India retail has become more complex and is changing at an ever-increasing speed. Factors like shifting demographics, digital penetration and acceptance, growing disposable income, competitive intensity and the war for talent, require the industry to quickly adjust and modify existing models, approaches and processes to satisfy the needs of future consumers in order to be profitable. Currently Indian retail is in a dynamic and exciting phase.

Modern Retail the overall retail market in India is estimated to be USD ~630 billion of which modern retail is estimated to be 9%-10% i.e. USD ~60 billion. The sector has grown at ~12% over the last decade, continues to be dynamic and going forward expected to grow at a moderately higher rate. Between 2005-2015, overall retail market has grown at a CAGR OF 12-13% with organised retail growing at ~22%. The overall retail market is expected to be USD 1100-1200 billion by 2020, of which modern retail share expected to be USD 140-160 billion.

## MODERN RETAIL – CHALLENGES AHEAD

There are several challenges which need to be overcome to sustain the growth of modern retail. It is critical for retailers to define a viable transformation agenda to stay relevant and win in the market place. Efficiently customising merchandise according to the catchments, efficient supply chain, delivering an in-store experience consistent with brand positioning, effective allocation of space, running localised campaigns effectively, investment in capabilities required to win with e-commerce and providing a strong value proposition and maintaining a flexible cost model will help modern retail to grow consistently and combat digital disruption.

## GLOBAL FASHION INDUSTRY

The global apparel market is valued at USD 3 trillion, 3,000 billion, and accounts for 2 percent of the world's Gross Domestic Product (GDP). The fashion industry includes many sub industries, such as menswear, womenswear and sportswear.

- The womenswear industry is valued at USD 621 billion
- The menswear industry is valued at USD 402 billion
- The retail value of the luxury goods market is USD 339 billion
- Children wear had a global retail value of USD 186 billion
- Sports footwear is valued at USD 90 billion
- The bridal wear industry is valued at USD 57 billion

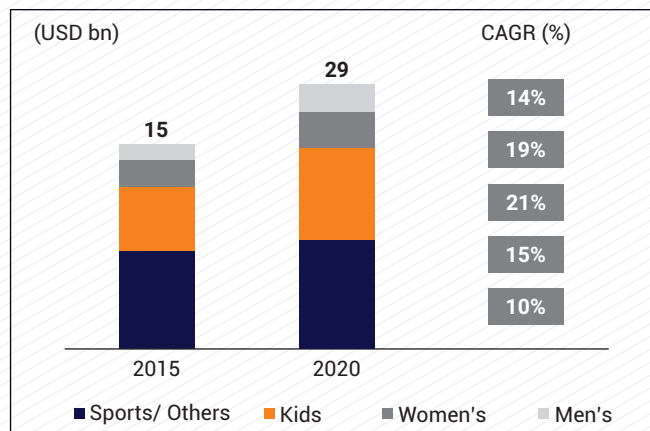
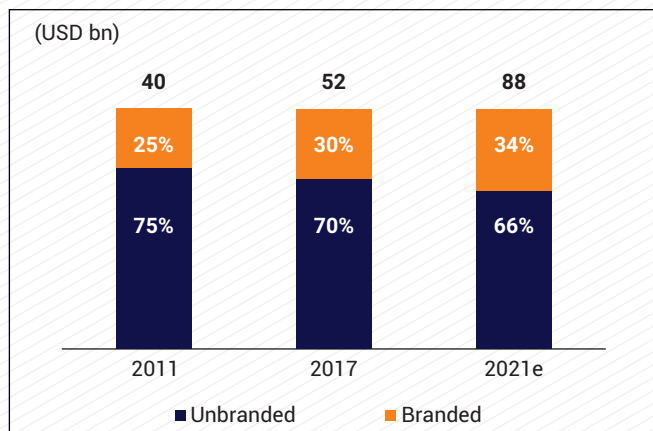
## INDIAN FASHION INDUSTRY

The Indian retail market is expected to demonstrate a promising year-on-year growth of 6% to reach USD 865 billion, by 2023, from the current USD 490 billion. The share of apparel in India's retail market is 8%, corresponding to a value of USD 40 billion. In addition to fashion apparel, the growing demand for fashion accessories makes the Indian fashion market both interesting and lucrative.

The Indian fashion retail market has witnessed several fascinating changes and challenges in recent years, which are indicators of the country's evolving fashion retail market. The challenges associated with these changes need to be addressed in the most efficient and prudent manner in order to harness the concomitant benefits. (*Tech no Pak Analysis*)

## ORGANISED RETAIL: THE WAY FORWARD

While India is one of the fastest growing economy significant amount of trade and revenue contributed by unorganised sector. This phenomenon in retail and fashion industry is as high as 70% of a market which is worth about USD 50 billion on the fashion side. Some of the key factors like rapid urbanisation in India coupled with a young nation where the average age being less than 30 augurs very well for the fashion segment. The country has also witnessed significant increase in the disposable income of families which would turn out to be a key driver of consumption in discretionary items. This backed with introduction of GST and demonetisation is supposed to trigger a more pronounced shift to organised retail. Some of the categories within fashion categories like women, Kids etc. are supposed to grow at higher pace, keeping in mind the ever evolving demographic trends in the country.



## INCREASING ACCEPTANCE OF DIGITAL TECHNOLOGY

Technology has become an inevitable part of consumer lifestyles. The increasing access to the Internet, at a more affordable cost, and the higher penetration of digital devices has influenced consumers' buying patterns substantially. Today's consumer has greater access to fashion products through the Internet and digital devices. He/she compares products, prices, brand offerings, service levels, and the feedback/opinions of fellow consumers before making any purchase decision.

## BUSINESS OVERVIEW

Future Lifestyle Fashions Limited is an integrated branded fashion company with presence across key segments within the fashion industry i.e. design to distribution. The business has been designed to capture the trend of consumers getting more attuned to fashion and brand preferences. We have a portfolio of fashion brands that covers the entire gamut of fashion categories including formal menswear, casual wear, active or sportswear, ethnic wear, denim wear, footwear and accessories for men and women that are present across various price points and retailed thru customer centric retail formats. FLF is a unique player in the fashion industry that is primed to gain leadership in building both fashion brands and fashion retailing in India. As an integrated fashion company with presence across all key segments within the fashion industry, FLF benefits from operating mature businesses that have built its presence and strengths for over a decade.



## BRAND PROFILE

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

Branded Market Opportunity	FLF Brands	Investee Brands
Men's wear Size: USD 7bn Growth: 10% CAGR	    	  
Unisex Brands	      	
Women's wear Size: USD 5bn Growth: 15% CAGR	     	
Sports / Leisure wear	   	
Footwear / Others		   

## RISKS AND THREATS

External environmental factors like interest rates, inflation, quick changes in fashion, growth in economic activity, job creation, emerging compliance, consumer sentiments and consumption, changing government policies, emerging compliances, information/Cyber 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 favourably. GST and Demonetization initiatives by the Government of India is expected to positively aide the organised retail sector. Deep discounting across channels online and offline continues to disrupt the market. With number of new entrants and global retailers coming quality of retail space may be an impediment to growth.

## **RISK MITIGATION**

The Company has identified each of the risks and ensured measures to mitigate such risks. With the help of competent senior management and outside specialist consultants/experts the Company has identified each of the risks and ensured measures to mitigate such risks. The mitigation measures include improvements in supply chain technology, improved brand management (with partner brands), introduction of high definition stores, improved promotions and customer loyalty programs, improved customer service deployment of dedicated teams to capture trends, moods and aspirations of the customers, widening the customer base (by way of geographical spread etc.) to ensure consumption even in the case of slowdown of economic environment or disruptive events, multiple format business to ensure that the Company remains in business even with changes in policies etc. In addition to the above, the management's efforts in increasing per store efficiency and improving product 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 the management has also been defined to ensure that the 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 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 and or other standards are regularly reviewed by the Audit Committee.

## **HUMAN RESOURCE**

The HR department of FLF follows a 9 grid Model Matrix for the assessment of the employees across all levels of management.

Right from a structured talent acquisition process through a behavioural assessment for Mid-level and above, where in certain benchmarks marks are defined for key parameters with proper monitoring leading to structured appraisal process. There are various customized online training modules available with respect to retail analytics and designing skills for constant skill up-gradation of the employees.

Technical training forms the core interface for a strong Customer service excellence. The HR conducts various Tattvas at stores including in-store training, brand sensitization and new store training. The concept of Atithe Devo Bhav is imbibed in the roots of the people through various connect sessions at the stores. With over 9,500 employees your company believes investing in the most treasured capital in an organization - The People.

## **REVIEW OF FINANCIAL PERFORMANCE OF THE COMPANY BASED ON STANDALONE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

### **Sales**

During the financial year ended March 31, 2017, the Company's Revenue from Operations was ₹3,877 Crore. The Company had also recorded same store sales growth of 16.4% for the financial year ended March 31, 2017.

### **Profit Before Tax**

Profit before Tax of the Company for the financial year ended March 31, 2017 stood at ₹60 Crore.



## **Interest**

Finance Cost was ₹117 Crore for the financial year ended March 31, 2017. The interest & financial charges cover for the financial year ended March 31, 2017 was 3.11 times.

## **Net Profit**

Net Profit for the financial year ended March 31, 2017 stood at ₹45 Crore.

## **Dividend**

The Board has recommended a dividend of ₹0.80 (40.00 %) per Equity Share of ₹2 each.

## **Capital Employed**

The capital employed (net of cash) was ₹2,326 Crore as at March 31, 2017. EBITDA return on average capital employed (net of cash) for the financial year ended March 31, 2017 was 14.37%.

## **Surplus Management**

The Company generated a cash profit of ₹234 Crore for the financial year ended March 31, 2017. 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 ₹37.92 Crore to ₹38.00 Crore with an outstanding equity shares of 19,00,13,456 at face value of ₹2 each.

## **Debt-Equity**

Debt-Equity ratio of the Company was 0.41 as at March 31, 2017.

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

The Company's Basic and Diluted EPS was ₹2.41 for the financial year ended March 31, 2017.

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

The Company's CEPS was ₹12.24 for the financial year ended March 31, 2017

## **Value Unlock**

During the year the Company carved out its Lee Cooper business as a separate subsidiary and diluted 26% stake for ₹250 Crore. With the denim category outpacing overall apparel category growth coupled with vantage position of Lee Cooper this move is supposed to further strengthen focus and execution Lee Cooper business. The company also moved its investments in various fashion brands in to a separate company and diluted 51% stake for ₹450 Crore. Both these activities during the year has enabled FLF to bring down debt significantly and debt to EBITDA ratio less than 2 times as at March 31, 2017.

## DIRECTORS' REPORT

To,  
The Members,

Your Directors are pleased to present the Fifth Annual Report of the Company together with the Audited Financial Statements for the financial year ended March 31, 2017.

### FINANCIAL HIGHLIGHTS

The standalone financial performance of the Company is as follows:

(₹ in Crore)

Particulars	Financial Year	Financial Year
	2016-17	2015-16
Revenue from Operations	3,877.07	3,300.19
Other Income	6.63	16.49
Total Revenue	3,883.70	3,316.68
Profit before Depreciation and Amortization expense and Tax expense	247.09	206.40
Less: Depreciation and Amortization expense	186.91	161.42
Profit before Tax	60.18	44.98
Less: Tax expense	14.51	15.51
Profit after Tax	45.67	29.47
Balance brought forward from previous year	28.07	7.73
Surplus available for appropriation	73.74	37.20
APPROPRIATION		
Additional Dividend on Shares issued during the year	0.01	-
Transfer to General Reserve	-	-
Proposed Dividend on Equity Shares	15.21	7.58
Tax on Proposed Dividend	3.10	1.55
Balance carried to Balance Sheet	55.42	28.07

### REVIEW OF PERFORMANCE

During the year under review, your Company recorded an increase of 17.48% in revenue from operations at ₹3,877.07 Crore as compared to ₹3,300.19 Crore in the previous financial year. Your Company reported an increase of 33.79% in net profit before tax of ₹60.18 Crore for the year under review as compared to ₹44.98 Crore for the previous financial year.

Your Company's fashion brands are marketed through exclusive brand outlets (EBOs), department stores, multi brand outlets (MBOs) as well as the Company's operated retail chains such as Central, Brand Factory and EBOs, which are spread in 372 stores in more than 90 cities across the country and cover over 5.40 million sq. ft. of retail space. These retail chains collectively attracted over 51 million customer footfalls during the year under review. 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 35 Central Stores, 53 Brand Factory Outlets along with 284 Sport Stores and EBOs.

### BUSINESS OUTLOOK

Your Company is an integrated fashion company deriving its strength from – fashion brands, fashion distribution and investment in fast growing fashion companies. Your Company aims to be the leading lifestyle fashion company in India by creating exceptional brands and shopping experiences that will bring alive the Indian idiom of fashion. Your Company is well positioned to capture growth across all segments. Financial year 2016-17 was the year of transformation for the Company, in terms of increased revenue, profit and free cash flow.

Your Company adopted new models and processes due to change in the retail industry globally at an ever increasing speed. Your Company is consistently trying to improve its owned/licensed brand mix, with an added focus on its power brand portfolio to deliver next stage of growth as well as on high growth categories in the fashion space. It has dedicated teams focusing to drive and review these 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 strive to lead the revolution into a Digital Organization. Your Company continued to expand its business base by adding new lines and plans to expand its retail network to newer cities and also further penetrate existing cities.

#### DIVIDEND

The Board of Directors of the Company has recommended a Dividend of ₹0.80 per Equity Share of ₹2 each for the financial year ended March 31, 2017. 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 would entail a payout of ₹18.31 Crore (including Dividend Distribution Tax of ₹3.10 Crore) for the financial year 2016-17 as compared to ₹9.15 Crore (including Dividend Distribution Tax of ₹1.55 Crore) for the financial year 2015-16.

#### DIVIDEND DISTRIBUTION POLICY

As per regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), the Company has formulated a Dividend Distribution Policy, which endeavors for fairness, consistency and sustainability while distributing profits to the shareholders of the Company. It is given as **Annexure A** which forms part of this report and has also been disclosed on the Company's website [www.futurelifestyle.in](http://www.futurelifestyle.in)

#### ISSUE OF EQUITY SHARES

During the year under review, the Company has issued and allotted, an aggregate of 4,00,998 Equity Shares of ₹2 each to the eligible employees of the Company upon exercised of Options granted under FLFL Employees' Stock Option Scheme - 2013 (FLFL ESOS-2013).

Subsequent to the year under review, the Company has further issued and allotted 1,15,522 Equity Shares of ₹2 each to the eligible employees of the Company upon exercised of Options granted under FLFL ESOS - 2013.

During the year under review, the Company has not issued any sweat equity shares or bonus shares or equity shares with differential rights.

#### DEBENTURES

During the year under review, the Company has made timely payment of interest and principal amount of debentures issued by the Company as under:

1. the Company has fully repaid the principal amount of 2,500 Secured Redeemable Non-Convertible Debentures Series-II of face value of ₹ 5,00,000 each aggregating to ₹125.00 Crore alongwith Interest due thereon on June 07, 2016, to the Debenture holders.
2. the Company has exercised its call Option for redemption of 2,000 Secured Redeemable Non-Convertible Debentures Series-III of face value of ₹5,00,000 each aggregating to ₹100.00 Crore, prior to maturity and fully repaid the principal amount alongwith Interest due thereon on March 21, 2017, to the Debenture holders.

3. the Company has also exercised its call Option for redemption of 2,000 Secured Redeemable Non-Convertible Debentures Series-1 of face value of ₹10,00,000 each aggregating to ₹200 Crore, prior to maturity. The Company, subsequent to the year under review, has fully repaid the principal amount alongwith Interest due thereon on April 07, 2017 to the Debenture holders.

#### 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, 2017, 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, 2017;
- (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, 2017 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 resigned 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 Non-Executive Director of the Company. The Board placed on record their appreciation of the invaluable services rendered by Mr. Toshniwal as an Executive Director & Chief Financial Officer of the Company.

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

The Members of the Company at its Annual General Meeting (AGM) held on August 29, 2016 have approved the re-appointment of Mr. Kishore Biyani as the Managing Director of the Company for a period of three years with effect from June 25, 2016.

The Members of the Company at the said AGM have also appointed Mr. Bijou Kurien as an Independent Director of the Company for a term of five years with effect from May 26, 2016 and Ms. Avni Biyani as a Director of the Company with effect from June 07, 2016.

Mr. Kishore Biyani retires by rotation at the forthcoming AGM and being eligible, offers himself for re-appointment.

The Company has received necessary declarations from all the Independent Directors under section 149(7) of the Act confirming that they meet the criteria of independence as 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 AGM.

#### NUMBER OF MEETINGS OF THE BOARD

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

#### HOLDING COMPANY

During the year under review, Future Enterprises Limited (FEL), one of Promoter of the Company which was holding 3,05,70,108 Equity Shares constituting 16.09% of the paid-up share capital of the Company, has transferred its entire holding to Future Corporate Resources Limited (FCRL), Promoter of the Company by way of inter-se transfer, on December 26, 2016. Post inter-se transfer, the aggregate shareholding of FCRL along with shares held through its subsidiaries in the Company, increased to 52.30% of paid-up share capital of the Company and consequently, FCRL became holding company of the Company with effect from December 26, 2016.

Further, the Promoters entities holding shares in the Company, entered into various inter-se transfer transactions on March 30, 2017 and March 31, 2017, in order to consolidate its holding in the Company under Ryka Commercial Ventures Private Limited (Ryka), one of the Promoters entities now controlled through Lifestyle Trust. Post these inter-se transfers, the shareholding of Ryka in the Company has increased from 10.61% to 54.88% of the paid-up share capital of the Company. Consequently, FCRL ceased to be the holding company of the Company on March 30, 2017 and Ryka became holding company of the Company effective from March 31, 2017.

#### TRANSFER / SALE OF BUSINESS AND INVESTMENTS

##### Transfer / Sale of Business

During the year under review, one of the Company's business, viz. Lee Cooper business together with license

rights, was carved out to Future Speciality Retail Limited (FSRL), step-down subsidiary of the Company by way of slump exchange, on a going concern basis, with effect from the closure of the working hours on March 28, 2017. The management was of belief that the Lee Cooper business could be substantially enhanced if the business would be carried out through separate dedicated entity enabling the team to concentrate and ensure the growth of specific business.

##### Transfer / Sale of Investments

Pursuant to the authority given by the Members by way of special resolution passed in their Extraordinary General Meeting held on March 24, 2017, and in order to nurture the Investee Companies for its possible potential growth, and to give proper support and guidance to each of these Investee Companies as per their specific needs and requirements, identified investments held in such Investee Companies have been transferred to its wholly owned special purpose vehicle(s) i.e. FLFL Lifestyle Brands Limited (FLBL) with effect from March 29, 2017.

Subsequently, FLBL has raised funds, inter-alia, by way of issue of equity shares to the Investors, which resulted in dilution of the Company's equity stake in the FLBL to 49.02% of the paid-up equity capital of FLBL. Accordingly, FLBL ceased to be a subsidiary of the Company, with effect from March 30, 2017.

#### SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

During the year under review, consequent to the Divestment of identified Investments held by the Company, Future Style Lab Limited, Rachika Trading Private Limited, Mineral Fashions Private Limited, Elisir Lifestyle Private Limited and Indus-League Clothing Limited ceased to be the subsidiaries of the Company.

Similarly, Holii Accessories Private Limited, Indus Tree Crafts Private Limited, KFC Shoemaker Private Limited, Eclat Life Style Private Limited, Turtle Limited and Resource World Exim Private Limited, ceased to be associate companies of the Company.

The subsidiaries, associates and joint ventures of the Company as on March 31, 2017 are as follows:

#### SUBSIDIARY COMPANIES

##### Future Trendz Limited (FTL)

During the year under review, FTL was incorporated as a wholly owned subsidiary of the Company on September 15, 2016 inter-alia to carry on fashion retail business and related activities. FTL holds 99.96% equity stake in Future Speciality Retail Limited. Presently, your Company holds 100% of the paid-up equity capital of FTL.

##### Future Speciality Retail Limited (FSRL)

During the year under review, FSRL was incorporated as step down subsidiary of the Company on September 27, 2016 inter-alia to carry on fashion retail business and related activities. FSRL, pursuant to an Agreement to Transfer Business entered into with the Company on January 17, 2017, acquired the Company's Lee Cooper business together with license rights available to the



Company, by way of slump exchange, on a going concern basis, with effect from the closure of the working hours on March 28, 2017. Presently, FTL holds 99.96% of the paid-up equity capital of FSRL.

#### **FLFL Business Services Limited (FBSL)**

During the year under review, FBSL was incorporated as a wholly owned subsidiary of the Company on March 27, 2017 inter-alia to carry on business of and provide services to Fashion Retail business. Presently, your Company holds 100.00% of the paid-up equity capital of FBSL.

#### **ASSOCIATE COMPANY**

##### **FLFL Lifestyle Brands Limited (FLBL)**

During the year under review, FLBL was incorporated as a wholly owned subsidiary of the Company on March 17, 2017 inter-alia with the main objects of investment in fashion brands and fast growing fashion companies.

During the year under review, FLBL pursuant to Share Purchase Agreement entered into with the Company on March 27, 2017 has acquired identified investments held by the Company in various fashion brands and Investee Companies. Presently, your Company holds 49.02% of the paid-up equity capital of FLBL.

#### **JOINT VENTURES**

##### **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. Presently, FLBL, an associate company of the Company holds 2.77% of the paid-up equity capital of CFFPL.

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

CFFPL a joint venture with C&J Clark International Limited and FLBL, 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'. Presently, your Company holds 1.00% of the paid-up equity capital of CFFPL and 49.00% of the paid-up equity capital of CFFPL is held by FLBL, an associate company of the Company.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

As on March 31, 2017, the Company has two direct subsidiaries, one step down subsidiary and one associate company.

During the year under review, the Board has reviewed the affairs of the subsidiaries. The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with the Act and applicable Accounting Standards along with all relevant documents and the Auditors' Report thereon form part of this Annual Report.

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 and joint ventures companies as on March 31, 2017 in the prescribed Form AOC-1 is attached to the financial statements of the Company, which forms part of this Annual Report.

In accordance with the provisions of section 136(1) of the Act, the Annual Report of the Company, containing therein the standalone and the consolidated financial statements of the Company and the audited financial statements of each of the subsidiary companies have been placed on the website of the Company – [www.futurelifestyle.in](http://www.futurelifestyle.in). The audited financial statements in respect of each subsidiary company shall also be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of forthcoming Annual General Meeting. The aforesaid documents relating to subsidiary companies can be made available to any Member interested in obtaining the same upon a request in that regards made 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**

NGS & Co. LLP, Chartered Accountants (Firm Registration No.119850W) had 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 forthcoming Annual General Meeting of the Company.

The Board on the recommendation of the Audit Committee, proposed to re-appoint NGS & Co. LLP, Chartered Accountants (Firm Registration No.119850W) for the second term of five years from the conclusion of the fifth Annual General Meeting of the Company till the conclusion of the tenth Annual General Meeting of the Company i.e. for the financial year 2017-18 to financial year 2021-22. However, their appointment shall be subject to ratification by the Members at every Annual General Meeting to be held during the said term.

NGS & Co. LLP have given their written confirmation that their appointment as Statutory Auditors of the Company, if made, shall be in compliance with the provisions of sections 139 and 141 of the Act and Rules framed thereunder.

The Auditors' Report on the financial statements for the financial year ended March 31, 2017 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 2016-17, as required under section 204 of the Act and Rules made thereunder.

The Secretarial Audit Report for the financial year 2016-17 is given in **Annexure B**, which forms part of this Report.

The said Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## BUSINESS RESPONSIBILITY REPORT

Pursuant to regulation 34(2)(f) of the Listing Regulations, a Business Responsibility Report is attached and forms part of this Annual Report.

## 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. A Systematic Risk Culture has been evolved in the Organization by following various standard operating processes and corporate policies for monitoring, mapping and assessment of various Risks and their mitigation measures. Risks associated to the business of the Company were being periodically reviewed by the Management at 'Samiksha' meetings and updates on Risk Management were presented to the Risk Management Committee.

The Audit Committee and the Board periodically reviewed 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 Listing Regulations, the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors individually.

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.

Your Directors expressed their satisfaction with the evaluation process.

## POLICY ON DIRECTORS' REMUNERATION

The Company's policy on Directors' 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)

In terms of the provisions of section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report, which forms part of this Annual Report.

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.

Your Directors are pleased to inform that, your Company would be undertaking CSR activities in the current year i.e. financial year 2017-18, as the average net profits of the Company made during the year under review and two immediately preceding financial years, as calculated under section 198 of the Act would be positive.

The brief outline of the CSR Policy of the Company is given in **Annexure C**, which forms part of this Report.

## EMPLOYEES STOCK OPTIONS (ESOPs)

During the year under review, the Nomination and Remuneration Committee has granted aggregating to 6,26,514 Stock Options to the eligible employees and cancelled 19,714 unvested Stock Options under the FLFL Employees Stock Option Plan-2015 ("FLFL ESOP-2015") and also cancelled 19,672 unvested Stock Options under the FLFL Employees Stock Option Scheme-2013 ("FLFL ESOS-2013").

The disclosures as stipulated under the Act and SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2017 with regard to the FLFL ESOS-2013 and FLFL ESOP-2015 are given in **Annexure D** 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, 2017.

## 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, 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 Annual 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 E**, 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 provision 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 the 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://www.futurelifestyle.in/Admin/pdf/Code\\_of\\_Conduct\\_for\\_Key\\_Management\\_Persons.pdf](http://www.futurelifestyle.in/Admin/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)

## VIGIL MECHANISM

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.

The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment. The Company has an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. ICC Conducts training workshop mainly focusing on investigation skills, basic counselling skills like listening, paraphrasing and dealing with biases through various kind of case studies, role plays activities based on real life examples, role of ICC, critical attitudes of an ICC member and Investigation process & Report writing, etc. ICC has its presence at corporate office as well as at stores / other locations.

During the year under review, there were no cases filed under 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. 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 of contracts or arrangements with related parties as required under section 134(3)(h) of the Act, in the prescribed Form AOC-2 is given in **Annexure F**, which forms part of this Report.

#### 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 G**, 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 in **Annexure H**, which forms part of this Report.

#### AWARDS AND RECOGNITION

During the year under review, the Company and its Brands have been conferred the following awards and recognition:

- Indigo Nation was awarded 'the Most Admired Fashion Brand of the Year in Men's Western Wear', at the India Fashion Forum.
- Cover Story was awarded 'the Most Admired Brand of the Year – New Launch', at the India Fashion Forum.
- Central in High Definition was awarded 'the Design Concept of the Year – Theme Store', at the India Fashion Forum.
- Future Lifestyle Fashions (FLF) was awarded 'the Most Admired Fashion Company of the Year award', at the India Fashion Forum.
- "Free Shopping Weekend" campaign got two awards for Brand Factory viz., "the Most Admired Multi Fashion Retailer of the Year" award, at the India Fashion Forum and "the Retail Marketing Campaign of the Year" award at Asia Retail Congress.

#### 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 : May 15, 2017

**Shailesh Haribhakti**  
Chairperson



## ANNEXURE A

### DIVIDEND DISTRIBUTION POLICY

#### a) Company's philosophy:

FLFL strives to ensure and preserve stakeholders' value and work towards enhancing net worth of the Company as well as overall stakeholders' value. While achieving the above objective, the Company also ensures protecting the interest of all stakeholders, including the society at large.

FLFL looks upon good Corporate Governance practices as a key driver of sustainable corporate growth and long term stakeholder value creation. Good Corporate Governance Practices enable a Company to attract high quality financial and human capital. In turn, these resources are leveraged to maximize long-term stakeholder value, while preserving the interests of multiple stakeholders, including the society at large.

Our Dividend philosophy is in line with the above principles. Our Dividend payout ratio would be ranging from 25% to 60% of the earned profits for the year, after adjusting any carried forward losses. Dividend Payout ratio would be reviewed every three year and would be based upon profitability and retained earnings and would be further subject to business requirements and general economic conditions. The Company will attempt to maintain a consistent dividend record to reward shareholders.

#### b) Declaration of Dividend:

In line with the philosophy described above, the Board reviews the operating performance every quarter and shall strive to distribute optimum and appropriate level of profits in the form of interim / final dividends, from time to time. All dividends are subject to statutory regulations and approvals, as applicable. Overall, the dividend payout in each year will depend upon business performance, investment requirements of the annual operating plan for the year and any other strategic priorities identified by the Company.

#### c) Per share basis:

The dividend will be declared on per share basis only.

#### d) Circumstances under which the shareholders of the listed entities may not expect dividend:

The Board may choose not to recommend a dividend, if there are important strategic priorities which require large investments that would deplete the Company's cash reserves or uncertainties in the business performance in the near to medium term.

#### e) Financial parameters considered while declaring dividend:

The financial parameters that may be considered before declaring dividend are profitability, cash flow, obligations, taxation policy, past dividend rates and future growth and profitability outlook of the Company.

#### f) Internal and external factors considered while declaring dividend:

The Board leads the strategic management of the Company on behalf of the Shareholders, exercise supervision through direction and control and appoints various committees to handle specific areas of responsibilities. In this endeavor, the Board reviews various types of information provided to it which has a bearing on declaring dividend. Key internal and external factors are listed below (not exhaustive):

##### Internal:

- Annual operating plans, budgets, updates
- Quarterly and Annual results
- Strategic updates/ financial decisions
- Any other matter / risks
- Capital budgets
- Investments including Mergers and Acquisitions (M&A)
- Funding arrangements

##### External:

- Macro-economic environment
- Legislations impacting business
- Changes in accounting policies and applicable standards
- Any other matter / risks apprehended by the Board
- Competition
- Statutory restrictions
- Client related risks

#### g) Usage of retained earnings:

Retained earnings would be used to further the Company's business priorities. If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to shareholders via Dividends or other means as permitted by applicable regulations.

#### h) Parameters that are adopted with regard to various classes of shares:

Currently, the Company has only one class of shares. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares. To the extent permitted, the Company would aim for highest level of transparency and equitable treatment of all investors.

## ANNEXURE B

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2017

[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, 2017 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, 2017 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, 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 (Share Based Employee Benefits) Regulations, 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);
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period); and
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015.

We have also examined compliance with the applicable clauses of 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.

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 15, 2017

**Sanjay Dholakia**

Membership No. 2655 /CP No. 1798

---

#### **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 15, 2017

**Sanjay Dholakia**

Membership No. 2655 /CP No. 1798

## ANNEXURE C

### REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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.	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').  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>					
2.	The Composition of the CSR Committee.	Mr. Kishore Biyani - Managing Director (Chairperson) Dr. Darlie Koshy - Independent Director Mr. C. P. Toshniwal - Non-Executive Director Ms. Sharda Agarwal - Independent Director					
3.	Average net profit/loss of the Company for last three financial years.	Loss of ₹67.03 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 2016 -17:						
	a. Total amount to be spent for the financial year 2016-17	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: Direct or through implementing agency.
N.A.							



## ANNEXURE D

### DISCLOSURE WITH RESPECT TO FLFL EMPLOYEES STOCK OPTIONS SCHEME – 2013 (FLFL ESOS – 2013) AND FLFL EMPLOYEES STOCK OPTIONS PLAN – 2015 (FLFL ESOP – 2015) OF THE COMPANY AS AT MARCH 31, 2017

Sl. No.	Particulars	FLFL ESOS - 2013	FLFL ESOP - 2015
A.	Disclosures in terms of the Guidance note on accounting for employee share based payments issued by ICAI or any other relevant accounting standards as prescribed from time to time	Refer Note. No. 47 in Notes to Standalone Financial Statements	
B.	Diluted Earnings Per Share (EPS) on issue of Shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Accounting Standard 20 – Earnings Per Share issued by ICAI or any other relevant accounting standards as prescribed from time to time	Refer Note. No. 47 in Notes to Standalone Financial Statements	
C.	Description and general terms and conditions of ESOSs	FLFL ESOS - 2013	FLFL ESOP - 2015
I.	Date of Shareholders' approval	Extraordinary General Meeting held on December 16, 2013.	Annual General Meeting held on August 26, 2016.
II.	Total number of Options approved	15,00,000 (Fifteen Lakh only) Equity Shares of face value of ₹2/- each.	35,00,000 (Thirty Five 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. The Options granted to employees pursuant to the Composite Scheme of Arrangement and Amalgamation, had been vested as per the original vesting period in the respective companies.	Options granted under FLFL ESOS - 2015 would vest not less than 1 year and not more than 3 years from the Grant Date of such Options.
IV.	Exercise price or pricing formula	Exercise price for Options granted under the Scheme was ₹10/- per Option.	Exercise price for Options granted under the Scheme was ₹10/- per Option.
V.	Maximum term of Options granted	3 years from the respective date of vesting of Options	3 years from the respective date of vesting of Options
VI.	Source of shares (primary, secondary or combination)	Primary	Primary and Secondary
VII.	Variation in terms of Options	None	None
VIII.	Method used to account for ESOS - Intrinsic or fair value	Intrinsic Value Method	Intrinsic Value Method

Sl. No.	Particulars	FLFL ESOS - 2013	FLFL ESOP - 2015
IX.	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Had the Company followed the fair value method of stock Option compensation, net profit would have been lower by ₹0.11 Crore	
X.	Option movement during the financial year ended on March 31, 2017		
	Number of Options outstanding at the beginning of the year	7,54,873	Nil
	Number of Options granted during the year	Nil	6,26,514
	Number of Options forfeited / lapsed during the year	19,672	19,714
	Number of Options vested during the year	5,50,537	Nil
	Number of Options exercised during the year	4,00,998	Nil
	Number of shares arising as a result of exercise of Options	4,00,998	Nil
	Money realized by exercise of Options, if scheme is implemented directly by the Company	₹40,09,980/-	Nil
	Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.
	Number of Options outstanding (in force) at the end of the year	3,34,203	6,06,800
	Number of Options exercisable at the end of the year	2,94,378	Nil
	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the Option.	
	Whether and how any other features of the Option grant were incorporated into the measurement of fair value, such as a market condition.	There are no market conditions attached to the grant and vest.	



D.	Weighted average Fair Value of Options granted under FLFL ESOP-2015 during the financial year ended on March 31, 2017	
	Price equals market price	-
	Exercise price is greater than market price	-
	Exercise price is less than market price	Grant 1- ₹102.77 Grant 2- ₹94.56
	Weighted average Exercise price of Options granted during the year whose	
	Exercise price equals market price	-
	Exercise price is greater than market price	-
	Exercise price is less than market price	₹10.00
E.	Employee-wise details of Options granted under FLFL ESOP-2015 during the financial year ended on March 31, 2017	
	Senior managerial personnel	
	<b>Name of Employee</b>	<b>No. of Options</b>
	M. Vishnu Prasad	71,686
	Suresh Sadhwani	53,764
	Krishna Thingbaijam	39,428
	Dipayan Baishya	26,882
	Venkatesh Raja	24,126
	Dharmesh Jain	22,534
	Ravikant Anwekar	18,142
F.	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>
	M. Vishnu Prasad	71,686
	Suresh Sadhwani	53,764
	Krishna Thingbaijam	39,428
G.	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.

H. Method and Assumptions used to estimate the fair value of Options granted under FLFL ESOP-2015 during the financial year ended March 31, 2017

The fair value has been calculated using the Black Scholes Option Pricing model.

The Assumptions used in the model are as follows:

Particulars	Grant I	Grant II
Date of Grant	November 11, 2016	December 22, 2016
Risk-free Interest Rate	6.41%	6.37%
Expected Life	2.58	2.75
Expected Volatility	51.06%	51.77%
Dividend Yield	0.31%	0.33%
Price of the underlying share in market at the time of the Option grant	₹129.00	₹120.00
Stock Price	Closing price on National Stock Exchange of India on the date of grant has been considered.	
Volatility	Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the Option.	
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 dividend yield	Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.	

**Details of the Company's Employees' Welfare Trust:**

The details inter-alia, in connection with transactions made by the Trust meant for the purpose of administering the FLFL ESOP - 2015 are as under:

I. General Information of Trust

Name of the Trust	Future Lifestyle Fashions Limited Employees' Welfare Trust
Details of the Trustee(s)	Milestone Trusteeship Services Private Limited
Amount of loan disbursed by company / any company in the group, during the year	Nil
Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	Nil
Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee.	Nil
Any other contribution made to the Trust during the year	Nil

II. Brief details of transactions in Shares by the Trust : None

III. In case of secondary acquisition of Shares by the Trust : None

## ANNEXURE E

### 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, 2017

- I. The ratio of the remuneration of each Director to the Median Remuneration of the Employees (MRE) of the Company for the financial year 2016-17 and the percentage increase in remuneration of each Director and Key Managerial Personnel (KMP) for the same period, are as under:

Name and Designation	% increase in Remuneration	Ratio of remuneration of each Director to MRE
<b>Managing Director:</b>		
Mr. Kishore Biyani	15.00	74.15
<b>Non-Executive Director:</b>		
Mr. Shailesh Haribhakti, Chairperson	212.00 <sup>#</sup>	12.32
Dr. Darlie Koshy	182.76 <sup>#</sup>	12.95
Ms. Sharda Agarwal	463.08 <sup>#</sup>	11.56
Mr. Bijou Kurien**	N.A.	0.95
Mr. Rakesh Biyani	565.45 <sup>#</sup>	11.56
Mr. C. P. Toshniwal*	(88.97)	12.70
Ms. Avni Biyani**	N.A.	0.95
<b>Key Managerial Personnel:</b>		
Mr. Kaleeswaran Arunachalam, Chief Financial Officer**	N.A.	N.A.
Mr. Sanjay Kumar Mutha, Company Secretary	33.09	N.A.

\* resigned as Executive Director & Chief Financial Officer with effect from May 01, 2016, however he continued to be Non-Executive Director of the Company.

\*\* appointed during the year under review.

# Remuneration to Non-Executive Directors includes sitting fees paid during the financial year 2016-17 and Commission paid for the first time in the financial year 2015-16.

- II. The increase in MRE in the financial year 2016-17, as compared to the financial year 2015-16 was 7.66%;
- III. There were 9,221 permanent employees on the rolls of the Company as on March 31, 2017;
- IV. Average percentage increase in the salaries of employees other than the managerial personnel for the financial year 2016-17 was in the range of 4% to 12%, as compared to financial year 2015-16. There was a increase of 15% in the remuneration to Managing Director for the same period; and
- V. 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 : May 15, 2017

**Shailesh Haribhakti**

Chairperson



## ANNEXURE F

### FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and

Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Act, including certain arm's length transactions under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2017, which were not at arm's length basis.

#### 2. Details of material contracts or arrangements or transactions at arm's length basis:

The details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2017 are as follows:

Name of the Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value (₹in Crore)	Approvals
FLFL Lifestyle Brands Limited	Subsidiary (as on March 29, 2017)	Sale of identified Investments held by the Company in the fashion brands and Investee Companies.	N.A.	450.00	Necessary approval of the Board and Members have been obtained by the Company.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : May 15, 2017

**Shailesh Haribhakti**  
Chairperson

## ANNEXURE G

### 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. The Company has entered into power purchase agreements to purchase solar power for its stores at Hyderabad, Pune and in Karnataka.
(iii) the capital investment on energy conservation equipments	Nil
<b>(B) Technology absorption:</b>	
(i) the efforts made towards technology absorption	N.A.
(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) (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 there of.	N.A.
(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 are detailed in Note nos. 42, 43 and 44 of Notes forming part of the Standalone Financial Statements for the year under Review.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : May 15, 2017

**Shailesh Haribhakti**  
Chairperson

## ANNEXURE H

### FORM MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[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 E-mail id: 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-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083. Tel No : +91 22 4918 6270 Fax No: +91 22 4918 6060 E-mail id: rnt.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	Footwear, Apparels and other fashion goods / accessories.	477	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	Ryka Commercial Ventures Private Limited	5th Floor, Sobo Central, 28,P.T. Madan Mohan Malviya Road, Tardeo, Mumbai - 400 034.	U74120MH2012PTC231350	Holding	54.88	2(46)
2	FutureTrendz Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai - 400 060.	U74999MH2016PLC285892	Subsidiary	100.00	2(87)
3	Future Speciality Retail Limited®	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai - 400 060.	U74999MH2016PLC286295	Subsidiary	73.98	2(87)
4	FLFL Business Services Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai - 400 060.	U74999MH2017PLC292998	Subsidiary	100.00	2(87)
5	FLFL Lifestyle Brands Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai - 400 060.	U74999MH2017PLC292590	Associate	49.02	2(6)
6	Clarks Future Footwear Private Limited#	Shop No. 246, 247 & 248, First Floor, DLF Place Mall, Saket, Delhi - 110 017.	U19200DL2010PTC206824	Joint Venture	1.00	2(6)
7	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.	U74994MH2008PTC181891	Joint Venture	Nil	2(6)

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

® Subsidiary of FutureTrendz Limited.

# 49.00% of the equity share capital is held by FLFL Lifestyle Brands Limited.

§ 3.13% of the equity share capital is held by FLFL Lifestyle Brands Limited.

Note:

During the year under review, Future Corporate Resources Limited has become the holding company of the Company w.e.f. December 26, 2016 and ceased to be the same w.e.f. March 30, 2017.

#### IV. SHARE HOLDING 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	11,42,75,622	-	11,42,75,622	60.27	11,48,33,660	-	11,48,33,660	60.43	0.16
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>11,43,14,555</b>	<b>-</b>	<b>11,43,14,555</b>	<b>60.29</b>	<b>11,48,72,593</b>	<b>-</b>	<b>11,48,72,593</b>	<b>60.45</b>	<b>0.16</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>11,43,14,555</b>	<b>-</b>	<b>11,43,14,555</b>	<b>60.29</b>	<b>11,48,72,593</b>	<b>-</b>	<b>11,48,72,593</b>	<b>60.45</b>	<b>0.16</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds/ UTI	55,64,903	-	55,64,903	2.94	84,38,633	-	84,38,633	4.44	1.50
(b)	Financial Institutions/ Banks	1,24,615	-	1,24,615	0.07	1,09,214	-	1,09,214	0.06	(0.01)
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	1,55,27,950	-	1,55,27,950	8.19	1,55,27,950	-	1,55,27,950	8.17	(0.02)
(e)	Insurance Companies	18,03,402	-	18,03,402	0.95	17,95,676	-	17,95,676	0.95	-
(f)	Foreign Institutional Investors	56,37,669	-	56,37,669	2.97	1,24,42,547	-	1,24,42,547	6.55	3.58

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	
(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>3,46,02,600</b>	<b>-</b>	<b>3,46,02,600</b>	<b>18.25</b>	<b>3,83,14,020</b>	<b>-</b>	<b>3,83,14,020</b>	<b>20.17</b>	<b>1.92</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	2,25,78,898	9,214	2,25,88,112	11.92	1,77,10,195	9,214	1,77,19,409	9.32	(2.60)
(b)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹1 Lakh	68,64,726	4,04,702	72,69,428	3.83	49,11,247	3,63,467	52,74,714	2.78	(1.05)
	ii. Individual shareholders holding nominal share capital in excess of ₹1 Lakh	93,65,068	-	93,65,068	4.94	1,23,40,163	-	1,23,40,163	6.49	1.55
<b>(C)</b>	<b>Any Other</b>									
	1. N R I	2,31,225	733	2,31,958	0.12	1,71,846	733	1,72,579	0.09	(0.03)
	2. Directors & Relatives	1,34,905	-	1,34,905	0.07	3,71,006	-	3,71,006	0.20	0.13
	3. Clearing Member	3,78,151	-	3,78,151	0.20	4,91,576	-	4,91,576	0.26	0.06
	4. Trust	24,566	-	24,566	0.01	10,987	-	10,987	0.01	-
	5. Foreign Nationals	25,033	-	25,033	0.01	33	-	33	0.00	(0.01)
	6. Hindu Undivided Family	6,77,760	322	6,78,082	0.36	4,46,054	322	4,46,376	0.23	(0.13)
	<b>Sub-Total (B)(2)</b>	<b>4,02,80,332</b>	<b>4,14,971</b>	<b>4,06,95,303</b>	<b>21.46</b>	<b>3,64,53,107</b>	<b>3,73,736</b>	<b>3,68,26,843</b>	<b>19.38</b>	<b>(2.08)</b>
	<b>Total Public Shareholding (B)= (B) (1)+(B)(2)</b>	<b>7,48,82,932</b>	<b>4,14,971</b>	<b>7,52,97,903</b>	<b>39.71</b>	<b>7,47,67,127</b>	<b>3,73,736</b>	<b>7,51,40,863</b>	<b>39.55</b>	<b>(0.16)</b>
	<b>TOTAL (A)+(B)</b>	<b>18,91,97,487</b>	<b>4,14,971</b>	<b>18,96,12,458</b>	<b>100.00</b>	<b>18,96,39,720</b>	<b>3,73,736</b>	<b>19,00,13,456</b>	<b>100.00</b>	<b>-</b>
	Custodian for GDRs & ADRs (C)	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>18,91,97,487</b>	<b>4,14,971</b>	<b>18,96,12,458</b>	<b>100.00</b>	<b>18,96,39,720</b>	<b>3,73,736</b>	<b>19,00,13,456</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 shareholding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1	Future Enterprises Limited (Formerly known as Future Retail Limited)	3,05,70,108	16.12	-	-	(16.12)
2	Future Corporate Resources Limited	3,23,68,066	17.07	15.84	-	(17.07)
3	PIL Industries Limited	1,09,64,652	5.78	3.85	1.11	(4.67)
4	Future Capital Investment Private Limited	28,22,097	1.49	-	-	(1.49)
5	Central Departmental Stores Private Limited	29,66,570	1.57	1.57	-	(1.57)
6	Gargi Business Ventures Private Limited (Formerly known as Gargi Developers Private Limited)	66,57,511	3.51	2.72	1.02	(2.49)
7	Ryka Commercial Ventures Private Limited	2,01,63,384	10.63	10.63	54.88	44.25
8	Weavette Business Ventures Limited (Formerly known as Future Ideas Realtors India Limited)	38,38,788	2.03	0.26	1.07	(0.96)
9	Future Ideas Company Limited	36,00,195	1.90	1.90	1.89	(0.01)
10	Manz Retail Private Limited	3,23,918	0.17	0.04	0.17	-
11	ESES Commercial Ventures Private Limited*	-	-	-	-	-
12	Aaradhak Commercial Ventures Private Limited**	-	-	-	0.29	0.29
13	Surplus Finvest Private Limited**	-	-	-	-	-
14	Lifestyle Trust #	-	-	-	-	-
15	Ashni Kishore Biyani	16,770	0.01	-	0.01	-
16	Avni Kishorkumar Biyani	19,499	0.01	-	0.01	-
17	Vivek Biyani	333	-	-	-	-
18	Akar Estate and Finance Private Limited	333	-	-	-	-
19	Sunil Biyani	333	-	-	-	-
20	Anil Biyani	333	-	-	-	-
21	Kishore Biyani	333	-	-	-	-
22	Gopikishan Biyani	333	-	-	-	-
23	Laxminarayan Biyani	333	-	-	-	-
24	Rakesh Biyani	333	-	-	-	-
25	Vijay Biyani	333	-	-	-	-
	Total	11,43,14,555	60.29	36.81	60.45	0.16

\* ESES Commercial Ventures Private Limited has been included in the Promoters / Promoter Group w.e.f. March 31, 2017 owing to inter-se transfer amongst the Promoters and Promoter Group.

\*\* Surplus Finvest Private Limited and Aaradhak Commercial Ventures Private Limited have been included in the Promoters / Promoter Group w.e.f. March 31, 2017, post indirect acquisition of Aaradhak Commercial Ventures Private Limited, which holds Shares in the Company.

# Lifestyle Trust holds shares in Ryka Commercial Ventures Private Limited.

**(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
1	At the beginning of the year	11,43,14,555	60.29	11,43,14,555	60.29
2	March 31, 2017 Indirect acquisition*	5,58,038	0.29	11,48,72,593	60.45
3	At the end of the year			11,48,72,593	60.45

\* Surplus Finvest Private Limited and Aaradhak Commercial Ventures Private Limited have been included in the Promoters / Promoter Group w.e.f. March 31, 2017, post indirect acquisition of Aaradhak Commercial Ventures Private Limited, which holds shares in the Company.

**(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	Pioneer Investment Fund	Nil	Nil	Nil	Nil
	March 31, 2017 - Market Purchase	1,55,27,950	8.17	1,55,27,950	8.17
	At the end of the year			1,55,27,950	8.17
2	Bennett Coleman and Company Limited	81,12,748	4.28	81,12,748	4.27
	At the end of the year			81,12,748	4.27
3	TIMF Holdings	Nil	Nil	Nil	Nil
	April 29, 2016 - Market Purchase	25,08,957	1.32	25,08,957	1.32
	November 18, 2016 - Market Purchase	25,95,334	1.37	51,04,291	2.69
	At the end of the year			51,04,291	2.69
4	L & T Mutual Fund Trustee Co. Ltd. - L & T Tax Advantage Fund	11,96,531	0.63	11,96,531	0.63
	June 24, 2016 - Market Purchase	25,000	0.01	12,21,531	0.64
	July 08, 2016 - Market Purchase	11,51,569	0.61	23,73,100	1.25
	July 15, 2016 - Market Purchase	14,10,963	0.74	37,84,063	1.99
	July 22, 2016 - Market Purchase	49,576	0.03	38,33,639	2.02
	July 29, 2016 - Market Purchase	1,51,853	0.08	39,85,492	2.10
	August 12, 2016 - Market Purchase	89,223	0.05	40,74,715	2.15
	August 19, 2016 - Market Purchase	18,761	0.01	40,93,476	2.16
	August 26, 2016 - Market Purchase	55,000	0.03	41,48,476	2.19

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
	September 02, 2016 - Market Purchase	40,000	0.02	41,88,476	2.21
	September 16, 2016 - Market Purchase	25,000	0.01	42,13,476	2.22
	September 30, 2016 - Market Purchase	25,000	0.01	42,38,476	2.23
	October 07, 2016 - Market Purchase	70,000	0.04	43,08,476	2.27
	October 21, 2016 - Market Purchase	5,000	0.00	43,13,476	2.27
	October 28, 2016 - Market Purchase	42,361	0.02	43,55,837	2.29
	November 04, 2016 - Market Purchase	49,484	0.03	44,05,321	2.32
	November 11, 2016 - Market Purchase	1,87,596	0.10	45,92,917	2.42
	November 18, 2016 - Market Purchase	10,000	0.01	46,02,917	2.42
	November 25, 2016 - Market Purchase	17,193	0.01	46,20,110	2.43
	December 02, 2016 - Market Purchase	41,799	0.02	46,61,909	2.45
	December 09, 2016 - Market Purchase	231	0.00	46,62,140	2.45
	December 16, 2016 - Market Purchase	25,000	0.01	46,87,140	2.47
	December 23, 2016 - Market Purchase	4,97,586	0.26	51,84,726	2.73
	December 30, 2016 - Market Purchase	2,39,940	0.13	54,24,666	2.85
	January 13, 2017 - Market Purchase	55,146	0.03	54,79,812	2.88
	January 20, 2017 - Market Purchase	29,685	0.02	55,09,497	2.90
	January 27, 2017 - Market Purchase	1,05,658	0.06	56,15,155	2.96
	February 03, 2017 - Market Purchase	24,403	0.01	56,39,558	2.97
	February 10, 2017 - Market Purchase	5,000	0.00	56,44,558	2.97
	February 17, 2017 - Market Sale	(9,75,000)	(0.51)	46,69,558	2.46
	February 24, 2017 - Market Purchase	1,04,038	0.05	47,73,596	2.51
	March 03, 2017 - Market Sale	(5,70,000)	(0.30)	42,03,596	2.21
	March 10, 2017 - Market Purchase	57,987	0.03	42,61,583	2.24
	March 31, 2017 - Market Purchase	2,99,624	0.16	45,61,207	2.40
	At the end of the year			45,61,207	2.40



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
5	India Opportunities Growth Fund Ltd - Pinewood Strategy	47,00,000	2.48	47,00,000	2.48
	May 06, 2016 - Market Purchase	20,000	0.01	47,20,000	2.49
	May 27, 2016 - Market Sale	(4,119)	(0.00)	47,15,881	2.48
	June 10, 2016 - Market Sale	(20,881)	(0.01)	46,95,000	2.47
	September 09, 2016 - Market Sale	(20,000)	(0.01)	46,75,000	2.46
	November 25, 2016 - Market Purchase	20,000	0.01	46,95,000	2.47
	March 31, 2017 - Market Sale	(2,60,000)	(0.14)	44,35,000	2.33
	At the end of the year			44,35,000	2.33
6	Lata Bhanshali	34,97,905	1.84	34,97,905	1.84
	At the end of the year			34,97,905	1.84
7	Reliance Capital Trustee Co. Ltd A/C Reliance Equity Opportunities Fund	32,18,000	1.70	32,18,000	1.70
	At the end of the year			32,18,000	1.69
8	Life Insurance Corporation of India	16,89,046	0.89	16,89,046	0.89
	At the end of the year			16,89,046	0.89
9	AADI Financials Advisors LLP	8,98,674	0.47	8,98,674	0.47
	July 15, 2016 - Market Purchase	7,50,000	0.40	16,48,674	0.87
	At the end of the year			16,48,674	0.87
10	HSBC Global Investment Funds- Indian Equity	NIL	NIL	NIL	NIL
	February 17, 2017 - Market Purchase	10,00,000	0.53	10,00,000	0.53
	February 24, 2017 - Market Purchase	1,783	0.00	10,01,783	0.53
	March 3, 2017 - Market Purchase	3,48,639	0.18	13,50,422	0.71
	At the end of the year			13,50,422	0.71

**(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-Non-Executive Director	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
	March 16, 2017 - Market Purchase	3,00,000	0.16	3,62,800	0.19
	At the end of the year			3,62,800	0.19
5	Dr. Darlie Koshy - Independent Director	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
6	Mr. Bijou Kurien - Independent Director	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
7	Ms. Sharda Agarwal - Independent Director	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
8	Ms. Avni Biyani - Non-Executive Director	19,499	0.01	19,499	0.01
	At the end of the year			19,499	0.01
9	Mr. Kaleeswaran Arunachalam - Chief Financial Officer	Nil	Nil	Nil	Nil
	At the end of the year			Nil	Nil
10	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	1,140.54	Nil	Nil	1,140.54
ii) Interest due but not paid	–	Nil	Nil	–
iii) Interest accrued but not due	53.70	Nil	Nil	53.70
Total (i+ii+iii)	1,194.24	Nil	Nil	1,194.24
Change in Indebtedness during the financial year				
i) Addition in principal amount	–	Nil	Nil	–
ii) Reduction in principal amount	458.17	Nil	Nil	458.17
Net Change	(458.17)	Nil	Nil	(458.17)
Indebtedness at the end of the financial year				
i) Principal Amount	682.37	Nil	Nil	682.37
ii) Interest due but not paid	–	Nil	Nil	–
iii) Interest accrued but not due	23.23	Nil	Nil	23.23
Total (i+ii+iii)	705.60	Nil	Nil	705.60

## 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/WTM/ 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	1.102	0.149	1.251
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
(2)	Stock Option	-	-	-
(3)	Sweat Equity	-	-	-
(4)	Commission - as % of profit	-	-	-
(5)	Others, specify			
	Contribution to Funds	0.072	0.012	0.084
	<b>Total (A)</b>	<b>1.174</b>	<b>0.161</b>	<b>1.335</b>
	Ceiling as per the Act	₹8.81 Crore (being 10% of net profits calculated as per section 198 of the Act)		

\*Mr. C. P. Toshniwal resigned as Executive Director and Chief Financial Officer of the Company w.e.f. May 01, 2016, however, continued to be a Non-Executive Director of the Company.



## B. Remuneration to other Directors

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
(1)	<b>Independent Directors</b>	<b>Shailesh Haribhakti</b>	<b>Dr. Darlie Koshy</b>	<b>Sharda Agarwal</b>	<b>Bijou Kurien</b>	
	• Fee for attending board / committee meetings	0.050	0.060	0.038	0.015	0.163
	• Commission	0.145	0.145	0.145	N.A.	0.435
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>0.195</b>	<b>0.205</b>	<b>0.183</b>	<b>0.015</b>	<b>0.598</b>
(2)	<b>Other Non-Executive Directors</b>	<b>C. P. Toshniwal</b>	<b>Rakesh Biyani</b>	<b>Avni Biyani</b>		
	• Fee for attending board / committee meetings	0.040	0.038	0.015		0.093
	• Commission	Nil	0.145	Nil		0.145
	• Others, please specify	-	-	-		-
	<b>Total (2)</b>	<b>0.040</b>	<b>0.183</b>	<b>0.015</b>		<b>0.238</b>
	<b>Total (B) = (1 + 2)</b>					<b>0.836</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>2.171</b>
	Overall Ceiling as per the Act	₹9.69 Crore (being 11% of net profits calculated as per section 198 of the Act)				

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTM

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Chief Financial Officer	Company Secretary
(1)	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.793	0.315
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.003	0.006
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
(2)	Stock Option	-	-
(3)	Sweat Equity	-	-
(4)	Commission	-	-
	- as % of profit		
	- others, specify		
(5)	Others - Contribution to Funds	0.025	0.019
	<b>Total</b>	<b>0.821</b>	<b>0.340</b>

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

There were no penalties, punishment or compounding of offences during the financial year ended March 31, 2017.

## CORPORATE GOVERNANCE REPORT

Your Company as part of Future Group, believes that success requires the highest standards of corporate ethics towards all its stakeholders, the communities we serve and the environment we impact. We strive to create an organisation working towards sustainable and profitable growth to create long-term value for our people, business partners, customers and shareholders.

Your Company's ongoing efforts encompass financial stewardship in strategic and daily business decisions to ensure accurate financial reporting and effective controls. 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.

During the year under review, the Company has complied with all the provisions as stipulated in regulations 17 to 27 and clause (b) to clause (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations').

### 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, 2017, the Board comprises of eight directors including two woman directors. The Chairperson of the Board is Non-Executive Independent Director and the number of Independent Directors are more than one-third of the total number of Directors. The number of Non-Executive Directors (NEDs) are more than one-half of the total number of Directors.

None of the Directors on the Board are 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 tenure of Independent Directors are in line with provisions of section 149(10) and 149(11) of the Companies Act, 2013 ('the Act') and Rules made thereunder.

The information on composition of the Board, category and their Directorships and Committees' Membership / Chairpersonship across all the companies in which they are Directors, as on March 31, 2017 is as under:

Name of Director	Category	No. of Directorships*		**No. of Memberships / Chairpersonships of Committees in public companies	
		Public	Private / Non profit	Memberships	Chairpersonships
Mr. Shailesh Haribhakti (DIN 00007347)	Independent Chairperson	10	8	10	4
Mr. Kishore Biyani (DIN 00005740)	Managing Director (Promoter Group)	9	1	3	1
Mr. Rakesh Biyani (DIN 00005806)	Non-Executive (Promoter Group)	4	5	3	-
Mr. C. P. Toshniwal # (DIN 00036303)	Non-Executive	7	6	2	-
Dr. Darlie Koshy (DIN 00023527)	Independent	1	1	2	1
Mr. Bijou Kurien ## (DIN 01802995)	Independent	5	4	3	-
Ms. Sharda Agarwal (DIN 00022814)	Independent	2	2	2	1
Ms. Avni Biyani ### (DIN 02177900)	Non-Executive (Promoter Group)	4	1	0	0

- \* No. of directorships held by the Directors do not include directorships in foreign companies.
- \*\* In accordance with regulation 26 of the Listing Regulations, Memberships / Chairpersonships 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 w.e.f. May 01, 2016, however, continued to be a Non-Executive Director of the Company.
- ## Mr. Bijou Kurien appointed as an Independent Director w.e.f. May 26, 2016 for a period of five year at the Annual General Meeting held on August 29, 2016.
- ### Ms. Avni Biyani appointed as Additional Director w.e.f. June 07, 2016 and appointed as Director at the Annual General Meeting held on August 29, 2016.

The details of Shares held by the Directors in the Company as on March 31, 2017 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	3,62,800

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, four Board Meetings were held on May 26, 2016, August 08, 2016, November 11, 2016 and February 13, 2017.

The gap between two Meetings did not exceed one hundred and twenty days as prescribed in the Listing Regulations. Fourth Annual General Meeting (AGM) of the Company was held on August 29, 2016.

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

Name of Director	No. of Board Meetings		AGM
	Held	Attended	
Mr. Kishore Biyani	4	4	Yes
Mr. Rakesh Biyani	4	4	Yes
Mr. C. P. Toshniwal	4	4	Yes
Mr. Shailesh Haribhakti	4	4	Yes
Dr. Darlie Koshy	4	4	No
Mr. Bijou Kurien*	3 <sup>#</sup>	3	Yes
Ms. Sharda Agarwal	4	3	No
Ms. Avni Biyani**	3 <sup>#</sup>	3	Yes

# No. of meetings held since their appointments.

\* Appointed as an Independent Director w.e.f. May 26, 2016.

\*\*Appointed as an Additional Director w.e.f. June 07, 2016.

## AUDIT COMMITTEE

The Audit Committee of the Company comprises of four Directors, out of whom three are Independent Directors. Ms. Sharda Agarwal, Chairperson of the Committee is an Independent Director. All the Members of the Committee possess accounting and financial management expertise. Mr. Shailesh Haribhakti, former Chairperson of the Committee was present at the Fourth Annual General Meeting of the Company held on August 29, 2016.

The Company Secretary functions as Secretary to the Committee.

During the year under review, four meetings of the Committee were held on May 26, 2016, August 08, 2016, November 11, 2016 and February 13, 2017. 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
Ms. Sharda Agarwal*	Chairperson	4	3
Mr. Shailesh Haribhakti**	Member	4	4
Dr. Darlie Koshy	Member	4	4
Mr. C. P. Toshniwal	Member	4	4

\* Appointed as the Chairperson of the Committee w.e.f. February 13, 2017.

\*\* Resigned as the Chairperson of the Committee w.e.f. February 13, 2017.

The Committee's composition meets with the requirements 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 Audit 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:
  - 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 Act;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - 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 or rights 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; and
- the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- 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, three meetings of the Committee were held on May 26, 2016, November 11, 2016 and December 22, 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	3	3
Mr. Shailesh Haribhakti	Member	3	3
Mr. Rakesh Biyani	Member	3	3
Ms. Sharda Agarwal	Member	3	2

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 the 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 and ESOS as well as issuance of SWEAT equity shares and recommend the grants to be made under ESOP / ESOS; and
- To review 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/or 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, Chairpersonship 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 Committee 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, 2017 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	0.600	-	0.072	0.502	1.174	June 25, 2013 to June 24, 2016 and June 25, 2016 to June 24, 2019	6	N.A.
Mr. C. P. Toshniwal Executive Director & CFO#	0.091	-	0.021	0.049	0.161	November 01, 2013 to May 01, 2016	6	NIL *

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

\* No Stock Options were granted during the year under review. However, Mr. C. P. Toshniwal holds 1,70,824 vested Stock Options, which are exercisable within three years from the respective date of grants.

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	0.038
Mr. Shailesh Haribhakti	0.050
Dr. Darlie Koshy	0.060
Ms. Sharda Agarwal	0.038
Mr. C. P. Toshniwal	0.040
Mr. Bijou Kurien	0.015
Ms. Avni Biyani	0.015

An aggregate amount of ₹0.80 Crore is proposed to be paid towards commission payable to the eligible Non-Executive Independent Directors for the financial year 2016-17.

The details of Commission paid for the financial year 2015-16 and proposed to be paid for the financial year 2016-17 is as under:

( ₹ in Crore)

Name of Director	Commission	
	Paid for FY 2015-16	Payable for FY 2016-17
<b>Non-Executive Independent Directors</b>		
Mr. Shailesh Haribhakti	0.145	0.200
Dr. Darlie Koshy	0.145	0.200
Ms. Sharda Agarwal	0.145	0.200
Mr. Bijou Kurien	N.A.	0.200
<b>Non-Executive Directors</b>		
Mr. Rakesh Biyani	0.145	Nil
Mr. C. P. Toshniwal	N.A.	Nil
Ms. Avni Biyani	N.A.	Nil

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.

Ms. Avni Biyani is daughter of Mr. Kishore Biyani. Except them, 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 the Committee were held on May 26, 2016, August 08, 2016, November 11, 2016 and February 13, 2017.

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	4

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:
  - i. Investigate any activity within its terms of reference;
  - ii. Seek any information from any employee of the Company;
  - iii. Obtain outside legal or independent professional advice. Such advisors may attend meetings if necessary;
  - iv. 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 to attend Investors' grievances, transmission of shares, split, consolidation, issue of duplicate share certificate, dematerialisation and rematerialisation of shares.

#### **Investors' Grievance Redressal**

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

<b>Opening Balance</b>	<b>Received during the year</b>	<b>Resolved during the year</b>	<b>Closing Balance</b>
Nil	10	10	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 26, 2016. 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 a Chairperson, Dr. Darlie Koshy, Mr. C. P. Toshniwal and Ms. Sharda Agarwal as the other 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 and as may be assigned by the Board of Directors from time to time. Twenty three meetings of the Committee were held during the year under review.

## RISK MANAGEMENT COMMITTEE

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

Mr. Kaleeswaran Arunachalam, Chief Financial Officer of the Company was appointed as a member of the Risk Management Committee w.e.f. February 13, 2017.

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.

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 Board report and Management Discussion and Analysis forming part of the Annual Report.

## GENERAL BODY MEETINGS

### Annual General Meeting

The details of the last three Annual General Meetings (AGM) of the Company are as follows:

Year	Date & Time of AGM	Venue	Special Resolution(s) passed
2015-16	August 29, 2016 at 04:30 pm	Rangaswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400021.	<ul style="list-style-type: none"><li>• Re-appointment of Mr. Kishore Biyani, as Managing Director.</li><li>• Issue of Non-Convertible Debentures for an amount upto ₹500 Crore.</li></ul>
2014-15	August 26, 2015 at 12:00 noon.	- do -	<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 am	- do -	<ul style="list-style-type: none"><li>• Payment of Commission to Non- Executive Directors.</li></ul>

### Extraordinary General Meeting

During the year under review, the following Extraordinary General Meeting (EGM) was held:

Year	Date & Time of EGM	Venue	Special Resolution(s) passed
2016-17	March 24, 2017 at 04:00 pm	Rangaswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400021.	<ul style="list-style-type: none"><li>• Entering into related party transactions with wholly owned special purpose vehicle(s) for transfer of Identified Investments held by the Company.</li></ul>



## Postal Ballot

The Company has not passed any Special Resolution through postal ballot during the financial year 2016-17 nor proposes 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 Stock Exchanges 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 Fifth Annual General Meeting:

Tuesday, August 29, 2017 at 4:00 pm at Rangaswar, Fourth Floor, Y.B Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021.

### Financial Year

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

### Financial Reporting for

Quarter ending June 30, 2017	-	July / August, 2017
Half-year ending September 30, 2017	-	October / November, 2017
Quarter ending December 31, 2017	-	January / February, 2018
Year ending March 31, 2018	-	End May, 2018

Note: The above dates are indicative.

### Dividend Payment Date

The Board of Directors of the Company has recommended a dividend of ₹0.80 (40%) per Equity Share. Dividend, if declared, at the forthcoming 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, 2017.

## 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 I), (Series II) and (Series III) of the Company as listed on the Wholesale Debt Market (WDM) Segment of BSE have been fully redeemed by the Company.

### Listing Fees

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

**Stock Code**

Shares	ISIN	Stock Code	
		BSE	NSE
Equity	INE452O01016	536507	FLFL

**Corporate Identification Number (CIN)**

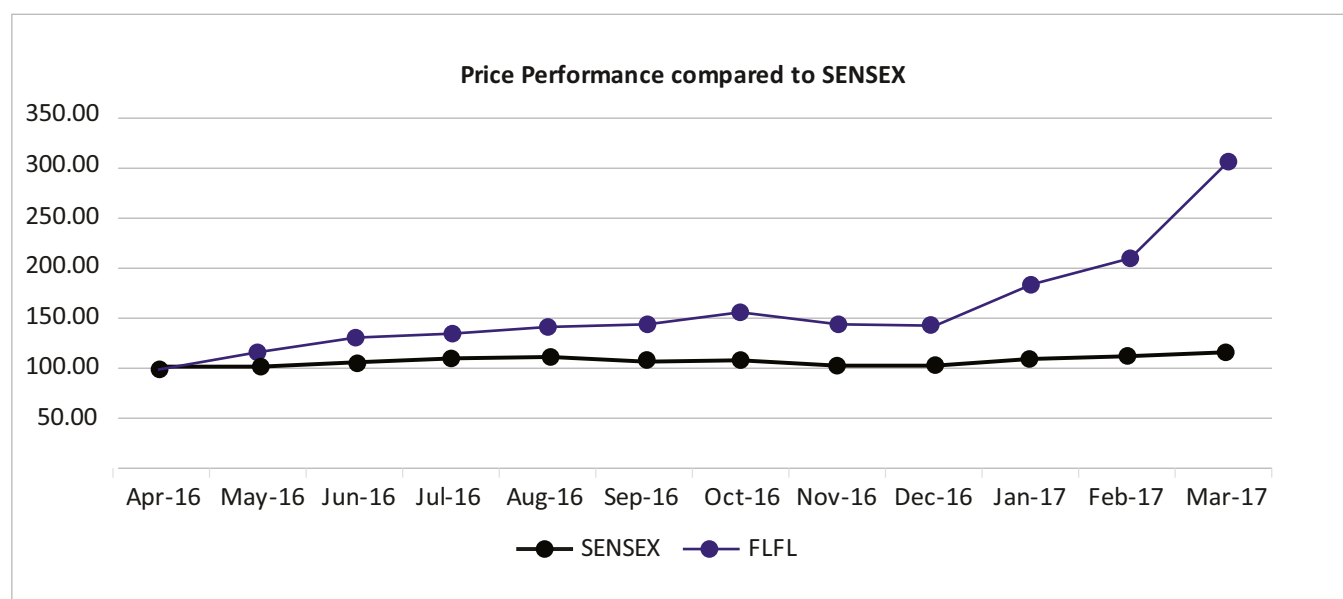
The Company's CIN as allotted by the Ministry of Corporate Affairs, is L52100MH2012PLC231654.

**Stock Performance**

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

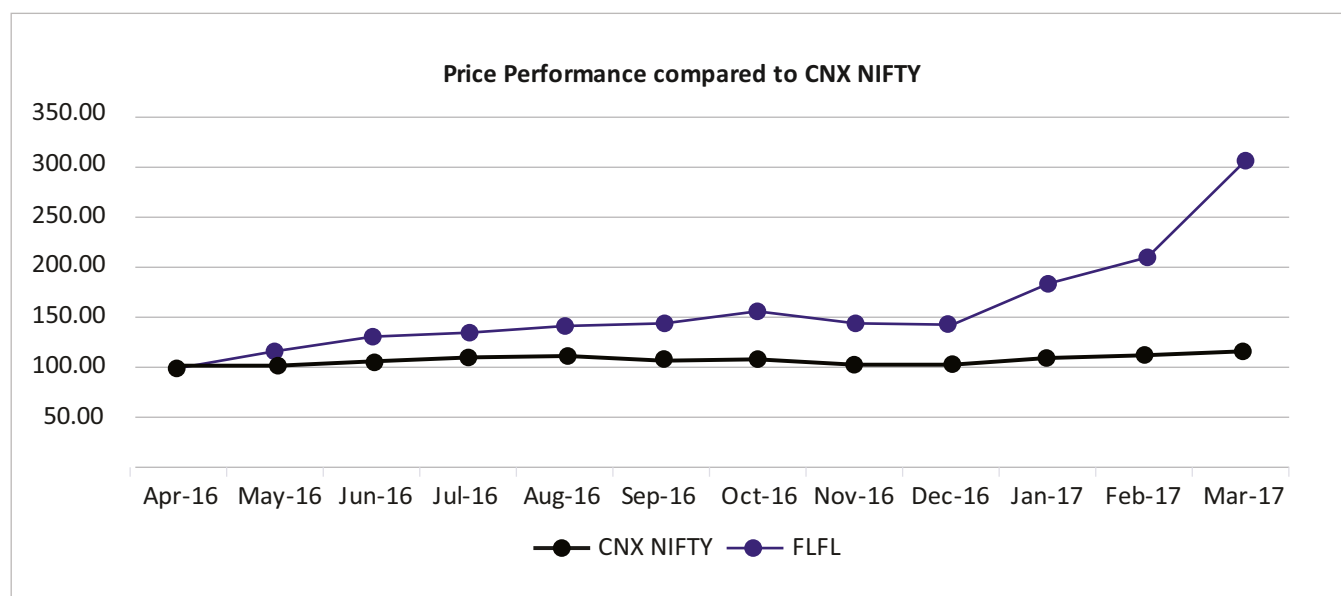
Months	BSE (in ₹)		NSE (in ₹)	
	High	Low	High	Low
Apr-16	98.90	76.70	98.90	77.10
May-16	119.70	90.05	119.90	89.50
Jun-16	127.85	105.35	129.70	105.40
Jul-16	135.70	110.95	136.00	110.55
Aug-16	142.40	122.55	142.40	119.80
Sep-16	137.20	119.00	140.00	119.50
Oct-16	142.00	121.00	141.95	120.00
Nov-16	148.00	108.75	146.90	108.00
Dec-16	134.40	117.35	131.95	117.40
Jan-17	176.00	128.20	176.90	126.80
Feb-17	209.25	165.50	202.00	164.00
Mar-17	284.55	184.95	283.00	185.05

[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**

Note: The performance comparison is based on the percentage of closing price and Sensex on the last trading day of the month assuming closing of April, 2016 as base 100.

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



Note: The performance comparison is based on the percentage closing price and CNX Nifty on the last trading day of the month assuming closing of April, 2016 as base 100.

### 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 to attend Investors' grievances.

### De-materialisation of Shares

99.80% of the Equity Shares of the Company have been dematerialised as on March 31, 2017. 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. Entire shareholding of Promoters and Promoter Group is in dematerialised form. Status of Dematerialisation of Equity Shares as on March 31, 2017 is as under:

Particulars	No. of Shares	% of Capital
NSDL	16,89,32,403	88.90
CDSL	2,07,07,317	10.90
Total Dematerialised	18,96,39,720	99.80
Physical	3,73,736	0.20
<b>Total</b>	<b>19,00,13,456</b>	<b>100.00</b>



### Distribution of Shareholding of Equity Shares as on March 31, 2017

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	40,350	96.3560	21,51,933	1.1325
501-1000	706	1.6859	5,00,076	0.2632
1001-2000	257	0.6137	3,84,027	0.2020
2001-3000	89	0.2125	2,26,238	0.1191
3001-4000	75	0.1791	2,53,587	0.1335
4001-5000	48	0.1146	2,23,572	0.1177
5001-10000	98	0.2340	7,00,193	0.3685
10001 and above	253	0.6042	18,55,73,830	97.6635
<b>Total</b>	<b>41,876</b>	<b>100.0000</b>	<b>19,00,13,456</b>	<b>100.0000</b>

### Shareholding Pattern as on March 31, 2017

Category	No. of Equity Shares	% of holding
Promoters and Promoter Group	11,48,72,593	60.4550
Mutual Funds	84,38,633	4.4411
Banks, Financial Institutions	1,09,214	0.0575
Alternate Investment Funds	1,55,27,950	8.1720
Insurance Companies	17,95,676	0.9450
Foreign Portfolio Investor	1,24,42,547	6.5482
Non Resident Indians	1,72,579	0.0908
Bodies Companies	1,77,19,409	9.3253
Indian Public (Individual)	1,76,14,877	9.2703
Directors & their Relatives	3,71,006	0.1953
Clearing Members	4,91,576	0.2587
Trust	10,987	0.0058
Hindu Undivided Family	4,46,376	0.2350
Foreign Nationals	33	0.000
<b>Total</b>	<b>19,00,13,456</b>	<b>100.0000</b>

### Outstanding Global Depository Receipts / American Depository Receipts / Warrants or any convertible instruments, conversion date and likely impact on equity.

The Company has not issued any Global Depository Receipts / American Depository Receipts / Warrants, during the year under review.

## Unclaimed Shares

In accordance with the requirement of regulation 34(3) and Schedule V Part F of Listing Regulations, the Company reports the following details in respect of Equity Shares lying in the suspense account:

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, 2016	188	34,449
Number of shareholders who approached the Company for transfer of Shares from suspense account during the year	2	279
Shareholders to whom Shares were transferred from the suspense account during the year	2	279
Aggregate number of shareholders and the outstanding Shares in the suspense account lying as on March 31, 2017	186	34,170

The voting rights on the Shares outstanding in the suspense account as on March 31, 2017, 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-101, 1st Floor, 247 Park,  
Lal Bahadur Shastri Marg, Vikhroli (West),  
Mumbai – 400 083.  
Tel No: +91 22 4918 6270,  
Fax No: +91 22 4918 6060,  
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](mailto:investorrelations@futurelifestyle.in),  
Website: [www.futurelifestyle.in](http://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, 2017. 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 specified under section 133 of the Act, 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, 2017.

### Subsidiary Company

The Company has one material unlisted Indian subsidiary. 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 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 and 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 / Investors' Presentations 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 has different persons on post of Chairperson of the Board and Managing Director.

**Reporting of Internal Auditor:** Internal Auditors are invited to the meetings of 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, 2017 as stipulated in regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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 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

Place: Mumbai  
Date : May 15, 2017

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

---

## 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, 2017.

For Future Lifestyle Fashions Limited

Place: Mumbai  
Date : May 15, 2017

**Kishore Biyani**  
Managing Director

## BUSINESS RESPONSIBILITY REPORT

### OVERVIEW

The Company ('FLFL') sets the trend for Indian lifestyle fashion through integration of some of the India's most popular lifestyle retail destinations like 'Central', 'Brand Factory' and 'Planet Sports' and over 30 domestic and global fashion brands. With a team of talented business professionals, fashion designers and entrepreneurs, the Company aims to provide a perfect blend of modern and traditional fashion to the Indian customer.

Corporate Social Responsibility, Inclusive Growth and Sustainability are at the core of the Group's strategy and business practices. Modern organized retail has the power to strengthen the economy, create grass root employment and contribute significantly to social inclusion. This reflects in the Future Group's commitment to the community, environment and to every stakeholder in building a stronger foundation for its long-term sustainable growth.

Your Directors present the Business Responsibility Report (BRR) of the Company for the financial year ended March 31, 2017, pursuant to regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This BRR delineates FLFL's endeavours to conduct business with responsibility and accountability towards all its stakeholders in keeping with the nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' ("NVGs"). This BRR is in line with the format proposed by SEBI.

### PART A: GENERAL INFORMATION ABOUT THE COMPANY

Sl. No.	Particulars	Company Information
1.	Corporate Identity Number (CIN) of the Company	L52100MH2012PLC231654
2.	Name of the Company	Future Lifestyle Fashions Limited
3.	Registered address	Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060.
4.	Website	www.futurelifestyle.in
5.	E-mail id	investorrelations@futurelifestyle.in
6.	Financial Year reported	2016 -17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Fashion retail business (NIC Code 477)
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	i. Apparel ii. Footwear iii. Other fashion goods/ accessories
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	N.A.
	(b) Number of National Locations	As on March 31, 2017, we have a Pan India presence with 372 stores covering various formats of the Company.
10.	Markets served by the Company Local/State/National/International	National

## PART B: FINANCIAL DETAILS OF THE COMPANY

Sl. No.	Particulars	Company Information
1.	Paid-up Capital (INR)	₹38.00 Crore
2.	Total Turnover (INR)	₹3,802.28 Crore (standalone)
3.	Total profit after taxes (INR)	₹45.67 Crore (standalone)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	With regard to the year under review, FLFL 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 Companies Act, 2013 ('the Act') was negative.
5.	List of activities in which expenditure in 4 above has been incurred	N.A.

## PART C: OTHER DETAILS

Sl. No.	Particulars	Company Information
1.	Does the Company have any Subsidiary Company/ Companies?	Yes, FLFL has two subsidiaries and one step down subsidiary as on March 31, 2017.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)	The subsidiary companies define their own initiatives specific to their business context whilst having access to information and expertise residing with the parent company.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Business Responsibility policies are applicable to the management and all the employees of FLFL, it encourages adoption of BR initiatives by its Business Partners. Based on dialogue with the suppliers and distributors of FLFL, currently less than 30% of other entities participate in the BR initiatives of the Company.

## PART D: BUSINESS RESPONSIBILITY (BR) INFORMATION

### 1. Details of Director / Directors responsible for BR:

Details of the Director and BR head responsible for implementation of the BR policy / policies:

Sl. No.	Particulars	Details
1.	DIN Number (if applicable)	00005740
2.	Name	Mr. Kishore Biyani
3.	Designation	Managing Director
4.	Telephone number	022-6644 2200
5.	e-mail id	investorrelations@futurelifestyle.in

### 2. Principle-wise (as per NVGs) BR policy / policies: (Reply in Y - Yes / N - No):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs, has adopted nine areas of Business Responsibility as under:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.



Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

#### BR POLICIES AND COVERAGE OF NVGs' NINE PRINCIPLES

Sl. No.	Questions	Business Ethics	Product Responsibility	Well-being of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify?	Yes, the policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Yes, the policies have been approved by the Board and signed by the Managing Director.								
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes, the Company's officials of the respective departments are authorised to oversee the implementation of the policy.								
6.	Indicate the link for the policy to be viewed online?	<a href="http://www.futurelifestyle.in/statutory_documents.aspx">http://www.futurelifestyle.in/statutory_documents.aspx</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been disseminated to all relevant internal and external stakeholders.								
8.	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The working of the above policies would be evaluated by internal team.								

### 3. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Board of Directors of the Company assesses various initiatives forming part of the BR performance of the Company at least once a year.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company publishes the information on BR in the Annual Report which is available on the website of the Company.

## PART E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1: ETHICS, TRANSPARENCY & ACCOUNTABILITY

#### Businesses should conduct and govern themselves with ethics, transparency and accountability

FLFL is committed to carry out its business, pursuant to the Code of Conduct adopted by the Company, which aims to ensure consistent standards of conduct and ethical business practices across the Company. FLFL as part of Future Group has committed to uphold the core values of Indianness, Leadership, Respect & Humility, Introspection, Openness & Adaptability, Valuing and Nurturing Relationships, Simplicity & Positivity and Flow.

FLFL's Directors and Senior Management are required to abide by a separate Code of Conduct. Their affirmation to the Code of Conduct is communicated to all stakeholders by Managing Director, through a declaration in the Annual Report.

FLFL is committed to developing a culture where it is safe for all directors and employees to raise concerns about any poor or unacceptable practice and any event of misconduct.

To maintain these standards, FLFL encourages its employees and other stakeholders, who have concerns about suspected misconduct, unethical behaviour, actual or suspected fraud or violation of the Code of Conduct (CoC) or ethics policy to come forward and express their concerns without fear of punishment or unfair treatment through the Vigil Mechanism. The mechanism promotes responsible and secure whistle blowing and adequately safeguards the whistle blower from victimization.

FLFL has put in place the Whistler Blower Policy, Remuneration Policy, Dividend Distribution Policy over and above the Code of Conduct to ensure ethical conduct at all levels.

In order to adhere to each of the nine Principles as per National Voluntary Guidelines, FLFL articulated practices and procedures followed by it towards these Principles and formally adopted the necessary policies and processes, subsequent to the year under review. These policies have been placed before the Board and adopted on May 15, 2017.

FLFL has received 10 investor complaints, during the year under review, which have been resolved.

FLFL has an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment, discriminatory employment and other matter. No complaint was received related to sexual harassment and discriminatory employment during the year under review by ICC.

Further, there were no complaints received during the financial year 2016-17 under the Whistle Blower Policy of the Company.

### PRINCIPLE 2: PRODUCTS CONTRIBUTING TO SUSTAINABILITY

#### Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

FLFL owns and markets over two dozen fashion brands through exclusive brand outlets, departmental stores and multi brand outlets, as well as Company operated retail chains such as Central, Brand Factory and Exclusive Brand Stores (EBOs). It collectively operates around 372 stores spread over 5 million square feet of retail space.

FLFL's own, licensed and investee brands like 'Cover Story', 'BARE', 'Urbana', and 'John Miller' addresses product stewardship criteria like product quality, safety and incorporates environmental values in these products. The Brand 'Mother Earth', incorporates social concerns as well.

The operations of FLFL are not energy intensive. The corporate office along with its retail stores are mostly located in malls that are LEED (Leadership in Energy and Environmental Design) certified and where such buildings being resources efficient would have taken care of issues related to human health and environmental impacts. Wherever the stores are not located in green buildings, FLFL takes adequate measures to reduce energy and water consumption, by utilising energy efficient equipment and lighting.

FLFL also strives for material efficiency whilst designing its offices and retail spaces by utilising movable /reusable assets and fixtures. Through these efforts, FLFL also contributes to sustainable development and mitigating climate change impacts.

FLFL has also entered into power purchase agreements to purchase solar power for its stores at Hyderabad, Pune and in Karnataka.

#### **Sustainable sourcing**

FLFL endeavours to source its' finished garments from responsible sources and impresses upon its suppliers to self-certification of compliance with all applicable regulations, quality and environmental norms.

FLFL also sources from social enterprise networks such as IndusTree Crafts Private Limited (Industree), FLFL through its associate company invests, mentors and owns around 72% equity in Industree that markets these produce under 'Mother Earth' brand, which is sold across the Company's retail outlets.

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 the form of equity in Producer Company. Over the years, this accumulated equity helps them transition from poverty to prosperity.

Industree has facilitated setting up of two producer companies engaging around 2,300 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, mostly women spread across 6 districts in Karnataka and Tamil Nadu. There are women from small and marginal farm families who gather banana bark, have transitioned from being helper to being supervisors (director), from tailor to being a trainer. They have now become role models for other women artisans. During the reporting period, the producer groups also supplied to Swedish homeware retailer IKEA and their products are now available in 75 IKEA stores in 10 countries. Over the next 10 years, Industree aims to reach to 1 million artisans and farmers across 6 states in India.

FLFL works with 829 local (state region) vendors, comprising 28% of total vendors of the Company.

#### **Product Labelling**

FLFL always ensure that all its' garments that are sourced globally and locally comply with the Care Labelling System, which provides information through symbols denoting the use and care of garments/ wash care label. The content label provides all applicable statutory information, fibre type, fibre content, country of origin and certification labelling (if applicable).

#### **Recycling**

FLFL promotes reusable shopping bag, paper bag and endeavour to reduce waste associated with its sourcing and selling of products and articles in order to minimise packaging waste.

### **PRINCIPLE 3: WELFARE OF EMPLOYEES**

#### **Businesses should promote the well-being of all employees**

Modern Indian retail can help improve incomes and provide opportunities for growth to individuals with lower education levels or from the unorganised sector. With fair wages and benefits, opportunities for further development and growth and a better working environment, modern retail offers much more than most alternatives available to such individuals.

FLFL provides and maintains equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, disability or sexual orientation.

The permanent manpower at FLFL as on March 31, 2017 was as under:

<b>Total strength</b>	<b>No. of female employees</b>	<b>% of female employees to total strength</b>
9,221	1,328	14.40%

Upholding FLFL's equal opportunity platform, 36 employees with disabilities were employed in the reporting period.

#### **Employee Well-being**

FLFL's diverse people initiatives are aimed to attract, motivate and empower our employees in many ways. The HR processes address well-being of its employees at all levels and offer equal opportunity to all without any discrimination and it is guided by the inherent values of FLFL.

FLFL ensures that its policies and processes concerning labour and human rights are in line with the laws of the land and is updated from time to time. Trainings on diversity and inclusion are conducted to enhance awareness around these issues.



It takes cognizance of the work-life balance of its employees through building a pro-inclusion mind-set amongst all the stakeholders, which is achieved through training, communication and building a positive environment.

FLFL employees are provided a flexible time window at the start of and conclusion of the core working period of 8 hours, this enables the employee to balance and plan both his personal life and work activities.

FLFL policies provide for maternity leave as well as paternity leave, as governed by Indian laws. Insurance policies such as Medi-claim, EDLI have been implemented on a Group level. FLFL also covers its permanent employees under an unique Life Security Plan, which provides employee's dependents with a comprehensive financial security under the Insurance policy.

FLFL has received no complaints related to child labour, forced labour or any form of involuntary labour, paid or unpaid at any of its premises from its' stakeholders.

### **Employee growth, training and development and overall well-being**

FLFL ensures continuous skill and competence upgradation by providing equal and non-discriminatory learning opportunities to all.

Group level guidance and customised growth plans with regards to overall development has helped establish a robust retention scheme. Along with this, an employee assistance plan is intended to help employees deal with personal and professional problems that might adversely impact work performance, health and overall well-being.

Some of the talent development activities conducted by the Company are: Analytical & Synthesizing Skills, Business Communication, Design Thinking, Planning & Prioritizing, Brand Awareness and Customer Service Excellence for Lee Cooper and FLFL's brands. A job analysis is conducted to ensure employees are well equipped in terms of functional as well as skill based competencies required for the job. Through Individual Development Plans trainings are customized and the same is imparted to all eligible employees.

FLFL has several programs designed to benefit its employees and includes:

- GENISIS: FLFL's Management Trainee Program aims to develop trainees into future leaders at the Company through on-the-job training, project work and functional implementation.
- Shishya: An initiative that provides an opportunity to develop and enhance skills and knowledge through various educational and learning programs.
- Seekho: An initiative, aimed at encouraging employees who are consistent performers to fast-track their career growth by completing their higher education (MBA) in the retail domain.
- L.E.A.P: Our Leadership Excellence Advancement Program identifies and develops an individual's leadership potential.

The Percentage of employees who were given safety and skill up-gradation training during the financial year 2016-17 are as under:

- i. Permanent Employees: 35%
- ii. Permanent Women Employees: 47%
- iii. Employees with Disabilities: 53%

### **Collective Bargaining**

FLFL's employees have not constituted or do not form a part of any collective bargaining mechanism. FLFL instead ensures all grievances of the employees are addressed through an established grievance mechanism and creating a culture that empowers an employee to communicate and resolve issues amicably. The Managing Director regularly interacts with all employees through his personal email and regular briefings, titled, 'Monday Musings,' and all employees are encouraged to directly write to him on his email address. Senior leaders in the organization follow an open door policy to hear any grievances, feedback or suggestions.

### **Health and Safety**

FLFL ensures a safe and secure workplace environment and believes in caring for all individuals who visits its facilities, lives near its establishments and is committed to fulfil its duty of care with due diligence, including but not limited to constitution of safety committee and safety representatives for all its stores and offices and defining safety principles. FLFL also ensures that Systems for reporting and monitoring various Safety and Environment parameters are defined and disseminated.

## **PRINCIPLE 4: STAKEHOLDER ENGAGEMENT**

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

FLFL's vision of an inclusive growth for a harmonious society points to a future in which the entire population can enjoy a better quality of life. FLFL focuses on three key enablers for inclusive growth: employability, innovation and entrepreneurship. While employability helps create a qualified and skilled workforce, innovation and entrepreneurship help drive growth and generate employment.

This vision of inclusiveness is achieved through:

- a. Partnering with stakeholders from among the vulnerable and marginalised.
- b. Collaborating with brands that create fashion garments, footwear and products that are aspirational yet affordable to all.
- c. Designing, creating and retailing FLFL's own fashion and product labels that incorporate social and environmental concerns.

FLFL has identified its stakeholders and is committed to keeping a healthy relation with all. It has defined purpose, the scope of engagement and engages continually to understand their level of concern and desires.

### **Shareholders**

FLFL has an established mechanism for Investors' service and grievances handled by its Registrar and Transfer Agents (RTA) and the Company's dedicated team for resolving the grievances in an effective and timely manner. FLFL has constituted Stakeholders' Relationship Committee of the Board to inter-alia periodically review the stakeholders' grievance mechanism of the Company.

FLFL has designated investor relations e-mail id [investorrelations@futurelifestyle.in](mailto:investorrelations@futurelifestyle.in) for Shareholders to make any communication to the Company beside writing to the Company and its RTA.

The Company strives to be transparent, proactive and responsive towards its responsibility towards the investors.

The Company respects the rights of its Shareholders and to facilitate the effective exercise of those rights by various means of communicating effectively and the Company also promptly and periodically disseminates information / reports via Stock Exchanges and uploading on separate investors page on the website of the Company which includes Annual Report, Press Release, Financial Results, Policies, Notices related to General Meetings and Postal Ballot and Investors' presentation, etc.

### **Employees**

FLFL engages with its Employees to motivate them, boost morale, provide platforms for them to develop and express their creativity, passion and commitment to the task at hand. A positive environment and a pro-inclusion mind-set ensures that differently abled or minority members are not discriminated against and that all concerns are addressed as per guidelines.

- Happiness Index Program: A priority initiative aimed towards building a culture of employee-level conversations to achieve happiness through sensitivity and empowerment.
- Idea Board: Unlike a "suggestion box", the Idea Board is an open forum that offers a platform for employees to voice their ideas openly.

Employee engagement activities include T-shirt Painting competition, Dussehra celebration, Lantern making competition as part of Diwali celebration, Rangoli competition, Christmas celebration, Women's day celebration and the FLFL carnival.

### **Statutory bodies**

The Company interact with various statutory bodies as and when required during the course of its business and maintains statutory records and ensure compliances of applicable laws.

### **Suppliers / Vendors**

FLFL recognizes the potential to address economic inequality/disparity and accomplish other objectives contributing to inclusive growth by fostering a symbiotic relationship with entrepreneurs across communities and increasing self-employment opportunities.

FLFL partners with suppliers through capacity building programmes that are mutually beneficial, especially where it sources for its own in-house labels. These engagements allow suppliers to build their strengths and provide products that meet market expectations.

FLFL invests in and supports social enterprises such as Industree, an enterprise that aims to uplift artisans out of poverty through a unique producer ownership model. (For more details refer to Principle 2)

### **Consumers**

FLFL engages with its consumers with the purpose of developing associations of an enduring nature. A well-established system is in place for dealing with consumer feedback and complaints.

FLFL undertakes product promotions at its all stores across India and takes consumer feedback on its products and services provided to them. All feedbacks are analysed to serve the consumer better and if needed, the consumer is also proactively contacted for more details to address any adverse feedback.

Consumers are also provided multiple options to connect with FLFL through email, telephone, website, social media, feedback forms, etc. All complaints are appropriately addressed and resolved. (For more details refer to Principle 9)

### **Communities**

FLFL contributes to the well-being of the societies in which it operates through its business activities. It prefers to employ and train people from the local areas to serve at its stores and offices.

Through community-driven development, FLFL aims to foster a symbiotic relationship with Indian entrepreneurs. (Please refer to Principle 2 and Principle 8 for more details)

## **PRINCIPLE 5: HUMAN RIGHTS**

### **Businesses should respect and promote human rights**

FLFL recognizes and respect the human rights of concerned stakeholders within and beyond its workplace.

FLFL's human rights policy currently extends to its related entities within the Group. The intent of this policy has been conveyed to all relevant stakeholders. Human rights violation of any kind as articulated in the Constitution of India and the International Bill on Human Rights is not tolerated and such matter, if any would be brought to the notice of the management to resolve the same through a grievance mechanism. The Company has not received any complaints during the reporting period pertaining to such violation.

All contracts with suppliers, contractors and vendors, mandate the parties therein for due compliances with all applicable laws including labour welfare laws and ensuring contributions to ESIC and retiral benefits of employees.

## **PRINCIPLE 6: ENVIRONMENT**

### **Businesses should respect, protect, and make efforts to restore the environment**

Internalization of externalities arising from the environment, community and other stakeholders is a strategy that FLFL continues to use to reach new heights in the long run.

The operations of FLFL are not energy intensive; however adequate measures have been taken to reduce energy consumption, conserve water and other material resources, wherever possible through consumption of more renewable energy, installation of temperature controlled air conditioners, use of natural lights in offices/store premises, washrooms installed with proximity sensors and display of signages have created awareness on conservation of resources. The digitalization initiative are also taken to reduce the paper consumption in offices through e-documents and e-reminders.

Considering that the Company is not a manufacturing unit, the waste generated at its offices/stores is managed as per applicable norms. E-Waste generated is disposed through e-waste recyclers.

There were no incidents of non-compliance with regulations or voluntary codes resulting in fine, penalty or notices concerning emissions, health and safety impacts of FLFL's products in production.

There are no show cause and legal notices received during the year under review, which are pending from the CPCB or SPCB at any of the Company's operations.

## **PRINCIPLE 7: POLICY ADVOCACY**

### **Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

FLFL actively participates in industry events and is a member of the Retailers Association of India (RAI), The Clothing Manufacturers Association of India (CMAI) and Bangalore Chamber of Industry and Commerce (BCIC)

FLFL is committed to public good but has not advocated or lobbied through the above associations. The senior leadership team interacts with various professional bodies and organizations to anticipate and understand the economic scenario, industrial environment, government regulations and advancement of public goods and services.

## **PRINCIPLE 8: INCLUSIVE GROWTH**

### **Businesses should support inclusive growth and equitable development**

Inclusive growth and sustainability are at the core of strategy and business practices at FLFL. This reflects in FLFL's commitment to the community, environment and to every stakeholder in building a stronger foundation for long-term, sustainable growth.

In terms of the provisions of section 135 of the Companies Act, 2013 and Rules made thereunder FLFL adopted a Corporate Social Responsibility policy.

With regard to the year under review, FLFL was not required to spend any amount on CSR activities. However, FLFL plans to deploy the earmarked funds in the forthcoming years through the Sone Ki Chidiya Foundation Trust, a Group initiative to carry on CSR activities.



## **PRINCIPLE 9: VALUE TO CUSTOMERS**

### **Businesses should engage with and provide value to their customers and consumers in a responsible manner**

As a customer centric organization, FLFL proactively conducts customer feedback analysis and works to constantly evolve to higher and better customer centricity.

A well-established system is in place for dealing with customer feedback. In our endeavour to maintain our relationship with our stakeholders, all feedback received in the last reporting period were addressed. FLFL engages with every customer to gain feedback w.r.t product, staff helpfulness, product range and convenience and store ambience. Customer service desks provide support with respect to product exchange or alterations and any other support required by customers.

There were 10 consumer cases pending at the end of the year under review.

There are no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of the year under review.

FLFL ensures that its advertising and communications do not mislead or confuse the consumers or violate any of the principles in these Guidelines. FLFL ensures display of adequate information on the product label in addition to information regarding a product's environmental or social responsibility. (Please refer to Principle 2 for more details).

## Future Lifestyle Fashions Limited

### 4 YEARS FINANCIAL SUMMARY

#### Key Highlights of Standalone Financial Position

(₹ in Crore)

Particulars	As at Mar 31,2014	As at Mar 31,2015	As at Mar 31,2016	As at Mar 31,2017
Share Capital	30.89	37.24	37.92	38.00
Reserves & Surplus*	1,260.43	1,532.48	1,585.32	1,635.04
Net Worth*	1,291.32	1,569.72	1,623.24	1,673.04
Total Borrowings	1,355.78	1,274.40	1,140.54	682.37
Capital Employed	2,647.10	2,844.12	2,763.78	2,355.41
Net Block	1,149.86	1,301.90	1,242.77	1,274.36
Investments	378.53	343.69	375.43	43.32
Inventory	1,023.97	1,173.17	1,305.00	1,418.01

\* 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	2016-2017
Sales & Operating Income	2,743.98	3,134.09	3,300.19	3,877.07
Total Income	3,075.70	3,155.83	3,316.68	3,883.70
COGS	1,697.03	1,919.37	2,045.55	2,445.22
PBDIT	588.06	351.90	341.65	364.58
Interest	162.95	158.33	135.25	117.21
Depreciation	385.19	170.09	161.42	186.91
Profit Before Tax	34.24	23.48	44.98	60.18
Profit After Tax	23.28	18.55	29.47	45.67

#### Key Financial Ratios

(₹ in Crore)

Particulars	2013-2014	2014-2015	2015-2016	2016-2017
COGS/Sales & Operating Income (%)	61.85	61.24	61.98	63.07
Interest/Total Income (%)	5.30	5.02	4.08	3.02
PBDIT/Interest (Debt-Service Ratio)	3.61	2.22	2.53	3.11
PBDIT/Total Income (%)	19.12	11.15	10.30	9.39
PBT/Total Income (%)	1.11	0.74	1.36	1.55
PAT/Total Income (%)	0.76	0.59	0.89	1.18
Basic EPS (₹)	1.51	1.07	1.55	2.41
Debt Equity Ratio	1.05	0.81	0.70	0.41

## INDEPENDENT AUDITORS' REPORT

To the Members of

**FUTURE LIFESTYLE FASHIONS LIMITED**

### Report on the Standalone 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, 2017, the Statement of Profit and Loss and the Statement of Cash Flow for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone 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 relevant rules issued thereunder.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements.

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

### Opinion

In our opinion and to the best of information and according to the explanation given to us, the standalone 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 the Company as at March 31, 2017, 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.
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 relevant rule issued thereunder;
  - e. On the basis of written representations received from the Directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 standalone financial statements – Refer Note 30 to the standalone 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.

iv. The Company has provided requisite disclosures in its standalone financial statement as to holding as well as dealing in specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with books of accounts maintained by Company. Based on audit procedure and reliance on management representation, we report that the disclosures are in accordance with books of accounts and other records maintained by the Company and as produced to us by the management of the Company. Refer Note 50 to the standalone financial statements.

**For NGS & CO. LLP.**

Chartered Accountants

Firm Registration No. : 119850W

**Ashok A. Trivedi**

Partner

Place: Mumbai

Date : May 15, 2017

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, 2017, 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. The Company did not have any immovable properties of freehold or leasehold land and building as at March 31, 2017. Therefore, paragraph 3(i)(c) of the Order is not applicable.
- 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 products 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, 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 provident fund, employee's state insurance, income tax, service tax, value added tax, cess and other material statutory dues were in arrears as at March 31, 2017, 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, 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 and stamp duty 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	0.64	2013-14	Dy. Commissioner of Sales Tax
The Indian Stamp Act, 1899	Stamp Duty	1.55	2008-09	Upper Collector, Gaziabad

- viii. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings from banks and debenture holders. The Company has not taken any loans from Government or any Financial Institution.
- ix. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the money raised by the Company by way of term loan have been applied for the purpose for which they were raised. The Company did not raised any money by way of Initial Public offer or further public offer.

- 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 given 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 standalone 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

Place: Mumbai

Date : May 15, 2017

Membership No. 042472

## 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, 2017 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 standalone 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 standalone 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 standalone 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 standalone financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of



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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company

considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Mumbai  
Date : May 15, 2017

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

## BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Crore)

	Note	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	38.00	37.92
Reserves and Surplus	3	1,635.04	1,585.32
		1,673.04	1,623.24
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	270.08	673.98
Deferred Tax Liabilities (Net)	5	64.92	70.87
Other Long-Term Liabilities	6	70.79	61.44
Long-Term Provisions	7	12.50	8.71
		418.29	815.00
<b>Current Liabilities</b>			
Short-Term Borrowings	8	212.29	241.56
Trade Payables	9	1,133.08	921.58
Other Current Liabilities	10	317.01	369.43
Short-Term Provisions	11	0.20	10.74
		1,662.58	1,543.31
<b>TOTAL</b>		3,753.91	3,981.55
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	12		
Tangible Assets		1,264.47	1,199.50
Intangible Assets		9.89	43.27
Capital Work-in-Progress		189.82	186.23
Non-Current Investments	13	7.01	-
Long-Term Loans and Advances	14	371.81	344.25
		1,843.00	1,773.25
<b>Current Assets</b>			
Current Investments	15	36.31	375.43
Inventories	16	1,418.01	1,305.00
Trade Receivables	17	188.88	241.85
Cash and Bank Balances	18	29.80	14.62
Short-Term Loans and Advances	19	223.54	214.33
Other Current Assets	20	14.37	57.07
		1,910.91	2,208.30
<b>TOTAL</b>		3,753.91	3,981.55
The accompanying notes are forming part of the financial statements	1- 52		

As per our report of even date attached

For and on behalf of Board of Directors

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

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**Sharda Agarwal**  
Director

**C. P. Toshniwal**  
Director

**Ashok Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy**  
Director

**Bijou Kurien**  
Director

**Avni Biyani**  
Director

Place : Mumbai  
Date : May 15, 2017

**Kaleeswaran Arunachalam**  
Chief Financial Officer

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

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	Note	2016 - 2017	2015 - 2016
<b>INCOME</b>			
Revenue from Operations	21	3,877.07	3,300.19
Other Income	22	6.63	16.49
<b>Total Revenue</b>		<b>3,883.70</b>	3,316.68
<b>EXPENDITURE</b>			
Cost of Materials Consumed		41.25	71.23
Purchases of Stock-in-Trade		2,518.89	2,106.19
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	(114.92)	(131.88)
Employee Benefits Expense	24	204.88	188.56
Finance Costs	25	117.21	135.25
Depreciation and Amortisation Expense	12	186.91	161.42
Other Expenses	26	869.02	740.93
<b>Total Expenses</b>		<b>3,823.24</b>	3,271.70
<b>Profit Before Exceptional Items and Tax</b>		<b>60.46</b>	44.98
Exceptional Items		(0.28)	-
<b>Profit Before Tax</b>		<b>60.18</b>	44.98
Tax Expense	37	14.51	15.51
<b>Profit For The Year</b>		<b>45.67</b>	29.47
<b>Earnings Per Equity Share of Face Value of ₹ 2 each</b>	34		
Basic (₹)		2.41	1.55
Diluted (₹)		2.41	1.55
The accompanying notes are forming part of the financial statements	1 - 52		

As per our report of even date attached

For and on behalf of Board of Directors

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

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**Sharda Agarwal**  
Director

**C. P. Toshniwal**  
Director

**Ashok Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy**  
Director

**Bijou Kurien**  
Director

**Avni Biyani**  
Director

Place : Mumbai  
Date : May 15, 2017

**Kaleeswaran Arunachalam**  
Chief Financial Officer

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

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	2016 - 2017	2015 - 2016
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax	60.46	44.98
Adjusted for:		
Depreciation and Amortisation Expense	186.91	161.42
Finance costs	117.21	135.25
Profit on Sale of Current Investments	-	(10.73)
Loss on Disposal/Discarded of Fixed Assets (Net)	26.06	22.01
Expenses on Employee Stock Option Scheme (Refer Note No. 47)	3.74	3.07
Dividend Income	(0.02)	(0.21)
Bad Debts Written Off	1.55	1.06
Interest Income	(3.61)	(3.90)
<b>Operating Profit Before Working Capital Changes</b>	<b>392.30</b>	<b>352.95</b>
Adjusted for:		
Trade Receivables and Other Current Assets	94.11	7.25
Loans and Advances	(37.63)	32.66
Inventories	(113.01)	(131.83)
Trade Payables, Other Liabilities and Provisions	188.05	107.08
<b>Cash Generated from Operations</b>	<b>131.52</b>	<b>15.16</b>
Tax Paid	(12.09)	(9.75)
<b>Net Cash From Operating Activities</b>	<b>511.73</b>	<b>358.36</b>
<b>B Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(302.11)	(225.94)
Sale of Fixed Assets	53.96	87.53
Purchase of Investments	(37.61)	(33.19)
Sale of Investments	369.71	12.18
Interest Income	3.61	3.90
Dividend Income	0.02	0.21
<b>Net Cash Provided by / (Used In) Investing Activities</b>	<b>87.58</b>	<b>(155.31)</b>
<b>C Cash Flow From Financing Activities</b>		
Proceeds from Issue of Shares	0.39	0.12
Repayment of Borrowings	(458.18)	(103.86)
Dividend Paid (Including Dividend Distribution Tax)	(9.13)	(9.10)
Interest Paid	(117.21)	(135.25)
<b>Net Cash (Used In) Financing Activities</b>	<b>(584.13)</b>	<b>(248.09)</b>
<b>Net Increase / Decrease in Cash &amp; Cash Equivalents</b>	<b>15.18</b>	<b>(45.04)</b>
Opening Balance of Cash & Cash Equivalents	14.62	59.66
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>29.80</b>	<b>14.62</b>

As per our report of even date attached For and on behalf of Board of Directors

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

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**Sharda Agarwal**  
Director

**C. P. Toshniwal**  
Director

**Ashok Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy**  
Director

**Bijou Kurien**  
Director

**Avni Biyani**  
Director

Place : Mumbai  
Date : May 15, 2017

**Kaleeswaran Arunachalam**  
Chief Financial Officer

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



## 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. Non Current Investments are stated at cost after deducting provision made, if any, for other than temporary diminution in value.

#### F. Inventories

Inventories are valued at lower of cost and net realizable value.

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

#### 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### H. Borrowing Costs

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

### I. Revenue Recognition

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

### J. Retirement and Other Employee Benefits

Short term employee benefits are recognised 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, 2017		As at March 31, 2016	
	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	19,00,13,456	38.00	18,96,12,458	37.92
	19,00,13,456	38.00	18,96,12,458	37.92

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

Equity Shares of ₹2 each

Particulars	As at March 31, 2017	As at March 31, 2016
	No. of Shares	No. of Shares
At the beginning of the year	18,96,12,458	18,62,09,031
Add : Issued during the year	4,00,998	34,03,427
At the end of the year	19,00,13,458	18,96,12,458

#### (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 at 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 Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Ryka Commercial Ventures Private Limited	10,42,79,275	54.88	2,01,63,384	10.63
Pioneer Investment Fund	1,55,27,950	8.17	-	-
PIL Industries Limited	21,05,790	1.11	1,09,64,652	5.78
Future Corporate Resources Limited	101	0.00	3,23,68,066	17.07
Future Enterprises Limited	-	-	3,05,70,108	16.12
PI Opportunities Fund - I	-	-	1,55,27,950	8.19

#### (iv) Shares allotted as fully paid-up without payment received in cash (during 5 years preceding March 31, 2017):

12,87,41,832 Equity Shares of ₹ 2 each fully paid-up pursuant to the 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, 2017	As at March 31, 2016
<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>296.15</b>	265.71
Add: Transfer From Share Options Outstanding Account	<b>3.07</b>	1.01
Add: Received During the year	<b>0.31</b>	29.43
	<b>299.53</b>	296.15
<b>Debenture Redemption Reserve</b>		
Opening Balance	<b>83.85</b>	83.85
Less: Transfer to General Reserve	<b>33.85</b>	-
	<b>50.00</b>	83.85
<b>Share Options Outstanding Account</b>		
Opening Balance	<b>3.07</b>	1.01
Add: Charge for the Year (Refer note no. 47)	<b>3.74</b>	3.07
Less: Transfer to Securities Premium Reserve on Exercise of Options	<b>3.07</b>	1.01
	<b>3.74</b>	3.07
<b>General Reserve</b>		
Opening Balance	<b>4.19</b>	4.19
Add: Transfer from Debenture Redemption Reserve	<b>33.85</b>	-
	<b>38.04</b>	4.19
<b>Statement of Profit and Loss</b>		
Opening Balance	<b>28.07</b>	7.73
Add: Profit for the Year	<b>45.67</b>	29.47
Additional Dividend on Share issued during the year	<b>0.00</b>	-
Proposed Dividend on Equity Share	-	7.58
Tax on Dividend	-	1.55
	<b>73.74</b>	28.07
	<b>1,635.04</b>	1,585.32



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
<b>4 Long-Term Borrowings</b>		
<b>Secured</b>		
Non-Convertible Debentures	-	300.00
Term Loans from Banks	<b>270.08</b>	373.98
	<b>270.08</b>	673.98
<b>a) Non-Convertible Debentures (NCDs)</b>		
NCDs of ₹ 200 Crore (2015-16 : ₹ 525 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 in 2017-18.		
<b>b) Term Loan from Banks</b>		
i) Term Loans of ₹ 145.08 Crore (2015-16: ₹ 213.19 Crore) are secured by First pari-passu charge on Fixed Assets (movable and immovable) both present and future of the Company.		
ii) Term Loan of ₹ 125.00 Crore (2015-16: ₹ Nil ) are secured by (a) First pari-passu charge on Fixed Assets (movable and immovable), both present and future of the Company (b) Personal guarantee of Director.		
iii) Term Loans are repayable as follows: ₹ Nil in 2017-18, ₹ 13.00 Crore in 2018-19, ₹ 86.50 Crore in 2019-20, ₹ 92.58 Crore in 2020-21, ₹ 20.00 Crore in 2021-22, ₹ 20.00 Crore in 2022-23, ₹ 24.00 Crore in 2023-24 and ₹ 14.00 Crore in 2024-25.		
iv) Weighted average rate of interest on the Term Loans is 11.26 %		
<b>5. Deferred Tax Liabilities (Net)</b>		
<b>Deferred Tax Liabilities</b>		
On Fixed Assets	<b>69.31</b>	74.22
<b>Deferred Tax Assets</b>		
Disallowances under Income Tax Act	<b>4.39</b>	3.35
	<b>64.92</b>	70.87
<b>6. Other Long Term Liabilities</b>		
Security Deposits	<b>70.79</b>	61.44
	<b>70.79</b>	61.44

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
<b>7. Long-Term Provisions</b>		
Provision for Employee Benefits	12.50	8.71
	12.50	8.71
<b>8. Short-Term Borrowings</b>		
<b>Secured</b>		
Working Capital Loans from Banks	212.29	241.56
	212.29	241.56
Working Capital Loans of ₹ 212.29 Crore (2015-16: ₹ 241.56 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>9. Trade Payables</b>		
Trade Payables (Refer Note No. 36)	1,133.08	921.58
	1,133.08	921.58
<b>10. Other Current Liabilities</b>		
Current Maturities of Long-Term Borrowings	200.00	225.00
Interest Accrued but Not Due on Borrowings	23.23	53.70
Unclaimed Dividend *	0.04	0.03
Other Payables #	93.74	90.70
	317.01	369.43
* 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>11. Short-Term Provisions</b>		
Provision for Employee Benefits	0.20	1.61
Proposed Dividend	-	7.58
Tax on Dividend	-	1.55
	0.20	10.74

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 12. Fixed Assets

(₹ in Crore)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2016	Additions	Deductions	As at March 31, 2017	Up to March 31, 2016	Deductions/ Adjustments	For the Year	Up to March 31, 2017	As at March 31, 2017
<b>(A) Tangible Asset</b>									
Freehold Land	0.02	-	0.02	-	-	-	-	-	0.02
Leasehold Improvements	198.01	64.71	13.18	249.54	59.72	6.60	20.70	73.82	175.72
Plant & Equipments	182.23	26.01	11.78	196.46	35.68	3.25	13.68	46.11	150.35
Office Equipments	7.79	8.07	0.63	15.23	2.41	0.32	2.48	4.57	10.66
Computers	35.08	7.01	1.42	40.67	12.31	0.79	7.75	19.27	21.40
Furniture, Fixtures & Other Fittings	1,190.76	192.38	61.41	1,321.73	304.73	22.93	133.98	415.78	905.95
Vehicles	0.60	-	-	0.60	0.14	-	0.07	0.21	0.39
<b>Total</b>	1,614.49	298.18	88.44	1,824.23	414.99	33.89	178.66	559.76	1,264.47
<b>(B) Intangible Asset</b>									
Computer Software	18.62	0.33	0.20	18.75	6.22	0.13	2.93	9.02	9.73
License Rights	48.28	-	48.00	0.28	17.41	22.60	5.31	0.12	0.16
<b>Total</b>	66.90	0.33	48.20	19.03	23.63	22.73	8.24	9.14	9.89
<b>Grand Total</b>	1,681.39	298.51	136.64	1,843.26	438.62	56.62	186.90	568.90	1,274.36
Previous Year	1,626.89	211.84	157.34	1,681.39	324.99	47.79	161.42	438.62	1,242.77
									1,301.90

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
<b>13. Non-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>		
3,50,000 Future Trendz Limited	0.35	-
50,000 FLFL Business Services Limited	0.05	-
<b>Associates</b>		
50,000 FLFL Lifestyle Brands Limited	0.05	-
<b>Others</b>		
6,400 Renew Wind Power Karnataka Private Limited	0.06	-
<b>Optional Convertible Debentures</b>		
65,00,000 FLFL Lifestyle Brands Limited	6.50	-
<b>Aggregate Value of Unquoted Investments</b>	<b>7.01</b>	
<b>14. Long-Term Loans and Advances</b>		-
<b>(Unsecured, Considered Good)</b>		
Capital Advances	43.09	47.37
Deposits to Others	328.72	296.88
	<b>371.81</b>	<b>344.25</b>
<b>15. 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>		
Nil (30,00,000) Elisir Lifestyle Private Limited	-	6.00
Nil (2,30,900) Future Style Lab Limited	-	5.02
Nil (3,48,28,227) Indus-League Clothing Limited Face Value of ₹1 each	-	89.28
Nil (1,29,578) Indus Tree Crafts Private Limited Face Value of ₹100 each	-	22.42
Nil (2,40,00,000) Rachika Trading Private Limited	-	24.00
<b>Associates</b>		
Nil (3,05,143) Eclat Lifestyle Private Limited	-	2.20
Nil (6,63,125) KFC Shoemaker Private Limited	-	10.99
Nil (27,93,210) Mineral Fashions Private Limited	-	13.00
Nil (3,37,161) Resource World Exim Private Limited	-	3.50
Nil (15,60,000) Turtle Limited	-	112.51
<b>Joint Ventures</b>		
Nil (1,87,254) Celio Future Fashion Private Limited	-	8.04
5,80,000 (2,40,00,000) Clarks Future Footwear Private Limited	0.73	31.55



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
<b>Others</b>		
1,60,000 (60,00,000) Holii Accessories Private Limited	0.21	8.25
6,09,197 SSIPL Retail Limited	35.37	35.37
Nil (51,136) Unico Retail Private Limited	-	0.50
<b>Compulsory Convertible Preference Shares</b>		
Nil (2,00,000) Indus Tree Craft Private Limited Face Value of ₹ 100 each	-	2.00
<b>Compulsory Convertible Debentures</b>		
Nil (3,33,333) Mineral Fashions Private Limited Face Value of ₹ 24 each	-	0.80
<b>Aggregate Value of Unquoted Investments</b>	<b>36.31</b>	<b>375.43</b>
<b>16. Inventories</b>		
Raw-Materials	2.87	4.78
Work-in-Progress	3.62	8.87
Stock-in-Trade (Goods-in-Transit of ₹ 21.10 Crore, Previous Year ₹ 39.87 Crore)	1,375.78	1,259.68
Finished Goods	35.74	31.67
	<b>1,418.01</b>	<b>1,305.00</b>
<b>17. Trade Receivables</b>		
<b>Unsecured, Considered Good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	16.59	17.56
Others	172.29	224.29
	<b>188.88</b>	<b>241.85</b>
<b>18. Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	2.95	2.44
Balances with Banks	12.09	9.73
Dividend Accounts	0.04	0.03
Cheques on Hand	0.01	0.09
<b>Other Bank Balances</b>		
Deposit Accounts with original maturity of more than twelve months	14.71	2.33
	<b>29.80</b>	<b>14.62</b>
<b>19. Short-Term Loans and Advances</b>		
<b>(Unsecured, Considered Good)</b>		
Loans and Advances to		
Related Parties	137.71	106.36
Others*	85.83	107.97
	<b>223.54</b>	<b>214.33</b>
*Includes balances with government authorities, advance to suppliers, prepaid expenses etc.		
<b>20. Other Current Assets</b>		
Insurance Claim Receivable	14.37	57.07
	<b>14.37</b>	<b>57.07</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹in Crore)

		2016-2017	2015-2016
<b>21. Revenue from Operations</b>			
Sale of Products		4,030.81	3,413.16
Less: Excise Duty		1.84	0.03
Less: Vat, Sales Tax		228.53	184.21
Other Operating Revenues		76.63	71.27
		3,877.07	3,300.19
<b>22. Other Income</b>			
Interest Income		3.61	3.90
Dividend from Current Investments		0.02	0.21
Gain on Sale of Current Investments		-	10.73
Miscellaneous Income		3.00	1.65
		6.63	16.49
<b>23. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>			
<b>Opening 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>Closing Inventories</b>			
Finished Goods		35.74	31.67
Work-in-Progress		3.62	8.87
Stock- in-Trade		1,375.78	1,259.68
		(114.92)	(131.88)
<b>24. Employee Benefits Expense</b>			
Salaries and Wages		183.32	170.71
Expense on Employee Stock Option Scheme (Refer Note No. 47 )		3.74	3.07
Contribution to Provident and Other Funds		12.05	10.05
Staff Welfare Expenses		5.77	4.73
		204.88	188.56
<b>25. Finance Cost</b>			
Interest Expense		111.67	125.62
Other Borrowing Costs		5.54	9.63
		117.21	135.25

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	2016-2017	2015-2016
<b>26. Other Expenses</b>		
Power and Fuel	95.10	92.27
Repairs and Maintenance		
Buildings	17.84	16.44
Others	5.64	5.20
Insurance	5.40	4.07
Rates and Taxes	6.76	6.33
Rent	415.75	372.65
Advertisement and Marketing	89.98	70.54
Loss on Disposal/Discard of Fixed Assets (Net)	26.06	22.01
Bad Debts Written Off	1.55	1.06
Exchange Difference (Net)	0.22	0.52
Miscellaneous Expenses	204.72	149.84
	<b>869.02</b>	<b>740.93</b>

### 27. Employee Benefits Plans

#### A. Change In Present Value of Obligation

(₹ in Crore)

Particulars	Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2016-2017	2015-2016	2016-2017	2015-2016
Present Value of the Obligation at the beginning of the year	6.48	5.16	3.84	3.22
Interest Cost	0.49	0.41	0.26	0.26
Current Service Cost	1.99	1.92	1.24	1.25
Benefits Paid	(0.78)	(0.57)	(1.37)	(1.40)
Acquisition/ Business Combination/ Divestiture	(0.28)	-	(0.19)	-
Actuarial (gains)/ loss on Obligations	(0.07)	(0.44)	1.08	0.51
Present Value of the Obligation at the End of Year	7.83	6.48	4.86	3.84

#### B. Amount Recognised in the Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2016-2017	2015-2016	2016-2017	2015-2016
Present Value of the Obligation	7.83	6.48	4.86	3.84
Un-funded Liability	7.83	6.48	4.86	3.84
Un-funded liability recognized in Balance Sheet	7.83	6.48	4.86	3.84

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

(₹ in Crore)

Particulars	Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2016-2017	2015-2016	2016-2017	2015-2016
Interest Cost	0.49	0.41	0.26	0.26
Current Service Cost	1.99	1.92	1.24	1.25
Actuarial (gains)/loss on obligations	(0.07)	(0.44)	1.08	0.51
Total expense recognised in the Statement of Profit and Loss	2.41	1.89	2.58	2.02

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### D. Reconciliation of Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2016-2017	2015-2016	2016-2017	2015-2016
Present Value of the Obligation at the beginning of the year	6.48	5.16	3.84	3.22
Total expense recognised in the statement of Profit and loss	2.41	1.89	2.58	2.02
Benefit paid during the year	(0.78)	(0.57)	(1.37)	(1.40)
Acquisition/Business Combination/ Divestiture	(0.28)	-	(0.19)	-
Present Value of the Obligation at the End of Year	7.83	6.48	4.86	3.84

### E. Experience Adjustments

(₹ in Crore)

Particulars	Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2016-2017	2015-2016	2016-2017	2015-2016
Defined Benefit Obligation	7.83	6.48	4.86	3.84
Deficit	7.83	6.48	4.86	3.84
Loss due to Change in Assumption	0.71	-	0.44	-
Experience Adjustments-Plan Liability	(0.78)	-	0.64	-
Total (Gain)/Liability	(0.07)	-	1.08	-

### F. The Assumptions used to Determine the Benefit Obligations are as follow

Particulars	Gratuity	Leave Encashment
Discount Rate	7.40%	7.40%
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 ₹ 307.16 Crore (2015-16: ₹ 294.68 Crore). The Lease Rent payable not later than one year is ₹ 118.22 Crore (2015-16: ₹ 136.08 Crore), payable later than one year but not later than five year is ₹ 188.22 Crore (2015-16: ₹ 182.74 Crore) and payable later than five years is ₹ 0.71 Crore (2015-16: ₹ 1.00 Crore)

### 29. Capital and other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 84.70 Crore (2015-16: ₹ 11.59 Crore).



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 30. Contingent Liabilities

(₹ in Crore)

Particulars	2016-2017	2015-2016
A. Claims against the Company not acknowledged as debts	4.13	3.59
B. Corporate Guarantees given	76.20	26.20
C. Guarantees given by the bank on behalf of the Company	16.40	18.72

### 31. Borrowing Cost

The borrowing cost capitalized during the year ended March 31, 2017 was ₹ Nil (2015-16: ₹ Nil).

### 32. Related Party Disclosures

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

#### A. List of Related Parties

##### a. Holding Companies/Entity

- i. Future Corporate Resources Limited (w.e.f. December 26, 2016 upto March 30, 2017)
- ii. Lifestyle Trust (w.e.f. March 31, 2017)
- iii. Ryka Commercial Ventures Private Limited (w.e.f. March 31, 2017)

##### b. Fellow Subsidiary

- i. Bansi Mall Management Company Private Limited (w.e.f. December 26, 2016 upto March 30, 2017)
- ii. Future Entertainment Private Limited (w.e.f. December 26, 2016 upto March 30, 2017)
- iii. Future Sharp Skills Private Limited (w.e.f. December 26, 2016 upto March 30, 2017)
- iv. Retail Light Techniques (India) Limited (w.e.f. December 26, 2016 upto March 30, 2017)

##### c. Subsidiary Companies

- i. Elisir Lifestyle Private Limited (upto March 29, 2017)
- ii. FLFL Business Services Limited (w.e.f. March 27, 2017)
- iii. FLFL Lifestyle Brands Limited (w.e.f. March 17, 2017 upto March 29, 2017)
- iv. Future Speciality Retail Limited (w.e.f. September 27, 2016)
- v. Future Style Lab Limited (w.e.f. July 6, 2015 upto March 29, 2017)
- vi. Future Trendz Limited (w.e.f. September 15, 2016)
- vii. Indus-League Clothing Limited (upto March 29, 2017)
- viii. Indus Tree Craft Private Limited (upto March 29, 2017)
- ix. Indus Tree Producer Transform Private Limited (upto March 29, 2017)
- x. Mineral Fashions Private Limited (w.e.f. April 1, 2016 upto March 29, 2017)
- xi. Rachika Trading Private Limited (upto March 29, 2017)

##### d. Associate Companies

- i. Eclat Life Style Private Limited (upto March 29, 2017)
- ii. FLFL Lifestyle Brands Limited (w.e.f. March 30, 2017)
- iii. KFC Shoemaker Private Limited (upto March 29, 2017)
- iv. Resource World Exim Private Limited (upto March 29, 2017)
- v. Turtle Limited (upto March 29, 2017)

##### e. Joint Ventures

- i. Celio Future Fashion Private Limited
- ii. Clarks Future Footwear Private Limited
- iii. Holii Accessories Private Limited (upto March 29, 2017)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

- i. Future Corporate Resource Limited
- ii. Future Enterprises Limited
- iii. Future Ideas Company Limited
- iv. Future Retail Limited

### g. Key Management Personnel (KMP)

- i. Mr. Kishore Biyani - Managing Director
- ii. Mr. C.P. Toshniwal - Executive Director & Chief Financial Officer (upto May 01, 2016)

## B. Transaction with Related Parties

(₹ in Crore)

Nature of Transactions	Holding	Fellow Subsidiaries	Subsidiaries	Associates / Joint Ventures	KMP Exercise Significant Influence	Key Management Personnel
Revenue from Operations	- (-)	0.07 (-)	3.45 (5.49)	0.41 (0.84)	165.30 (95.60)	- (-)
Purchase of Goods and Services	11.18 (-)	4.02 (-)	40.06 (34.01)	51.49 (48.38)	131.29 (54.53)	- (-)
Purchase of Fixed Assets	- (-)	4.16 (0.00)	- (-)	- (-)	0.29 (0.69)	- (-)
Sales of Fixed Assets	- (-)	- (-)	0.10 (-)	- (-)	0.49 (0.07)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	- (-)	- (-)	1.33 (2.80)
Investments Made	- (-)	- (-)	23.89 (24.97)	13.50 (8.17)	- (-)	- (-)
Investment Sold	- (-)	- (-)	- (-)	450.00 (-)	- (-)	- (-)
Loans and Advances Given	- (-)	4.63 (-)	28.82 (-)	- (-)	17.95 (-)	- (-)
Deposits Received	- (-)	- (-)	- (0.01)	0.22 (0.05)	- (-)	- (-)
Outstanding Balances as on March 31, 2017 Receivable	- (-)	- (-)	30.30 (15.67)	30.50 (-)	107.51 (106.36)	- (-)
Payable	- (-)	- (-)	- (14.58)	7.37 (34.26)	14.45 (0.25)	- (-)

## C. Significant Related Party Transaction

- i Revenue from Operation includes Rachika Trading Private Limited ₹ 2.04 Crore (2015-16: ₹ 2.95 Crore), Turtle Limited ₹ 0.22 Crore (2015-16: ₹ 0.33 Crore), Future Retail Limited ₹ 165.30 Crore (2015-16: ₹ Nil ), Future Style Lab Limited ₹ 0.45 Crore (2015-16: ₹ 1.66 Crore), Celio Future Fashion Private Limited ₹ 0.02 Crore (2015-16: ₹ 0.35 Crore), Mineral Fashions Private Limited ₹ 0.27 Crore (2015-16: ₹ Nil), Indus Tree Producer Transform Private Limited ₹ 0.17 Crore (2015-16: ₹ Nil), Indus Tree Craft Private Limited ₹ 0.46 Crore (2015-16: ₹ Nil).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- ii Purchase of Goods and Services includes Rachika Trading Private Limited ₹ 9.77 Crore (2015-16: ₹ 11.70 Crore), Indus Tree Producer Transform Private Limited ₹ 3.80 Crore (2015-16: ₹ 6.47 Crore), Elisir Lifestyle Private Limited ₹ 10.25 Crore (2015-16: ₹ 15.84 Crore), Turtle Limited ₹ 28.28 Crore (2015-16: ₹ 25.68 Crore), Celio Future Fashion Private Limited ₹ 7.57 Crore (2015-16: ₹ 6.48 Crore), Future Retail Limited ₹ 88.97 Crore (2015-16: ₹ Nil), KFC Shoemaker Private Limited ₹ 6.11 Crore (2015-16: ₹ 4.91 Crore), Future Corporate Resources Limited ₹ 42.29 Crore (2015-16: ₹ 49.52 Crore), Mineral Fashions Private Limited ₹ 8.01 Crore (2015-16: ₹ 5.90 Crore), Future Style Lab Limited ₹ 7.18 Crore (2015-16: ₹ Nil), Future Enterprises Limited ₹ 4.42 Crore (2015-16: ₹ 4.17 Crore), Clark Future Footwear Private Limited ₹ 3.27 Crore (2015-16: ₹ Nil), Resource World Exim Private Limited ₹ 5.29 Crore (2015-16: ₹ Nil).
- iii Purchase of Fixed Assets includes Future Retail Limited ₹ 0.27 Crore (2015-16: ₹ Nil), Retail Light Techniques (India) Limited ₹ 4.16 Crore (2015-16: ₹ Nil).
- iv Sale of Fixed Assets includes Future Enterprises Limited ₹ 0.49 Crore (2015-16: ₹ 0.07 Crore), FLFL Business Services Limited ₹ 0.10 Crore (2015-16: ₹ Nil).
- v Investment made includes Future Style Lab Limited ₹ 19.90 Crore (2015-16: ₹ 4.97 Crore), Mineral Fashions Private Limited ₹ 3.69 Crore (2015-16: ₹ 3.80 Crore), Holii Accessories Private Limited ₹ 2.00 Crore (2015-16: ₹ 2.50 Crore), Clark Future Footwear Private Limited ₹ 5 Crore (2015-16: ₹ Nil), FLFL Lifestyle Brands Limited ₹ 6.5 Crore (2015-16: ₹ Nil), Future Trendz Limited ₹ 0.30 Crore (2015-16: ₹ Nil).
- vi Sale of Investment includes FLFL Lifestyle Brands Limited ₹ 450.00 (2015-16: ₹ Nil).

### D. Joint Venture Information

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

S.No.	Name of the Company	Description of Interest	Country of Incorporation	Percentage of Interest as on 31.03.2017
1	Clark Future Footwear Private Limited	Equity	India	1.00% *
2	Celio Future Fashion Private Limited	Joint Venture	India	- **

S.No.	Name of the Company	As at March 31, 2017		2016-2017	
		Assets	Liabilities	Income	Expenditure
1	Clark Future Footwear Private Limited	1.26	2.03	1.30	1.69
2	Celio Future Fashion Private Limited	-	-	-	-

\* 49.00% of the equity share capital is held by FLFL Lifestyle Brands Limited.

\*\* 3.13% of the equity share capital is held by FLFL Lifestyle Brands Limited.

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

Particulars	(₹ in Crore)	
	2016-2017	2015-2016
Statutory Audit Fees	0.69	0.63
Tax Audit Fees	0.03	0.03
Other Services	0.06	0.03
<b>Total</b>	<b>0.78</b>	<b>0.69</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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	2016-2017	2015-2016
Profit after tax	₹ in Crore	45.67	29.47
The Weighted average number of Equity Shares for Basic EPS	No. in Crore	18.99	18.95
The Weighted average number of Equity Shares for Diluted EPS	No. in Crore	18.99	18.95
Earnings per Equity Share – Basic	₹	2.41	1.55
Earnings per Equity Share – Diluted	₹	2.41	1.55

### 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 period. 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

Particulars	(₹ in Crore)	
	2016-2017	2015-2016
Current Tax	12.96	9.60
Deferred Tax	1.55	5.91
<b>Total</b>	<b>14.51</b>	<b>15.51</b>

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

Particulars	(₹ in Crore)			
	2016-2017		2015-2016	
	Value	%	Value	%
Fabrics and Other Accessories				
- Imported	0.04	0.10	0.09	0.13
- Indigenous	41.21	99.90	71.14	99.87
<b>Total</b>	<b>41.25</b>	<b>100.00</b>	<b>71.23</b>	<b>100.00</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(₹ in Crore)

Particulars	2016-2017	2015-2016
Apparel	1,687.15	1,539.51
Non-Apparel	831.74	566.68
<b>Total</b>	<b>2,518.89</b>	<b>2,106.19</b>

### 40. Details of Sales Value of Goods

(₹ in Crore)

Particulars	2016-2017	2015-2016
Apparel	2,595.57	2,452.87
Non-Apparel	1,204.87	776.04
<b>Total</b>	<b>3,800.44</b>	<b>3,228.92</b>

### 41. Particulars of Raw Materials Consumed

(₹ in Crore)

Particulars	2016-2017	2015-2016
Fabric And Accessories	41.25	71.23
<b>Total</b>	<b>41.25</b>	<b>71.23</b>

### 42. Value of Imports on CIF Basis

(₹ in Crore)

Particulars	2016-2017	2015-2016
Raw Materials	0.04	0.09
Purchase of Stock-in-trade	29.18	35.25
Capital Goods	20.60	21.96
Accessories & Others	1.62	0.00

### 43. Expenditure in Foreign Currency

(₹ in Crore)

Particulars	2016-2017	2015-2016
Travelling Expenses	0.46	1.10
Professional Charges	3.41	0.80
Interest on Foreign Currency Loan	0.35	0.25
Royalty	17.56	22.37

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

(₹ in Crore)

Particulars	2016-2017	2015-2016
Sales of Products (On FOB Basis)*	39.46	35.08

\*Includes ₹ 28.76 Crore (2015-16: ₹ 22.58 Crore) being indirect foreign exchange earnings during the period through credit cards, as certified by the bankers.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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, 2017 are ₹ 3.39 Crore (2015-16: ₹ 1.77 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 ₹ 15.18 Crore (2015-16: ₹ 29.37 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**

(₹ in Crore)				
S.No.	Name	Amount as at March 31,2017 (Including Interest Accrued)	Amount as at March 31,2016 (Including Interest Accrued)	Maximum outstanding during the year 2016-17
<b>I.</b>	<b>Inter Corporate Deposits and Loans</b>			
I.	IndusTree Crafts Private Limited	4.98	4.57	4.98
II.	Idiom Design and Consulting Limited	1.08	0.96	1.08
III.	IndusTree Producer Transform Private Limited	0.50	0.45	0.50
IV.	Rachika Trading Private Limited	19.21	17.49	19.21
V.	Unico Retail Private Limited	0.35	0.32	0.35
<b>II.</b>	<b>Corporate Guarantees Given</b>			
I.	IndusTree Producer Transform Private Limited	7.00	7.00	Not Applicable
II.	Rachika Trading Private Limited	19.20	19.20	Not Applicable
III.	Clark Future Footwear Private Limited	50.00	-	Not Applicable
<b>III.</b>	<b>Investments</b>			
V.	Refer Note 13 & 15 to Notes forming part of Financial Statements			

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

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

Particulars	2016-2017		2015-2016	
	ESOP 2015	ESOP 2013	ESOP 2015	ESOP 2013
Options Outstanding at the beginning of the year	-	7,54,873	-	4,80,402
Granted during the year	6,26,514	-	-	3,95,476
Vested during the year	-	5,50,537	-	2,38,830
Exercised during the year	-	4,00,998	-	1,06,727
Lapsed/ Cancelled during the year	19,714	19,672	-	-
Options Outstanding at the end of the year	6,06,800	3,34,203	-	7,54,873
Options available for grant	28,93,200	3,84,287	-	3,64,615
The weighted average share price at the date of exercise for stock options exercised during the year	-	111.37	-	77.28

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Stock Compensation Expense:

The employee compensation cost has been calculating using the intrinsic value method of accounting for Options issued under the Company's Employee Stock Options Schemes. Such Options are granted under graded vesting plan with only service conditions, The Company has recognized the share based compensation cost on straight line basis over the requisite service period for the entire award as per para 42A of the ICAI Guidance on Accounting for Employee Share-based payments. The employee compensation cost as per intrinsic value method for the Financial year 2016-17 is ₹ 3.74 Crore (2015-16- ₹ 3.07 Crore)

### B. Fair Value Methodology

The fair value of options has been determined under the Black-Scholes Model. The Weighted Average fair value of ESOP 2015 granted during the year, as on grant date is ₹ 112.20 for Grant G-1 and ₹ 104 for Grant G-2. The assumptions used in this model for calculating fair value as follows:-

Particular	31st March, 2017		31st March, 2016	
	ESOP 2015		ESOP 2013	
	Grant G-1	Grant G-2	Grant V-1	Grant V-2
Date of grant	November 11, 2016	December 22, 2016	August 30, 2015	August 30, 2015
1. Risk Free Interest Rate	6.41%	6.37%	7.67%	7.69%
2. Expected Life	2.58	2.75	2.75	3.00
3. Expected Volatility	51.06%	51.77%	52.36%	52.36%
4. Dividend Yield	0.31%	0.33%	0.57%	0.57%

Had compensation cost for the Stock Options granted under the Scheme been determined based on fair value approach, the company's net profit and earning per share would have been as per the proforma amounts indicated below:-

### C. Impact on Net Profit

Particulars	Units	2016-2017	2015-2016
Net Income as reported	₹ in Crore	45.67	29.47
Add: Stock based employee compensation expenses included in net profit under intrinsic value method	₹ in Crore	3.74	3.07
Less: Stock based compensation expense determined under fair value based method (Proforma)	₹ in Crore	3.85	3.28
Net Profit (Proforma)	₹ in Crore	45.56	29.26

### D. Impact on Earning Per Share

Particulars	Units	2016-2017	2015-2016
Basic and Diluted Earning per share (As reported)	₹	2.41	1.55
Basic and Diluted Earning per share (Proforma)	₹	2.40	1.54

48. The Company has transferred its Lee cooper business on slump exchange to its step down subsidiary Future Speciality Retail Limited (FSRL).

49. The Company along with other parties have entered into an investment agreement with the subscribers of CCPS issued by FSRL which allows an exit option to them at an agreed price as per the terms of the agreement.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

50. As per the amendments notified on March 30, 2017 to Schedule III, Clause K is inserted in Note 6 to General Instructions for Preparation of Balance Sheet stating that every company shall disclose the details of SBNs held and transacted during the period November 8, 2016 to December 30, 2016 as provided in the following table:

	(₹ in Crore)		
	SBNs	Other Denomination	Total
Closing Cash in Hand as on November 8, 2016	3.04	0.32	3.36
(+) Permitted receipts	-	82.67	82.67
(-) Permitted payments	-	6.15	6.15
(-) Amounts deposited in Banks	3.04	73.57	76.61
Closing Cash in Hand as on December 30, 2016	-	3.27	3.27

It is further stated that the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

51. The Company has acquired and sold the following investments during the year.

	No. of Shares	
	Purchase	Sold
Clarks Future Footwear Private Limited	50,00,000	50,00,000
Future Style Lab Limited	7,23,600	7,23,600
Holii Accessories Private Limited	20,00,000	20,00,000
Mineral Fashions Private Limited	10,24,255	10,24,255

52. 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 and on behalf of Board of Directors

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

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**Sharda Agarwal**  
Director

**C. P. Toshniwal**  
Director

**Ashok Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy**  
Director

**Bijou Kurien**  
Director

**Avni Biyani**  
Director

Place : Mumbai  
Date : May 15, 2017

**Kaleeswaran Arunachalam**  
Chief Financial Officer

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



## INDEPENDENT AUDITORS' REPORT

To the Members of

### FUTURE LIFESTYLE FASHIONS LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Future Lifestyle Fashions Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and associate, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (herein after referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 provisions 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

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

#### Other Matters

We did not audit the financial statements of one subsidiary whose financial statements reflect total assets (net) of ₹ 0.32 crores as at March 31, 2017, total revenues of Rs. Nil and net cash inflows amounting to ₹ 0.06 crores for the year then ended. These financial statements and the other financial information have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated statements to the extent they have been derived from such financial statements is based solely on the other auditor's report.

Our report is not modified in respect of other matters.

#### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report to the extent applicable 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

- purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated 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 the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company, none of the directors of the Group and its associate company incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164(2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate company– Refer Note 28 to the consolidated financial statements.
- ii. The Holding Company its subsidiaries and an associate 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 Holding Company. There were no amounts in case of Subsidiary companies and associate company which were required to be transferred to Investor Education and Protection Fund.
- iv. The Company has provided requisite disclosures in the consolidated financial statement as to holding as well as dealing in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with books of accounts maintained by the Company. Refer Note 37 to the consolidated financial statements.

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

**Ashok A. Trivedi**  
Partner  
Place: Mumbai  
Date : May 15, 2017  
Membership No. 042472

## Annexure - A 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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017 we have audited the internal financial controls over financial reporting of Future Lifestyle Fashions Limited ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company, its subsidiary companies incorporated in India, are 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") issued by ICAI 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 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 Holding Company, its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March, 31 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### **Other matters**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company, incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For NGS & Co. LLP**

Chartered Accountants  
Firm Registration No. 119850W

**Ashok A. Trivedi**

Partner

Membership No. 042472

Place: Mumbai

Date : May 15, 2017

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Crore)

	Note	As at March 31, 2017
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	2	38.09
Reserves and Surplus	3	1,884.28
		1,922.37
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	4	270.08
Deferred Tax Liabilities (Net)	5	72.43
Other Long-Term Liabilities	6	70.79
Long-Term Provisions	7	12.96
		426.26
<b>Current Liabilities</b>		
Short-Term Borrowings	8	212.29
Trade Payables	9	1,224.75
Other Current Liabilities	10	317.59
Short-Term Provisions	11	0.20
		1,754.83
<b>TOTAL</b>		<b>4,103.46</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets	12	
Tangible Assets		1,291.71
Intangible Assets		35.24
Capital Work-In-Progress		340.59
Non-Current Investments	13	6.56
Long-Term Loans and Advances	14	372.53
		2,046.63
<b>Current Assets</b>		
Current Investments	15	36.31
Inventories	16	1,505.76
Trade Receivables	17	274.85
Cash and Bank Balances	18	29.94
Short-Term Loans and Advances	19	195.60
Other Current Assets	20	14.37
		2,056.83
<b>TOTAL</b>		<b>4,103.46</b>
The accompanying notes are forming part of the financial statements	1-38	

As per our report of even date attached

For and on behalf of Board of Directors

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

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**Sharda Agarwal**  
Director

**C. P. Toshniwal**  
Director

**Ashok Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy**  
Director

**Bijou Kurien**  
Director

**Avni Biyani**  
Director

Place : Mumbai  
Date : May 15, 2017

**Kaleeswaran Arunachalam**  
Chief Financial Officer

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



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	Note	2016 - 2017
<b>INCOME</b>		
Revenue from Operations	21	<b>3,877.07</b>
Other Income	22	<b>6.63</b>
<b>Total Revenue</b>		<b>3,883.70</b>
<b>EXPENDITURE</b>		
Cost of Materials Consumed		<b>41.25</b>
Purchases of Stock-in-Trade		<b>2,517.99</b>
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	23	<b>(113.82)</b>
Employee Benefits Expense	24	<b>205.08</b>
Finance Costs	25	<b>117.20</b>
Depreciation and Amortisation Expense	12	<b>186.96</b>
Other Expenses	26	<b>869.40</b>
<b>Total Expenses</b>		<b>3,824.06</b>
<b>Profit Before Exceptional Items and Tax</b>		<b>59.64</b>
Exceptional Item		<b>0.08</b>
<b>Profit Before Tax</b>		<b>59.56</b>
Tax Expense	30	<b>14.51</b>
<b>Profit After Tax and Before Share of Associates and Minority Interests</b>		<b>45.05</b>
Share of Loss of Associates		<b>0.05</b>
Share of Loss to Minority Interests		<b>(0.00)</b>
<b>Profit for the Year</b>		<b>45.00</b>
<b>Earnings Per Equity Share of Face Value of ₹ 2/- each</b>	33	
Basic (₹)		<b>2.37</b>
Diluted (₹)		<b>2.37</b>
The accompanying notes are forming part of the financial statements	1-38	

As per our report of even date attached For and on behalf of Board of Directors

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

**Shailesh Haribhakti** **Kishore Biyani** **Sharda Agarwal** **C. P. Toshniwal**  
Chairperson Managing Director Director Director

**Ashok Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy** **Bijou Kurien** **Avni Biyani**  
Director Director Director

Place : Mumbai  
Date : May 15, 2017

**Kaleeswaran Arunachalam**  
Chief Financial Officer

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

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	<b>2016 - 2017</b>
<b>A Cash Flow from Operating Activities</b>	
Net Profit Before Tax	59.65
Adjusted for:	
Depreciation and Amortisation Expense	186.96
Finance costs	117.20
Profit on Sale of Current Investments	-
Loss on Disposal/Discarded of Fixed Assets (Net)	26.06
Expenses on Employee Stock Option Scheme (Refer Note No. 35)	3.74
Dividend Income	(0.02)
Bad Debts Written Off	1.55
Interest Income	(3.61)
<b>Operating Profit Before Working Capital Changes</b>	<b>391.53</b>
Adjusted for:	
Trade Receivables and Other Current Assets	7.93
Loans and Advances	(70.78)
Inventories	(200.76)
Trade Payables, Other Liabilities and Provisions	172.69
<b>Cash Generated from Operations</b>	<b>(90.92)</b>
Share in (Loss) of Associate Company	(0.05)
Share of Loss to Minority Interest	0.00
Tax Paid	(12.09)
<b>Net Cash From Operating Activities</b>	<b>288.47</b>
<b>B Cash Flow From Investing Activities</b>	
Purchase of Fixed Assets	(329.12)
Sale of Fixed Assets	53.96
Purchase of Investments	(37.61)
Sale of Investments	369.71
Interest Income	3.61
Dividend Income	0.02
<b>Net Cash Provided by Investing Activities</b>	<b>60.57</b>
<b>C Cash Flow From Financing Activities</b>	
Proceeds from Issue of Shares	250.79
Repayment of Borrowings	(458.18)
Dividend Paid (Including Dividend Distribution Tax)	(9.13)
Interest Paid	(117.20)
<b>Net Cash (Used In) Financing Activities</b>	<b>(333.72)</b>
<b>Net Increase / Decrease in Cash &amp; Cash Equivalents</b>	<b>15.32</b>
Opening Balance of Cash & Cash Equivalents	14.62
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>29.94</b>

As per our report of even date attached For and on behalf of Board of Directors

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

**Shailesh Haribhakti** **Kishore Biyani** **Sharda Agarwal** **C. P. Toshniwal**  
Chairperson Managing Director Director Director

**Ashok Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy** **Bijou Kurien** **Avni Biyani**  
Director Director Director

Place : Mumbai  
Date : May 15, 2017

**Kaleeswaran Arunachalam**  
Chief Financial Officer

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Significant Accounting Policies

#### A. Principles of Consolidation

The consolidated financial statements (CFS) relate to Future Lifestyle Fashions Limited, the holding company, its Subsidiaries and Associate (collectively referred to as Group). The CFS have been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" (AS 21) and Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" (AS 23) and are prepared on the following basis:

- (a) The financial statements of the parent and its subsidiaries are combined on a line-by-line basis and intra group balances, intra group transactions and unrealised profits or losses are fully eliminated.
- (b) Investment in Associate is accounted for using Equity Method in accordance with AS 23. The Company's share of the post acquisition profits or losses is included in the carrying cost of investments.

#### B. 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 in compliance with all material aspects of the Accounting Standards (AS) notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2015. The financial statements have been prepared under the historical cost convention on an accrual basis.

#### C. 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 difference between the actual result and estimates which are recognised in future period.

#### D. 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.

#### E. 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

#### F. Investments

Current investments are carried at lower of cost and fair value computed on individual investment basis. Non-Current Investments are stated at cost after deducting provision made, if any, for other than temporary diminution in value.

#### G. 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### H. 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.

### I. 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.

### J. 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.

### K. Retirement and Other Employee Benefits

Short term employee benefits are recognised 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.

### L. 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.

### M. 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.

### N. 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.

### O. 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.

### P. Goodwill on Consolidation

Goodwill arising on consolidation/acquisition is tested for impairment on periodic basis and written-off, if found impaired.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Q. Information on Subsidiaries and Associate Company

#### a) Subsidiary Companies Considered in the consolidated Financial Statements are :

Sr. No.	Name of the Company	Description of interest	Country of Incorporation	Proportion of ownership interest as on March 31, 2017	Year Ends on
1	FutureTrendz Limited	Equity	India	100.00%	March 31, 2017
2	FLFL Business Services Limited	Equity	India	100.00%	March 31, 2017
3	Future Speciality Retail Limited (99.96% Subsidiary of FutureTrendz Limited)	Equity	India	99.96%	March 31, 2017

#### b) Interest in Associate Company

Sr. No.	Name of the Company	Description of interest	Country of Incorporation	Proportion of ownership interest as on March 31, 2017	Year Ends on
1	FLFL Lifestyle Brands Limited	Equity	India	49.02%	March 31, 2017

## 2. Share Capital

Particulars	As at March 31, 2017	
	No. of Shares	(₹ in Crore)
<b>Authorised</b>		
Equity Shares of ₹2 each	25,00,00,000	50.00
Compulsory Convertible Preference Shares of ₹910 each	1,000	0.09
	25,00,01,000	50.09
<b>Issued, Subscribed and Paid up</b>		
Equity Shares of ₹2 each	19,00,13,456	38.00
Compulsory Convertible Preference Shares of ₹910 each	1,000	0.09
	19,00,14,456	38.09

#### i) Reconciliation of number of shares :

Equity Share of ₹ 2 each

Particulars	As at March 31, 2017
	No. of Shares
At the beginning of the year	18,96,12,458
Add : Issued during the year	4,00,998
At the end of the year	19,00,13,456

#### Compulsory Convertible Preference Shares of ₹ 910 each

Particulars	As at March 31, 2017
	No. of Shares
At the beginning of the year	-
Add : Issued during the year	1,000
At the end of the year	1,000

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### ii) Terms/Rights Attached to Shares

#### Equity Shares

The company has 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.

#### Compulsory Convertible Preference Shares(CCPS)

The company has CCPS having a par value of ₹ 910/- per Share. CCPS shall carry a dividend of an amount equivalent to ₹ 2,43,750/- per share.

In the event liquidation of the Company, the holder of CCPS all rank senior to the equity shares and other classes or series of the share capital of the company.

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

#### Equity Shares

Name of Shareholders	As at March 31, 2017	
	No. of Shares held	% of Holding
Ryka Commercial Ventures Private Limited	10,42,79,275	54.88
Pioneer Investment Fund	1,55,27,950	8.17

#### Compulsory Convertible Preference Shares

Name of Shareholders	As at March 31, 2017	
	No. of Shares held	% of Holding
Beacon Trusteeship Limited (Trustee of FSRL CCPS Trust)	1,000	100.00

### iv) Shares allotted as fully paid up without payment received in cash (during 5 years preceding March 31, 2017) :

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

### v) Shares reserved for issue under options and contracts including the terms and amounts :

For details of Shares reserved for issue under the Employee Stock Option Scheme (ESOS) of the Company. (Refer Note : 35)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2017
<b>3 Reserve and Surplus</b>	
<b>Capital Reserve</b>	<b>1,169.99</b>
	<b>1,169.99</b>
<b>Securities Premium Reserve</b>	
Opening Balance	<b>296.15</b>
Add : On Issue of Shares	<b>250.22</b>
Add : Transfer from share options outstanding Account	<b>3.07</b>
	<b>549.44</b>
<b>Debenture Redemption Reserve</b>	
Opening Balance	<b>83.85</b>
Less : Transfer to General Reserve	<b>33.85</b>
	<b>50.00</b>
<b>Share Options Outstanding Account</b>	
Opening Balance	<b>3.07</b>
Add: Charge for the year	<b>3.74</b>
Less: Transfer to Security Premium Reserve on Exercise of options	<b>3.07</b>
	<b>3.74</b>
<b>General Reserve</b>	
Opening Balance	<b>4.19</b>
Add :Transfer from Debenture Redemption Reserve	<b>33.85</b>
	<b>38.04</b>
<b>Statement of Profit and Loss</b>	
Opening Balance	<b>28.07</b>
Add :Profit for the year	<b>45.00</b>
	<b>73.07</b>
	<b>1,884.28</b>
<b>4 Long-Term Borrowings</b>	
<b>Secured</b>	
Term Loans from Banks	<b>270.08</b>
	<b>270.08</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crore)

		<b>As at March 31, 2017</b>
<b>5</b>	<b>Deferred Tax Liabilities (Net)</b>	
	<b>Deferred Tax Liabilities</b>	
	On Fixed Assets	<b>76.82</b>
	<b>Deferred Tax Assets</b>	
	Disallowances under Income Tax Act	<b>4.39</b>
		<b>72.43</b>
<b>6</b>	<b>Other Long-Term Liabilities</b>	
	Deposits	<b>70.79</b>
		<b>70.79</b>
<b>7</b>	<b>Long-Term Provisions</b>	
	Provision for Employee Benefits	<b>12.96</b>
		<b>12.96</b>
<b>8</b>	<b>Short-Term Borrowings</b>	
	<b>Secured</b>	
	Working Capital Loans from Banks	<b>212.29</b>
		<b>212.29</b>
<b>9</b>	<b>Trade Payables</b>	
	Trade Payables	<b>1,224.75</b>
		<b>1,224.75</b>
<b>10</b>	<b>Other Current Liabilities</b>	
	Current Maturities of Long-Term Borrowings	<b>200.00</b>
	Interest Accrued but Not Due on Borrowings	<b>23.23</b>
	Unclaimed Dividend *	<b>0.04</b>
	Other Payables #	<b>94.32</b>
		<b>317.59</b>
	*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>11</b>	<b>Short-Term Provisions</b>	
	Provision for Employee Benefits	<b>0.20</b>
		<b>0.20</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 12. Fixed Assets

(₹ in Crore)

DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION				As at March 31, 2017
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	Up to March 31, 2016	Deductions/ Adjustment	For the Year	Up to March 31, 2017
<b>(A) Tangible Assets</b>								
Freehold Land	0.02	-	0.02	-	-	-	-	-
Leasehold Improvements	198.01	64.71	12.16	250.56	59.72	6.07	20.70	74.35
Plant & Equipments	182.23	26.03	5.54	202.72	35.68	1.63	13.68	47.73
Office Equipments	7.79	8.07	0.28	15.58	2.41	0.16	2.48	4.73
Computers	35.08	7.01	0.24	41.85	12.31	0.18	7.76	19.89
Furniture, Fixtures and Other Fittings	1,190.76	192.47	28.87	1,354.36	304.73	11.66	133.98	427.05
Vehicles	0.60	-	-	0.60	0.14	-	0.07	0.21
<b>Total</b>	1,614.49	298.29	47.11	1,865.67	414.99	19.70	178.67	573.96
<b>(B) Intangible Assets</b>								
License Rights	48.28	-	-	48.28	17.41	-	5.36	22.77
Computer Software	18.62	0.33	0.20	18.75	6.22	0.13	2.93	9.02
<b>Total</b>	66.90	0.33	0.20	67.03	23.63	0.13	8.29	31.79
<b>Grand Total</b>	1,681.39	298.62	47.31	1,932.70	438.62	19.83	186.96	605.75
								<b>1,326.95</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2017
<b>13 Non-Current Investments</b>	
Trade Investments fully paid up of ₹10 each unless otherwise stated	
Unquoted	
Equity	
Others	
6,400 Renew Wind Power Karnataka Private Limited	0.06
Optionally Convertible Debentures	
65,00,000 FLFL Lifestyle Brands Limited	6.50
<b>Aggregate Value of Unquoted Investments</b>	<b>6.56</b>
<b>14 Long-Term Loans and Advances</b>	
(Unsecured and Considered Good)	
Capital Advances	43.09
Other Loans & Advances	329.44
	<b>372.53</b>
<b>15 Current Investments</b>	
Trade Investments fully paid up of ₹ 10 each unless otherwise stated	
Unquoted	
Equity	
Joint Venture	
5,80,000 Clarks Future Footwear Private Limited	0.73
Others	
1,60,000 Holii Accessories Private Limited	0.21
6,09,197 SSIPL Retail Limited	35.37
<b>Aggregate Value of Unquoted Investments</b>	<b>36.31</b>
<b>16 Inventories</b>	
Raw Materials	2.87
Work-in-Progress	3.62
Stock-in-Trade(Goods in Transit of ₹ 21.10 Crore)	1,463.53
Finished Goods	35.74
	<b>1,505.76</b>
<b>17 Trade Receivables</b>	
Unsecured, Considered Good	
Outstanding for a period exceeding six months from the date they are due for payment	20.61
Others	254.24
	<b>274.85</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2017
<b>18 Cash and Bank Balances</b>	
<b>Cash and Cash Equivalents</b>	
Cash on Hand	2.96
Balance with Banks	12.22
Dividend Account	0.04
Cheques on Hand	0.01
<b>Other Bank Balances</b>	
Deposit Accounts with original maturity of more than twelve months	14.71
	<b>29.94</b>
<b>19 Short-Term Loans and Advances</b>	
<b>(Unsecured and Considered Good)</b>	
<b>Loans and Advances to</b>	
Related Parties	107.51
Others	88.09
	<b>195.60</b>
<b>20 Other Current Assets</b>	
Insurance Claim Receivable	14.37
	<b>14.37</b>
	<b>2016-2017</b>
<b>21 Revenue from Operations</b>	
Sale of Products	4,030.90
Less: Excise Duty	1.84
Less: Vat, Sales Tax	228.62
Other Operating Revenues	76.63
	<b>3,877.07</b>
<b>22 Other Income</b>	
Interest income	3.61
Dividend Income	0.02
Miscellaneous Income	3.00
	<b>6.63</b>
<b>23 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>	
<b>Opening Inventories</b>	
Finished Goods	31.67
Stock- in-Trade	1,348.53
Work-in-Progress	8.87
<b>Closing Inventories</b>	
Finished Goods	35.74
Stock- in-Trade	1,463.53
Work-in-Progress	3.62
	<b>(113.82)</b>
<b>24 Employee Benefit Expenses</b>	
Salaries and Wages	183.52
Expense on Employee Stock Option (Refer Note No. 35)	3.74
Contribution to Provident and Other Funds	12.05
Staff Welfare Expenses	5.77
	<b>205.08</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Crore)

	2016-2017
<b>25 Finance Cost</b>	
Interest Expense	111.66
Other Borrowing Costs	5.54
	117.20
<b>26 Other Expenses</b>	
Power and Fuel	95.11
Rent including lease rentals	415.75
Repairs and Maintenance	
Building	17.84
Others	5.64
Insurance	5.40
Rates & Taxes	7.02
Advertisement and Marketing	89.98
Loss on Disposal/Discard of Fixed Assets (Net)	26.06
Bad Debts Written off	1.55
Exchange Fluctuation Loss (Net)	0.22
Miscellaneous Expenses	204.83
	869.40

### 27. Capital & Other Commitments

The estimated value of contracts remaining to be executed on capital account to the extent not provided (net of advances) ₹ 84.88 Crore.

### 28. Contingent Liabilities

(₹ in Crore)

Particulars	2016-2017
A. Claims against the Company not acknowledged as debts	4.13
B. Corporate Guarantees given	76.20
C. Guarantees given by the bank on behalf of the Company	16.40

### 29. Disclosure Relating to Operating Lease

The Company has entered into operating lease arrangements for the premises assets. The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets is ₹ 308.30 Crore. The Lease Rent payable not later than one year is ₹ 118.99 Crore, payable later than one year but not later than 5 years is ₹ 188.60 Crore and that payable later than 5 years is ₹ 0.71 Crore.

### 30. Tax Expense

(₹ in Crore)

Particulars	2016-2017
Current Tax	12.96
Deferred Tax	1.55
<b>Total</b>	<b>14.51</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 31. Related Parties Disclosures

Disclosures as required by the Accounting Standard 18 "Related Party Disclosure" are given below:

#### A. List of Related Parties

##### 1. Holding Companies/Entity

- i. Future Corporate Resources Limited (w.e.f. December 26, 2016 upto March 30, 2017)
- ii. Lifestyle Trust (w.e.f. March 31, 2017)
- iii. Ryka Commercial Ventures Private Limited (w.e.f. March 31, 2017)

##### 2. Fellow Subsidiary

- i. Bansi Mall Management Company Private Limited (w.e.f. December 26, 2016 upto March 30, 2017)
- ii. Future Entertainment Private Limited (w.e.f. December 26, 2016 upto March 30, 2017)
- iii. Future Sharp Skills Private Limited (w.e.f. December 26, 2016 upto March 30, 2017)
- iv. Retail Light Techniques (India) Limited (w.e.f. December 26, 2016 upto March 30, 2017)

##### 3. Subsidiary Companies

- i. Elisir Lifestyle Private Limited (upto March 29, 2017)
- ii. FLFL Lifestyle Brands Limited (w.e.f. March 17, 2017 upto March 29, 2017)
- iii. Future Style Lab Limited (w.e.f. July 6, 2015 upto March 29, 2017)
- iv. Indus-League Clothing Limited (upto March 29, 2017)
- v. Indus Tree Craft Private Limited (upto March 29, 2017)
- vi. Indus Tree Producer Transform Private Limited (upto March 29, 2017)
- vii. Mineral Fashions Private Limited (w.e.f. April 1, 2016 upto March 29, 2017)
- viii. Rachika Trading Private Limited (upto March 29, 2017)

##### 4. Associate Companies

- i. Eclat Life Style Private Limited (upto March 29, 2017)
- ii. FLFL Lifestyle Brands Limited (w.e.f. March 30, 2017)
- iii. KFC Shoemaker Private Limited (upto March 29, 2017)
- iv. Resource World Exim Private Limited (upto March 29, 2017)
- v. Turtle Limited (upto March 29, 2017)

##### 5. Joint Ventures

- i. Celio Future Fashion Private Limited
- ii. Clarks Future Footwear Private Limited
- iii. Holii Accessories Private Limited (upto March 29, 2017)

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

- i. Future Corporate Resource Limited
- ii. Future Enterprises Limited
- iii. Future Ideas Company Limited
- iv. Future Retail Limited

##### 7. Key Management Personnel (KMP)

- i. Mr. Kishore Biyani - Managing Director
- ii. Mr. C. P. Toshniwal - Executive Director & Chief Financial Officer (upto May 01, 2016)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### B) Transaction with Related Parties

(₹ in Crore)

Nature of Transactions	Holding	Fellow Subsidiaries	Subsidiaries	Associates / Joint Ventures	KMP Exercise Significant Influence	Key Management Personnel
Revenue from Operations	-	0.07	3.45	0.41	165.30	-
Purchase of Goods and Services	11.18	4.02	39.45	51.49	131.39	-
Purchase of Fixed Assets	-	4.16	-	-	0.29	-
Sales of Fixed Assets	-	-	-	-	0.49	-
Managerial Remuneration	-	-	-	-	-	1.33
Investments Made	-	-	23.59	13.50	-	-
Loans and Advances Given	-	4.63	28.77	-	17.95	-
Deposits Received	-	-	-	0.22	-	-
Outstanding Balances as on March 31, 2017 Receivable	-	-	-	30.50	107.51	-
Payable	-	-	-	7.37	14.45	-

### C) Significant Related Party Transactions

- i Revenue from Operation includes Rachika Trading Private Limited ₹ 2.04 Crore, Turtle Limited ₹ 0.22 Crore, Future Retail Limited ₹ 165.30 Crore, Future Style Lab Limited ₹ 0.45 Crore, Celio Future Fashion Private Limited ₹ 0.02 Crore, Mineral Fashions Private Limited ₹ 0.27 Crore, Indus Tree Producer Transform Private Limited ₹ 0.17 Crore.
- ii Purchase of Goods and Services includes Rachika Trading Private Limited ₹ 9.77 Crore, Indus Tree Producer Transform Private Limited ₹ 3.80 Crore, Elisir Lifestyle Private Limited ₹ 10.25 Crore, Turtle Limited ₹ 28.28 Crore, Celio Future Fashions Private Limited ₹ 7.57 Crore, Future Retail Limited ₹ 88.97 Crore, KFC Shoemaker Private Limited ₹ 6.11 Crore, Future Corporate Resources Limited ₹ 42.29 Crore, Mineral Fashions Private Limited ₹ 8.01 Crore, Future Style Lab Limited ₹ 7.18 Crore, Future Enterprises Limited ₹ 4.42 Crore, Clark Future Footwear Private Limited ₹ 3.27 Crore, Resource World Exim Private Limited ₹ 5.29 Crore.
- iii Purchase of Fixed Assets includes Future Retail Limited ₹ 0.27 Crore, Retail Light Technique Limited ₹ 4.16 Crore.
- iv Sale of Fixed Assets includes Future Enterprises Limited ₹ 0.49 Crore.
- v Investment made includes Future Style Lab Limited ₹ 19.90 Crore, Mineral Fashions Private Limited ₹ 3.69 Crore, Holii Accessories Private Limited ₹ 2.00 Crore, Clark Future Footwear Private Limited ₹ 5 Crore, FLFL Lifestyle Brands Limited ₹ 6.5 Crore.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### D) Joint Venture Information

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

S.No.	Name of the Company	Description of Interest	Country of Incorporation	Percentage of Interest as on 31.03.2017
1	Clark Future Footwear Private Limited	Equity	India	1.00% *
2	Celio Future Fashion Private Limited	Joint Venture	India	- **

### Company's Interest in the Joint Ventures

S.No.	Name of the Company	As at March 31, 2017		2016-2017	
		Assets	Liabilities	Income	Expenditure
1	Clark Future Footwear Private Limited	1.26	2.03	1.30	1.69
2	Celio Future Fashion Private Limited	-	-	-	-

\* 49.00% of the equity share capital is held by FLFL Lifestyle Brands Limited.

\*\* 3.13% of the equity share capital is held by FLFL Lifestyle Brands Limited.

### 32. 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.

### 33. 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	2016-2017
Profit after tax	₹ in Crore	<b>45.00</b>
The Weighted average number of Equity Shares for Basic EPS	No. in Crore	<b>18.99</b>
The Weighted average number of Equity Shares for Diluted EPS	No. in Crore	<b>18.99</b>
Earnings per Equity Share – Basic	₹	<b>2.37</b>
Earnings per Equity Share – Diluted	₹	<b>2.37</b>

### 34. Additional Information, as required under Schedule III to the Companies Act, 2013 of enterprise consolidated as Subsidiary/ Associate.

Name of the Enterprises	Net Assets i.e Total Assets minus Total Liability		Share in Profit or Loss	
	As % of Consolidate net Assets	(₹ in Crore)	As % of Consolidated profit and loss	(₹ in Crore)
<b>Parent</b>				
Future Lifestyle Fashions Limited	87.03	1,673.04	101.49	45.67
<b>Subsidiaries</b>				
Future Trendz Limited	12.97	249.44	(1.8)	(0.81)
Future Business Services Limited	0.00	0.05	(0.00)	(0.00)
<b>Minority Interest in All Subsidiaries</b>	0.00	0.10	(0.00)	(0.00)
<b>Associate (Investment as per equity method)</b>	0.00	0.05	(0.00)	(0.05)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Particulars	2016-2017	
	ESOP 2015	ESOP 2013
Options Outstanding at the beginning of the year	-	7,54,873
Granted during the year	6,26,514	-
Vested during the year	-	5,50,537
Exercised during the year	-	4,00,998
Lapsed/ Cancelled during the year	19,714	19,672
Options Outstanding at the end of the year	6,06,800	3,34,203
Options available for grant	28,93,200	3,84,287
The weighted average share price at the date of exercise for stock options exercised during the year	-	111.37

#### Stock Compensation Expense:

The employee compensation cost has been calculating using the intrinsic value method of accounting for Options issued under the Company's Employee Stock Options Schemes. Such options are granted under graded vesting plan with only service conditions, The company has recognised the share based compensation cost on straight line basis over the requisite service period for the entire award as per para 42A of the ICAI Guidance on Accounting for Employee Share-based payments. The employee compensation cost as per intrinsic value method for the Financial year 2016-17 is ₹ 3.74 Crore.

#### B. Fair Value Methodology

The fair value of options has been determined under the Black-Scholes Model. The Weighted Average fair value of ESOP 2015 granted during the year, as on grant date is ₹ 112.20 for Grant G-1 and ₹ 104 for Grant G-2. The assumptions used in this model for calculating fair value as follows:

Particulars	31st March, 2017	
	ESOP 2015	
	Grant G-1	Grant G-2
Date of grant	November 11, 2016	December 22, 2016
1. Risk Free Interest Rate	6.41%	6.37%
2. Expected Life	2.58	2.75
3. Expected Volatility	51.06%	51.77%
4. Dividend Yield	0.31%	0.33%

Had compensation cost for the Stock Options granted under the Scheme been determined based on fair value approach, the company's net profit and earning per share would have been as per the proforma amounts indicated below:-

#### C. Impact on Net Profit

Particulars	Units	2016-2017
Net Income as reported	₹ in Crore	45.00
Add: Stock based employee compensation expenses included in net profit under intrinsic value method	₹ in Crore	3.74
Less: Stock based compensation expense determined under fair value based method (Proforma)	₹ in Crore	3.85
Net Profit (Proforma)	₹ in Crore	44.89



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### D. Impact on Earning Per Share

Particulars	Units	2016-2017
Basic and Diluted Earning per share (As reported)	₹	2.37
Basic and Diluted Earning per share (Proforma)	₹	2.37

36. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the group financial statements.

37. As per the amendments notified on March 30, 2017 to Schedule III, Clause K is inserted in Note 6 to General Instructions for Preparation of Balance Sheet stating that every company shall disclose the details of SBNs held and transacted during the period November 8, 2016 to December 30, 2016 as provided in the following table:

	SBNs	Other Denomination	Total
Closing Cash in Hand as on November 8, 2016	3.04	0.32	3.36
(+) Permitted receipts	-	82.67	82.67
(-) Permitted payments	-	6.15	6.15
(-) Amounts deposited in Banks	3.04	73.57	76.61
Closing Cash in Hand as on December 30, 2016	-	3.27	3.27

It is further stated that the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

38. In previous year, Investment held by company in Subsidiaries, Joint Venture 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 statement under the provision of The Companies Act, 2013 ("the Act") and the applicable prescribed Accounting Standard under the Act.

As per our report of even date attached

For and on behalf of Board of Directors

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

**Shailesh Haribhakti** Chairperson      **Kishore Biyani** Managing Director      **Sharda Agarwal** Director      **C. P. Toshniwal** Director

**Ashok Trivedi**  
Partner  
Membership No. 042472

**Dr. Darlie Koshy** Director      **Bijou Kurien** Director      **Avni Biyani** Director

Place : Mumbai  
Date : May 15, 2017

**Kaleeswaran Arunachalam**  
Chief Financial Officer

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

## 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	Future Trendz Limited	March 31, 2017	0.35	(0.03)	0.32	-	-	-	(0.03)	-	(0.03)	-	100%
2	Future Speciality Retail Limited**	March 31, 2017	0.35	249.13	380.03	130.55	-	0.98	(0.78)	-	(0.78)	-	73.98%*
3	FLFL Business Services Limited	March 31, 2017	0.05	(0.00)	0.15	0.11	-	-	(0.00)	-	(0.00)	-	100%

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

\*\* Subsidiary of Future Trendz Limited

## 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	Profit / Loss for the year	
		No.	Amount of Investment in Associates/ Joint Venture				Considered in Consolidation	Not Considered in Consolidation
FLFL Lifestyle Brands Limited	March 31, 2017	50,000	0.05	Due to Shareholding	-	4.49	(0.05)	
Clark Future Footwear Private Limited*	March 31, 2017	5,80,000	0.73	Due to Joint Venture	Refer Note A	(0.78)	-	(39.75)
Celio Future Fashion Private Limited**	March 31, 2016	-	-	Due to Joint Venture	-	-	-	-

\* 49.00% of the equity share capital is held by FLFL Lifestyle Brands Limited, an associate of the Company.

\*\* 3.13% of the equity share capital is held by FLFL Lifestyle Brands Limited, an associate of the Company.

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

As per our report even dated attached

For and on behalf of Board of Directors

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

**Shailesh Haribhakti**  
Chairperson

**Kishore Biyani**  
Managing Director

**C.P. Toshniwal**  
Director

**Sharda Agarwal**  
Director

**Ashok Trivedi**  
Partner

**Dr. Darlie Koshy**  
Director

**Bijou Kurien**  
Director

**Avni Biyani**  
Director

Membership No: 042472

Place: Mumbai

Date : May 15, 2017

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

**Kaleeswaran Arunachalam**  
Chief Financial Officer

**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, 2017**

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

1. C. P. Toshniwal\*, Executive Director & Chief Financial Officer, ₹16,12,683, CA, CS, 50, 01-Nov-13, 27, Future Retail Limited, Chief Financial Officer; 2. Hetal Kotak, Chief Executive Officer - Lee Cooper, ₹1,77,42,932, B.Tech., 41, 22-Feb-16, 17, Raymond Limited, Vice President and Business Head; 3. Kaleeswaran Arunachalam\*, Chief Financial Officer, ₹82,41,563, CA, MBA, B.Com., 36, 22-May-16, 16, Mondelez International, INC., Director Finance - Malaysia & Thailand; 4. Kishore Biyani, Managing Director & Group - CEO, ₹1,17,36,669, B. Com., 56, 25-Jun-13, 34, Future Consumer Enterprises Limited, Managing Director; 5. Krishna Thingbaijam, Head - Designing, ₹1,12,59,103, PGDBM-NIFT, 46, 01-Jan-14, 23, Future Retail Limited, Head - Design; 6. M. Vishnu Prasad, Chief Executive Officer - Central, ₹3,09,77,599, B. Com., MBA, 55, 01-Jun-13, 31, Future Retail Limited, Chief Executive Officer - Central & Brand Factory; 7. Rachna Aggarwal, Chief Executive Officer - FLFL Brands, ₹3,38,91,791, B.Sc, PGDBM, 48, 01-Jun-13, 17, Indus League Clothing Limited, Chief Executive Officer; 8. Raj Kumar Piniseti, Chief Merchandising Officer, ₹1,47,26,057, B.Com, CA, 48, 01-Jun-13, 24, Future Retail Limited, Chief Merchandising Officer; 9. Sanjay Pandey\*, Head-Business Development & Projects, ₹58,53,825, MBA, PGDBM, 45, 01-Jun-13, 18, Future Retail Limited, Chief - RM Key Accounts; 10. Suresh Sadhwani, Business Head - Brand Factory, ₹1,26,57,043, B.Com., 40, 01-Dec-13, 17, Pantaloon Fashions Retail Limited, Head - Operations; 11. Vito Grazio Dellerba, Head-Designing Brands, ₹2,19,93,558, Diploma in Fashion and Costume design and Fashion Merchandising, 51, 04-Jan-16, 22, 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.
5. Gross remuneration received as shown in the statement includes Salary, House Rent Allowance, car perquisites value/ allowances as applicable, employer's contribution to Provident Fund and Superannuation Scheme, leave encashment, leave travel facility, reimbursement of medical expenses and all allowances/perquisites and terminal benefits, as applicable.

For and on behalf of the Board of Directors

Place: Mumbai

Date : May 15, 2017

**Shailesh Haribhakti**

Chairman



---

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.



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

[www.futurelifestyle.in](http://www.futurelifestyle.in)