
FLF
FUTURE LIFESTYLE FASHIONS
Always
IN
FASHION
ANNUAL REPORT 2017-18

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About this Report
Future Lifestyles Fashions Limited (FLFL) has adopted most of the principles of Integrated Reporting framework prescribed by International Integrated Reporting Council (IIRC). This is the first year of our journey on Integrated Reporting. Through this Report, we aspire provide to our stakeholders an all-inclusive assessment of the organisation's value creation using both financial and non-financial resources. The Report provides insights into our key strategies, operating environment, risks and opportunities, governance structure and the Company's approach to long-term sustainability.

Responsibility statement
In order to optimise governance oversight, risk management and controls, the contents of this Report have been reviewed by the Internal operating team of FLF.

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

Materiality and scope of the Integrated Report
This Report includes information that is material to our stakeholders and it presents an overview of our businesses and associated activities that help in short-, medium- and long-term value creation. We have also disclosed information around our strategic approach towards the material issues.

We have presented the information on FLF in a fair and balanced manner.

Reporting period
This Integrated Report covers the period of 12 months from April 1, 2017 to March 31, 2018. However, there are sections of the report that present facts and figures of previous years as well.

Assurance statement
Assurance on financial statements has been provided by independent auditors, NGS & Co. LLP, and limited assurance on specific Key Performance Indicators ("KPIs") in Integrated Report by **Deloitte Haskins & Sells LLP**. The report issued by **Deloitte Haskins & Sells LLP** is available on our website http://www.futurelifestyle.in

Fashion is more than donning a chic ensemble. It is more than the floodlit runway. It is more than making a statement of style.

Fashion is the art of self-expression. It tells the story of individual personalities and speaks the language of possibilities. Above all, it embodies the power of choice.

We, at Future Lifestyle Fashions, empower daily lives with this power of choice. We make everyday moments special with a touch of sartorial elegance.

With a comprehensive range of brands that include both global and homegrown designs, we curate the best in fashion. From shirts and blazers, skirts and trousers, denims and ethnic outfits, shoes and accessories to sportswear, we have something for every occasion and need!

We combine style, skill and substance to conceptualise superior retail experiences. Our new-age stores draw on our rich customer insights and serve as unique shopping destinations for every individual.

We are the dreamers, the trendsetters, the trailblazers and the innovators.

We create exceptional brands and shopping experiences, bringing fashion to life – today, tomorrow and always

FUTURE GROUP - AN OVERVIEW

FUTURE GROUP IS AMONG INDIA'S LEADING CONSUMER GOODS BUSINESSES WITH A FIRM FOCUS ON THE FASHION AND FAST-MOVING CONSUMER GOODS (FMCG) SEGMENTS OF THE CONSUMER SPACE. WITH A LEGACY OF OVER THREE DECADES, FUTURE GROUP'S BUSINESSES SPAN SOURCING, DESIGN, MANUFACTURING, LOGISTICS, BRAND DEVELOPMENT, DISTRIBUTION AND RETAILING OF CONSUMER GOODS ACROSS ALMOST EVERY PART OF INDIA.

344
CITIES

2,000+
STORES

450+ mn
FOOTFALL
IN 2017-18

22 mn sq ft
RETAIL SPACE

50+
BRANDS ACROSS FASHION,
FMCG AND HOMEWARE

Note: All figures mentioned above are for FY 2017-18.

ABOUT FUTURE LIFESTYLE FASHIONS

Vision

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

Mission

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

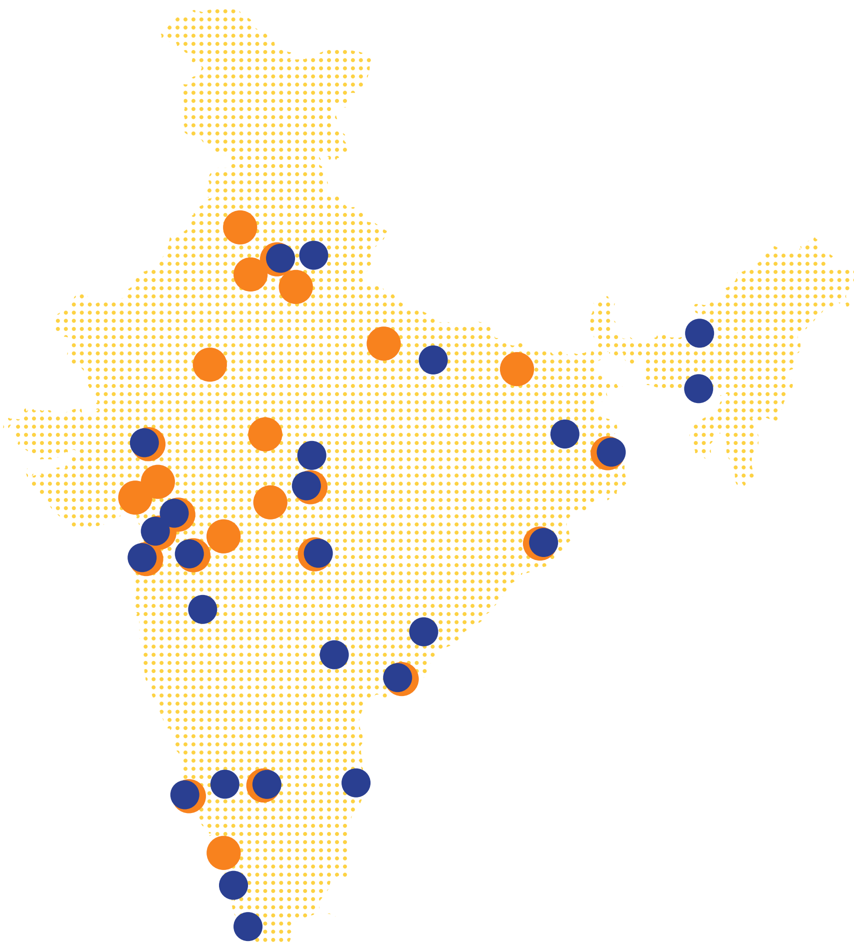
- Be the most preferred fashion destination of India
- Create the most preferred portfolio of fashion brands
- Be the most innovative, efficient, and profitable retailer
- Be the preferred employer in the fashion space
- Be the trendsetter in Indian fashion through superior understanding of the culture,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

Future Lifestyle Fashions (FLF) is the flagship fashion business of Future Group. At FLF, we operate 332 stores in 90+ cities, occupying 5.7 mn sq ft of retail space. We own and market leading brands, through our in-house retail chains Central and Brand Factory, exclusive brand outlets (EBOs) and other multi-brand outlets (MBOs). From design to distribution, we are present in every segment of India's fashion industry.

APPROACH

- **LIVE, BREATHE AND THINK FASHION**
  Fashion is ever-evolving, and we will be sensitive, agile and open to the rapidly evolving fashion market.
- **CONSUMERS AT OUR CORE**
  We create exceptional brands and experiences that reflect the various identities and aspirations of Indian consumers.
- **DESIGN IS OUR SOUL**
  The spirit of our design thinking lies not only in the brands and experiences we create, but also in building relationships, leading innovation, setting trends and providing fulfilment to consumers.
- **PURSUIT OF HAPPINESS**
  Above all, we collaborate and strive to bring happiness to the lives of our customers, colleagues, business partners and the communities we work in.

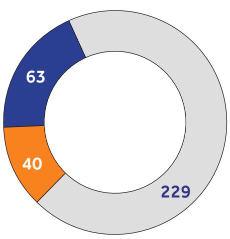
GEOGRAPHICAL FOOTPRINT



Map not to scale.

Cities	Brand Factory	Central
Ahmedabad	●	●
Asansol	●	—
Bengaluru	●	●
Bhubaneswar	●	●
Kozhikode	●	—
Coimbatore	●	—
Chennai	●	—
Delhi	●	●
Ghaziabad	●	—
Gurugram	—	●
Guwahati	●	—
Hubli	●	—
Hyderabad	●	●
Indore	—	●
Jaipur	—	●
Kanpur	●	—
Kochi	—	●
Kolkata	●	●
Koregaon	—	●
Lucknow	—	●
Mangaluru	●	●
Mohali	—	●
Mumbai	●	●
Mysuru	●	—
Nagpur	—	●
Navi Mumbai	●	●
Nashik	●	●
Noida	—	●
Patna	—	●
Pune	●	●
Raipur	●	●
Secunderabad	●	—
Surat	—	●
Thiruvananthapuram	●	—
Ujjain	●	—
Vadodara	—	●
Vijayawada	●	
Visakhapatnam	●	●

STORE COUNT



332

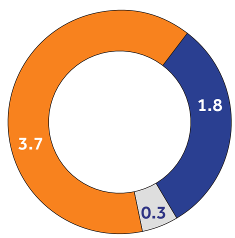
OVERALL

Central | Brand Factory | Exclusive Brand Outlets (EBOs)

Note: Includes Lee Cooper EBOs

GROSS AREA

(in mn sq ft)



~5.7

OVERALL

Central | Brand Factory | Exclusive Brand Outlets (EBOs)

ABOUT FUTURE LIFESTYLE FASHIONS (CONTD.)

BRAND PORTFOLIO

POWER BRANDS

- Lee Cooper — ORIGINAL BRITISH DENIM
- aLL — the plus size store
- SCULLERS
- JEALOUS 21
- INDIGO NATION
- JOHN MILLER
- BARE CASUALS

SPORTS BRANDS

- CONVERSE
- umbro
- Champion — HOW YOU PLAY
- URBAN YOGA

EMERGING BRANDS

- CERIZ
- LOMBARD
- RIG — UTILITY CLOTHING
- URBANA — THE SMART SHIRT

INVESTEE BRANDS

- COVER STORY
- Clarks — SHOEMAKERS SINCE 1825
- TURTLE
- ancestry — STORIES RETOLD
- MINERAL
- GIOVANI
- SPUNK
- celio*
- Alice&Mae
- mother earth — Looking Good . Doing Good

RETAIL FORMATS

CENTRAL
BRAND.NEW

BRAND FACTORY

FY 2017-18 HIGHLIGHTS

FY 2017-18 SAW FLF BECOME ONE OF INDIA'S MOST PROFITABLE BRANDED FASHION RETAILERS. SOME ACHIEVEMENTS DURING THE REPORTING PERIOD ARE HIGHLIGHTED BELOW.

Opened **8** Central stores

Opened **11** Brand Factory stores

Added **~1** mn sq ft in gross area

Sustained double-digit same store sales growth

Systematically transformed power brands

Registered a double-digit ROCE

Reduced interest cost through non-convertible debentures

Tripled earnings per share (EPS)

Inducted into the MSCI India (emerging market) Index

Dual credit rating
CARE: AA - stable outlook,
CRISIL: AA - with positive outlook

Operational

Financial

Recognitions

KEY FINANCIAL METRICS*

REVENUE**

₹ in crore

2017-18	4,498	16.0%
2016-17	3,877	

EBITDA

₹ in crore

2017-18	443	21.7%
2016-17	364	

EBITDA

%

2017-18	9.8	4.3%
2016-17	9.4	

NET PROFIT

₹ in crore

2017-18	127	182.3%
2016-17	45	

DIVIDEND PAY-OUT

%

2017-18	60	50%
2016-17	40	

EPS

₹

2017-18	6.63	179.7%
2016-17	2.37	

ROCE

%

2017-18	12	50%
2016-17	8	

NET DEBT/EBITDA

2017-18	1.6	(11.1%)
2016-17	1.8	

INVENTORY DAYS

Days

2017-18	119	(15%)
2016-17	140	

NET WORKING CAPITAL DAYS

Days

2017-18	56	7.7%
2016-17	52	

*All figures mentioned above are based on Consolidated Financial Statements. Numbers for FY 2016-17 are as per Indian GAAP.
**Revenue growth not comparable due to differences in tax rates.

Increase over FY 2016-17
Decrease over FY 2016-17

SAME STORE SALES GROWTH

CENTRAL

%

2017-18	10
2016-17	18

BRAND FACTORY

%

2017-18	16
2016-17	17

OVERALL

%

2017-18	12
2016-17	18

Note: FLF SSG% is Central + Brand Factory SSG

FLF'S UNIQUE VALUE PROPOSITION

WE ARE MORE THAN A BRANDED RETAILER FROM THE HOUSE OF FUTURE GROUP. WE ARE A MEDIUM OF SELF-EXPRESSION FOR OUR CUSTOMERS. OUR STRENGTH LIES IN THE ABILITY TO FULFIL THE UNSTATED NEEDS OF OUR CUSTOMERS AND RESPOND TO THE EVER-CHANGING TRENDS IN THE DYNAMIC FASHION LANDSCAPE.

OPERATING CONTEXT

India's economic landscape	At 6.7%, India was the world's fastest-growing large economy in FY 2017-18 ***. Its spending is expected to rise threefold to reach $4 trillion by 2025, making India the third-largest consumer market in the world*.
	India's per capita GDP is nearing the $2,000 mark, closing in to an inflection point for the fashion industry, where exponential growth is forecasted. In under a decade's time India's fashion industry will more than double its size from the current $46 billion to $115 billion.
Demographic dividend	More than 60% of India's population is aged between 18 and 59 (the working age group), while over 65% of the people are below the age of 35. By 2020, the average age of an Indian is projected to be 29#.
Spending patterns	**Evolving middle-class income levels:** The top-two consumer categories, elite and affluent, will constitute the largest share of the income pie by 2025, accounting for 40% of consumption *.
	Rapid urbanisation: By 2025, ~40% of India's population will live in urban regions, accounting for over 60% of consumption*.
	Nuclear households: Nuclear families are likely to comprise 74% of the population by 2025*.
	Snapshot of apparel and footwear preferences: • Apparel is the second-largest contributor to the growth of Indian retail, behind food and grocery. • At 41%, menswear (driven by denim, activewear and t-shirt sales) forms the largest segment of the Indian fashion retail market. It is expected to grow at 9% CAGR in the coming decade. • The women's ethnic wear market is worth more than ₹70,000 crore, wherein organised retail claims a share of 30%. In the next five years, the market is expected to grow at 9% CAGR. • India is the third-largest footwear-consuming country in the world, behind China and the US. It is the second-largest producer of footwear, with its domestic output meeting ~95% of demand.
Policy support	Key structural reforms undertaken by the Government of India in the recent years include the landmark Goods and Services Tax (GST), Insolvency and bankruptcy code, demonetisation and recapitalisation of banks.

LEADERSHIP INSIGHT

Our winning formula of combining iconic fashion brands and celebrated lifestyle destinations has helped establish FLF as a leading player in India's fashion industry. Supported by an illustrious range of brands, extensive distribution network, impressive loyalty program and optimised supply chain efficiencies, we are geared for scalable growth in the world of fashion.

WHAT'S IN IT FOR FLF?

The rise in disposable income coupled with the growing aspiration to match global fashion trends has led the average Indian consumer to go shopping more frequently than before

Then: Occasion-led shopping once or twice a year

Now: 10 to 12 times a year

In fact, the branded apparel industry has outpaced the overall market.

Global examples^^ indicate that the exponential growth of a country's fashion industry is aligned with the per capita GDP – **implying that the Indian fashion industry is fast - approaching an inflection point.**

Country	Reached per capita GDP of $2,000 in (year)	Trajectory of retail sales after it reached $2,000 per capita GDP
China	2006	3x
Russia	2001	2x
Brazil	1986	2x
South Korea	1984	4x
Singapore	1982	3x

Younger consumers are more aspirational; they base their purchasing decisions on lifestyle considerations and the need to 'keep pace' with global trends in 'fast fashion'.

Led by the fast-fashion wave, the urban elite and the growing middle-class affluent will increase their spending on purchasing fashion commodities.

City dwellers are 'money-rich and time-poor', with a strong value-for-money orientation and high purchasing aspirations.

Nuclear households spend more than 20 to 30% per capita vis-à-vis joint families*.

Current offerings in Indian apparel lean towards traditional and classical fashion. There exists scope for introducing a wider variety of products – delivering the latest trends, while combining comfort, functionality and style.

Greater formalisation of the economy and improved operating environment signal a higher rate of new store addition in the brick-and-mortar division of organised retail. The market share of organised retail players is projected to rise to ~10% by 2020 ^.

SOURCE

* Boston Consulting Group
** World Bank
*** Central Statistics Office
# State of the Urban Youth report – IRIS Knowledge and UN Habitat
^ CRISIL
^^ UNESCO, CLSA Report

FLF'S UNIQUE VALUE PROPOSITION (CONTD.)

OUR STRENGTHS

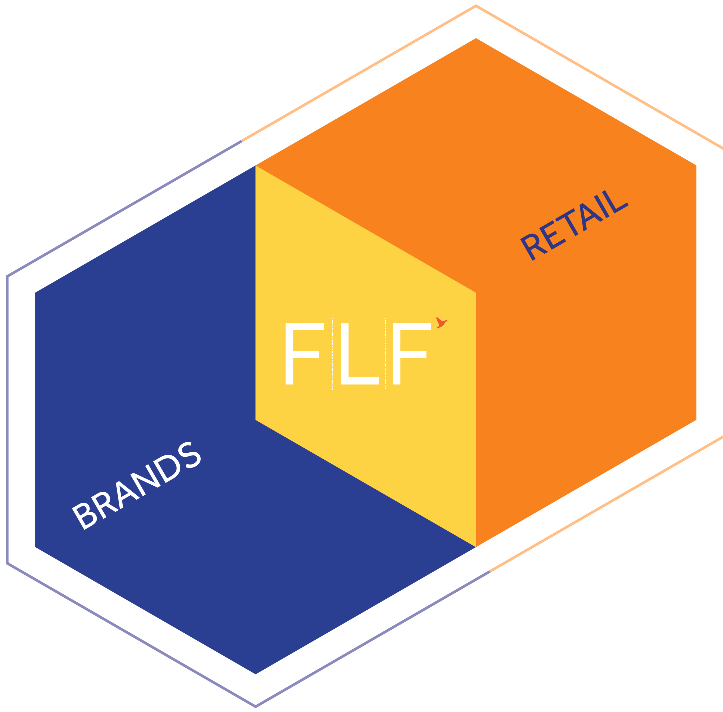
A UNIQUE, INTEGRATED BUSINESS MODEL

A pure-play approach involves dedicated businesses that singularly focus on either brands or retail.

However, in the context of emerging markets, pure-play models face the following challenges:

- Pricing pressure
- Pure-play participants without their own retail channel pay 35-40% channel margins to large format retailers
- Single-brand expansion is capital-intensive

AT FLF, OUR ONE-OF-A-KIND BUSINESS MODEL IS AN AMALGAMATION OF PURE-PLAY BRAND AND PURE-PLAY RETAIL, IN WHICH WE FOCUS ON THE ENTIRE SPECTRUM INSTEAD OF SELECT SEGMENTS.



KEY BENEFITS OF THE INTEGRATED BUSINESS MODEL

- Better control over brand presence
- Enhanced customer experience
- Analysis and incorporation of sales feedback at every customer touchpoint
- Economies of scale arising from own brands and distribution
- Cost efficiency due to multiple cross-selling avenues
- Increased profitability

A PORTFOLIO OF RENOWNED BRANDS

FLF IS 'ALWAYS IN FASHION' 365 DAYS A YEAR, OFFERING CONTEMPORARY STYLES FOR EVERY AGE, GENDER AND LIFESTYLE CHOICE.

From formal meetings, career interviews and festive moments to first dates, casual workouts and grungy outdoor adventures, we have brands for every occasion and demographic across price points.

Going forward, we will continue to focus on brands and reinforce our foothold across all categories. Growth in our brands business will be primarily driven by power brands. Lee Cooper is expected to lead the growth in power brands with its Footwear licence getting added from FY 2018-19. aLL is currently the only brand in India that caters to the extra-large size segment and is expected to grow manifold, driven by the well-accepted brand proposition by the target group and the addition of an online distribution channel. Other power brands will witness sharper price points and improved product quality through standardised sourcing and vendor upgradation. We will also expand our presence in opportunity segments like ethnic wear. Brands' performances are reviewed periodically through space productivity and under-performing EBOs are closed within three years.

On the other hand, our third-party brands are driven by the gratifying experiences that Central and Brand Factory provide to customers. Further, these brands are largely on a Sale-or-Return (SoR) basis.

KEY BRANDS	AVERAGE PRICE POINT (₹)
Clarks	4,500
Converse	3,300
Lee Cooper	2,500
Cover Story	1,800
Indigo Nation	1,550
aLL	1,320
John Miller	1.350
RIG	950
Bare	900
The Privilege Club	800

Premium/bridge   Mainstream

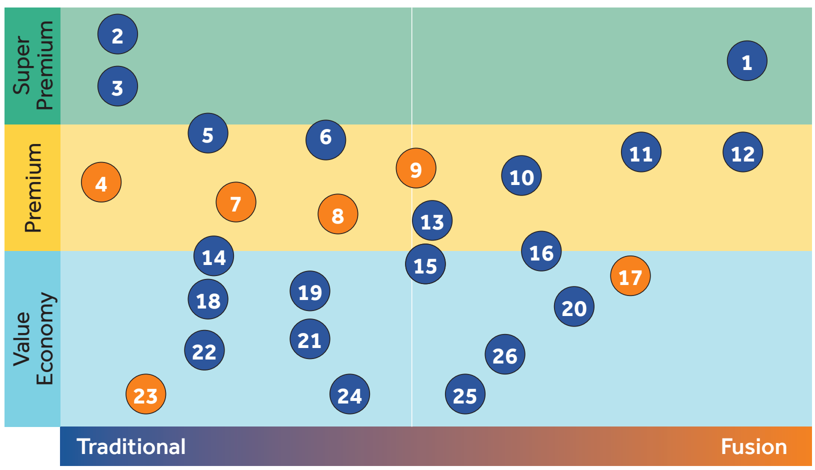
CASUAL AND PARTIES
- Lee Cooper, aLL, Indigo Nation, John Miller Hangout, Bare Casuals, Bare Denim, RIG and RIG Ladies, Scullers and Scullers for Her, UMM

FESTIVE
- aLL, John Miller, Lombard

FORMAL
- aLL, John Miller, Urbana, Giovani, Lombard

SPORTS AND LEISURE
- Converse, Urban Yoga, John Miller Sports, RIG

Opportunity segments: Ethnic wear



1	Label	8	Mohr	15	Melange	22	Kashish
2	Sabyasachi	9	Mother Earth	16	Aurelia	23	Srishti
3	Satyapaul	10	Biba	17	Ateesa	24	Sabhyata
4	Navras	11	W	18	Soch	25	Avaasa
5	Nalii	12	Global Desi	19	Rangmanch	26	Shoppers Stop
6	Fabindia	13	Westside	20	Akkriti		
7	Morpankh	14	Lakshita	21	Jashn		

Source: Technopak, Avendus Capital

KEY PRODUCT AND DESIGN INITIATIVES IN FY 2017-18

LAST SEASON'S
Sale

LEARNINGS INCORPORATED

DETAILED
Analysis

BASIS RATE OF SALE

Multiple

REVIEWS & BRAINSTORMING

LONDON
Design team

FOR SCULLERS AND JEALOUS 21

SOURCING CONSOLIDATION & ASSORTMENT

CLOSURE OF LOSS MAKING EBOs

Product
RANGE SELECTION

AFTER MULTIPLE VERSIONS

COMPREHENSIVE
Pricing

STRATEGY

HIGHLIGHTING
The unique features

FOCUS ON INCREASING SHARE OF OWN BRANDS

FASHIONEXT18

Trade fair

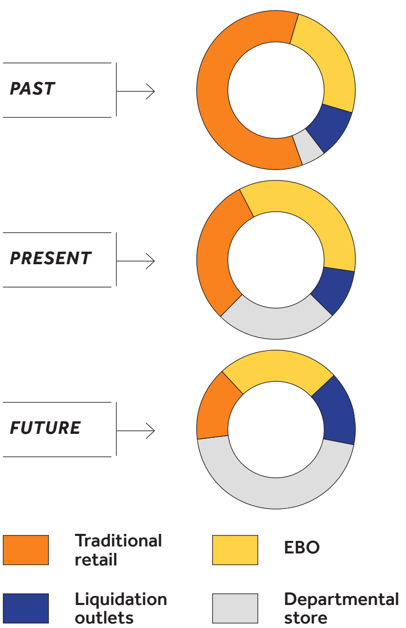
FLF'S UNIQUE VALUE PROPOSITION (CONTD.)

HIGHLY POPULAR RETAIL FORMATS

THE INDIAN RETAIL LANDSCAPE IS EVOLVING AND CONSUMERS HAVE STARTED TO INCREASINGLY PREFER DEPARTMENTAL STORES OVER TRADITIONAL FORMATS. FLF OFFERS EXPERIENCE-LED SHOPPING FOR BOTH UPSCALE AND VALUE-BASED BRANDED FASHION THROUGH OUR RETAIL FORMAT STORES - CENTRAL AND BRAND FACTORY.

SHARE OF RETAIL FORMATS IN INDIA

(%)

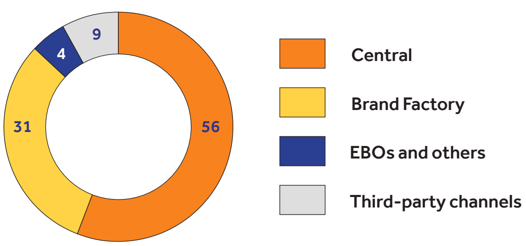


Central is known for delivering exceptional shopping experience to customers vis-à-vis other retail platforms. A seamless departmental store, ambience is at the core of Central's strategic approach, helping it improve customer conversion and average ticket size. On both these parameters, it has shown consistent growth. We are confident that higher footfalls and greater conversion will drive growth for this format in the future.

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

SHARE OF RETAIL STORES IN OUR REVENUE

(%)



ACCELERATING INDIA'S FASHION MOMENTUM

FLF is building an end-to-end fashion ecosystem that utilises the latest in technology and data in every aspect of the value chain – integrating suppliers, warehouses, logistics support, stores, shopping baskets and customers – to drive decisions in buying, merchandising, advertisement, management and operations.

DEAR STAKEHOLDERS,

We are happy to share that your Company is growing its business at an interesting inflection point in the nation's journey. India is now the world's sixth – largest and also the fastest-growing major economy.

The country's economic growth is largely driven by the consumption boom across Tier-I, II and III cities and small towns. The burgeoning middle-class with higher disposable income, growing youth population, greater affinity to brands and global trends, rapid formalisation of the economy and faster adoption of technology and digitisation will continue to drive India's fashion momentum. Operating against

While sustaining positive movement in same store retail sales performance across its Brand Factory and Central formats, the Company logged an industry-leading ROCE at 12% and tripled the EPS to ₹6.63.

this backdrop, your Company is poised to be the preferred partner for the fashion-conscious Indian.

Future Lifestyle Fashions (FLF) capitalised on each of these levers by seamlessly moving into an ecosystem of greater formalisation after the implementation of the Goods and Services Tax (GST). The Union Government has facilitated higher degree of transparency and accountability, hastening the pace of economic progress. Apart from the long-term benefits of a unified tax regime, the organised sector in particular stands to gain from GST. Despite some hiccups, the nation surpassed China's growth rate by year-end, registering 7.2% growth in the January-March 2018 quarter.

This rapid growth marries well with your Company's ambition to be the leading lifestyle fashion company in India, by creating unique brands and shopping experiences that will bring alive the Indian idiom of fashion. FLF is building an end-to-end fashion ecosystem that utilises the latest in technology and data in every aspect of the value chain – integrating suppliers, warehouses, logistics support, stores, shopping baskets and customers – to drive decisions in buying, merchandising, advertisement, management and operations. Technology reduces space and time, and enhances social interaction. It will be the key differentiator in the near-term future.

During the year, your Company added nearly a million square feet in retail space, launching eight new Central stores and eleven new Brand Factory outlets.

FLF's diversified portfolio of power brands, such as Lee Cooper, aLL, etc. constituted 63% of overall sales of own brands. Your Company also invested in fresh brands like Alice & Mae, and Ancestry, to bring one-of-a-kind experience to customers, underlining FLF's commitment towards energising Indian fashion.

One of the industry firsts in the year included a ticketed shopping event at Brand Factory. The chain introduced novel cover charge concept, wherein customers paid a special fee to access exclusive offers ahead of other customers. The event generated unprecedented interest and enthusiasm from loyal customers. The company has enabled multiple payment options, including all major mobile payment wallets as well as Future Group's own wallet, Future Pay. We are happy to share that almost 10% of business now comes from customers using the Future Pay wallet.

At the end of FY 2017-18, FLF's net profit was ₹127 crore, up 182.3% from the previous year, and an EBITDA of ₹443 crore, up 21.8% from the last fiscal. The Company's revenue from operations grew from ₹3,877 crore in FY 2016-17 to ₹4,498 crore in FY 2017-18. While sustaining positive movement in same store retail sales performance across its Brand Factory and Central formats, the Company logged an industry-leading ROCE at 12% and tripled the EPS to ₹6.6. Further, CRISIL rated FLF AA-, with positive outlook.

Going ahead, the company is creating new platforms and initiatives that combine the physical and digital world together. Many brands like Cover Story, aLL and Clarks, among others offer dedicated e-commerce portals. At the same time, a strong push towards digital communication and data from loyalty programs are helping us enable customers discover new brands and experiences on digital platforms. Our core focus continues to be on converting digital eyeballs into footfalls at our stores. Extensive research has shown that while customers love to discover products and brands online, their shopping basket is invariably higher when they visit and shop within physical environments. We are rolling out multiple initiatives and platforms that allow Future Group's large member base to discover and buy brands and products from within our ecosystem.

The Company is now well geared to offer value in fashion, catering to a wide variety of apparel, accessories and footwear, across all price points – keeping customers at the heart of every innovation. Our competent pool of resources, as well as agility and depth in understanding, will continue to help us stay ahead of the curve. We will continue to leverage the proven recipe of combining inimitable brands, a technology-led mind set and delivering unique shopping experiences to meet the changing needs and expectations of customers. We thank all our stakeholders for your continued support and encouragement through our journey.

Rewrite rules. Retain values.

KISHORE BIYANI

Note: Numbers for FY 2016-17 and corresponding growth rates are as per Indian GAAP

BOARD OF DIRECTORS

A
N

S
C

A
S
N
C

A
N
C

S
N

A
C

- **A** Audit Committee
- **S** Stakeholders Relationship Committee
- **N** Nomination & Remuneration Committee
- **C** Corporate Social Responsibility Committee
- ☐ Chairperson

1	2	3
4	5	6
7	8	9

1

SHAILESH HARIBHAKTI
Chairperson & Independent Director

He is a Chartered and Cost Accountant, Certified Internal Auditor, Financial Planner and Fraud Examiner. With over decades of hands on professional involvement, he serves on the Boards of large multinational and Indian companies and chairs multiple Audit Committees. He also lends his expertise to several professional and regulatory bodies.

He is the Chairman of Haribhakti & Co. LLP. He also served as the Chairman and Trustee of the National Pension Scheme Trust (NPS Trust) and a Member of Pension Advisory Committee (PAC) of Pension Fund Regulatory and Development Authority (PFRDA).

2

KISHORE BIYANI
Managing Director

He holds a postgraduate diploma in marketing. He led Future Group's emergence as one of the leading consumer goods organisations in fashion, food and personal care. He is the founder and Chief Executive Officer (CEO) of Future Group and is widely recognised as the pioneer of modern retail in India.

3

DR. DARLIE KOSHY
Independent Director

He holds a PhD from Indian Institute of Technology, Delhi, besides an MBA degree. He was a founder faculty member at National Institute of Fashion Technology from 1987 to 2000; and was the Director of National Institute of Design from 2000 to 2009. He developed the National Design Policy, which was approved by the Government of India in 2007. He was also on the Executive Board of World Body of Design (ICSID) for three terms. He currently serves as Director General and CEO of Apparel Training and Design Centre, since 2009.

4

SHARDA AGARWAL
Independent Director

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

5

BIJOU KURIEN
Independent Director

He holds a postgraduate diploma in Business Management from XLRI, Jamshedpur. He 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 until recently the CEO of Reliance Lifestyle.

6

RAVINDER SINGH THAKRAN
Additional Director

He graduated with an MBA from Indian Institute of Management, Ahmedabad. He has worked in various leading positions at the Louis Vuitton Moët Hennessey Group (LVMH) since 2001 and has been the Group Chairman of LVMH South and Southeast Asia, Australia and Middle East since September 2007. He launched the private equity firm, L Capital Asia (currently known as L Catterton Asia) in 2009.

7

RAKESH BIYANI
Non-Executive Director

He is a Commerce graduate from HR College of Commerce & Economics, Mumbai, and has done an Advanced Management Program from Harvard Business School. He is part of the founding team at Future Group, leading the fashion business of the Group with his strong hands-on expertise in operations management, supply chain and technology.

8

CHANDRA PRAKASH TOSHNIWAL
Non-Executive Director

He is a qualified Chartered Accountant and Company Secretary. He has been associated with Future Group for over 27 years, leading strategic planning and finance functions across the Group entities.

9

AVNI BIYANI
Non-Executive Director

She studied liberal arts at the College of Art & Science, New York University, and takes a keen interest in liberal arts and current affairs. She brings on board the pulse of India's millennial generation and has been closely involved with the conceptualisation and launch of brands such as Cover Story. She is the founder and concept head of India's pre-eminent gourmet chain, Foodhall.

JOURNEY TOWARDS INTEGRATED REPORTING

Integrated reporting

STARTING THIS YEAR, WE ARE TAKING OUR FIRST STEP TOWARDS INTEGRATED REPORTING. WE START WITH THE BUSINESS MODEL, AN OVERVIEW OF THE MULTIPLE CAPITALS WHICH IS FOLLOWED BY A RISK ASSESSMENT AND MITIGATION PLAN.

Integrated fashion

BRAND PORTFOLIO

- Own brands
- Third-party brands

Key inputs

Our business relies on resources and relationships to sustainably create financial and non-financial value:

HUMAN CAPITAL

10,915 employees

SOCIAL AND RELATIONSHIP CAPITAL

1,092 suppliers/vendors
₹1.2 dividend per share

INTELLECTUAL CAPITAL

27 years average experience of top Management and Directors

FINANCIAL CAPITAL

₹4,532 crore revenue
₹690 crore net debt

RETAIL CAPITAL

332 stores
555 lakh customer visits

BRAND CAPITAL

558 brands in Central
230 brands in Brand Factory

Business Processes

Plan
The strategy for replenishment forecast, product lifecycle management, behavioural segmentation, targeted marketing, assortment customisation and inventory optimisation

Develop and design
Products at in-house concept studios with 3D mock rooms and visual retailing

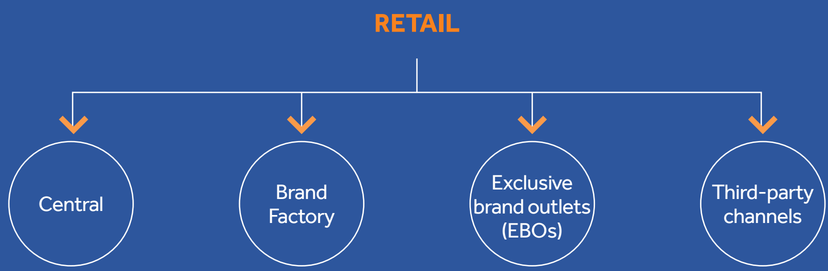
Source and supply
Products with high transparency into vendor performance

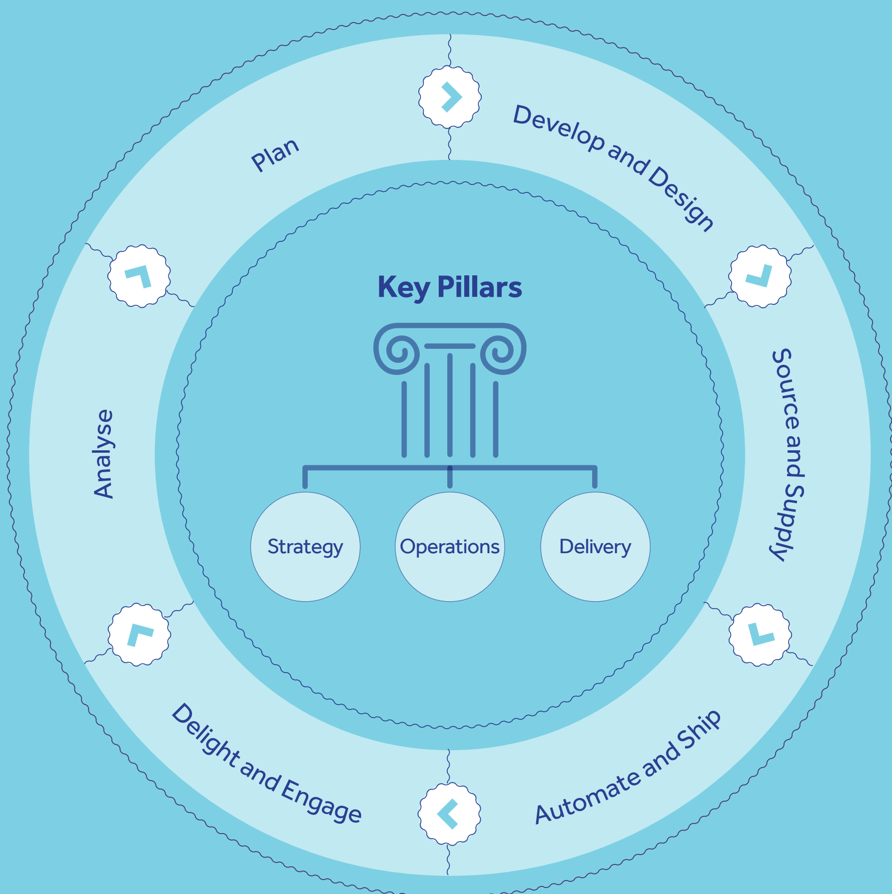
Automate and ship
Products through state-of-the-art distribution centres (cross-belt sorting, auto-pick upand drop, auto-sorter and conveyor and auto-replenishment)

Delight and engage
Customers with multi-channel retailing, sales automation, loyalty programs, responsive CRM and real-time data analytics

Analyse
Brands and channels to identify product lifecycle, behaviour segments, and supply process visibility

Ecosystem





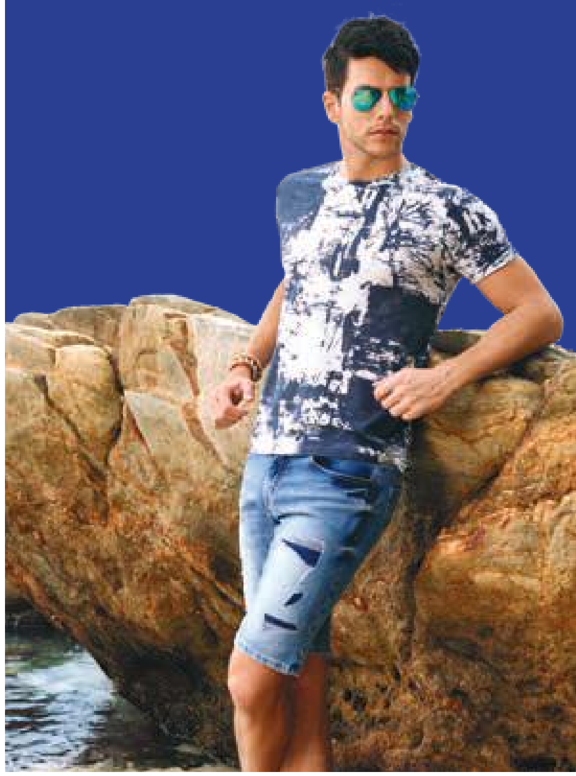
Key outcomes in FY 2017-18

FINANCIAL

- Increased sales: ₹4,498 crore revenue from operatons
- Strong profits build healthy cash position: ₹443 crore EBITDA; ₹127 crore net profit
- Returns to shareholders: ₹6.63 earnings per share; ₹7713 crore market capitalisation
- Taxes to the Government: ₹46 crore paid as income tax

NON-FINANCIAL

- Opened 19 Large Format Store (LFS)
- Increased brand equity



OVERVIEW OF CAPITALS

AT FLF, WE VIEW OUR BUSINESS AS AN ALL-ENCOMPASSING, VALUE-CREATING SET OF ACTIVITIES AIMED AT SERVING ALL STAKEHOLDERS INVOLVED...

HUMAN CAPITAL	PARTICULARS (CONSOLIDATED)
Number of employees employed*	10,915
Gender diversity %*	Male 79% Female 21%
Age diversity %*	18-30 : 77.32% 31-40 : 19.41% 41-50 : 3.03% 51-58 : 0.24%
No. of training and development programs offered**	210 Programs (Classroom Training)
No. of training man-hours – per employee per year (on an average)**	74,672 (Total man hours)
Employee attrition and promotion rate %**	Attrition 5%, promotion 4%
Employee benefit expense**	₹264.86 crore

SOCIAL & RELATIONSHIP CAPITAL	PARTICULARS (STANDALONE)
No. of CSR (during the year) + ways of engagement**	Implementation Agency - 'Sone ki Chidiya Foundation' 1. Reducing inequalities faced by socially and economically backward groups - ₹51.7 lakh; Implementation Partners/NGO:- a) Goonj b) Seva Sahayog foundation c) Bhavani Vidyarthi Kalyan Pratisthan d) Vivek Rural Development Centre 2. Measures for the benefit of armed forces veterans - ₹50.0 lakh. Implementation Partners/NGO:- Bharat Ke Veer (India's Bravehearts)
Number of shareholders and foreign ownership (%)*	40,175 shareholders and 5.5% foreign ownership
No. of suppliers/ vendors*	1,092
Dividend per share**	₹1.20 per share
Market capitalisation (computed at volume weighted average price as at March 28, 2018)	₹7,712.52 crore
Number of grievances from shareholders**	Opening : Nil Received : 13 Resolved : 13 Pending : Nil
Amount spent on charity and donation**	Amount spent related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013, read with Schedule VII thereof ₹1.02 crore (2016-17: ₹Nil)

INTELLECTUAL CAPITAL	PARTICULARS (CONSOLIDATED)
No. of product or process patents (or) style trademarks*	Total 155 application applied as Trademark, 83 registered
Average professional experience of top management and directors*	27 years

... BY IDENTIFYING AND CATERING TO THE SIX CAPITALS, WE HAVE INSTITUTED AN ORGANISATION WHICH HAS SUSTAINABILITY AS AN IMPERATIVE.

FINANCIAL CAPITAL	PARTICULARS (CONSOLIDATED)
Capital obtained through financing	
a) Debt**	40.76
b) Equity and Preference**	25.41
Cash generated through operations and investments**	64.05
Capital expenditure incurred (net)**	461.43
Actions taken to manage funds effectively (example cost: efficiency drives, diversification, venture funds)**	The following are the various initiative undertaken by the Company to bring down the weighted average cost of borrowing to 10.09% in FY 2017-18: • Renegotiated spread with banks for MCLR – linked borrowings backed by superior financial performance & improved rating profile of the Company. • Raising fresh funds via NCDs at lower cost. • Maximising usage of low-cost working capital products like Working Capital Demand Loan and Commercial Papers. • Automation leading to improved operational efficiency and robust vendor & working capital management.
Finance performance	
– Revenue**	4,532.32
– Earnings before interest, tax, depreciation and amortization ("EBITDA") margin**	9.84%
– Profit after tax margin**	2.82%
– Earnings per share**	
– Basic	6.63
– Diluted	6.61
EBITDA Growth % ** (Over FY 2016-17 in Ind AS)	25.24%
Current Ratio*	1.34

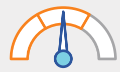
RETAIL CAPITAL	PARTICULARS (CONSOLIDATED)
No. of stores*	332
Total area in mn sq ft*	5.7
Total customer visits (in lakh)**	555
Customer conversion**	31%
SSG**	12%
Awards**	5 awards won by Central and 3 by Brand Factory

BRAND CAPITAL	PARTICULARS (CONSOLIDATED)
Total no. of brands sold in Central and Brand Factory in FY18#**	558 brands in Central and 230 brands in Brand Factory
Third party brand contribution: Own brand contribution in overall revenue**	₹2,833 crore - Third party brands ₹1,655 crore - Own and Licensed brands
No. of investee brands*	~15
Own brand category list*	Men, Women, Unisex, Sports/ Leisure, Footwear and Accessories

#Brands with less than ₹50,000 annual sales has not been considered | * as on March 31, 2018 | ** for the period FY 2017-18

RISKS AND OPPORTUNITIES

THE BELOW REPRESENTATION BRIEFLY LAYS DOWN THE KEY EXTERNAL AND INTERNAL RISKS...

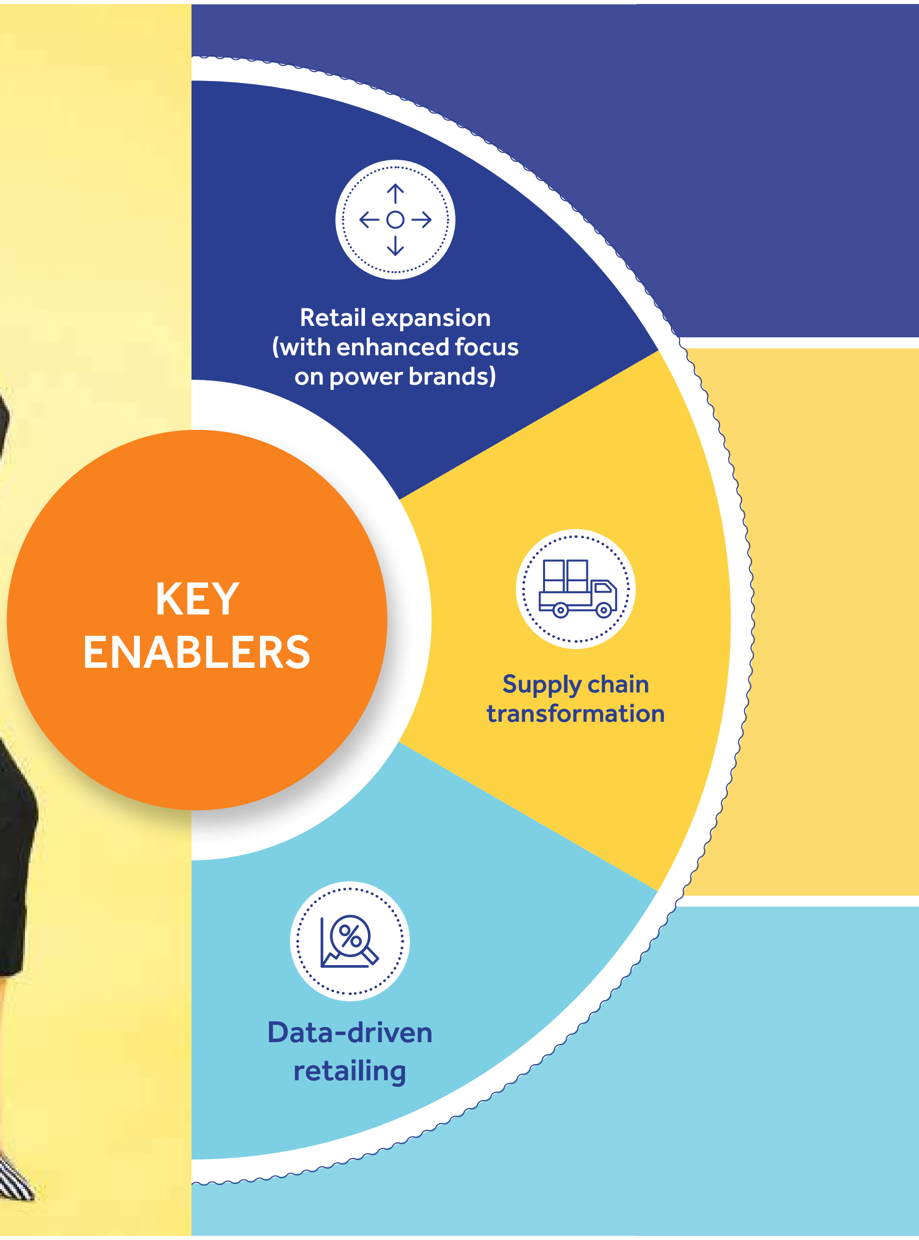
KEY RISKS	LEVEL OF CRITICALITY
ENVIRONMENT	
REGULATORY	
ECONOMY	
STRATEGY	
TECHNOLOGY	
LIQUIDITY	
GOVERNANCE	

...BEING MITIGATED BY FLF. A DETAILED DISCUSSION ON RISKS CAN BE FOUND IN THE MD&A SECTION, PAGE 60.

WHAT'S IN IT FOR FLF?	KEY FACTORS	MITIGATION
Raw materials, processing, packaging, distribution and its impact on environment.	Depleting/extinct categories, alternate categories, alternate energy, alternate processes, alternate materials, distribution channels, alternate packaging, compliance with NGT or other NGOs etc.	Introducing alternate categories, piloting programs for various alternates, sustainability reviews, restructuring distribution, creating awareness, reviewing packaging, compliances, etc.
Ease of operating business, cost of compliances and its management.	Goods and Services Tax (GST) and demonetisation initiatives implemented by the Government of India have had a positive impact on the organised retail sector. Repealing/ scrapping of redundant acts is promising towards ease of doing business.	Improving overall culture for compliances. Re-skilling workforce, adoption of technology, MIS/ reporting.
Revenue from operations	At present, various macroeconomic factors such as GDP growth rate, inflation are impacting the Company favourably.	High-definition stores, deploying dedicated teams to capture trends/moods/aspirations of customers at international/national levels. Designing suitable promotions, driving relevant customer loyalty programs.
Business model, online e-commerce, online-offline, offline-online, format size, Value/Lifestyle etc.	Deep discounting across channels online and offline continues to disrupt the market	Sustaining a multi-format, multi-channel, approach to help the Company remain in business.
Customer service/ experiences, supply chain, cyber, innovation.	Availability is a key KPI. Anything, Anytime, Anywhere. Enhancing customer experience/ service for ever changing customer is a challenge, Cyber-attacks/protection, innovation.	Improving supply chain technology, brand management (with partner brands), obtaining and acting upon customer feedback, cyber protection/ disaster recovery plans & suitable insurances, digital labs and hiring start-ups for innovation.
Net debt	Reasonable interest rates.	Reduced interest cost through NCDs
Shareholder value creation, vendor management, HR management.	Shareholder satisfaction, vendor performance/ satisfaction/relationship management, Product quality, Employee Satisfaction.	Received 13 grievances from shareholders which have been resolved in time. Vendor management programs implemented. Multiple programs implemented for Employee Satisfaction/ performance enhancement, Quality Checks.

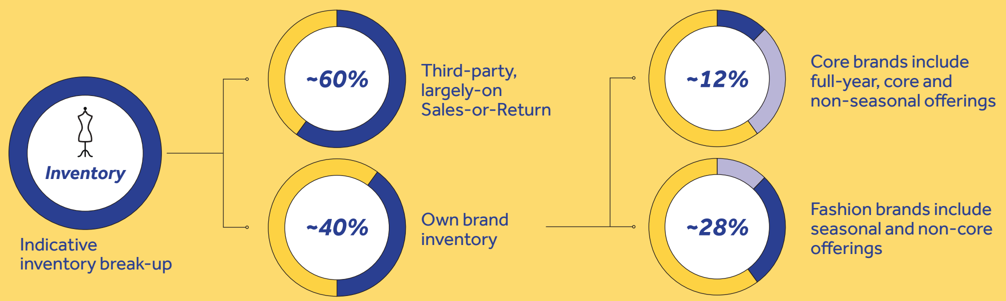
FASHION FORWARD – OUR PLAN OF ACTION

OVER THE NEXT THREE YEARS, WE ENVISION DOUBLE-DIGIT GROWTH IN REVENUE BACKED BY SAME STORE GROWTH COUPLED WITH EBITDA MARGIN EXPANSION. THIS IS EXPECTED TO LEAD TO REASONABLE ROCE EXPANSION AS WELL...



... THESE BROAD-BASED IMPROVEMENTS WILL BE DRIVEN BY THREE KEY ENABLERS: RETAIL EXPANSION, SUPPLY CHAIN TRANSFORMATION AND DATA-DRIVEN RETAILING.

CURRENT STRATEGIC INTERVENTIONS	GROWTH STRATEGY
• Right stores at the right locations • Aggressive third-party distribution growth • Revamped philosophy of power brands with a customised roadmap	• Enlarge geographic network • Enter new brands and categories • Increase share of own brands • Improve assortment and merchandise • Optimise price points
• Advanced planning and forecasting module • Optimised utilisation of resources and reduced operating cost • Robust IT architecture support spanning POS systems, operations, Customer Relationship Management, warehouse management, financials, assortment planning, loyalty program and business intelligence and analytics • Optimised inventory for both own and third-party brands	• Sustain operational efficiency • Add value with focussed investments in IT • Leverage the supply chain expertise of the Group • Attract and retain the best talent to build a dynamic organisation
• Future Group's PAYBACK loyalty program is a reward points-based platform to track purchase behaviour and customise marketing campaigns **4.5 million users in Central** **2.2 million users in Brand Factory** • Future Pay Wallet is a convenient and secure digital wallet for shopping across all Future Group outlets with cashback benefits **6 million Future Pay users** **3x multiplier effect on cashback**	• Strengthen customer engagement by leveraging data analytics



KEY PERFORMANCE INDICATORS*

REVENUE FROM OPERATIONS

₹ in crore

2017-18	4,498
2016-17	3,877
2015-16	3,300
2014-15	3,314

EBITDA

₹ in crore

2017-18	443
2016-17	364
2015-16	331
2014-15	338

NET PROFIT

₹ in crore

2017-18	127
2016-17	45
2015-16	29
2014-15	19

ROCE

%

2017-18	12
2016-17	8
2015-16	7
2014-15	7

DIVIDEND PAY-OUT

%

2017-18	60
2016-17	40
2015-16	20
2014-15	20

EARNINGS PER SHARE

₹

2017-18	6.6
2016-17	2.4
2015-16	1.6
2014-15	1.1

NET DEBT

₹ in crore

2017-18	690
2016-17	653
2015-16	1,126
2014-15	1,185

NET DEBT/EBITDA

2017-18	1.6
2016-17	1.8
2015-16	3.4
2014-15	3.5

NET WORKING CAPITAL DAYS

Days

2017-18	56
2016-17	52
2015-16	68
2014-15	70

INVENTORY DAYS

Days

2017-18	119
2016-17	140
2015-16	142
2014-15	135

*All figures mentioned above are based on Consolidated Financial Statements. Numbers for FY 2016-17, FY 2015-16 and FY 2014-15 are as per Indian GAAP.

COMPARABLE FINANCIALS: 2016-17 AND 2017-18

(₹ in crore)

Particulars	2017-18 (Ind AS)	2016-17 (Indian GAAP)
Revenue	4,532.3	3,883.7
EBITDA	442.8	363.8
PAT	127.1	45.0
Basic EPS (₹/share)	6.63	2.37

- For better comparison with LY 2016-17, please refer to the table above
- EPS has grown y-o-y by 179.7%
- Refer to the table below for Ind AS adjustments

Ind AS Adjustments

(₹ in crore)

Particulars	2016-2017
Profit after tax as reported under previous GAAP	45.0
Add/(Less): Impact of Ind AS adjustments	
Impact on depreciation expenses and loss on sale/discard of PPE	132.5
Measurement of borrowing at amortised cost	(0.2)
Loss of previously unconsolidated Associates and Joint Ventures	(30.9)
Discounting of interest free rent deposits	(3.4)
Measurement of derivative at fair value	0.6
Recognition of Finance Cost on Liability portion of compound financial instrument	(2.0)
Actuarial gains/ losses on defined benefit obligation (net of tax)	(0.3)
Other adjustments	23.9
Effect of deferred tax on Ind AS adjustments	(89.0)
Profit or loss under Ind AS	**76.1**
Other comprehensive income under Ind AS, net of tax	0.3
Total comprehensive income under Ind AS	**76.4**

Summarised representation of Ind AS Adjustments

*CI: Comprehensive income

Employee stock option cost at fair value

- Under the previous GAAP, the cost of equity-settled employee share-based plan was recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date

Fair valuation of property, plant and equipment

- In accordance with Ind AS 101, the Company has elected to measure certain items of property, plant and equipment (PPE) at fair value as at transition date of April 1, 2016. These fair values are considered as deemed cost. All other assets are measured as per Ind AS 16. Depreciation is calculated on deemed cost effective from transition date

Actuarial gain or loss on defined benefit obligation under OCI

- Under Ind AS, actuarial gains and losses on re-measurements of defined benefit obligation are recognised in Other Comprehensive Income instead of Statement of Profit and Loss. Consequential tax impact is also recognised in other comprehensive income

Discounting of interest free rent deposit

- Under the previous GAAP, interest-free lease security deposits are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value on initial recognition. Accordingly, the Company has measured these deposits at fair value as at initial recognition. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent as at initial recognition. Subsequently, security deposit is measured at amortised by recognising interest income and prepaid rent is amortised as rent expenses

Measurement of borrowing at amortised cost

- Under previous GAAP, interest expense was recognised based on contractual rate and expenses directly attributable for fund raising has been charged off in statement of Profit and Loss when incurred. Under Ind AS, effective interest rate method is used to recognise interest expenses and for calculation of amortised cost of borrowing

Numbers for FY 2016-17 are as per Indian GAAP.

Standalone FY 2016-17 And FY 2017-18 Reconciliation

- Lee Cooper was carved out from FLFL on March 28, 2017
- Table 1 Illustrates 2017-18 numbers without Lee Cooper, However, 2016-17 numbers include Lee Cooper as it was part of FLFL
- Table 2 Illustrates 2017-18 and 2016-17 numbers with Lee Cooper
- For an appropriate comparison with respect to 2016-17, Table 2 needs to be referred, as in 2016-17 Lee Cooper was part of FLFL and this year it's not part of Standalone FLFL (refer Table 1)

Table 1

(₹ in crore)

Standalone	2017-18	2016-17	% YOY
Sale of Products	4,516.4	4,029.1	
Less: VAT, Sales Tax, GST	387.0	228.6	
Net Sales	**4,129.4**	**3,800.4**	**8.7%**
Other Operating Revenue	89.8	76.6	
Revenue from Operations	**4,219.2**	**3,877.1**	**8.8%**

Table 2

(₹ in crore)

Standalone + Lee Cooper	2017-18	2016-17	% YOY
Sale of Products	4,823.0	4,029.1	
Less: VAT, Sales Tax, GST	414.5	228.6	
Net Sales	**4,408.5**	**3,800.4**	**16.0%**
Other Operating Revenue	89.8	76.6	
Revenue from Operations	**4,498.2**	**3,877.1**	**16.0%**

Growth Adjusted for Tax rate changes

- Due to introduction of GST the weighted average tax rate applicable for 2017-18 is ~8%, however pre-GST tax rate was ~6%
- For appropriate comparison wrt LY ie 2016-17, if similar pre-GST rates are applied, it results in adjusted revenue growth of 19.3% over 2016-17

CUSTOMER ENGAGEMENT AND MARKETING INITIATIVES

CUSTOMER ENGAGEMENT

There are two aspects to our customer engagement approach: tactical and strategic. On the tactical front, we hosted a variety of shopping events that boosted sales. In strategic measures, we announced the launch of new stores with several activations, collaborated with Bajaj Finance to offer easy loans to customers and promoted mobile payment options, including Future Group's own wallet, Future Pay.

MARKETING INITIATIVES

Some of our marquee marketing campaigns in FY 2017-18 are listed below.

Lee Cooper and aLL

ORIGINAL BRITISH DENIM

Lee Cooper has led the fashion evolution in the country. To maintain this position by driving a stronger connect with Young India, we adopted a `Digital First' marketing approach with PR collaborations with youth icons and bloggers.

We created a campaign - #SwaggySelfieSale - to celebrate World Selfie Day, offering a one-day discount of 60% on two garments to customers who had registered online and clicked a selfie at our stores. We received an overwhelming 10,000 registrations in response.

With the #MasterofDenim campaign we built a unique partnership between eminent fashion bloggers and dancers to assert the value of denim. Following its huge success, we renewed the initiative for a second season.

the plus size store

aLL, our plus-size brand, spread the message of positivity through TV ads, fashion shows and unique live auctions. The brand burst into Indian consciousness in FY 2017-18 by running its first television campaign.

It also hosted the plus-size fashion show at the coveted Lakme Fashion Week, which has become a tent pole marketing activity for the brand. We collaborated with ace designer Wendell Rodricks to create `aLL PRIMERO' line, which was launched at the Fashion Week and later retailed in aLL exclusive outlets and online stores. Femina Magazine rated aLL's show among the `Top 10 shows to watch out for at Lakme Fashion Week'.

India's first live fashion brand auction was also organised during the year, in which 15,000 people participated and each runway piece was aggressively bid for.

Other brands

Among other brand initiatives we launched were: #ADateWithScullers, #ScullersSMAAASH and #GoodTimesWithMom campaigns for Scullers; #CreativeNation and #JoinIndigoNation for Indigo Nation; #YourBestValentine, #ShoutOutForJustin and #WhenMomWas21 for Jealous 21; #WearItWithAnything for Converse; #YogaWithMom and #CaughtInCotton for Urban Yoga; #SuperMom and #UMMingstyle for UMM; and the Bare Blogger event for Bare casuals.

Retail formats

CENTRAL
BRAND.NEW

Our Central stores hosted `Free Shopping' events inlvoving a wide range of promotional campaigns and attractive discounts. During the three-day event, 15,823 transactions were recorded with an average transaction size of more than ₹6,000. We leveraged social media to drive customer interest for our new `Summer Signature Fashion' collection, reaching 8.8 million Instagram users.

Other key Central in-store and digital activations include: `Shorts for Nothing' to help establish shorts as an indispensable summer purchase; #SuperFashionableWomen campaign on International Women's Day; and offers on Valentine's Day with appealing prizes (including a trip to Paris).

BRAND FACTORY
BEST BRANDS • SMART PRICES

A unique ticketed shopping event was organised at Brand Factory stores. We issued two kinds of passes to customers - classic passes could be availed at ₹150 to enter the store 11 am onwards, while premium pass members could get early access to the store at 8 am, paying a price of ₹250. The weekend event was met with overwhelming response, as we reached 2 crore unique Facebook users and sold more than 3 million merchandise, clocking in two months' worth of sales in only five days.

For Brand Factory's launch in Bengaluru, we invited popular performance artist Abish Matthew to be the face of our #BengaluruGetsGreedy campaign. The unique concept encouraged customers to `beat' each other's `greed'. The store received an extraordinary sales response, with the campaign reaching 3.5 million social media users. Similarly, the launch of our stores in Kolkata and Guwahati was digitally promoted through social media and celebrity meet-and-greets.

OPERATIONAL PERFORMANCE

The Company continued the momentum shown in FY 2016-17 to become one of the most profitable branded fashion retailers in India. We expanded our network to become a national player. During FY 2017-18, we opened 8 Central stores and 11 Brand Factory outlets, adding ~1 mn sq ft of retail space, taking our overall presence to ~5.7 mn sq. ft. At 12%, we delivered another year of double-digit same stores sales growth. Other key operational parameters also showed consistent growth over the year.

SAME STORE SALES GROWTH

%

2017-18	12
2016-17	18
2015-16	10

CUSTOMER WALK-INS

lakh

2017-18	555
2016-17	514
2015-16	470

CONVERSION RATE

%

2017-18	31
2016-17	28
2015-16	26

ZONE-WISE SHARE OF TOTAL REVENUE FROM RETAIL

NORTH

%

2017-18	10
2014-15	6

EAST

%

2017-18	12
2014-15	7

WEST

%

2017-18	36
2014-15	40

SOUTH

%

2017-18	42
2014-15	47

At VM&RD Retail Design Awards 2018, Central (for its various outlets) received the Gold award in the 'Department Store' category, and Merit awards in the categories of 'Best Window Display', 'Tech and Digital Experience' and 'Department Store'.

Outlook: We will continue to consolidate our position in cities where we have a strong presence, while expanding to newer ones in a planned and profitable manner. As customers' fashion lifecycles evolve and they adopt new and experimental fashion at a rapid pace, Central continues to upgrade its fashion quotient by introducing the latest brands and curating new categories. New and frequent additions help us enhance the store value and experience, attract new customers and upgrade the value chain.

CUSTOMER WALK-INS & CONVERSION RATE - CENTRAL

WALK-INS

lakh

2017-18	343
2016-17	329
2015-16	327

CONVERSION

%

2017-18	27
2016-17	24
2015-16	21

As a part of our online-to-offline strategy, we conducted India's first ticketed shopping event. It received an overwhelming response as we recorded more than 12 times the sales of a regular day. This event garnered Brand Factory the award for the `Most Effective Marketing and Promotions Campaign' for the second year in a row at the Images Fashion Awards 2018. Other initiatives such as 'Rock Bottom Fridays' and 'Big Bag Sale', among others, helped attract and retain a large consumer base.

Outlook: Brand Factory will host an exclusive range of products, reinforcing its unique proposition. Our average store size will also go up to 30,000 sq ft.

CUSTOMER WALK-INS & CONVERSION RATE - BRAND FACTORY

WALK-INS

lakh

2017-18	201
2016-17	163
2015-16	119

CONVERSION

%

2017-18	36
2016-17	35
2015-16	34

Power brands

FY 2017-18 saw our power brands undergo major transformation. We took some important decisions to close loss-making EBOs and standardise the sourcing, while leveraging the wider vendor base of Future Group. Multiple review meetings were held, and product range selection processes were made more stringent. We collaborated with a design team from London to prepare the Autumn/Winter 2018 range and sharpened our price points further.

Outlook: Our major focus areas will be product quality (with standardised sourcing and vendor upgradation), share of full price sales (with a comprehensive pricing strategy), liquidation of old inventory stocks and participation in trade fairs to showcase the forthcoming season's collection.

OUR BRANDS AT A GLANCE

POWER BRANDS

AT FLF, WE HOUSE LEADING DOMESTIC AND FOREIGN BRANDS ACROSS MEN'S, WOMEN'S AND KID'S WEAR; FOOTWEAR AND ACCESSORIES. WHILE MANY OF THESE BRANDS WERE FASHIONED BY US OVER THE PAST DECADE, WE ALSO HAVE EXCLUSIVE LICENCES FROM MULTINATIONAL ENTITIES AND JOINT VENTURES WITH GLOBAL BRANDS.

ORIGINAL BRITISH DENIM

A global name in denim-wear with 110 years of rich history recognised for its durability and superior craftmanship. Made for the young urbanites of today, Lee Cooper adopts the latest technology to make available fashion that is best in its class. The 'Digital First' marketing approach, particularly collaborations with social icons and online bloggers, has helped the brand reach out to the youth in India, with footwear being added from FY 2018-19 to the apparel portfolio, Lee Cooper is poised to become one of the biggest denim lifestyle brands in India in the coming years.

INDIGO NATION

An unparalleled range of office-wear, club-wear and weekend-wear for the energetic and fashion-conscious young men. Indigo Nation deploys style that is young, edgy and unconventional, characteristic of those who call themselves 'Gen Z'.

aLL the plus size store

The brand upholds freedom in fashion by addressing plus-sized individual's needs. aLL houses everything from apparel to accessories, with 66 standalone stores and 36 shop-in-shops, at Central stores across India. aLL also provides customers with the convenience of shopping from home through the ecommerce platform www.all.in. Hosting Plus Size Fashion show at the coveted Lakme Fashion Week has become a tent pole marketing activity for aLL, and Femina Magazine listed aLL's show among the 'Top 10 shows to watch out for at Lakme Fashion Week'.

BARE CASUALS

Bare is the largest clothing brand under FLF, with a comprehensive leisure-wear collection offering something for every age group. A 25-year young brand, with its iconic denim range caters to young men and women. Bare leisure outfits matured men with a wide range of casual cotton shirts, linen cotton shirts, chinos and shorts. Bare 7214 is for kids and teens, offering casual top, t-shirts, denims, dresses and seasonal products.

SCULLERS

Inspired by the elegant and sophisticated yet casual and dynamic, the brand stands out for its timeless fashion collection and assured sense of style, suited to the easy-going urbanites. Scullers is best known for the legendary Chinos for men. It incorporates an Indo-western feel in womenswear, which is evident in its trendy corporate attire as well as premium casual wear. On the other end of the spectrum, Scullers Teens offers a range of smart casual clothing for children from 10 to 14 years.

JEALOUS 21

A denim lifestyle brand for young girls. The Jealous 21 brand revolutionised the jeans market for women by launching the unique hip fit jeans that fits every body type of Indian women. It introduced a unique concept of three hip sizes for every waist sizes.

JOHN MILLER

FLF's flagship brand in menswear, offering everyday solutions in corporate-wear, John Miller blends a clever mix of conformity and distinctiveness to create edgy fashion for the workplace, making success look easy and inevitable. In line with the more relaxed work culture seen nowadays, it also has a range of relaxed office wear, John Miller Hangout.

SPORTS BRANDS

CONVERSE

Converse is an authentic street style performance brand which exists to serve the daring spirit of youth. Acknowledged as 'America's Original Sports Company'™ and associated with legendary shoes such as the Chuck Taylor All-Stars® shoe, the Jack Purcell® shoe and the One Star® shoe, the brand offers premium lifestyle men's and women's footwear and apparel. FLF holds an exclusive licence for Converse in India.

umbro

Originally based in Manchester, the football brand specialises in sportswear. Umbro, since 1924, makes use of English tailoring and the principle of 'if you look smart, you play smart' to create high quality sportswear.

Champion
HOW YOU PLAY

A leading American athletic apparel brand, Champion is exclusively licenced in India to FLF. Since 1919, Champion has broken traditions with sweatshirts, sweatpants, t-shirts and athletic shorts that follow the latest in performance fabrics, designs and styles.

RIG
UTILITY CLOTHING

Unique in style and attitude, the brand specialises in functional fashion for men, women and kids. RIG salutes the curiosity to discover that exists within all of us, and to explore the unknown around the bend. As an adventure-wear brand, its clothing is unique in style and projects a different attitude, be it denims or formal wear.

URBAN YOGA

Offering a broad range of apparel and accessories that compliments the active lifestyle of yoga artists, the spiritual fitness-wear brand endeavours to reflect the Indian values of inner peace and balance. It is for people who believe in the spirit of yoga, seek happiness in everything they do, and therefore, have a more fulfilling and fashionable lifestyle.

EMERGING BRANDS

UMM
underground music movement
- ITALY -

An Italian brand named after the music label 'Underground Music Movement', it is one of the most popular casual-wear brands. 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.

LOMBARD

Lombard attempts to relook at the context of power from a more Indian lens – non-coercive, inclusive and non-authoritarian. Lombard offers a wide linen collection to those with this 'real power' – leaders who are grounded and culturally rooted. Much like these true leaders, the brand celebrates the spirit of linen – Ease, Comfort and Power offering premium 100% linen, linen blend shirts, kurta, trousers, waistcoats and jackets.

CERIZ

Be it bold, spontaneous, powerful, sensuous or passionate, this women's footwear brand improves every outfit. Eternally new and fresh, and effortlessly glamorous, Ceriz echoes every woman's signature style. The Ceriz woman is Indian and global, stylish and sensible, high fashion and street. And the brand gives her sophisticated and fashionable footwear.

URBANA
THE SMART SHIRT

For connoisseurs who like to settle for nothing less, the choice, quite unmistakably, is Urbana, the smart shirt. Meticulously tailored, distinctively styled and thoughtfully innovated. Made by people who are obsessed by craftsmanship and with eye for the finer details, each garment is designed to take you by surprise.

INVESTEE BRANDS

MINERAL

Created by Priyadarshini Rao for the evolving tastes of postmodern women, the Brand's fusion of Indian fabrics within a western construct sets it apart from the rest. Mineral aims to change the norm in Indian western wear for women. The clothes are stylishly designed with a bohemian chic, using wonderful fabrics in a way that appears natural.

COVERSTORY

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

Alice&Mae

The brand handcrafts invaluable apparels and accessories for for the contemporary bride. We introduced Alice and Mae exclusively in our Brand Factory stores.

ancestry

STORIES RETOLD

Launched under the aegis of the Future Style Lab, the brand designs fashion solutions for the millennial customer. It will be launched across the country.

Clarks

SHOEMAKERS SINCE 1825

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

trèsmode
STYLE STORIES

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

TURTLE

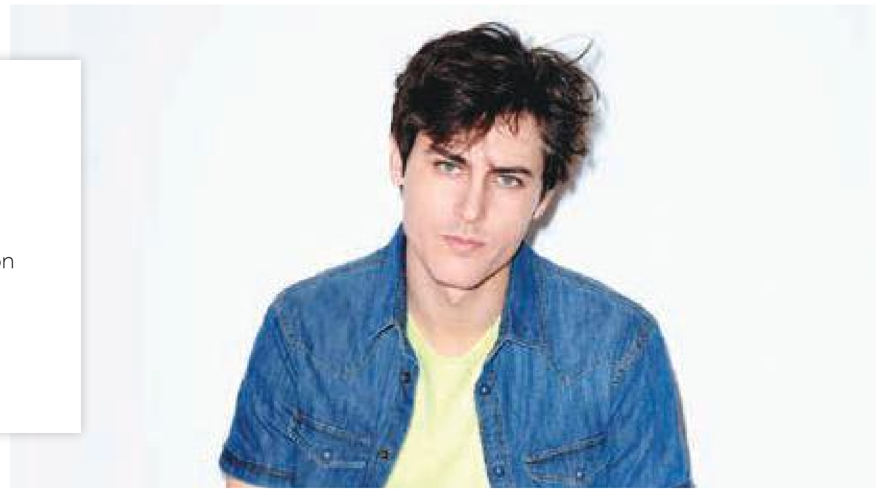
A leading menswear apparel-maker, favourite among trendsetters.

GIOVANI

A quintessential suits and jackets brand that refuses to be 'Jacketed'. Giovani eases the layer of formal rituals around the suit and allows one's true self to manifest. It is for the man who straddles many roles and celebrates each of them with ease.

SPUNK

A homegrown offering, the brand specialises in uniquely designed footwear and accessories.



celio*

A French brand with a wide selection of casual-wear and denim-wear.

mother earth
Looking Good...Doing Good

Sourcing traditionally handcrafted fashion and home décor products from artisans across the country, it is India's first 'green and sustainable' brand.

OUR RETAIL FORMATS AT A GLANCE

INDIA'S NEW-AGE CONSUMER IS MOVING FROM PRODUCTS AND BRANDS TO EXPERIENCE CONVENIENCE-LED SHOPPING. OUR RETAIL STORES LIGHT THE WAY FORWARD FOR TODAY'S FASHION-CONSCIOUS INDIVIDUALS. WE OFFER PRODUCTS AND SERVICES THROUGH TWO RETAIL CHAINS: CENTRAL AND BRAND FACTORY.

CENTRAL BRAND.NEW

Central delivers a 'complete shopping experience'. Its multipronged approach consists of a wide range of premium brand offerings upgraded ambience and sustained freshness quotient.

REACH

~3.7 mn sq ft

RETAIL SPACE

~1,00,000 sq ft

AVERAGE STORE SIZE

25

CITIES

40

STORES

500+

BRANDS

~34 mn

CUSTOMER VISITS EVERY YEAR

KEY ADVANTAGES

- Valet parking
- Golf cart pick-up and drop services
- Central 'buddies' and ushers
- Product reservation service
- Complimentary Wi-Fi
- Fashion stylist service (by appointment)
- Fashion attendants
- WhatsApp shopping facility
- Luxury billing
- Dedicated baby care room
- Central privilege for frequent shoppers

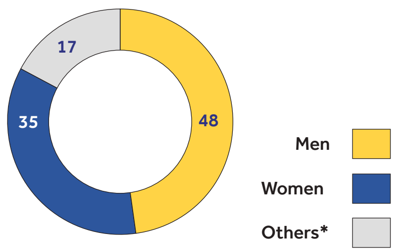
LEADERSHIP INSIGHT

In FY 2017-18, more than 30 mn customers visited Central stores, with loyal shoppers contributing 70% to the total business. We added Central's high-definition shopping experience to customers in Andhra Pradesh, Maharashtra, West Bengal and Assam, receiving overwhelming response for the same. Besides opening new stores, Central continues to consolidate its position in key cities.

Central remains the most preferred fashion destination for the evolving Indian consumer. We consistently upgrade Central's fashion quotient by introducing latest brands and curating new categories. New additions will help Central enhance customer lifetime value, attract new ones and upgrade the entire value chain.

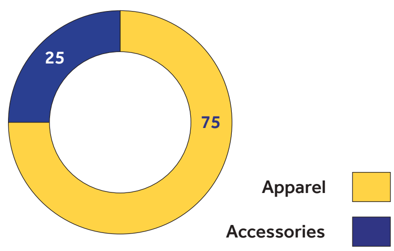
OFFERINGS

(%)



*includes kids, sports equipment and home care, etc.

(%)



OUR RETAIL FORMATS AT A GLANCE (CONTD.)

BRAND FACTORY
BEST BRANDS • SMART PRICES

Brand Factory was established as a budget family shopping destination to help the aspirational customer bridge the gap between branded apparel and accessories. It delivers a richer customer experience vis-à-vis factory outlets. The off-price retailer particularly attracts value-seeking suburban families and the 'brand conscious' aspirational youth. Campaigns run by Brand Factory have seen unparalleled levels of customer reception for their value proposition.

REACH

~1.8 mn sq ft
RETAIL SPACE

~30,000 sq ft
AVERAGE STORE SIZE

26
CITIES

63
STORES

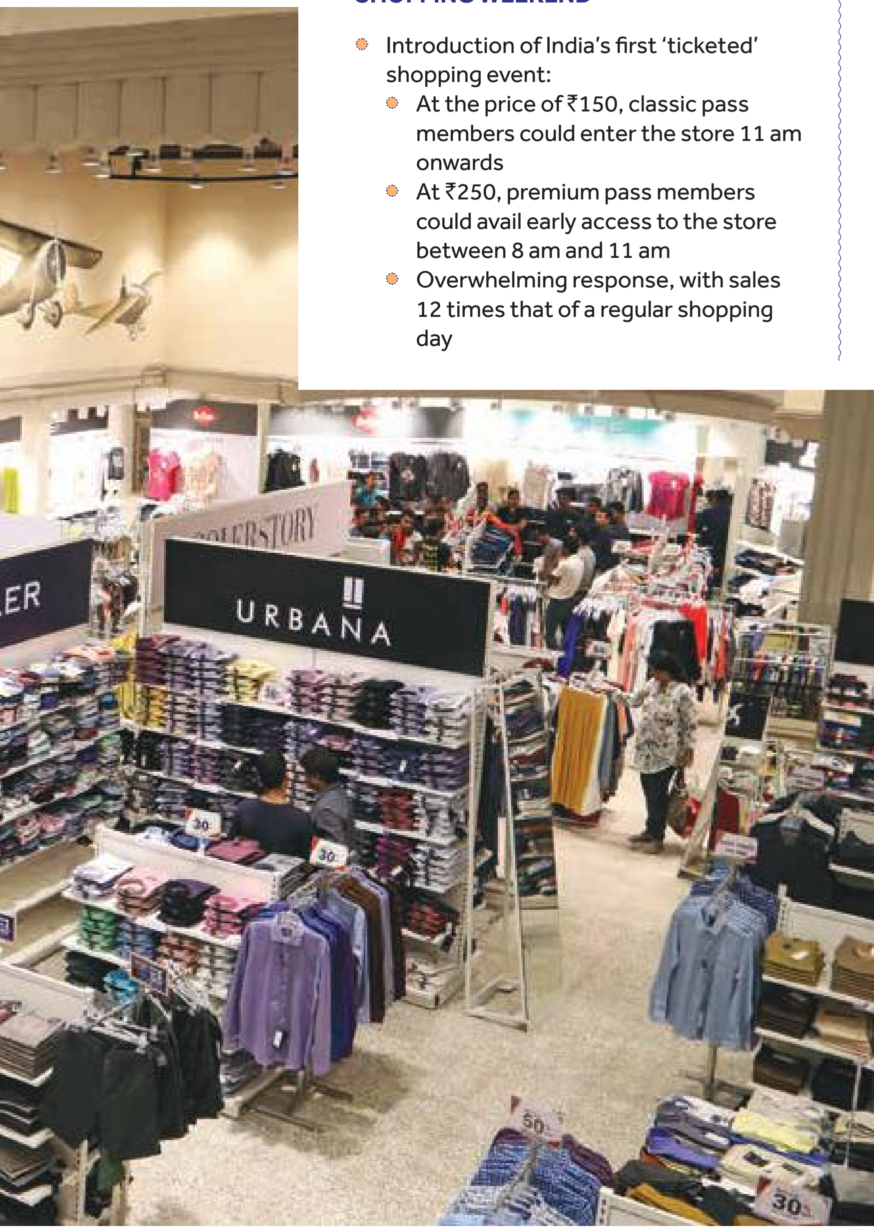
~ 20 mn
CUSTOMER VISITS EVERY YEAR

KEY ADVANTAGES

- Unmatched growth potential
- Availability of popular and aspirational brands
- 20-70% discounts on 200+ brands for men, women and kids throughout the year

HIGHLIGHTS OF FREE SHOPPING WEEKEND

- Introduction of India's first 'ticketed' shopping event:
  - At the price of ₹150, classic pass members could enter the store 11 am onwards
  - At ₹250, premium pass members could avail early access to the store between 8 am and 11 am
  - Overwhelming response, with sales 12 times that of a regular shopping day



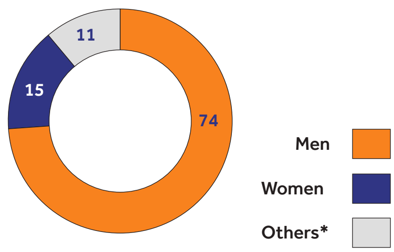
LEADERSHIP INSIGHT

Brand Factory sharpened its learning in the art and science of discount retailing in FY 2017-18. We were able to break through the clutter with promos like paid Free Shopping Weekend (FSW), Rock Bottom Fridays (RBF), Big Bag Sale among others. We were welcomed in newer cities like Bhuj, Surat, Calicut and Aurangabad. We believe that our journey into Discount Retail has only begun. We are on path towards an agressive Brand Factory rollout strategy, which will double our footprint in the near future.

Besides attracting young aspirational consumers, Brand Factory provides a controlled environment to brands for liquidating their stocks without disturbing other profitable distribution channels. With a select range of exclusive products from brands, we are able to provide the latest in fashion at a discounted price – a unique proposition in itself. Going forward, we plan to expand our focus to other categories such as ladieswear, kidswear, suits and blazers, footwear, luggage, backpacks, accessories, sunglasses and sportswear.

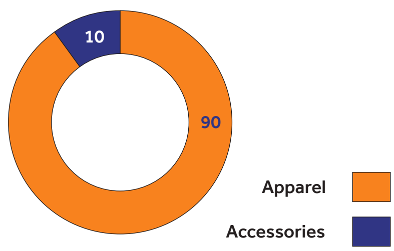
OFFERINGS

(%)



*includes kids, sports equipment etc.

(%)



5 YEAR FINANCIAL SUMMARY

KEY HIGHLIGHTS OF STANDALONE FINANCIAL POSITION

(₹ in crore)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Share Capital	30.89	37.24	37.92	38.00	38.08
Reserves & Surplus*	1,260.43	1,532.48	1,585.32	1,635.04	1,355.80
Net Worth*	1,291.33	1,569.72	1,623.24	1,673.04	1,393.88
Total Borrowings	1,355.78	1,274.40	1,140.54	682.37	722.50
Capital Employed	2,647.10	2,844.12	2,763.78	2,355.41	2,116.38
Net Block	1,149.85	1,301.90	1,242.77	1,274.36	900.32
Investments	378.53	343.69	375.43	43.32	50.17
Inventory	1,023.97	1,173.17	1,305.00	1,418.01	1,452.16

*It includes reserves created pursuant to the Composite scheme of Arrangement and Amalgamation.

KEY HIGHLIGHTS OF FINANCIAL RESULTS

(₹ in crore)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Sales & Operating Income	2,743.98	3,134.09	3,300.19	3,877.07	4,219.15
Total Income	3,075.70	3,155.83	3,316.68	3,883.70	4,252.45
COGS	1,697.03	1,919.37	2,045.55	2,445.22	2,650.72
PBDIT	588.07	351.90	341.64	364.58	399.62
Interest	162.95	158.33	135.25	117.21	94.72
Depreciation	385.19	170.09	161.42	186.91	149.33
Profit Before Tax	34.25	23.48	44.98	60.18	155.57
Profit After Tax	23.29	18.55	29.47	45.67	110.51

KEY FINANCIAL RATIOS

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
COGS / Sales & Operating Income (%)	61.85%	61.24%	61.98%	63.07%	62.83%
Interest / Total Income (%)	5.30%	5.02%	4.08%	3.02%	2.23%
PBDIT/ Interest (Debt-Service Ratio)	3.61	2.22	2.53	3.11	4.22
PBDIT / Total Income (%)	19.12%	11.15%	10.30%	9.39%	9.40%
PBT / Total Income (%)	1.11%	0.74%	1.36%	1.55%	3.66%
PAT / Total Income (%)	0.76%	0.59%	0.89%	1.18%	2.60%
Basic EPS (₹)	1.51	1.07	1.55	2.41	5.94
Debt Equity Ratio	1.05	0.81	0.70	0.41	0.52

Note: FY 2013-14, FY 2014-15, FY 2015-16 and FY 2016-17 are as per Indian GAAP.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Shailesh Haribhakti
Chairperson and Independent Director

Ms. Sharda Agarwal
Independent Director

Dr. Darlie Koshy
Independent Director

Mr. Bijou Kurien
Independent Director

Mr. Kishore Biyani
Managing Director

Mr. Ravinder Singh Thakran
Additional Director

Mr. Rakesh Biyani
Non-Executive Director

Mr. Chandra Prakash Toshniwal
Non-Executive Director

Ms. Avni Biyani
Non-Executive Director

CHIEF FINANCIAL OFFICER

Mr. Kaleeswaran Arunachalam

STATUTORY AUDITOR

NGS & Co. LLP

INTERNAL AUDITOR

Ernst & Young LLP

REGISTERED OFFICE AND CORPORATE 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
Website: www.futurelifestyle.in

COMPANY SECRETARY

Mr. Sanjay Kumar Mutha

INTEGRATED REPORTING ASSURANCE*

Deloitte Haskins & Sells LLP

BANKERS

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

SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-101, 247 Park, L B S Marg,
Vikhroli (West), Mumbai – 400 083
Tel: +91 22 4918 6270,
Fax: +91 22 4918 6060
Website: www.linkintime.co.in

*Limited assurance on specific Key Performance Indicators (KPIs)

MANAGEMENT DISCUSSION AND ANALYSIS

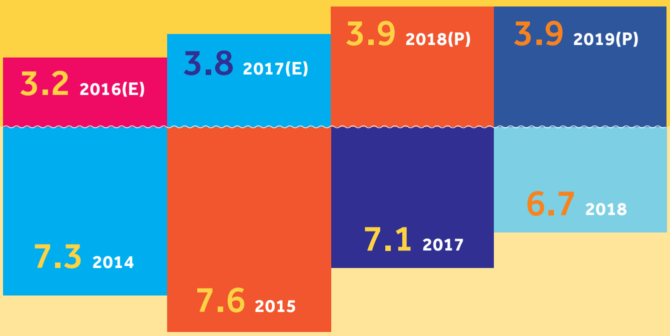
Economic overview

GLOBAL

The world economy remains on the path of revival after recent years of slower activity. Global GDP is estimated to have grown at the rate of 3.8% in 2017, a 60 bps rise over the previous year and the fastest since 2011. The growth was a result of strong recovery in investments and broad-based improvements in trade. The momentum was led by emerging economies in Asia and this trend is forecasted to continue. Europe witnessed modest upswing in economic activity and several commodity-exporting countries also picked up pace.

International Monetary Fund projects this movement in growth will persist in the short term, supported by positive market sentiments, accommodative financial conditions and domestic and international repercussions of an expansionary fiscal policy in the US. Going forward, the advanced economies are expected to grow above their potential in the near-term and taper in the medium-term once the gaps in output are bridged. Growth in emerging Asian markets is likely to continue to gain ground and prospects therein remain favourable.

GLOBAL GROWTH (GDP) TREND (%)
Source: International Monetary Fund | E: Estimate | P: Projection



INDIA'S GDP GROWTH (%)
Source: Central Statistics Office

INDIA

Registering an overall growth rate of 6.7% in FY 2017-18, the Indian economy assumed pace on its road to recovery, following a brief interruption in activity caused by significant structural reforms in the previous year. This was further validated when the nation reclaimed its status as the fastest-growing economy in the world, in the fourth quarter. India also overtook the advanced economy of France, to become the sixth-largest economy globally, with a GDP of $2.597 trillion.

As India continues to accelerate ahead of its peers, the country's economic fundamentals too show signs of improvement. Consumer Price Inflation (CPI) was contained at 3.6% during the year, a 90 bps reduction in comparison with FY 2016-17. At the same time, Index of Industrial Production (IIP) peaked to 4.3% and eight key sectors rose to 3.4% year-on-year in FY 2017-18, with cement, coal and electricity registering growth of 13%, 9% and 6% respectively. On the foreign exchange front, India's reserves crossed $420 billion.

The country's growth is driven by private consumption, which contributes to ~60% of the GDP. The Government is emphasising on boosting domestic consumption through higher spending on social programs, raising the minimum support prices for agricultural produce, and so on. This has facilitated rising disposable incomes among the working population. Additionally, India's macroeconomic indicators also received a boost due to adequate and timely monsoon in the last two years.

With the objective of advancing the nation's growth prospects and calibrating the system, the Government sustained its efforts towards implementing structural changes. Key legislations like the Goods and Services Tax (GST), the electronic waybill, the Insolvency and Bankruptcy Code (IBC) and the Real Estate Regulatory Authority (RERA) bill, among others, have brought about a major economic overhaul. Such measures have helped in greater economic formalisation, and going forward, further positive effects are expected to materialise from them.

Since half of its population is below the age of 25 and two-thirds below the age of 35, India benefits from an exceptional demographic dividend. This strength stands fortified by several budgetary and policy interventions by the Government that are focused on education, social infrastructure and healthcare.

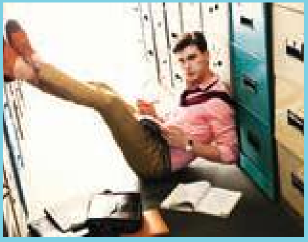
The economy's growth rate is expected to touch 7.4% in FY 2018-19, reinforced by the continued implementation of policy measures and strong consumption levels. Government spending too will likely be a driving factor, as the Union Budget has earmarked large infrastructure and development funds to ensure inclusive growth. With banking reforms and supportive domestic and foreign investment policies, private investment is also expected to pick up. In terms of exports, the strengthening global economy is forecasted to bring more trade to India, and during FY 2018-19, the country's exports are expected to cross the $350 billion mark.

Trends in the Fashion Industry

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

9% CAGR expected for the next 10 years

Men's denims, activewear and t-shirts post double-digit growth across bars



Region wise Distribution of Apparel Market
23% of the market contribution by market cities such as Delhi/NCR, Mumbai, Bengaluru, Chennai

54% of low and economy price segments of apparel market in rural areas

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

9.9% CAGR expected for the next 10 years

More than 66% of women's apparel is ethnic wear and casuals. Innerwear and denims are witnessing double-digit growth

Price Segmentation of Apparel Market
The apparel market can be broadly divided into super premium, premium, medium, economy and low price segments

29% of the apparel market is captured by the medium price segment and 28% by the economy segment

INDIAN RETAIL

India's retail landscape is undergoing a transformative shift, moving from unorganised to organised. Supported by factors such as increasing brand consciousness, better disposable incomes, rising aspirations and availability of quality products have given a strong impetus for the Indian consumer to explore organised mediums of retail, across categories. This shift is most evident in fashion, where Indian youth have championed the move to formal and more established players.

The increasing use of technology is another aspect that has brought brands and aspirational products closer to the target audience. To keep up with the dynamic pace of the retail industry and stay ahead, companies now deploy big data analytics, app-based shopping, ERP systems for efficiency improvements and social media engagement platforms. Investment in technology has thus become critical to an organisation's success in the retail arena.

Outlook: Domestic consumption forms a major part of India's economy, with retail contributing 50%. As a whole, retail accounts for 10% of the country's GDP and engages 8% of its total workforce. Driven by growing disposable and domestic incomes, India's retail industry is the fifth largest in the world and is expected to reach $1.1 trillion by 2020.

At present, the Indian organised retail sector is valued at $60 billion. It is expected to form one-tenth of the overall retail segment by 2020. Organised brick-and-mortar is forecasted to deliver a CAGR of 21 to 22% until 2020.

The Indian Fashion Retail Market

$46 bn	$115 bn	9.7%
2016	*2026E*	*CAGR*

MENSWEAR

$19 bn	$46 bn	9.0%
2016	*2026E*	*CAGR*

WOMENSWEAR

$18 bn	$44 bn	10%
2016	*2026E*	*CAGR*

GLOBAL FASHION

McKinsey & Company's 'The State of Fashion' report estimates that global fashion, over the course of the past decade, has grown at 5.5% to become a $2.4 trillion industry. Currently, the menswear industry is valued at $402 billion and womenswear at $621 billion.

During the last 10 years, fashion brands and companies have initiated an overhaul of the fashion industry by introducing fast fashion and affordable luxury, and integrating sustainable practices in the design and manufacturing processes.

In line with the movement within the industry, consumer groups have also evolved. Fashion consumers today are more discerning in their choices, while becoming less predictable in terms of purchasing behaviour. This is aided and enabled by a larger technological reach and greater exposure to wider trends; the shift is not limited to advanced economies.

INDIAN FASHION

A globally-observed phenomenon reveals that when a country's per capita GDP approaches ~$2,000, its fashion industry sees an exponential growth – to double or triple the current industry size. India's per capita GDP is moving towards $2,000 and is expected to rise in the coming years. Thus, India's fashion industry is at an interesting point.

India's consumption story is being shaped by a growing middle-class, whose level of affluence is on a steady rise. As an economic class, middle-income groups and their sub-segments are burgeoning not only in number, but also in terms of rate of consumption. The rise in income has caused the Indian consumer to go shopping 10 to 12 times a year, compared to once or twice occasion-led shopping visits a year. Fast fashion has picked up pace, growing at 25 to 30% per annum. This clearly denotes that Indian fashion is in sync with the global momentum.

Outlook: At present, the country's fashion retail is valued at ~$46 billion and is expected to reach ~$116 billion by 2026. After food and grocery, it is the biggest contributor to the domestic retail sector. Apparel and accessories together have penetration of ~23% in organised fashion retail and they will be key beneficiaries of the growth.

Company overview

Future Lifestyle Fashions Limited (FLF) is a leading integrated branded fashion company with presence across both design and distribution arms of fashion. A young and growing player in India's flourishing fashion trade, FLF seeks to capture the trend of consumers becoming increasingly attuned to fashion and brands.

The Company's portfolio consists of leading domestic and global fashion brands spread across an entire gamut of categories including formal menswear, casual wear, active or sportswear, ethnic wear, denim wear, footwear and accessories for men and women. These are available across various price points and retailed through customer-centric retail formats such as Central and Brand Factory, apart from exclusive brand outlets (EBOs) and third party Large Format Stores (LFS).

FLF's innovative business model, involving brand and retail, ensures business efficiency and better economics. With a team of talented business professionals, fashion designers and entrepreneurs, the Company provides a perfect blend of modern and traditional fashion to the Indian customer.

BRAND PROFILE

FLF IS PRESENT ACROSS ALL KEY CATEGORIES AND WELL-DIVERSIFIED

FLF BRANDS

Menswear

INDIGO NATION | JOHN MILLER | URBANA THE SMART SHIRT | DANIEL HECHTER

Unisex Brand

Lee Cooper | SCULLERS | aLL | BARE | RIG | UMM

Womenswear

JEALOUS 21 | Morpankh | NAVRAS | PRIMADIVA | Hey! | ATEESA

Sports | Leisure wear

CONVERSE | Champion | URBAN YOGA | umbro

Footwear | Others

CERIZ

INVESTEE BRANDS

celio* | TURTLE | GIOVANI

MINERAL | COVER STORY

SPUNK

mother earth | Clarks

RISKS AND OPPORTUNITIES

External environmental factors like interest rates, inflation, quick changes in fashion, growth in economic activity, job creation, emerging compliances, consumer sentiments and consumption, changing government policies, information/cyber security, environment and sustainability and competition have been identified as key threats as well as opportunities for the Company. At present, various macroeconomic factors such as interest rates, inflation and GDP growth rate are impacting the Company favourably. Overall, the Goods and Services Tax (GST) and demonetisation initiatives implemented by the Government of India have had positive impact on the organised retail sector. Deep discounting across online and offline channels continues to disrupt the market. With a number of new entrants and global retailers arriving, the quality of retail space may be an impediment to growth.

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

RISK MITIGATION

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

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

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

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

In recent years, affordable luxury and value-based fashion have gained considerable ground.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

HUMAN RESOURCE

Our people are at the heart of how we do business. It is their talent and skills that will take us to our dream of becoming a $1 billion brand. We continue to invest in building best-in-class fashion teams.

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

Among various women empowerment initiatives, Disha is a unique program we have rolled out in Brand Factory stores. In this program, the women Fashion Assistants were given a chance to pick a role of their choice after an online test followed by panel interview. Around 200 women applied, of whom 66 were shortlisted. They were trained by in-house trainers in their respective roles which they chose. There was a two month role - specific On the Job Training (OJT) conducted in the store. After the interview with the Regional Manager, the selected female employees will be placed across any store in the role of their choice on pan-India basis.

A structured talent acquisition process through a behavioural assessment for mid-level and above is implemented, wherein certain benchmarks are defined for key parameters, with proper monitoring, leading to a structured appraisal process. There are various customised online training modules available with respect to retail analytics and designing skills for constant skill upgradation of the employees.

Technical training forms the core interface for customer service excellence. The HR conducts various training modules at stores including in-store training, brand sensitisation and new store training. The concept of Atithee Devo Bhav is imbibed in the people through various connect sessions at the stores.

With over 10,915 employees, the Company believes investing in the most treasured capital in an organisation – the people.

Financial Performance

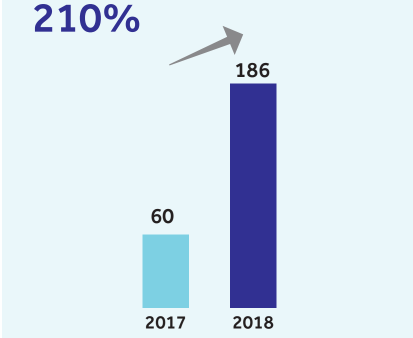
REVENUE FROM OPERATIONS

16%

During the year, FLF garnered revenue from operations of ₹**4,498 crore**, a 16%* increase from the previous fiscal's ₹**3,877 crore.** This is due to increase in footfall and addition of 8 Central stores and 11 Brand Factory outlets.

PROFIT BEFORE TAX

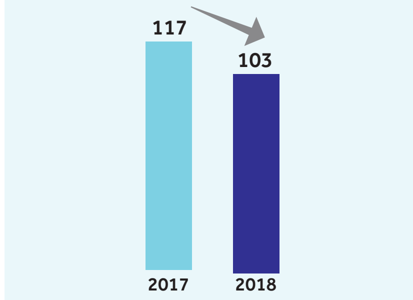
210%



The consolidated profit before tax stood at ₹**186 crore**. It has increased from the previous financial year,- owing to operational efficiency and increased productivity of existing stores along with financial prudence through refinancing of expensive debts.

INTEREST

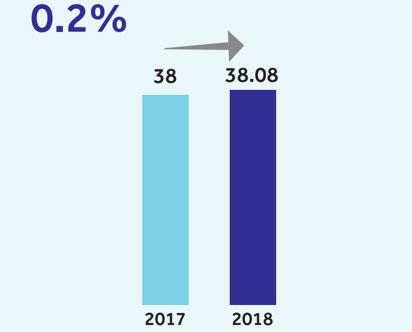
(12%)



The finance costs reduced to ₹**103 crore** from ₹**117 crore** in the previous fiscal, through reduced cost of borrowing and amounts repaid on certain debt.

EQUITY SHARE CAPITAL

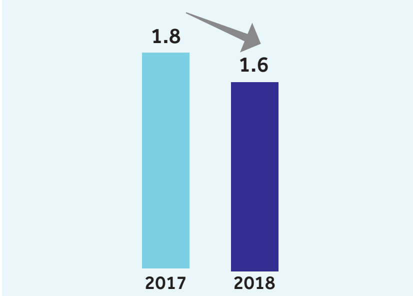
0.2%



The equity share capital has been maintained at ₹**38 crore**, almost similar to the previous year.

NET DEBT-EQUITY

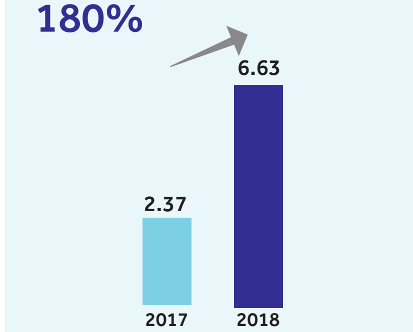
(11%)



Net debt-to-equity ratio has come down to **1.6** from **1.8** in the previous fiscal. Net debt stood at almost the same level as the previous year.

EARNINGS PER SHARE (EPS)

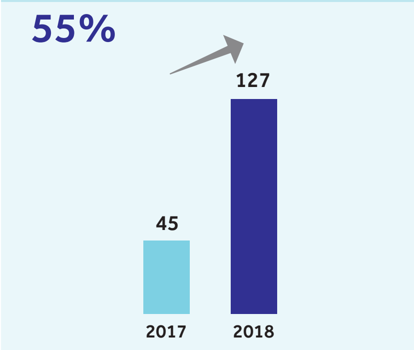
180%



In light of a net profit for the period being ₹**127** crore, the basic EPS is ₹**6.63**,an increase of **180%** over previous fiscal.

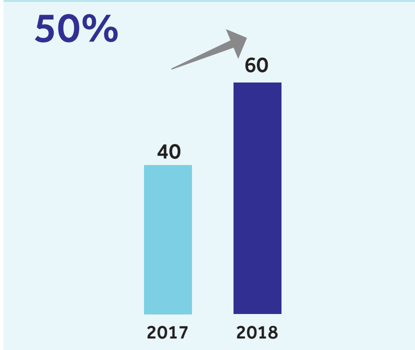
Note: All figures mentioned above are based on Consolidated Financial Statements. Numbers for FY 2016-17 are as per Indian GAAP.
*Revenue growth not comparable due to differences in tax rates.

NET PROFIT



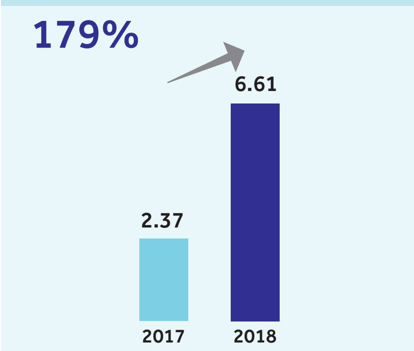
The net profit for the period stood at **₹127 crore**, an increase of **₹45 crore** vis-à-vis last year, owing to higher revenue through consistent double-digit same store sales growth and controlled expenses through debt refinancing.

DIVIDEND



The Board of Directors have recommended a dividend of **~₹1.20 per** equity shares of face value **₹2**. The pay-out ratio stands at 60%.

DILUTED EPS



The Diluted EPS is **₹6.61**,an increase of **179%** over previous fiscal.

BOARD'S REPORT

Dear Members,

Your Directors present the Sixth Annual Report of the Company together with the Audited Financial Statements for the financial year ended March 31, 2018.

ADOPTION OF INDIAN ACCOUNTING STANDARDS

Pursuant to the notification issued by the Ministry of Corporate Affairs on February 16, 2015 and under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, the Company has adopted Indian Accounting Standards (Ind AS) on April 1, 2017, with the transition date as April 1, 2016.

The Financial Statements for the year under review and previous year have been prepared in accordance with the recognised and measurement principles stated therein. Considering the effect given in the financial statements of the previous years, as per the provisions of Ind AS 101 with respect to "First-time Adoption of Indian Accounting Standards", the figures are not comparable on year to year basis.

FINANCIAL HIGHLIGHTS

(₹ in crore)

Particulars	Consolidated		Standalone	
	Financial Year 2017-18	Financial Year 2016-17	Financial Year 2017-18	Financial Year 2016-17
Revenue from Operations	4,408.46	3,818.05	4,219.15	3,866.68
Other Income	89.76	76.63	33.30	23.72
Total Revenue	4,498.22	3,894.68	4,252.45	3,890.40
Profit before Depreciation and Amortization expense, Finance Costs and Tax expense	442.83	422.51	399.62	393.17
Less: Depreciation and Amortization expense	153.89	89.00	149.33	85.67
Less: Finance Costs	103.30	123.17	94.72	117.41
Profit before Tax	185.64	210.34	155.57	190.09
Less: Tax expense	58.59	103.34	45.06	34.34
Profit after Tax	127.05	107.00	110.51	155.75
Less: Share of Loss in Associates and Joint Ventures (Net)	0.96	30.89	-	-
Add: Other Comprehensive Income	2.54	0.33	2.55	0.33
Balance brought forward from previous year	303.35	236.05	383.01	236.07
Surplus available for appropriation	431.98	312.49	496.07	392.15
Profits available for appropriation	-	-	-	-
Transfer to General Reserve	-	-	-	-
Dividend on Equity Shares	15.22	7.59	15.22	7.59
Tax on Dividend	3.10	1.55	3.10	1.55
Balance carried to Balance Sheet	413.66	303.35	477.75	383.01

REVIEW OF PERFORMANCE

During the year under review, your Company recorded an increase of 15.46% in Consolidated Revenue from operations at ₹4,408.46 crore as compared to ₹3,818.05 crore in the previous financial year. Your Company reported an increase of 18.74% in the Consolidated Profit after Tax of ₹127.05 crore for the year under review as compared to ₹107.00 crore for the previous financial year. During the year under review, your Company emphasized on optimizing cost of funds, which resulted a reduction of finance cost (Consolidated) by 16.13% as compared to previous year.

Your Company's fashion brands are marketed through the Company's operated retail chains such as Central and Brand Factory as well as exclusive brand outlets (EBOs), department stores and multi brand outlets (MBOs), which are spread in 332 stores in more than 90 cities across the country and cover over 5.74 million sq. ft. of retail space. These retail chains collectively attracted over 55.5 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 40 Central Stores, 63 Brand Factory stores along with 229 EBOs.

BUSINESS OUTLOOK

Your Company's vision is to be the leading lifestyle fashion company and the most preferred fashion destination in India by creating unique brands and shopping experiences that will bring alive the Indian idiom of fashion and thereby become globally recognized fashion organization here in India. Your Company creates unique brands and experiences that reflect the various identities and aspirations of Indian consumers. Fashion is ever-evolving and your Company will be sensitive, agile and open to the rapidly evolving fashion market.

Your Company has redefined its retail businesses through two high definition and most promising formats i.e. Central and Brand Factory, which have performed very well and growth in business of these two formats have been very strong and by ensuring better synergies between these two formats that trend seems to be continuing.

Your Company is also focusing on its power brands viz. Lee Cooper, Scullers, Indigo Nation, John Miller, BARE casuals, aLL and Jealous 21, which are continuing to drive the growth of the fashion businesses of the Company.

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 in existing cities.

Your Company is benefited being the flagship fashion company of Future Group, which has presence across almost the entire value chain in FMCG, home and fashion i.e. from designing and manufacturing its goods to brands, logistics and retail and distribution. This gives it a unique view and control of the entire value chain and thereby an ability to act in a desired manner and speed.

New Retail 3.0 strategy of Future Group poised to actualize it across businesses.

It has already set up C & D Lab at Bengaluru and a dedicated team is working towards making this transformation and also to create a digital and product organization. The core teams are working in order to create a high tech and high touch experience for our customers, wherein they will put more efforts in integrating data and technology in real time. Backed with data intelligence, we are on our journey to build an end-to-end unified retail commerce experience for all our customers.

DIVIDEND

The Board has recommended a dividend of ₹1.20 per Equity Share of ₹2 each for the financial year ended March 31, 2018, subject to the approval of the Members at the forthcoming Annual General Meeting (AGM).

The Dividend, if approved by the Members would entail a payout of ₹27.50 crore (including Dividend Distribution Tax of ₹4.65 crore) for the financial year 2017-18 as compared to ₹18.32 crore (including Dividend Distribution Tax of ₹3.10 crore) for the financial year 2016-17. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

Further, the Board has decided not to transfer any amount to the General Reserve for the year under review.

DIVIDEND DISTRIBUTION POLICY

As per regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), the Company has a Dividend Distribution Policy, which endeavours for fairness, consistency and sustainability while distributing profits to the Members 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

CREDIT RATING

During the year under review, your Company has been rated by CRISIL Limited (CRISIL) and Credit Analysis & Research Limited (CARE).

CRISIL and CARE have assigned their ratings to the Company's Long term credit facility as CRISIL AA- (Positive) / CARE AA- (Stable) and to Short term credit facility as CRISIL A1+ / CARE A1+.

ISSUE OF EQUITY SHARES

During the year under review, the Company has issued and allotted, an aggregate of 4,00,381 Equity Shares of ₹2 each to the eligible employees of the Company upon exercise of Stock Options granted under FLFL Employees' Stock Option Scheme - 2013 (FLFL ESOS-2013) and FLFL Employees' Stock Option Plan - 2015 (FLFL ESOP-2015).

Consequently, the paid-up Equity Share Capital of the Company as at March 31, 2018 was ₹38,08,27,674 divided into 19,04,13,837 Equity Shares of ₹2 each, fully paid-up.

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

SIGNIFICANT EVENTS IN THE CURRENT YEAR

Investment by Spectacular Investments Pte. Ltd.

Subsequent to the year under review, Spectacular Investments Pte. Ltd., ("Spectacular", a registered foreign portfolio investor), acquired an 9.98% equity stake in the Company by way of combination of preferential allotment and secondary purchase of Equity Shares of the Company.

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

L Catterton Asia's significant investment in the Company would enable the Company's retail formats, 'Central' and 'Brand Factory', and own brands to leverage the global fashion and retail expertise of L Catterton to further strengthen and expand the business.

Preferential Allotment

Pursuant to the approval of the Members of the Company at its Extraordinary General Meeting held on June 14, 2018, the Company has allotted 38,22,464 Equity Shares of ₹2 each to Spectacular at a price of ₹445.50 per Equity Share for an aggregate amount of ₹170.29 crore, by way of preferential allotment to Spectacular on June 21, 2018, in accordance with the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Consequently, the paid-up Equity Share Capital of the Company was increased to ₹38,89,46,056/- divided into 19,44,73,028 Equity Shares of ₹2 each, fully paid-up on June 21, 2018.

DEBENTURES

Redemption

During the year under review, the Company has fully repaid the principal amount of 2,000 Secured Redeemable Non-Convertible Debentures Series-1 of face value of ₹10.00 lakh each aggregating to ₹200.00 crore alongwith interest thereon, prior to maturity, on April 07, 2017 to the Debenture holders.

Issue of Debentures

During the year under review, the Company has issued 3,500 8.70% Senior, Secured Listed, Rated, Redeemable Non-Convertible Debentures of face value of ₹10.00 lakh each at par aggregating to ₹350.00 crore on private placement basis on November 09, 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, (the Act), your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

(a) in the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed;

(b) they 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 that period;

(c) they have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities;

(d) they have prepared the annual accounts on a going concern basis;

(e) they have laid down Internal Financial Controls, which are adequate and are operating effectively;

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. C.P. Toshniwal retires by rotation at the forthcoming AGM and being eligible, offers himself for re-appointment.

Subsequent to the year under review, based on the recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Ravinder Singh Thakran as an Additional Director of the Company with effect from May 21, 2018. Mr. Thakran holds office up to the date of the forthcoming AGM of the Company. The Company has received a notice from a Member under section 161 of the Act, signifying its intention to propose Mr. Thakran as candidate for the office of Director of the Company at the forthcoming AGM.

The necessary resolutions for re-appointment of Mr. Toshniwal as a Director and appointment of Mr. Thakran as a Director, are being placed before the Members for approval at the forthcoming AGM.

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.

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

Subsidiary Companies

Future Trendz Limited (FTL)

FTL is holding company of Future Speciality Retail Ltd. Presently, your Company holds 100% of the paid-up equity capital of FTL.

Future Speciality Retail Limited (FSRL)

FSRL is a material subsidiary of the Company, operating fashion retail business of the Brand 'Lee Cooper' and activities related to it. FSRL is continuously striving towards its aim of being in the Top 3 Jeanswear Brands in the country by leveraging the brand's true potential. The brand continues to strive & focus its energies to be an "in-trend" brand. Its 'Digital First' Marketing approach and collaboration with youth icons, bloggers & focus on public relations are helping the brand to reach out to the Young India. Over the last one year, Brand "Lee Cooper" has rapidly expanded and has increased its footprint to 674 doors with 1,560 Point of Sale (POS) & presence in more than 200 cities.

During, the year under review, FSRL, entered into a long-term license agreement for extending the license to footwear category as well under the "Lee Cooper" brand owned by Iconix Brand Group, Inc. effective from April 01, 2018. Accordingly, FSRL will now have the exclusive license to manufacture and market Lee Cooper clothing as well as footwear across all distribution channels in India and permitted territory. FSRL by adding footwear to the Apparel portfolio, is poised to become the biggest denim lifestyle brand in the coming years. Presently, FTL holds 99.96% of the paid-up equity capital of FSRL.

FLFL Business Services Limited (FBSL)

FBSL 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)

FLBL inter-alia engaged in the business of making investment in fast growing fashion companies and fashion brands such as Turtle, Clarks, Cover Story, Mineral, Spunk, celio*, Holii, Tresmode, Giovani, Mother Earth, etc. FLBL believes in nurturing the brands value by making them recognizable & competitive in the Fashion Industry. Presently, your Company holds 49.02% of the paid-up equity capital of FLBL.

Joint Ventures

Clarks Future Footwear Private Limited (Clarks)

Clarks 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 Clarks and 49.00% of the paid-up equity capital of Clarks is held by FLBL, an associate company of the Company.

Celio Future Fashion Private Limited (Celio)

Celio 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 2.29% of the paid-up equity capital of Celio.

CONSOLIDATED FINANCIAL STATEMENTS

As on March 31, 2018, 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 Ind AS 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, associates and joint ventures companies as on March 31, 2018 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 at 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 AGM. The aforesaid documents relating to subsidiary companies can be made available to any Member interested in obtaining the same upon a request made to the Company.

AUDIT COMMITTEE

The details of composition of the Audit Committee as per the provisions of the section 177 of the Act and Listing Regulations 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

Pursuant to the provisions of section 139 of the Act, and the Companies (Audit and Auditors) Rules, 2014, M/s. NGS & Co. LLP, Chartered Accountants (Firm Registration No.119850W) were appointed as the Statutory Auditors of the Company for the second term of five years from the conclusion of the Fifth AGM of the Company held on August 29, 2017 till the conclusion of the Tenth AGM of the Company, subject to ratification by the Members at every AGM held during the said term.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on May 07, 2018, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted. Hence, your Company has not proposed ratification of appointment of Statutory Auditors at the forthcoming AGM.

The Auditors' Report on the financial statements for the financial year ended March 31, 2018 is issued with unmodified opinion.

SECRETARIAL AUDITOR

M/s. Sanjay Dholakia & Associates, Practicing Company Secretary (Membership No. 2655 / Certificate of Practice No.1798) were appointed as Secretarial Auditor to conduct the secretarial audit of the Company for the financial year 2017-18, as required under section 204 of the Act and Rules made thereunder.

The Secretarial Audit Report for the financial year 2017-18 is given as **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.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Chairperson of the Company and the Board as a whole was evaluated, taking into account the views of Executive Directors and Non-Executive Directors.

In the Board meeting that followed the meetings of the Independent Directors and Nomination and Remuneration Committee, the performance of the Board, its Committees and individual Directors was also discussed.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

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, and also available at the Company's website at www.futurelifestyle.in.

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 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.

The brief outline of the CSR policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure C** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

EMPLOYEES STOCK OPTIONS

During the year under review, the Nomination and Remuneration Committee has granted 13,54,000 Stock Options to the eligible employees of the Company and cancelled 31,030 unvested Stock Options under the FLFL ESOP-2015.

The disclosures as stipulated under the Act and SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2018 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

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, 2018.

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 second proviso to section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Members of the Company. The said information is available for inspection at the Registered Office of the Company during 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. Such details are also available on the Company's website at www.futurelifestyle.in.

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
- 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
- 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
- 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
- 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_Managerial_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

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 and also available at the Company's website at www.futurelifestyle.in.

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

Your Company has always believed in providing a safe, secured 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 any discrimination and 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

Loans, guarantees and investments covered under the provisions of section 186 of the Act are provided in the note no. 37 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 defied under the Act and the Listing Regulations, were in the ordinary course of business and on an arm's length basis. 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's formats 'Central' and 'Brand Factory' and its Brands have been conferred the following awards and recognition:

- Central was awarded as "Retail Professional of the year" by the Clothing Manufacturers Association of India.
- Central was awarded as "Best Retail BTL Marketing initiative" by the Activation Venues Forum.
- Central won the "Best Window Display" gold award at VM RD Retail awards 2018.
- Central at Aerocity won "Best Department and VM" gold award at VM RD Retail awards 2018, runner up by Central at Gachibowli and Central at Vashi.
- Central at Vashi won "in-store tech & digital experience" award at VM RD Retail awards 2018.
- Brand Factory was awarded "Star RE-iMAGiN" award for its campaign as the exceptional work during VIVO IPL 2018.
- Brand Factory was awarded as "IMAGES Most Effective Marketing & Promotions Campaign of the Year" at 18th Annual IMAGES Fashion Awards.
- Brand Factory was awarded as "Best Content in a Performance-driven Digital campaign" for Free Shopping Weekend promotion at India Content Leadership Awards 2018.
- "Scullers" was awarded for best Marketing Campaign of the year for "Chïnos For India" at the 8th CMO Asia Singapore.
- "Jealous 21" was awarded for best Facebook Campaign of the year for "Free Jeans Day" at the 8th CMO Asia Singapore.
- "URBANA" was awarded for best Social Media Integrated campaign of the year for "Urbana Shirt Story" at the 8th CMO Asia Singapore.

ACKNOWLEDGEMENT

The Board thanks all customers, bankers, investors, shareholders, 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

Mumbai
July 04, 2018

Shailesh Haribhakti
Chairperson

ANNEXURE A

DIVIDEND DISTRIBUTION POLICY

a) Company's philosophy:

Future Lifestyle Fashions Limited (FLFL or the 'Company'), 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, budget, updates
- Capital budgets
- Quarterly and Annual results
- Investments including Merger and Acquisitions (M&A)
- Strategic updates/financial decisions
- Any other matter / risks
- Funding arrangements

External:

- Macro – economic environment
- Competition
- Legislations impacting business
- Statutory restriction
- Changes in accounting policies and applicable standards
- Any other matter /risks appended by the Board
- 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, 2018

[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, 2018 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, 2018 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. There were no changes in the composition of the Board of Directors / Committees thereof that took place during the year under review.

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 at least 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

Mumbai
May 18, 2018

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. 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

Mumbai
May 18, 2018

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: http://futurelifestyle.in/pdf/FLFL_CSR_Policy.pdf	
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 of the Company for last three financial years.	₹56.00 crore	
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹1.120 crore	
5.	Details of CSR spent during the financial year 2017 -18:		
	a. Total amount to be spent for the financial year 2017-18	₹1.018 crore	
	b. Amount unspent, if any	₹0.102 crore	
	c. Manner in which the amount spent during the financial year in detailed below:		

(₹ in crore)

Sr. 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 were undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads:	Cumulative Expenditure upto the Reporting period.	Amount spent direct or through implementing agency
a.	Program 'Odha do Zindagi' undertaken by 'Goonj'$	Measures for reducing inequalities faced by socially and economically backward groups.	PAN India basis	0.222	0.222	0.222	Implementing agency #
b.	Development and welfare of those living in urban slums undertaken by 'Seva Sahyog Foundation'$	Measures for reducing inequalities faced by socially and economically backward groups.	Local: Palghar, Karjat, Navi Mumbai, Mumbai, Raigad, Thane, Maharashtra.	0.082	0.082	0.082	Implementing agency #
c.	Education, development and welfare of tribals and villagers undertaken by 'Vivek Rural Development Centre'$	Measures for reducing inequalities faced by socially and economically backward groups.	Local: Palghar, Maharashtra	0.003	0.003	0.003	Implementing agency #
d.	Welfare of economically challenged people under Project Shantivan undertaken by 'Bhavani Vidyarthi Kalyan Pratisthan'$	Measures for reducing inequalities faced by socially and economically backward groups.	Local: Beed, Maharashtra	0.145	0.145	0.145	Implementing agency #

(₹ in crore)

Sr. 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 were undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads:	Cumulative Expenditure upto the Reporting period.	Amount spent direct or through implementing agency
e.	Development and welfare of Bhotia tribe under project undertaken by 'Seva Sahayog Foundation'$	Measures for reducing inequalities faced by socially and economically backward groups.	Others: Chamoli, Uttarakhand	0.066	0.066	0.066	Implementing agency #
f.	Contribution to Bharat Ke Veer (India's Bravehearts) towards "Support Soldiers" initiative for the survival and sustenance of families of martyred soldiers	Measures for the benefit of armed forces veterans, war widows and their dependents.	PAN India basis	0.500	0.500	0.500	Implementing agency #

Notes:

- Overheads: NIL,
- $ Non-Government Organisation (NGO),
- # Sone Ki Chidiya Foundation ('SKC Foundation') has been set up inter-alia with objectives of undertaking the projects and activities for the benefits of various sections of the Society within India, supporting economically challenged people to meet their social needs and corporate social responsibility activities as defined under Schedule VII to the Act, as amended from time to time. In order to attain the above objective, SKC Foundation aligns its activities and works towards promoting, encouraging, supporting and assisting education and medical activities while reducing inequalities in society.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   The Company contributes its CSR spent to SKC Foundation, which in-turn spends through various eligible implementation partners, which undertakes projects, in line with the activities identified by the CSR Committee.

   The Company is committed to continually explore new avenues or areas which align to its CSR objectives and create maximum impact and incrementally invest in CSR activities to spend the prescribed amount in the subsequent years. The unspent amount would be utilized in the subsequent years for the projects being identified by the CSR Committee for implementation through SKC Foundation.

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

   We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

Kishore Biyani
Managing Director & Chairperson of
Corporate Social Responsibility Committee

Mumbai
July 04, 2018

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, 2018

Sr. No.		Particulars	FLFL ESOS - 2013	FLFL ESOP - 2015
A.		Disclosures in terms of the relevant Indian Accounting Standards, as prescribed from time to time	Refer Note. No. 36 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 Indian Accounting Standard 33, as prescribed from time to time	Refer Note. No. 36 in Notes to Standalone Financial Statements	
C.		Description and general terms and conditions of ESOSs		
	I.	Date of Shareholders' approval	Extraordinary General Meeting held on December 16, 2013.	Annual General Meeting held on August 26, 2015.
	II.	Total number of Options approved	15,00,000 (Fifteen lakh only).	35,00,000 (Thirty Five lakh only) .
	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 for Grant – I & II and ₹189/- per Option for Grant – III
	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	Fair Value (Black-Scholes Method)	Fair Value (Black-Scholes Method)
	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.	N.A.	N.A.
	X.	Option movement during the financial year ended on March 31, 2018		
		Number of Options outstanding at the beginning of the year	3,34,203	6,06,800
		Number of Options granted during the year	Nil	13,54,000
		Number of Options forfeited / lapsed during the year	-	31,030
		Number of Options vested during the year	39,825	2,96,328
		Number of Options exercised during the year	1,58,379	2,42,002

Sr. No.	Particulars	FLFL ESOS - 2013	FLFL ESOP - 2015
	Number of shares arising as a result of exercise of Options	1,58,379	2,42,002
	Money realized by exercise of Options, if scheme is implemented directly by the Company	₹15,83,790	₹24,20,020
	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	1,75,824	16,87,768
	Number of Options exercisable at the end of the year	1,75,824	54,326
	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, 2018	
	Price equals market price	-
	Exercise price is greater than market price	-
	Exercise price is less than market price	Grant III- ₹191.28
	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	₹189.00

E	Employee-wise details of Options granted under FLFL ESOP-2015 during the financial year ended on March 31, 2018	
	Senior Managerial Personnel / Key Managerial Personnel (KMP)	
	Name of Employee	**No. of Options**
	M. Vishnu Prasad	3,65,000
	Kaleeswaran Arunachalam (KMP)	1,95,000
	Suresh Sadhwani	1,60,000
	Raj Kumar Pinisetti	1,25,000
	Krishna Thingbaijam	1,20,000
	Venkatesh Raja	60,000
	Zubair fared Patel	50,000
	Roch Dsouza	45,000
	Dharmesh Jain	45,000
	Amit Kasat	45,000
	Ravikant Anwekar	44,000
	Sanjay Kumar Mutha (KMP)	40,000
	Shyam Gupta	30,000
	Nupur Bhattacharya	30,000

F.	Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year	
	Name of Employee	**No. of Options**
	M. Vishnu Prasad	3,65,000
	Kaleeswaran Arunachalam	1,95,000
	Suresh Sadhwani	1,60,000
	Raj Kumar Pinisetti	1,25,000
	Krishna Thingbaijam	1,20,000

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

Name of Employee	No. of Options
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, 2018

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

The Assumptions used in the model are as follows:

Particulars	Grant III
Date of Grant	October 16, 2017
Risk-free Interest Rate	6.49%
Expected Life	3.45 Years
Expected Volatility	39.99%
Dividend Yield	0.12%
Price of the underlying share in market at the time of the Option grant	₹339.73

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 divided 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 BOARD'S REPORT FOR THE YEAR ENDED MARCH 31, 2018

I. The ratio of the remuneration of each Director to the Median Remuneration of the Employees (MRE) of the Company for the financial year 2017-18 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
Managing Director:		
Mr. Kishore Biyani	15.00 %	161.27
Non-Executive Director:		
Mr. Shailesh Haribhakti, Chairperson	75.00 %	19.78
Dr. Darlie Koshy	75.00 %	19.78
Ms. Sharda Agarwal	75.00 %	19.78
Mr. Bijou Kurien	75.00 %	19.78
Mr. Rakesh Biyani	Nil	Nil
Mr. C. P. Toshniwal	Nil	Nil
Ms. Avni Biyani	Nil	Nil
Key Managerial Personnel:		
Mr. Kaleeswaran Arunachalam, Chief Financial Officer	18.96 %	N.A.
Mr. Sanjay Kumar Mutha, Company Secretary	7.94 %	N.A.

Note: During the year under review, there was no change in the sitting fee for attending each of meetings of the Board or Committee thereof to the Non-Executive Directors of the Company. The Remuneration to Non Executive Directors include Commission payable for FY 2017-18 and does not include sitting fees paid during the FY 2017-18.

II. The increase in MRE in the financial year 2017-18, as compared to the financial year 2016-17 was 11.81%;

III. There were 10,175 permanent employees on the rolls of the Company as on March 31, 2018;

IV. Average percentage increase in the salaries of employees other than the managerial personnel for the financial year 2017-18 was in the range of 4% to 12%, as compared to financial year 2016-17. There was an 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

Mumbai
July 04, 2018

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, 2018, 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 31,2018 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 Core)	Approvals
NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

Mumbai
July 04, 2018

Shailesh Haribhakti
Chairperson

ANNEXURE G

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND 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:

(A) Conservation of Energy:	
(i) the steps taken or impact on conservation of energy	The operations of FLFL are not energy intensive; however adequate measures have been taken to reduce energy consumption, wherever possible through consumption of renewable energy, installation of temperature controlled air conditioners, use of natural lights in offices/stores premises and display of signages have created awareness on conservation of energy. The Company endeavoured to replace old lighting fixtures with LED lights in all its existing offices and stores.
(ii) the steps taken by the Company for utilizing alternate sources of energy	All efforts are made to use more natural lights in offices/ store premises to optimize the consumption of energy.
(iii) the capital investment on energy conservation equipment's	Nil
(B) Technology absorption:	
(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

(C) Foreign Exchange Earnings and Outgo:

Foreign Exchange earnings and outgo during the year under review are as follows:

(₹ in crore)

Total Foreign Exchange Earned and Outgo	Financial Year 2017-18	Financial Year 2016-17
Foreign Currency Earnings*	39.80	39.46
Foreign Exchange Outgo	72.69	73.22

** Included ₹36.17 crore (2016-17: ₹28.76 crore) being indirect foreign exchanges earning during the year through credit cards, as certified by the bankers.*

For and on behalf of the Board of Directors

Mumbai
July 04, 2018

Shailesh Haribhakti
Chairperson

ANNEXURE H

FORM MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018

[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:-

Sr. 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

Sr. 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, Maharashtra, 400034	U74120MH2012PTC231350	Holding	54.96	2(46)
2	Future Trendz Limited	Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (E), Mumbai, Maharashtra, 400060	U74999MH2016PLC285892	Subsidiary	100.00	2(87)
3	Future Speciality Retail Limited	Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (E), Mumbai, Maharashtra, 400060	U74999MH2016PLC286295	Subsidiary	72.10**	2(87)
4	FLFL Business Services Limited	Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (E), Mumbai, Maharashtra, 400060	U74999MH2017PLC292998	Subsidiary	100.00	2(87)
5	FLFL Lifestyle Brands Limited	Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (E), Mumbai, Maharashtra, 400060	U74999MH2017PLC292590	Associate	49.02	2(6)

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

*** Subsidiary of Future Trendz Limited*

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	
(A)	**Shareholding of Promoters and Promoter Group**									
(1)	**Indian**									
(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	11,48,33,660	-	11,48,33,660	60.43	11,52,02,132	-	11,52,02,132	60.50	0.07
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**11,48,72,593**	**-**	**11,48,72,593**	**60.45**	**11,52,41,065**	**0.00**	**11,52,41,065**	**60.52**	**0.07**
(2)	**Foreign**									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Promoter Companies	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**11,48,72,593**	**-**	**11,48,72,593**	**60.45**	**11,52,41,065**	**0.00**	**11,52,41,065**	**60.52**	**0.07**

Category-wise Shareholding (Contd.)

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)	**Public share holding**									
(1)	**Institutions**									
(a)	Mutual Funds/ UTI	84,38,633	-	84,38,633	4.44	1,09,92,725	-	1,09,92,725	5.78	1.34
(b)	Financial Institutions/ Banks	1,09,214	-	1,09,214	0.06	1,32,385	-	1,32,385	0.07	0.01
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	1,55,27,950	-	1,55,27,950	8.17	62,00,000	-	62,00,000	3.26	(4.91)
(e)	Insurance Companies	17,95,676	-	17,95,676	0.95	38,14,251	-	38,14,251	2.00	1.05
(f)	Foreign Institutional Investors	1,24,42,547	-	1,24,42,547	6.55	1,02,41,915	-	1,02,41,915	5.38	(1.17)
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Foreign Bodies Corporate	-	-	-	-	-	-	-	-	-
(i)	Alternate Investment fund	-	-	-	-	1,55,27,950	-	1,55,27,950	8.15	8.15
	Sub-Total (B)(1)	**3,83,14,020**	**-**	**3,83,14,020**	**20.17**	**4,69,09,226**	**0.00**	**4,69,09,226**	**24.64**	**4.47**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	1,77,10,195	9,214	1,77,19,409	9.32	1,18,28,285	9,214	1,18,37,499	6.22	(3.10)
(b)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹1 lakh	49,19,453	3,63,467	52,82,920	2.78	44,23,098	3,56,072	47,79,170	2.51	(0.27)
	ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh	1,27,02,963	-	1,27,02,963	6.69	1,06,49,651	-	1,06,49,651	5.59	(1.10)
(c)	Any Other									
	1. N R I	1,71,846	733	1,72,579	0.09	2,18,616	733	2,19,349	0.12	0.03
	2. Clearing Member	4,91,576	-	4,91,576	0.26	3,32,619	-	3,32,619	0.17	(0.09)
	3. Trust	10,987	-	10,987	0.01	467	-	467	-	(0.01)
	4. Foreign Nationals	33	-	33	-	33	-	33	-	-
	5. Hindu Undivided Family	4,46,054	322	4,46,376	0.23	4,44,436	322	4,44,758	0.23	-
	Sub-Total (B)(2)	**3,64,53,107**	**3,73,736**	**3,68,26,843**	**19.38**	**2,78,97,205**	**3,66,341**	**2,82,63,546**	**14.84**	**(4.54)**
	Total Public Shareholding (B)= (B) (1)+(B)(2)	**7,47,67,127**	**3,73,736**	**7,51,40,863**	**39.55**	**7,48,06,431**	**3,66,341**	**7,51,72,772**	**39.48**	**(0.07)**
	TOTAL (A)+(B)	**18,96,39,720**	**3,73,736**	**19,00,13,456**	**100.00**	**19,00,47,496**	**3,66,341**	**19,04,13,837**	**100.00**	**-**
(C)	**Custodian for GDRs & ADRs**	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**18,96,39,720**	**3,73,736**	**19,00,13,456**	**100.00**	**19,00,47,496**	**3,66,341**	**19,04,13,837**	**100.00**	**-**

(ii) Shareholding of Promoters and Promoter Group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year				Shareholding at the end of the year				% change in share holding during the year
		No. of Shares	% of total Shares of the company	No. of Shares pledged	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	No. of Shares pledged	% of Shares Pledged/ encumbered to total shares	
1	Future Enterprises Limited (Formerly known as Future Retail Limited)	-	-	-	-	-	-	-	-	-
2	Lifestyle Trust	-	-	-	-	-	-	-	-	-
3	Ryka Commercial Ventures Private Limited	10,42,79,275	54.88	2,91,38,626	15.34	10,46,47,747	54.96	1,23,20,655	6.47	0.08
4	Future Capital Investment Private Limited	2,197	-	-	-	2,197	-	-	-	-
5	Central Departmental Stores Private Limited	100	-	-	-	100	-	-	-	-
6	Future Ideas Company Limited	36,00,195	1.89	36,00,195	1.89	36,00,195	1.89	17,13,576	0.90	-
7	Future Corporate Resources Limited*	101	-	-	-	-	-	-	-	-
8	PIL Industries Limited*	21,05,790	1.11	21,05,789	1.11	-	-	-	-	-1.11
9	Gargi Business Ventures Private Limited (f/k/a - Gargi Developers Private Limited) *	19,33,433	1.02	4,33,333	0.23	-	-	-	-	-1.02
10	Weavette Business Ventures Limited (f/k/a - Future ideas Realtors India Limited) *	20,30,080	1.07	-	-	-	-	-	-	-1.07
11	Manz Retail Private Limited*	3,24,018	0.17	66,666	0.04	-	-	-	-	-0.17
12	ESES Commercial Ventures Private Limited*	100	-	-	-	-	-	-	-	-
13	Suhani Trading and Investment Consultants Private Limited*	-	-	-	-	63,93,522	3.36	5,65,789	0.30	3.36
14	Aaradhak Commercial Ventures Private Limited**	5,58,038	0.29	5,58,038	0.29	-	-	-	-	-0.29
15	Surplus Finvest Private Limited**	-	-	-	-	5,58,038	0.29	-	-	0.29
16	Akar Estate and Finance Private Limited	333	-	-	-	333	-	-	-	-
17	Retail Trust#	-	-	-	-	-	-	-	-	-
18	Consumer Goods Trust#	-	-	-	-	-	-	-	-	-
19	Infra Trust#	-	-	-	-	-	-	-	-	-
20	Ashni Kishore Biyani	16,770	0.01	-	-	16,770	0.01	-	-	-
21	Avni Kishorkumar Biyani	19,499	0.01	-	-	19,499	0.01	-	-	-
22	Vivek Biyani	333	-	-	-	333	-	-	-	-
23	Sunil Biyani	333	-	-	-	333	-	-	-	-
24	Anil Biyani	333	-	-	-	333	-	-	-	-
25	Kishore Biyani	333	-	-	-	333	-	-	-	-
26	Gopikishan Biyani	333	-	-	-	333	-	-	-	-
27	Laxminarayan Biyani	333	-	-	-	333	-	-	-	-
28	Rakesh Biyani	333	-	-	-	333	-	-	-	-
29	Vijay Biyani	333	-	-	-	333	-	-	-	-
	Total	**11,48,72,593**	**60.45**	**3,59,02,647**	**18.90**	**11,52,41,065**	**60.52**	**1,46,00,020**	**7.67**	**0.07**

**Pursuant to the Scheme of amalgamation of Manz Retail Private Limited, ESES Commercials Private Limited, PIL Industries Limited, Future Corporate Resources Limited, Gargi Business Ventures Private Limited, Weavette Business Ventures Limited (Collectively referred to as the 'Transferor Companies') with Suhani Trading And Investment Consultants Private Limited (Transferee Company) and their respective shareholders, which was approved by the National Company Law Tribunal, Mumbai Bench and the said Scheme was made effective on November 14, 2017.*

***Aaradhak Commercial Ventures Private Limited has transferred its entire holding in Equity Shares of the Company to Surplus Finvest Private Limited upon merger of Aaradhak Commercial Ventures Private Limited into Surplus Finvest Private Limited pursuant to the Schemes of Amalgamation of Aaradhak Commercial Ventures Private Limited with Pee Dee Retail Asset Private Limited and Pee Dee Retail Asset Private Limited with Surplus Finvest Private Limited and their respective Shareholders, which were approved by the National Company Law Tribunal and both the Schemes were made effective on March 13, 2018.*

#Included in the Promoters / PACs of the Company as per disclosures under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, furnished by the Promoters / PACs.

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	11,48,72,593	60.45	11,48,72,593	60.45
1	July 21, 2017 Market Purchase	3,68,472	0.19	11,52,41,065	60.61
	At the end of the year	**11,52,41,065**	**60.52**		

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRS and ADRS)

Sr. 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**	1,55,27,950	8.17	1,55,27,950	8.17
	At the end of the year			1,55,27,950	8.15
2	**L & T Mutual Fund Trustee Co Ltd - L & T Tax Advantage Fund**	45,61,207	2.40	45,61,207	2.40
	April 07,2017-Market Purchase	1,02,297	0.05	46,63,504	2.45
	April 14,2017-Market Purchase	65,000	0.03	47,28,504	2.49
	April 21,2017-Market Purchase	75,000	0.04	48,03,504	2.53
	April 28,2017-Market Purchase	62,290	0.03	48,65,794	2.56
	May 05,2017-Market Purchase	80,000	0.04	49,45,794	2.60
	May 12,2017-Market Purchase	45,873	0.02	49,91,667	2.63
	May 19,2017-Market Purchase	2,25,000	0.12	52,16,667	2.74
	May 26,2017-Market Purchase	72,154	0.04	52,88,821	2.78
	June 02,2017-Market Purchase	94,183	0.05	53,83,004	2.83
	June 09,2017-Market Purchase	2,89,078	0.15	56,72,082	2.98
	June 16,2017-Market Purchase	25,000	0.01	56,97,082	3.00
	June 23,2017-Market Purchase	59,925	0.03	57,57,007	3.03
	July 07,2017-Market Purchase	15,000	0.01	57,72,007	3.04
	July 14,2017-Market Purchase	75,000	0.04	58,47,007	3.08
	July 28,2017-Market Sale	(50,000)	-0.03	57,97,007	3.05
	August 04,2017-Market Purchase	50,000	0.03	58,47,007	3.08
	August 11,2017-Market Purchase	2,07,500	0.11	60,54,507	3.18
	August 18,2017-Market Purchase	3,88,598	0.20	64,43,105	3.39
	August 25,2017-Market Purchase	1,28,009	0.07	65,71,114	3.46
	September 01 ,2017-Market Purchase	10,000	0.01	65,81,114	3.46
	September 08 ,2017-Market Purchase	76,308	0.04	66,57,422	3.50
	September 22 ,2017-Market Purchase	7,800	0.00	66,65,222	3.51
	October 06,2017-Market Sale	(4,80,574)	-0.25	61,84,648	3.25
	October 13,2017-Market Sale	(1,50,061)	-0.08	60,34,587	3.17
	October 20,2017-Market Purchase	13,187	0.01	60,47,774	3.18
	October 27,2017-Market Purchase	1,49,779	0.08	61,97,553	3.26
	November 03,2017-Market Purchase	77,200	0.04	62,74,753	3.30
	November 10,2017-Market Purchase	54,856	0.03	63,29,609	3.33
	November 17,2017-Market Purchase	20,144	0.01	63,49,753	3.34
	November 24,2017-Market Purchase	75,064	0.04	64,24,817	3.37
	December 01,2017-Market Purchase	42,050	0.02	64,66,867	3.40

Sr. 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
	December 08,2017-Market Purchase	1,469	0.00	64,68,336	3.40
	December 15,2017-Market Purchase	63,288	0.03	65,31,624	3.43
	December 22,2017-Market Purchase	16,373	0.01	65,47,997	3.44
	December 29,2017-Market Purchase	21,891	0.01	65,69,888	3.45
	January 12,2018-Market Purchase	2,51,381	0.13	68,21,269	3.58
	February 02,2018-Market Sale	(1,60,000)	(0.08)	66,61,269	3.50
	February 09,2018-Market Purchase	43,377	0.02	67,04,646	3.52
	February 23,2018-Market Purchase	39,499	0.02	67,44,145	3.54
	March 09,2018-Market Purchase	7,94,016	0.42	75,38,161	3.96
	March 16,2018-Market Purchase	15,000	0.01	75,53,161	3.97
	March 23,2018-Market Purchase	66,136	0.03	76,19,297	4.00
	At the end of the year			76,19,297	4.00
3	**PI Opportunities Fund I**	-	Nil	-	Nil
	July 21,2017-Market Purchase	62,00,000	3.26	62,00,000	3.26
	At the end of the year			62,00,000	3.26
4	**TIMF Holdings**	51,04,291	2.69	51,04,291	2.69
	At the end of the year			51,04,291	2.68
5	**Bennett, Coleman and Company Limited**	81,12,748	4.27	81,12,748	4.27
	July 21,2017-Market Sale	(2550000)	(1.34)	55,62,748	2.93
	July 27,2017-Market Sale	(10,00,000)	(0.53)	45,62,748	2.40
	At the end of the year			45,62,748	2.40
6	**Life Insurance Corporation of India**	16,89,046	0.89	16,89,046	0.89
	January 26,2018-Market Purchase	1,00,000	0.05	17,89,046	0.94
	February 02,2018-Market Purchase	4,56,000	0.24	22,45,046	1.18
	February 09,2018-Market Purchase	2,44,000	0.13	24,89,046	1.31
	March 02,2018-Market Purchase	19,256	0.01	25,08,302	1.32
	March 09,2018-Market Purchase	1,04,250	0.05	26,12,552	1.37
	March 16,2018-Market Purchase	12,525	0.01	26,25,077	1.38
	March 23,2018-Market Purchase	3,13,148	0.16	29,38,225	1.54
	March 31,2018-Market Purchase	7,69,396	0.40	37,07,621	1.95
	At the end of the year			37,07,621	1.95
7	**Lata Bhanshali**	34,97,905	1.84	34,97,905	1.84
	At the end of the year			34,97,905	1.84
8	**IDFC Premier equity fund**	6,59,243.00	0.35	6,59,243	0.35
	June 02,2017-Market Sale	(59,243)	(0.03)	6,00,000	0.32
	June 23,2017-Market Purchase	20,000	0.01	6,20,000	0.33
	June 30,2017-Market Purchase	24,959	0.01	6,44,959	0.34
	July 07,2017-Market Purchase	16,498	0.01	6,61,457	0.35
	July 21,2017-Market Purchase	1,85,902	0.10	8,47,359	0.45
	July 28,2017-Market Purchase	15,00,000	0.79	23,47,359	1.23
	August 04,2017-Market Purchase	3,00,000	0.16	26,47,359	1.39
	August 18,2017-Market Purchase	1,00,000	0.05	27,47,359	1.44
	September 15,2017-Market Purchase	83,543	0.04	28,30,902	1.49
	November 10,2017-Market Purchase	10,000	0.01	28,40,902	1.49
	November 17,2017-Market Purchase	20,000	0.01	28,60,902	1.50

Sr. 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
	December 01,2017-Market Purchase	20,000	0.01	28,80,902	1.51
	December 08,2017-Market Purchase	17,901	0.01	28,98,803	1.52
	December 15,2017-Market Purchase	18,099	0.01	29,16,902	1.53
	December 29,2017-Market Purchase	3,204	0.00	29,20,106	1.53
	January 05,2018-Market Purchase	19,367	0.01	29,39,473	1.54
	January 12,2018-Market Purchase	28	0.00	29,39,501	1.54
	January 19,2018-Market Purchase	45,000	0.02	29,84,501	1.57
	February 26,2018-Market Purchase	30,000	0.02	30,14,501	1.58
	February 02,2018-Market Sale	(35,000)	(0.02)	29,79,501	1.56
	February 16,2018-Market Purchase	10,000	0.01	29,89,501	1.57
	February 23,2018-Market Purchase	20,000	0.01	30,09,501	1.58
	March 09,2018-Market Purchase	40,000	0.02	30,49,501	1.60
	At the end of the year			30,49,501	1.60
9	**HSBC Global Investment Funds- Indian Equity**	13,50,422	0.71	13,50,422	0.71
	April 07, 2017 - Market Purchase	18,520	0.01	13,68,942	0.72
	April 14, 2017 - Market Purchase	2,24,447	0.12	15,93,389	0.84
	April 21, 2017 - Market Purchase	1,12,153	0.06	17,05,542	0.90
	May 12, 2017 - Market Purchase	4,35,876	0.23	21,41,418	1.13
	At the end of the year			21,41,418	1.12
10	**AADI Financials Advisors LLP**	16,48,674	0.87	16,48,674	0.87
	At the end of the year			16,48,674	0.87

(v) Shareholding of Directors and Key Managerial Personnel

Sr. 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**	3,62,800	0.19	3,62,800	0.19
	Add: October 16, 2017	32,000	0.02	3,94,800	0.21
	At the end of the year			3,94,800	0.21
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
	Add: November 23, 2017	2,845	0.00	2,845	0.00
	At the end of the year			2,845	0.00

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	681.74	Nil	Nil	681.74
ii) Interest due but not paid	–	Nil	Nil	–
iii) Interest accrued but not due	23.23	Nil	Nil	23.23
Total (i+ii+iii)	**704.97**	Nil	Nil	**704.97**
Change in Indebtedness during the financial year				
i) Addition in principal amount	478.44	Nil	Nil	478.44
ii) Reduction in principal amount	437.68	Nil	Nil	437.68
Net Change	**40.76**	Nil	Nil	**40.76**
Indebtedness at the end of the financial year				
i) Principal Amount	722.50	Nil	Nil	722.50
ii) Interest due but not paid	–	Nil	Nil	–
iii) Interest accrued but not due	12.13	Nil	Nil	12.13
Total (i+ii+iii)	**734.63**	Nil	Nil	**734.63**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in crore)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager Kishore Biyani, Managing Director	Total Amount
(1)	Gross salary:		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.489	1.489
	(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	1.250	1.250
(5)	Others, specify		
	Contribution to Funds	0.115	0.115
	Total (A)	**2.854**	**2.854**
	Ceiling as per the Act	₹9.11 crore (being 5% of net profits calculated as per section 198 of the Act)	

B. Remuneration to other Directors

(₹ in crore)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
(1)	**Independent Directors**	**Shailesh Haribhakti**	**Dr. Darlie Koshy**	**Sharda Agarwal**	**Bijou Kurien**	
	· Fee for attending board/committee Meetings	0.053	0.063	0.053	0.023	0.192
	· Commission*	0.200	0.200	0.200	0.200	0.800
	· Others, please specify	-	-	-	-	-
	Total (1)	**0.253**	**0.263**	**0.253**	**0.223**	**0.992**
(2)	**Other Non-Executive Directors**	**C. P. Toshniwal**	**Rakesh Biyani**	**Avni Biyani**		
	· Fee for attending board/committee Meetings	0.045	0.018	0.020		0.083
	· Commission	Nil	Nil	Nil		Nil
	· Others, please specify	-	-	-		
	Total (2)	**0.045**	**0.018**	**0.020**		**0.083**
	Total (B) = (1 + 2)					**1.075**
	Total Managerial Remuneration (A+B)					**3.814**
	Overall Ceiling as per the Act	₹20.05 crore (being 11% of net profits calculated as per section 198 of the Act)				

* Commission was paid for the financial year 2016-17.

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

(₹ in crore)

Sr. 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	1.459	0.393
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961#	0.003	0.003
	(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	0.035	0.020
	Total	**1.497**	**0.416**

Excluding perquisite on exercising of Employee Stock Options (ESOPs)

* Granted 1,95,000 ESOPs

** Granted 40,000 ESOPs

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the financial year ended March 31, 2018

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company, 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 Securities and Exchange Board of India (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, 2018, the Board comprises of eight Directors. All the Members of the Board are eminent persons with the considerable professional expertise and experience. The Board consists of a balanced combination of Executive Directors, Non-Executive Director, Independent Directors and 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 Director is 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, 2018 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	9	10	5
Mr. Kishore Biyani (DIN 00005740)	Managing Director (Promoter Group)	7	2	3	1
Dr. Darlie Koshy (DIN 00023527)	Independent	1	-	2	1
Mr. Bijou Kurien (DIN 01802995)	Independent	5	4	5	1
Ms. Sharda Agarwal (DIN 00022814)	Independent	3	2	2	1
Mr. Rakesh Biyani (DIN 00005806)	Non-Executive (Promoter Group)	6	6	3	-
Mr. C. P. Toshniwal (DIN 00036303)	Non-Executive	8	3	4	1
Ms. Avni Biyani (DIN 02177900)	Non-Executive (Promoter Group)	2	3	-	-

* No. of directorships held by the Directors does 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.

The details of Shares held by the Directors in the Company as on March 31, 2018 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	3,94,800
Ms. Avni Biyani	19,499

Note: Except details given hereinabove, none of the non-executive directors holds shares/ convertible instruments in the Company.

The details of the familiarization program of the Independent Directors are available on the website of the Company at the link http://futurelifestyle.in/corporate_governance.aspx

BOARD MEETINGS

During the year under review, four Board Meetings were held on May 15, 2017, September 12, 2017, November 01, 2017 and February 02, 2018.

The gap between two Meetings did not exceed one hundred and twenty days as prescribed in the Listing Regulations. Fifth Annual General Meeting (AGM) of the Company was held on August 29, 2017.

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. Shailesh Haribhakti	4	4	Yes
Mr. Kishore Biyani	4	4	Yes
Dr. Darlie Koshy	4	4	No*
Mr. Bijou Kurien	4	4	No*
Ms. Sharda Agarwal	4	4	No*
Mr. Rakesh Biyani	4	2	Yes
Mr. C. P. Toshniwal	4	4	Yes
Ms. Avni Biyani	4	4	No

** They could not reach at the AGM venue due to the traffic congestion because of heavy rain in Mumbai.*

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. Ms. Agarwal, could not attend the AGM of the Company held on August 29, 2017 due to the traffic congestion because of heavy rain in Mumbai. She had requested and nominated Mr. Shailesh Haribhakti, Member of the Committee for addressing relevant queries of the Members at the AGM.

The Company Secretary functions as Secretary to the Committee.

During the year under review, five meetings of the Committee were held on May 15, 2017, September 12, 2017, November 01, 2017, December 21, 2017 and February 02, 2018. 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	5	5
Mr. Shailesh Haribhakti	Member	5	5
Dr. Darlie Koshy	Member	5	5
Mr. C. P. Toshniwal	Member	5	5

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:
    - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    - (b) changes, if any, in accounting policies and practices and reasons for the same;
    - (c) major accounting entries involving estimates based on the exercise of judgment by management;
    - (d) significant adjustments made in the financial statements arising out of audit findings;
    - (e) compliance with listing and other legal requirements relating to financial statements;
    - (f) disclosure of any related party transactions;
    - (g) modified opinion(s) in the draft audit report;

- reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public 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 and
- 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) of the Listing Regulations.
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of regulation 32(7) of the Listing Regulations.

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.

Dr. Darlie Koshy, Chairperson of the Committee could not attend the AGM of the Company held on August 29, 2017 due to the traffic congestion because of heavy rain in Mumbai. He had requested and nominated Mr. Shailesh Haribhakti, Member of the Committee for addressing relevant queries of the Members at the AGM.

During the year under review, two meetings of the Committee were held on May 15, 2017 and September 12, 2017.

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

Name of Director	Designation	No. of meetings	
		Held	Attended
Dr. Darlie Koshy	Chairperson	2	2
Mr. Shailesh Haribhakti	Member	2	2
Mr. Rakesh Biyani	Member	2	1
Ms. Sharda Agarwal	Member	2	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 for the year ended March 31, 2018 is as under:

(₹ in crore)

Name	Salary (basic)	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	0.960	1.250	0.115	0.529	2.854	June 25, 2016 to June 24, 2019	6	N. A.

* Commission was paid for the financial year 2016-17.

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	0.018
Mr. Shailesh Haribhakti	0.053
Dr. Darlie Koshy	0.063
Ms. Sharda Agarwal	0.053
Mr. C. P. Toshniwal	0.045
Mr. Bijou Kurien	0.023
Ms. Avni Biyani	0.020

An aggregate amount of ₹1.40 crore is proposed to be paid towards commission payable to the eligible Non-Executive Independent Directors for the financial year 2017-18.

The details of Commission paid for the financial year 2016-17 and proposed to be paid for the financial year 2017-18 is as under:

(₹ in crore)

Name of Director	Commission	
	Paid for FY 2016-17	Payable for FY 2017-18
Non-Executive Independent Directors		
Mr. Shailesh Haribhakti	0.200	0.350
Dr. Darlie Koshy	0.200	0.350
Ms. Sharda Agarwal	0.200	0.350
Mr. Bijou Kurien	0.200	0.350

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.

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

Dr. Darlie Koshy, Chairperson of the Committee could not attend the AGM of the Company held on August 29, 2017 due to the traffic congestion because of heavy rain in Mumbai. He had requested and nominated Mr. Kishore Biyani as a member of the Committee for addressing relevant queries of the Members at the AGM.

During the year under review, four Meetings of the Committee were held on May 15, 2017, September 12, 2017, November 01, 2017 and February 02, 2018.

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

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

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

Terms of reference of the Committee

- To determine on behalf of the Board the Company's policy on serving the stakeholders in line with best corporate governance norms;

- To periodically review stakeholders' grievance mechanism of the Company;
- To review and redress stakeholders' grievances regarding allotment of securities, transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. and other allied matters;
- The Committee is also authorised to:
  - 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; and
  - 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, dematerlisation and rematerialisation of shares.

Investors' Grievance Redressal

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

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	13	13	Nil

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 15, 2017. 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, meeting of the Committee was held on February 2, 2018.

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.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of Mr. Rakesh Biyani and Mr. C. P. Toshniwal, Directors of the Company and Mr. Kaleeswaran Arunachalam, Chief Financial Officer of the Company.

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
2016-17	August 29, 2017 at 04:00 pm	Rangaswar Hall, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400021.	• Approval for remuneration arising upon the exercise of vested Employee Stock Options held by Mr. C. P. Toshniwal. • Approval for revision in remuneration payable to Mr. Kishore Biyani as the Managing Director. • Issue of Non-Convertible Debentures for an amount upto ₹750 crore.
2015-16	August 29, 2016 at 04:30 pm	- do -	• Re-appointment of Mr. Kishore Biyani, as Managing Director. • Issue of Non-Convertible Debentures for an amount upto ₹500 crore.
2014-15	August 26, 2015 at 12:00 noon.	- do -	• Approval of Future Lifestyle Fashions Limited Employee Stock Option Plan 2015. • Grant of stock options to the employees of the subsidiary company(ies) under FLFL ESOP – 2015. • Implementation of FLFL ESOP – 2015 through employees' welfare trust. • Authorization for employees' welfare trust for secondary acquisition. • Authorization for making of loan / provision of money to employees' welfare trust for purchase of / subscription for company's shares under FLFL ESOP – 2015.

Extraordinary General Meeting

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

Postal Ballot

The Company has not passed any Special Resolution through postal ballot during the financial year 2017-18 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 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

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 Sixth Annual General Meeting

Date and Time: Wednesday, August 29, 2018 at 02:30 pm

Venue: 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.

Dividend Payment Date

The Board of Directors of the Company has recommended a dividend of ₹1.20 (60%) 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, 2018.

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 IV) of the Company is listed on the Wholesale Debt Market (WDM) Segment of BSE.

Listing Fees

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

Debenture Trustees

For Non-Convertible Debentures (Series IV)

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

Stock Code

Shares	ISIN	Stock Code	
		BSE	NSE
Equity	INE452O01016	536507	FLFL
8.70% Secured Non-Convertible Debentures (Series IV)*	INE452O07047	957150	-

**Listed only on BSE*

Corporate Identification Number (CIN)

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

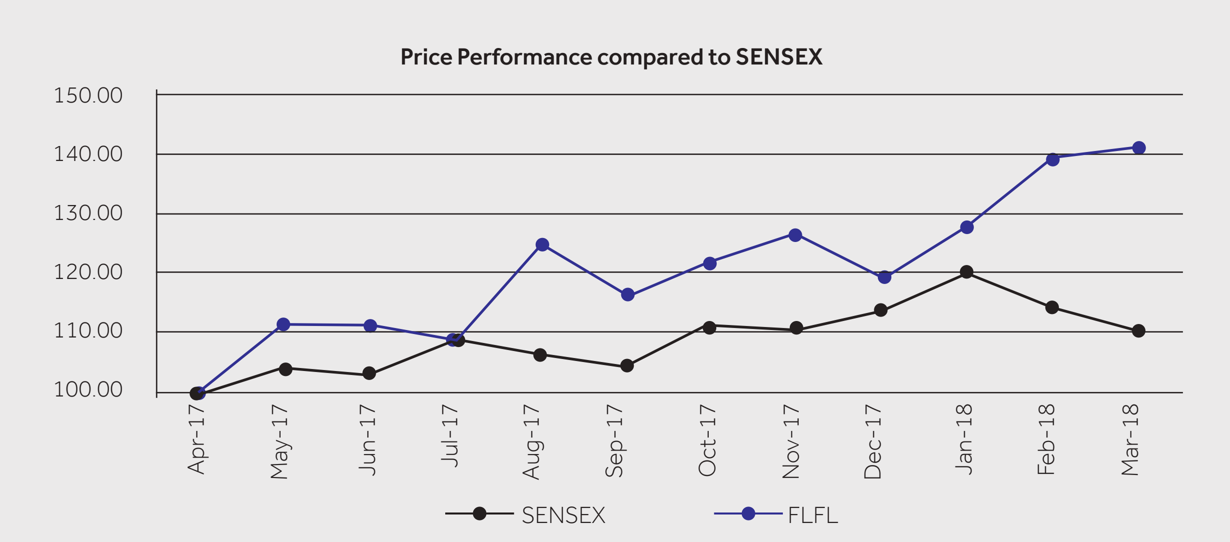
Stock Performance

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

Months	BSE (in ₹)		NSE (in ₹)	
	High	Low	High	Low
Apr-17	294.75	264.00	296.40	263.55
May-17	327.00	271.65	327.00	271.70
Jun-17	380.45	295.35	381.00	295.00
Jul-17	330.55	298.10	330.75	294.85
Aug-17	388.65	309.00	389.00	308.00
Sep-17	410.55	314.40	412.00	314.25
Oct-17	377.90	327.80	378.45	328.00
Nov-17	398.00	335.85	397.80	335.00
Dec-17	371.20	334.95	372.95	334.00
Jan-18	400.00	341.05	402.00	343.00
Feb-18	409.00	335.10	408.00	335.30
Mar-18	431.00	379.95	431.95	380.00

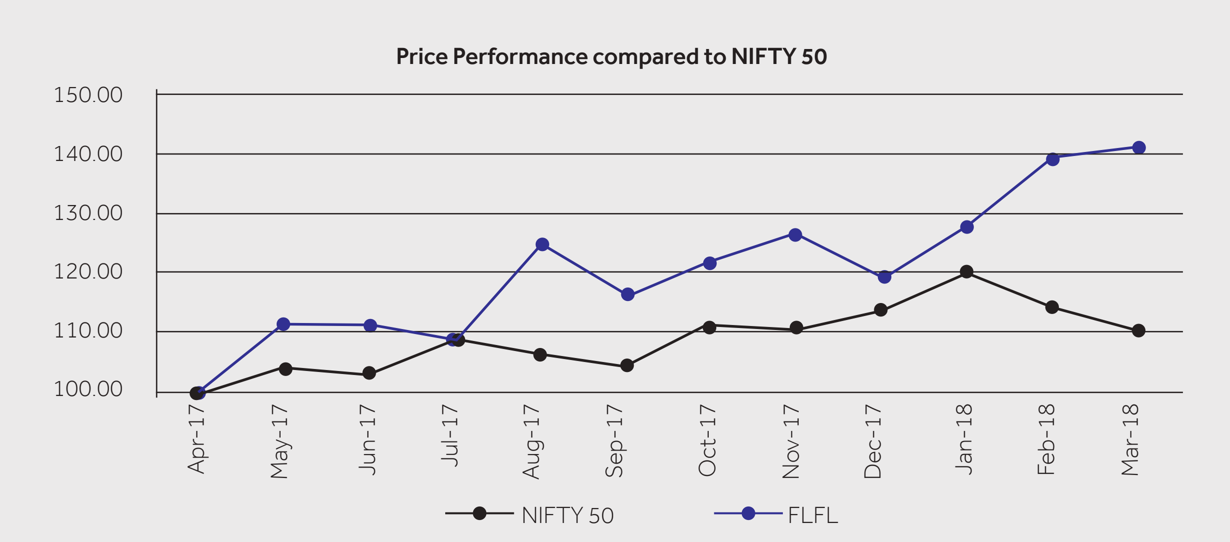
[Source: This information is compiled from the data available from the websites of BSE and NSE]

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, 2017 as base 100.

Performance of Share Price of the Company in comparison to the NSE NIFTY 50



Note: The performance comparison is based on the percentage of closing price and Nifty 50 on the last trading day of the month assuming closing of April, 2017 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

99.81% of the Equity Shares of the Company have been dematerialised as on March 31, 2018. 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, 2018 is as under:

Particulars	No. of Shares	% of Capital
NSDL	17,49,45,221	91.88
CDSL	15,102,275	7.93
Total Dematerialised	**19,00,47,496**	**99.81**
Physical	3,66,341	0.19
Total	**19,04,13,837**	**100.00**

Distribution of Shareholding of Equity Shares as on March 31, 2018

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	38,697	96.27	21,25,475	1.12
501-1000	708	1.76	5,10,070	0.27
1001-2000	258	0.64	3,87,152	0.20
2001-3000	104	0.26	2,63,994	0.14
3001-4000	74	0.19	2,53,368	0.13
4001-5000	51	0.13	2,39,211	0.13
5001-10000	90	0.22	6,29,715	0.33
10001 and above	213	0.53	18,60,04,852	97.68
Total	**40,195**	**100.00**	**19,04,13,837**	**100.00**

Shareholding Pattern as on March 31, 2018

Category	No. of Shares	% of holding
Promoters and Promoter Group	115,241,065	60.52
Mutual Funds	10,992,725	5.77
Banks, Financial Institutions	132,385	0.07
Alternate Investment Funds	21,727,950	11.41
Insurance Companies	3,814,251	2.00
Foreign Portfolio Investor	10,241,915	5.38
Non Resident Indians	219,349	0.12
Bodies Companies	11,837,499	6.22
Indian Public (Individual)	15,428,821	8.10
Clearing Members	332,619	0.18
Trust	467	0.00
Hindu Undivided Family	444,758	0.23
Foreign Nationals	33	0.00
Total	**190,413,837**	**100.00**

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.

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,
Website: www.linkintime.co.in

For securities held in demat form

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

For any query on the Annual Report

Mr. Sanjay Kumar Mutha, Chief Legal & Company Secretary
Future Lifestyle Fashions Limited
Knowledge House, Shyam Nagar,
Off Jogeshwari-Vikhroli Link Road,
Jogeshwari (East), Mumbai - 400 060.
Tel No: +91 22 6644 2200,
Fax No: +91 22 6644 2201,
Email: investorrelations@futurelifestyle.in,
Website: www.futurelifestyle.in

Commodity price risk or Foreign exchange risk and hedging activities

The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily on account of import of trading goods and capital goods. The Company hedges its foreign exchange risk using foreign exchange forward contracts as per it's within the guidelines laid down by risk management policy of the Company.

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. 33 in Notes forming part of the standalone financial statements for the year ended March 31, 2018. 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

Disclosure of Accounting Treatment

Pursuant to the notification issued by the Ministry of Corporate Affairs on February 16, 2015 and under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, the Company has adopted Indian Accounting Standards (Ind AS) on April 1, 2017, with the transition date as April 1, 2016.

Management

A Management Discussion and Analysis (MDA) forms part of the Board's 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, 2018.

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

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.

Details of 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.

Compliance with Mandatory requirements

Your Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

Compliance with 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: The internal Audit function reports to the Chairperson of the Audit Committee of the Board 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.

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:

Shares	Number of Shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding Shares in the suspense account lying as on April 01, 2017	186	34,170
Number of shareholders who approached the Company for transfer of Shares from suspense account during the year	NIL	NIL
Shareholders to whom Shares were transferred from the suspense account during the year	NIL	NIL
Aggregate number of shareholders and the outstanding Shares in the suspense account lying as on March 31, 2018	186	34,170

The voting rights on the Shares outstanding in the suspense account as on March 31, 2018, shall remain frozen till the rightful owner of such Shares claims the Shares.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
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, 2018 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. The responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the condition of the Corporate Governance stipulated in the SEBI Listing Regulations.

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

DECLARATION ON COMPLIANCE OF CODE OF CONDUCT

To,
The Members,
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, 2018.

For Future Lifestyle Fashions Limited

Kishore Biyani
Managing Director

Mumbai
May 18, 2018

BUSINESS RESPONSIBILITY REPORT

OVERVIEW

The Company ('FLFL') is a trendsetter by building unique brands and fashion retailing in India. With a team of talented business professionals, fashion designers and entrepreneurs, FLFL aims to provide a perfect blend of modern and traditional fashion to the Indian customers.

FLFL believes that inclusive and sustainable growth is necessary for developing a happy ecosystem. FLFL is committed to create positive impacts on the lives of communities, the physical environment and other stakeholders in building a stronger foundation for long-term growth.

Your Directors present the Business Responsibility Report (BRR) of FLFL for the financial year ended March 31, 2018, pursuant to regulation 34 (2)(f) of the Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This BRR delineates FLFL's endeavors 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.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. 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 – 400 060.
4	Website	www.futurelifestyle.in
5	E-mail id	investorrelations@futurelifestyle.in
6	Financial Year reported	2017-18
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)	Retailing of: (i) Apparels / Garments (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)	FLFL does not have any stores in International markets.
	(b) Number of National Locations	As on March 31, 2018, the Company has a pan India presence with 332 stores covering various formats of the Company.
10	Markets served by the Company - Local/ State / National / International	National

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. no.	Particulars	Company information
1	Paid up Capital (₹)	38.08 crore
2	Total Turnover (₹)	4,252.45 crore (standalone)
3	Total profit after taxes (₹)	110.51 crore (standalone)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.82% of average profit of previous three financial years.
5	List of activities in which expenditure in point 4 above has been incurred	During the year under review, the Company contributed its CSR amount through the "Sone Ki Chidiya Foundation" ('SKC Foundation'), which in-turn has deployed these funds through Non-Government Organisations towards measures to reduces inequalities by improving access to basic goods or needs for socially and economically backward groups and measures for the benefit of armed forces veterans. (For further details please refer Principal 8 given herein)

SECTION C: OTHER DETAILS

Sr. 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, 2018.
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/ Companies	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%]	FLFL 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. During the year under review the Future Group has approved sustainability policies and framework. The Company would initiate the familiarization of the same, amongst its prominent business partners.

SECTION D: BR INFORMATION

1. Details of Director and BR Head responsible for implementation of the BR policy / Policies (Din, Name, Designation):

Sr. 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 (Replies in Y - Yes / N - No):

The NVGs released by the Ministry of Corporate Affairs has adopted Nine areas of Business Responsibility. These briefly are 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 marginalized.
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 NVG's Nine principles:

Sr. 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? (50 words)	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 FLFL's officials / respective departments are authorized to oversee the implementation of the policy.								
6	Indicate the link for the policy to be viewed online?	http://www.futurelifestyle.in/statutory_documents.aspx								
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?	During the year under review, Future Group has set-up a Sustainability Cell which has developed the Group's sustainability vision, framework and policies. Deployment of these policies, processes will be in line with international guidelines, and on achieving sufficient robustness, your Company will internally audit or invite a third party to verify the performance.								

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 assess various BR initiatives undertaken by 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 published the BRR in the Annual Report for the financial year 2017-18 which is also available on website of the Company at www.futurelifestyle.in

SECTION E: PRINCIPLE WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Governance:

FLFL is committed to conduct its business in ethical and transparent manner. FLFL diligently follows the corporate governance practices, policies and procedures that ensures ethical conduct at all levels. FLFL is accountable to all its stakeholders and adapted the culture of professionalism, honesty and integrity across its value chain.

FLFL has a Code of Conduct for its Directors, Senior Management Personnel. Their affirmation to the Code of Conduct is communicated to all stakeholders by Managing Director, through a declaration in the Annual Report.

FLFL's employees are abided by the Code of Conduct (CoC), which prohibits abusive, corrupt, anti-competitive and unfair practices. The Company ensures that all employees get acquainted with the CoC during induction training program. The CoC is available on the Company's website at http://futurelifestyle.in/corporate_governance.aspx

FLFL communicates about access of information about their decision that impact any of the relevant stakeholder. FLFL fairly discloses all necessary legal and financial disclosures and disseminated to the stakeholder through the Stock Exchanges, Company's website, Annual Report, Newspapers, etc.

FLFL has established robust governance structure, which consists of various committees such as Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. These committees inter-alia help to address concerns with respect to policies and procedures enforced across FLFL's business.

The reporting period witnessed strengthening of governance in areas of social, environmental and economic performance within the Future Group by establishing a group level sustainability cell, developing guidelines and policies (including anti-corruption and stakeholder engagement) in this direction, thus laying down the foundation stones towards improved transparency and disclosure within business.

'Happiness Matters' is the cornerstone of the Group's sustainability framework. Future Group is committed towards creating a happy ecosystem. The Group's sustainability vision is "Striving to grow responsibly and achieve our dual goal of a happy environment and society, both of which are necessary ingredients for business continuity and growth." The four pillars of the sustainability framework are "Responsible Products", "Resource Efficiency", "Responsible Supply Chain" and "Happy Communities". The coming reporting period will see deployment of these policies on the basis of these four pillars through strengthening of processes, creation of roadmaps, target setting and performance management. The Company will extend the same to its value chain stakeholders and promote adoption of the same.

Vigil mechanism:

The Company has established a whistle blower policy/ vigil mechanism.

Vigil mechanism empowers employees and other stakeholders who have concerns about suspected misconduct, unethical behaviour, actual or suspected fraud or violation of the Code of Conduct or ethics policy to come forward and express their concerns without fear of punishment or unfair treatment. The mechanism promotes responsible and secure whistle blowing and provides adequate safeguards to the whistle blower.

The Future Group treats any act of fraud, bribery and corruption very seriously and expects its business partners to adopt the same approach.

There were no complaints received during the reporting year under Whistle Blower Policy of the Company.

Grievance redressal mechanism:

FLFL has institutionalized effective grievance redressal mechanism for receiving and dealing with the concerns, complaints of its stakeholders which in turn resulted into efficient business processes.

FLFL has designated e-mail id investorrelations@futurelifestyle.in for receiving and addressing investor grievances. 13 investor grievances were received during the year under review, all investor grievances have been satisfactorily resolved by the Company and no investor grievance was pending as on March 31, 2018.

The Company has an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and discriminations and follows the guidelines provided in the policy. ICC has its presence at corporate office as well as at stores / other locations.

The committee on Prevention of Sexual Harassment (POSH) addresses all sexual harassment complaints. A POSH policy is also available on the intranet for easy access to all employees. Any complaints with regard to sexual harassment can be reported at posh@futuregroup.in in order to resolve grievance. The Company has received no complaints on sexual harassment during the reporting year.

FLFL has established a consumer grievance redressal mechanism, where consumers can raise their concerns through mails, social media, call or personal meetings. There were total of 188 customer cases pending as on March 31, 2018, which were largely pertaining to interpretation of chargeability of tax on transaction value, within the maximum retail price.

Principle 2: Product Stewardship

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

FLFL is an integrated fashion Company with a variety of brand preferences which provides latest trends based on consumer choices. The Company focuses on building brands and product portfolio in the fashion space. The Company operates through its retail chains viz., 'Central' which operates in 40 Stores, 'Brand Factory' which operates in 63 Stores and 229 Exclusive Brand Outlets (EBOs), across India.

New product development:

FLFL is vigilant towards achieving product quality, safety and having zero impact on environment. During the reporting year, the Company launched a new brand called 'Mini Club' for infants which includes product categories which are made up of 100% cotton and contain no harmful chemicals.

The Company endeavors to achieve inclusive growth and adapts sustainable development approach. All products of FLFL address environmental and social concerns and positively impact the business operations.

Sustainable sourcing:

FLFL is committed towards sourcing garments from renowned garment manufacturers and is vigilant on compliances of suppliers to relevant labour and environmental laws. FLFL seeks self-certification from suppliers about all the necessary compliance documents related to applicable laws, quality, environmental and social norms. The Company strives to promote social enterprise networks and sourcing from local suppliers.

FLFL works with 341 local (state region) vendors, comprising 31% of total vendors of the Company.

In compliance with the recent ban on plastic in Maharashtra state, FLFL substituted all plastic carry bags used for packaging with paper bags. In this process, the Company has provided livelihood earning opportunities to small and medium enterprises including local vendors.

Product labelling:

FLFL endeavours to provide necessary information related to type of fabric, content, country of origin and other applicable statutory information on product labels. The Company ensures sourcing of garments that carry the 'Care' label, the label provides information with regards to use and wash care of garments.

Recycling:

The Company comprehends the importance of resource efficiency and has adopted the 3R approach (Reduce-Reuse-Recycle) for addressing the environmental concerns. During the reporting year, FLFL has substituted all plastic carry bags by paper bags and established an effective inter-departmental communication mechanism related to it across all the stores PAN India.

Principle 3: Welfare of employees

Businesses should promote the wellbeing of all employees

FLFL as a responsible retailer in fashion retail business, considers employees as most important resource and is committed to treating all everyone with dignity and respect and well-being of employees working in its value chain.

FLFL believes that diversity at the workplace creates an environment conducive to engagement, alignment, innovation and high performance. FLFL's Policy on diversity & equal opportunity achieves diversity and non-discrimination across the Company.

FLFL ensure to provide a work environment that is free from any form of discrimination, including but not limited to sexual harassment.

The Company endeavors to provide equal opportunity to each individual by evaluating him/her on its performance and ensure that there is no discrimination amongst its employees based on caste, creed, religion, disability, gender, age, sexual orientation, race, colour, ancestry, marital status and medical background.

FLFL's HR policies ensure that there is no child labour, forced labour or any form of involuntary labour, paid or unpaid at any of its premises.

Employees strength at FLFL as on March 31, 2018 was as under:

Total strength	No. of female employees	% of female employees to total strength
10175	2123	20.86%

FLFL's employees are not a part of any collective bargaining agreement and no worker/labour unions were existed as on March 31, 2018.

FLFL did not hire any employee on contract basis in FY 2017-18.

Non-discrimination in recruitment

Future Group believe that hiring people with disabilities can contribute to the overall diversity, creativity and workplace morale and enhance a company's image among its staff, in the community and among customers as well as other stakeholders. There is a need to illustrate opportunities for this section of society and build employment, internships, training/sensitivity programmes specifically oriented to those with disabilities.

FLFL always emphasizes on talent acquisition and provides opportunities for career development to its employees. FLFL provided equal opportunity for 33 employees with disabilities, during the reporting year. Persons with Disabilities (PwD), employees have been recruited since 2011 through TRRAIN, a third-party organization. This initiative was launched with an aim to train PwDs by providing them employment opportunities in the retail industry, the training programs include retail specific skills such as retail math, cashiering, computers, customer handling and work readiness. Majorly, PwD employees work in front end sales team and the Company is planning to promote more such recruitments in future.

Facilities for employee well-being

FLFL ensures adherence to policies and processes related to labour laws and human rights and update the same on continuous basis. The Company always promotes gender diversity, inclusiveness and open culture to enhance the productivity at work place.

FLFL takes cognizance of the work-life balance of its employees and 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 a 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.

Under the health benefits provided by FLFL, eligible employees can avail free health check-up services at various locations across India.

Employee retention:

FLFL's robust retention scheme is an outcome of customized growth plan and group level guidance on employees development. 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. Employees being encouraged by the Company to apply for Internal Job Posting to explore new opportunities across different verticals and domains.

Employee growth, training and development and overall well-being:

FLFL ensures to provide equal and non-discriminatory learning opportunities to all employees for continuous upgradation in their skills and competencies.

During the reporting period, FLFL had conducted talent development activities such as GST & its implications, leadership programme, Customer Centricity, Future of branding in digital India, Finance for Non-Finance, Problem Solving & Decision Making, Team Building workshops and Customer Service Excellence for Brand Factory, Central, Lee Cooper and other FLFL's brands.

During the reporting year, FLFL has organised 210 Nos. of training and development programmes aggregating to 74,672 Man hours to its employees.

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

FutuReady - Induction & Orientation Program:

FutuReady is an interactive & engaging induction & orientation program for all new joiners which explains them an overview of Future Group, its businesses, its values & culture and prepares them for their journey at Future Group.

Hero in You:

A two days' training program for Fashion Consultants of aLL – the plus size store format which focused on personalized selling, customer service excellence, visual merchandising & grooming.

Power of One:

Power of One was a two days' workshop for the store managers of aLL, with an emphasis on target achievement, leadership skills, ownership, succession planning and negotiation skills.

CEO in you:

A two days' workshop targeted towards Store Managers (SM) of aLL, focusing on enhancing leadership & entrepreneurship to encourage SMs to think like the CEO of their respective stores. It focused on a 360º change in the approach of store managers by enhancing their skills to tackle daily business challenges better.

Disha:

A program planned for potential frontend women employees of Brand Factory, which gives them an opportunity for a complete role transformation into a role of their own interest (VM, CSD, Cashier, SPO or In-store trainer).

Visual Merchandizing Certification Program:

A five days' certification program conducted at Pearl Academy for visual merchandisers (VM) of Brand Factory; designed keeping in mind the fast growing business and the visual merchandising requirements of Brand Factory. The program was developed by the subject matter experts from Brand Factory and experienced professors from Pearl Academy.

Aspire:

A two days' workshop for Store Managers of Brand Factory to enable them to aspire to bring Brand Factory up to the next level i.e. Brand Factory 2.0

Udaan – SPO Workshop:

A two days' workshop focusing on getting the Brand Factory Store People Officers (SPO) to aspire to bring Brand Factory up to the next level i.e. Brand Factory 2.0. It also covered transformational activities to create a mind-set change to achieve the vision of the business.

Customer Centricity and Mentoring:

A three days' workshop targeted towards store managers (SM) of Central, focusing on developing a clear, customized strategy and a supporting action plan to implement Customer Centricity. In addition, the workshop focused on coaching & mentoring to help store managers unleash the true potential of their team.

Emerging Leaders Program:

A two days' workshop targeted towards department managers (DM) of Central, who are beginning their journey as leaders. It aimed to sharpen the skills of department managers on 3 main pillars – Customer Centricity, People Development and Business Analytics, thus preparing them for their next role as a Store Manager.

Health & Safety:

FLFL embraces the Group's policy of health and safety to ensure employee welfare through accident free operations. FLFL has a dedicated person at store level who is responsible for inspection of safety concerns.

FLFL ensures compliance to fire safety as per the local authority requirements as mandated. FLFL also conducts mock drills at offices and stores. Functioning of all equipment such as sprinklers and fire hydrants are checked at all stores for loss prevention in case of fire, emergency exits remain unblocked and can be easily identified through appropriate signage.

The Company organised health check-up, eye check-up camps at different stores to ensure good health of its employees.

Principle 4: Stakeholder Engagement

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

FLFL believes in its approach of collaboration with its stakeholders to bring smiles and happiness in their lives. To achieve this, FLFL has identified its stakeholders and established periodic and effective communication with them. FLFL's stakeholder engagement also aids in identifying the concerns and needs of its stakeholders. The Company is committed to the welfare of disadvantaged, vulnerable and marginalized section of the society.

Shareholders:

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

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 for Shareholders to make any communication to the Company beside writing to the Company and its RTA.

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.

Statutory bodies:

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

Employees:

FLFL considers its employees as a source of creativity, dedication and positive thinking and strives to create an environment that encourages such creativity. The Inclusivity is key to creating a supporting environment.

Various employee engagement activities were organised across all the Offices, Stores and EBOs, during the reporting year, which are highlighted as under:

1. Celebration of cultural and festival events .
2. Celebration of Independence day and Republic day.
3. Women's day celebration, kids' carnival and fun activities for employees and their families
4. Health awareness and various Sports activities

The FLFL's employees were also participated in social engagement activities as under:

1. FLFL's Bengaluru office organized wellness camps, Quit Smoking initiative in association with Cipla.
2. Brand Factory stores in Vishakapatnam organized street clean up drive in the nearby areas of stores.
3. Organized sessions of Brahmakumaris on positive thinking at workplace for Brand Factory stores in Dilkushnagar, Lingampalli, Vijaywada, Vishakapatnam, Jubilee MPM, Kharkhana and Attapur near Hyderabad.

Suppliers / Vendors:

FLFL values its suppliers and vendors by sharing a professional and transparent relationship. FLFL engages with its suppliers through various training programs related to new procurement policies, technology upgradation or business development. During the reporting year, FLFL organised a capacity building program for its suppliers on understanding Enterprise Resource Planning Software (ERP) and processes for seamless transaction and business operations. The program involved knowledge transfer related to new development in ERP software, various policy updates and brief on changes in internal procurement portal.

Consumers:

FLFL believes in developing long-term relationship with its consumers. The Company has framed product exchange policy which entails convenient exchange process of damaged merchandise through credit note generation. To promote the products at all stores, the Company provided variety of offers and quick turnaround time for availing the offers/discounts. Different feedback mechanisms such feedback forms, website, emails, social media, customer service desk, etc. have been developed by the Company to understand challenges faced by the consumers during shopping.

Communities:

FLFL works with various communities; it employs young Indians in urban and peri-urban areas, engages with its consumers, works closely with workers, suppliers and distribution systems across the country and interacts with various stakeholders who are closely linked to its business.

FLFL contributed its efforts for community development by providing access to basic goods and services to socially and economically backward groups. Through these initiatives, the Company aims to achieve one of the mission of Group's sustainability framework as 'Happy Communities'.

Principle 5: Human rights

Businesses should respect and promote human rights

FLFL has a direct obligation to protect human rights of its employees and workers including the right to equal opportunities, fair working conditions and protection from discrimination. FLFL does not employ child labour or forced labour among its staff and seeks to influence its principal suppliers to respect human rights. FLFL makes a positive contribution to local and other communities through its CSR initiatives spread across the country.

FLFL's Human Rights policy endeavours to provide equal opportunities to its employees to express their concerns through appropriate forums and representations. FLFL has not received any complaints during the reporting period pertaining to such violation.

Principle 6: Environment

Business should respect, protect, and make efforts to restore the environment

FLFL is committed to work with its stakeholders to create awareness and provide solutions with respect to energy conservation, waste management and resource efficiency.

During the reporting period, the Group has developed its Energy and Carbon Policy with a commitment towards low carbon transformation through reduced energy consumption and procuring energy from renewable sources.

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. FLFL's Initiatives such as paperless board meetings, electronic data exchange, digitalization of invoices, awareness drives for reducing printouts helps in paper conservation significantly.

The Company endeavors to reduce its energy consumption by replacing old lighting fixtures with 1x28 W LED lights in all its existing stores. Most of the retail stores of FLFL are located in commercial places having LEED (Leadership in Energy and Environmental Design) certification.

The Group has instituted its water stewardship policy which encourages both stores and corporate offices to initiate water conservation measures.

FLFL has identified scrap vendors for safe disposal of defective merchandise. Scrap vendors segregate, reprocess and reuse the fabric of defective merchandise for making dusters, mats etc.

During the reporting year, there were no incidents of environmental non-compliance or fines or penalties levied on the Company. Also, there were no show cause and legal notices received during the year under review, which were pending from the Central Pollution Control Board (CPCB) or State Pollution Control Board (SPCB) at any of FLFL's operations.

Principle 7: Public Advocacy

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

FLFL, as a responsible business leader, keenly participates in various 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). In case of policy advocacy, FLFL is committed to public good, however not actively advocated or lobbied directly with government officials or institutions. FLFL's 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

FLFL has aligned its commitment towards community, environment and all its stakeholders with the vision of Future Group. The Company has CSR policy under the provisions of section 135 of the Companies Act, 2013 and Rules made thereunder.

FLFL contributes its CSR spent to Sone Ki Chidiya Foundation's ("SKC Foundation"), which in-turn spends through various eligible implementation partners, which undertakes projects, in line with the activities identified by the CSR Committee. FLFL endeavours to encourage its employees and value chain members to volunteer and participate on key issues that affect communities in areas where stores, warehouses and vendors are located.

During the year under review, FLFL has identified CSR projects / activities under "Measures for reducing inequalities faced by socially and economically backward groups through access to basic goods and services" and transferred its entire eligible CSR contribution to the SKC Foundation to spend through not-for-profit organizations. Accordingly, the following projects were undertaken:

1. FLFL has extended support worth ₹22.16 lakh to "Goonj", wherein 10,000 families across Maharashtra, Gujarat, Uttarakhand, Delhi and NCR region, through the programme "Odha do Zindagi" under the Cloth for Work program are being supported. In the Cloth for Work program, communities identify issues in their locality. Goonj, partner Non-Government organisations (NGOs) and the community work out solutions and implement the same jointly through rural volunteerism. In exchange, communities received garments, blankets, quilts in addition to other materials, thus making sure that value and economic development reaches the last mile.
2. Seva Sahayog Foundation works towards the development and welfare of those living in urban slums through interventions in education, livelihood generation and sanitation. FLFL has extended support worth ₹8.23 lakh to Seva Sahayog Foundation and partner NGOs through their centers in Palghar, Thane and Raigad located in Maharashtra. This program impacted 3556 underprivileged children from rural communities (1711 girls and 1845 boys) between the age of 6-17.
3. FLFL has extended support worth of ₹6.60 lakh to Seva Sahayog Foundation for the Bhotia tribe living in the remote Niti valley of Chamoli district in Uttarakhand and the scheduled communities in over 75 villages of Rudraprayag and Chamoli districts and the Nomadic pastoralists in Chamoli, Uttarakhand.
4. FLFL has extended support worth of ₹14.46 lakh to Bhavani Vidyarthi Kalyan Pratisthan for its initiative 'Shantivan', which aims at helping the economically backward, the young, physically handicapped, farming communities and women, who affected by human trafficking. Project 'Shantivan' focusses on addressing, basic needs of the beneficiaries followed by opportunities to develop holistically and other skill development activities.

5. FLFL has extended support worth of ₹0.29 lakh to Vivek Rural Development Centre, which caters to basic needs, healthcare, education and livelihood generation opportunities of tribals and villagers including the disabled in Palghar district. Under this initiative, 100 children from the tribal community at Saraswati Vidyamandir in a village located in Vasai were benefited.
6. FLFL has extended supports worth of ₹50.00 lakh to 'Bharat Ke Veer' (India's Bravehearts) towards 'Support Soldiers' initiative for the survival and sustenance of families of martyred soldiers.

In addition to the aforesaid CSR activities, FLFL's employees jointly with local communities were engaged in the following activities:

1. Brand Factory store in Mysore distributed books to orphanage children from Sri Chayadevi Anathashram Trust. Brand Factory Raipur, Beleghata distributed notebooks to children staying in nearby communities.
2. Brand Factory stores in East zone partnered with Hope Foundation in Kolkata for distribution of grocery and food products to the slum children. Along with this, stores also arranged recreational activities for children.
3. Brand Factory Mysore store arranged student activities and games for mentally challenged children from Mythri Foundation.
4. Brand Factory stores in Behala honored and appreciated visually impaired children by distributing gifts.
5. Brand Factory Mysore store distributed gifts to slum children from Ashadayaka slum children rehabilitation center.

Principle 9: Value to customers

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

Customer centricity is one of the key parameters of FLFL's value chain. The Company endeavors to provide safe and quality products to its customers in a responsible manner. The Company believes in engaging its customers through different channels such as mails, website, social media, telephones, questionnaires for providing their valuable feedback. The Company collects customer feedback from various modes on daily basis and implement the suggestions provided by customer related to products, parking facility, billing speed, offers and availability of sizes and options.

The Company initiated Voice of Customer initiative across all 'Central' and 'Brand Factory' stores. The Voice of Customer system works on the concept of Net Promoter Score (NPS) which is a difference between no. of customers who are promoters and no. of customers who are detractors. Under this initiative, customers rate different shopping attributes such as billing experience, staff helpfulness, product availability, store ambience and price or promotions on products etc.

Customer service desks set up in each store serve customers for product exchange, alteration, collecting feedback and resolution of any complaints within 72 hours unless it requires further check / information on products or otherwise requires an higher lead for resolution.

There were 10 consumer cases were pending at the beginning of the reporting year. 182 cases filed and 4 cases settled / resolved during the reporting year. There were 188 consumer cases pending at the end of the reporting year, which was largely pertaining to interpretation of chargeability of tax on Transaction Value, within the maximum retail price.

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

The Company discloses product information truthfully and factually through labelling and other means for responsible consumption of the product. FLFL strives to promote and advertise its products in a way that do not mislead or confuse its consumers or violates any principle in these Guidelines. The Company endeavours to display adequate information on responsible consumption with respect to social and environmental resources.

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, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in equity and the statement of Cash Flows for the year then ended and summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India.

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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the Act and the Rules made there under and the order issued under section 143(11) of the Act.

We conducted our audit of the Standalone financial statements 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 the 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 the Standalone financial statements.

OPINION

In our opinion and to the best of information and according to the explanation given to us, the aforesaid 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, of the state of affair of the company as at March 31, 2018, and its profit including other comprehensive income, the changes in equity and its cash flows 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 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 paragraphs 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 it appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the statement of changes in equity 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 there under.

e) On the basis of written representations received from the Directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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, as amended 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.

ii) The Company did not have any long term contract including derivative contract for which there were any material foreseeable losses.

iii) There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

ANNEXURE - A TO THE INDEPENDENT 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, 2018, 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, 2018. 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, Goods and Service Tax, Duty of Custom , Duty of Excise, 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, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax ,cess and other material statutory dues were in arrears as at March 31,2018, 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, Duty of Custom , Duty of Excise 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, Central Sales 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	0.05	2013-14	Dy. Commissioner of Sales Tax
Kerala VAT Act, 2003	Sales Tax	0.37	2013-14	Dy. Commissioner of Sales Tax
Kerala CST Act, 1956	Sales Tax	0.23	2015-16	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 procedure and on the basis of information and explanation given by the management, we are of the opinion that money raised by company by way of term loan have been applied for the purpose for which they were raised. The company did not raise 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
Membership No. 042472

Mumbai
May 18, 2018

ANNEXURE - B TO THE INDEPENDENT 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, 2018 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 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

BALANCE SHEET
as at March 31, 2018

(₹ in crore)

	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	3	**891.95**	702.11	504.57
Capital work-in-progress		**290.21**	189.82	186.23
Investment Property	3	**-**	-	0.02
Intangible assets	3	**8.37**	9.81	43.27
Financial Assets				
Investments	4	**7.83**	7.53	-
Loans	5	**125.89**	164.25	151.84
Deferred tax assets (net)	25	**112.26**	123.90	137.96
Other non-current assets	6	**76.94**	155.57	153.05
Total Non - Current Assets		**1,513.45**	1,352.99	1,176.94
Current Assets				
Inventories	7	**1,452.16**	1,418.02	1,305.00
Financial Assets				
Investments	4	**42.35**	40.75	379.63
Trade receivables	8	**174.54**	205.82	250.53
Cash and cash equivalents	9	**22.86**	15.05	12.26
Other balances with Banks	9	**9.18**	14.75	2.36
Loans	5	**96.65**	40.88	34.22
Others financial assets	10	**11.99**	20.04	60.41
Other current assets	6	**167.92**	222.71	210.96
Total Current Assets		**1,977.65**	1,978.02	2,255.37
TOTAL ASSETS		**3,491.10**	3,331.01	3,432.31
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	11	**38.08**	38.00	37.92
Other Equity	12	**1,355.80**	1,249.88	1,099.26
Total Equity		**1,393.88**	1,287.88	1,137.18
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	13	**573.87**	269.55	673.16
Other financial liabilities	14	**5.00**	4.80	5.40
Provisions	15	**8.50**	7.73	5.83
Total Non-Current Liabilities		**587.37**	282.08	684.39
Current Liabilities				
Financial Liabilities				
Borrowings	13	**135.63**	212.29	241.56
Trade payables	16	**1,047.11**	1,133.03	921.56
Other financial liabilities	14	**252.54**	364.01	407.35
Provisions	15	**48.37**	27.58	16.52
Other current liabilities	17	**26.20**	24.14	23.75
Total Current Liabilities		1,509.85	1,761.05	1,610.74
TOTAL EQUITY AND LIABILITIES		**3,491.10**	3,331.01	3,432.31
The accompanying notes are forming part of the financial statements	1-40			

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairperson

Kishore Biyani
Managing Director

Sharda Agarwal
Director

C. P. Toshniwal
Director

Dr. Darlie Koshy
Director

Bijou Kurien
Director

Avni Biyani
Director

Kaleeswaran Arunachalam
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

(₹ in crore)

	Note	2017-2018	2016-2017
REVENUE			
Revenue from operations	18	4,219.15	3,866.68
Other Income	19	33.30	23.72
TOTAL REVENUE		**4,252.45**	3,890.40
EXPENSES			
Cost of materials consumed		22.22	41.25
Purchases of Stock-in-trade		2,664.31	2,518.89
Changes in inventories of finished goods, stock-in-trade and work-in-progress	20	(36.06)	(114.92)
Excise duty on sales of goods		0.25	1.84
Employee benefits expense	21	243.07	205.01
Finance costs	22	94.72	117.41
Depreciation and amortisation expense	3	149.33	85.67
Other expenses	23	959.04	858.38
TOTAL EXPENSES		**4,096.88**	3,713.53
Profit Before Exceptional Items and Tax		**155.57**	176.87
Exceptional Items		-	13.22
Profit Before Tax		**155.57**	190.09
Tax Expense	24	45.06	34.34
Profit For The Year		**110.51**	155.75
Other Comprehensive Income (OCI)			
Items that will not be reclassified to Profit or Loss			
(a) Remeasurements of the defined benefit plans		1.26	0.51
(b) Equity Instrument at fair value through OCI		0.67	-
Income tax relating to items that will not be reclassified to profit or loss		0.61	(0.18)
Total Other Comprehensive Income, Net of Tax		**2.54**	0.33
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**113.05**	156.08
Earnings Per Equity Share of Face Value of ₹2 each	31		
Basic (₹)		5.94	8.22
Diluted (₹)		5.93	8.20
The accompanying notes are forming part of the financial statements	1-40		

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

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Director

Avni Biyani
Director

Kaleeswaran Arunachalam
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

A) EQUITY SHARE CAPITAL

(₹ in crore)

Balances as at April 01, 2016	37.92
Issue of Equity shares under employee share option plan (ESOP) Refer note 36	0.08
Balances as at March 31, 2017	38.00
Issue of Equity shares under employee share option plan (ESOP) Refer note 36	0.08
Balances as at March 31, 2018	**38.08**

B) OTHER EQUITY

(₹ in crore)

	Reserve & Surplus							
	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Retained Earnings	Equity instruments through Other Comprehensive Income	Total
Balance as at April 01, 2016	475.09	296.14	83.85	3.92	4.19	232.13	3.94	1,099.26
Profit for the Year	-	-	-	-	-	155.75	-	155.75
Other Comprehensive income for the year, Net of Income tax	-	-	-	-	-	0.33	-	0.33
Total Comprehensive income for the year	-	-	-	-	-	156.08	-	156.08
Transfer to Securities premium on exercise of ESOP	-	3.00	-	(3.00)	-	-	-	-
Issue of Equity shares on exercise of ESOP	-	0.31	-	-	-	-	-	0.31
Transfer to General Reserve	-	-	(33.85)	-	33.85	-	-	-
Recognition of Share-based payments	-	-	-	3.36	-	-	-	3.36
Payment of Dividend on Equity Shares	-	-	-	-	-	(7.58)	-	(7.58)
Payment of tax on Dividend on Equity Shares	-	-	-	-	-	(1.55)	-	(1.55)
Balance as at March 31, 2017	475.09	299.45	50.00	4.28	38.04	379.08	3.94	1,249.88
Profit for the Year	-	-	-	-	-	110.51	-	110.51
Other Comprehensive income for the year, Net of Income tax	-	-	-	-	-	0.83	1.71	2.54
Total Comprehensive income for the year	-	-	-	-	-	**111.34**	**1.71**	**113.05**
Transfer to Securities premium on exercise of ESOP	-	3.59	-	(3.59)	-	-	-	-
Issue of Equity shares on exercise of ESOP	-	0.33	-	-	-	-	-	0.33
Recognition of Share-based payments	-	-	-	10.86	-	-	-	10.86
Payment of Dividend on Equity Shares	-	-	-	-	-	(15.22)	-	(15.22)
Payment of tax on Dividend on Equity Shares	-	-	-	-	-	(3.10)	-	(3.10)
Balance as at March 31, 2018	**475.09**	**303.37**	**50.00**	**11.55**	**38.04**	**472.10**	**5.65**	**1,355.80**

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairperson

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Managing Director

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Dr. Darlie Koshy
Director

Bijou Kurien
Director

Avni Biyani
Director

Kaleeswaran Arunachalam
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

STATEMENT OF CASH FLOWS

for the year ended March 31, 2018

(₹ in crore)

		2017-18	2016-17
A	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit for the year	110.51	155.75
	Adjustments to Reconciled Net Profit to Net Cash Generated by Operating Activities:		
	Income tax expense	45.06	34.34
	Finance costs	94.72	117.41
	Interest income	(23.42)	(19.16)
	Dividend income	-	(0.02)
	Loss on disposal/discard of property, plant and equipment	21.96	8.32
	Expected credit loss allowance (for doubtful debts)	0.13	-
	Depreciation and amortisation expense	149.33	85.67
	Expense recognised in respect of share-based payments (Refer note 36)	10.86	3.37
	Bad Debts/(Sundry Balances written back)	(0.60)	1.55
	Operating Profit Before Working Capital Changes	**408.55**	387.23
	Movements in Working Capital:		
	(Increase)/Decrease in trade and other receivables	177.88	67.85
	(Increase)/ Decrease in inventories	(34.14)	(113.02)
	(Increase)/Decrease in other assets	36.86	(26.57)
	Increase/ (Decrease) in trade payables	(85.94)	211.48
	Increase/ (Decrease) in provisions	22.81	13.47
	Increase/(Decrease) in other liabilities	77.70	(18.46)
	Cash Generated from Operations	**603.72**	521.98
	Income taxes paid	(37.48)	(11.55)
	Net Cash Generated by Operating Activities	**566.24**	510.43
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Inter corporate deposit given (Net)	(54.27)	-
	Interest received	23.42	19.16
	Payments for property, plant and equipment	(461.16)	(302.12)
	Proceeds from disposal of property, plant and equipment	1.09	40.48
	Dividends received	-	0.02
	Payment to acquire financial assets - Investment	(1.22)	(37.61)
	Proceeds on sale of financial assets- Investment	-	368.95
	Proceeds / (Payment) from earmarked deposits with bank	5.57	(12.39)
	Net Cash (Used in)/Generated by Investing Activities	**(486.57)**	76.49
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from issue of equity instruments of the Company	0.41	0.39
	Proceed/(Repayment) from Borrowings	40.76	(457.98)
	Interest paid	(94.72)	(117.41)
	Dividend Paid (Including Dividend Distribution Tax)	(18.31)	(9.13)
	Net Cash Used in Financing Activities	**(71.86)**	(584.13)
	Net Increase in Cash and Cash Equivalents	**7.81**	2.79
	Cash and cash equivalents at the beginning of the year	15.05	12.26
	Cash and Cash Equivalents at the End of the Year (Refer note 9)	**22.86**	15.05

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairperson

Kishore Biyani
Managing Director

Sharda Agarwal
Director

C. P. Toshniwal
Director

Dr. Darlie Koshy
Director

Bijou Kurien
Director

Avni Biyani
Director

Kaleeswaran Arunachalam
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1) CORPORATE INFORMATION ABOUT THE COMPANY

Future Lifestyle Fashions Ltd ("The Company") is a company incorporated in India under the provisions of Companies Act, 1956 on May 30, 2012. The registered address of the Company is located at knowledge House, Shyam Nagar, Off. Jogeshwari-Vikhroli Link Road, Jogeshwari (East) Mumbai – 400060. The Company is engaged in the business of Retailing of Fashion products through departmental and neighbourhood stores under various formats across the country. The shares of the Company are listed on the National Stock Exchange Limited and BSE Limited. The Financial Statements were approved for issue by the Board of Directors on May 18, 2018. The Financial Statements are presented in Indian Rupee (₹) and all values are rounded to the nearest crore except where otherwise indicated.

2) SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliances with Indian Accounting Standards (Ind AS)

The financial statements of the Company comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013, [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other applicable laws.

Upto the year ended March 31, 2017, the Company prepared its financial statement in accordance with the requirement of accounting standards notified under the companies (Accounting Standard) Rules, 2006 (as amended) and other applicable laws ("previous GAAP"). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2016.

2.2 Standard issued but not effective

Ind AS 115 'Revenue from Contracts with Customers' has been notified by the Ministry of Corporate Affairs as on March 28, 2018. This standard prescribes one underlying principle for revenue recognition i.e. transfer of control over goods/services. Ind 115 will supersede Ind AS 11 'Construction Contracts' and Ind AS 18, 'Revenue' and is effective for annual periods beginning on or after April 01, 2018. Management consider that the amendment does not have significant impact on the financial statements.

2.3 Basis of Preparation and Presentation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

In accordance with Ind AS 101 on 'First time adoption of Indian Accounting Standards', the Company's first Ind AS financial statements including, three balance sheets, namely, the opening balance sheets as at April 01, 2016 and balance sheet as at March 31, 2017 and 2018 and two statements each of profit and loss, cash flows and changes in equity for the year ended March 31, 2017 and 2018 together with related notes. The same accounting policies have been used for all periods presented, except where the Company has made use of exceptions or exemptions allowed under Ind AS 101 in the preparation of the opening Ind AS balance sheet. The balance sheets, statements of profit and loss, statements of cash flows and statement of changes in equity of the prior years presented have been recast in accordance with Ind AS.

2.4 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the business. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except deferred tax assets or liabilities. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2.5 Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs comprises purchase price and any attributable cost of bringing the assets to its working condition for its intended use. The cost of property, plant and equipment acquired in a business combination is recorded at fair value on the date of acquisition.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of profit and loss when the asset is derecognised.

The Company has measured all of its property, plant and equipment at their fair value as at its transition date to Ind AS i.e. April 01, 2016 and use these fair value as deemed cost.

Freehold land is not depreciated. Depreciation on other property, plant and equipment has been provided on Straight Line Method over their useful lives. Estimated useful lives of the assets are as

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Property, Plant and Equipment	Number of Years
Plant and Equipment	15 years
Office Equipment	5 years
Furniture, Fixture and other Fittings*	7 years
Leasehold Improvement*	Lease term or 7 years, whichever is lower
Vehicle	8 years
Computers (End User Device)	3 years
Computers (Other than End User Device)	6 years

**Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

The residual values, estimated useful lives and methods of depreciation are reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

2.6 Intangible Assets

Intangible Assets are carried at acquisition cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

The Company has elected to continue with carrying value of all of its Intangible Assets recognised as of April 01, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Estimated useful lives of the Intangible assets are as follows:

Intangible Assets	Useful lives
Computer Software	6 years
License Rights	Over the period of License

2.7 Impairment of non-financial assets (including investment in subsidiary, associate and joint venture)

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets (including investment in subsidiary, associates and joint venture) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss.

2.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and similar allowances.

Sale of goods

Revenue from sale of goods is recognised, when significant risk and rewards of ownership have been transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.

Amount disclosed as revenue are inclusive of excise duty and net of trade allowances, rebates, returns and value added tax/sales tax/Goods and Services tax.

Rendering of services

Revenue from a contract to provide services is recognised as they are rendered based on arrangements with the customers.

Dividend and Interest income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the shareholders and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.9 Leases

Leases where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease payments are recognised as an

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

expense statement of profit and loss as per the terms of agreement which is representative of the time pattern of the user's benefit.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognised in finance cost in the statement of profit and loss.

2.10 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against those deductible temporary differences which can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference rises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred tax for the year

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.11 Earnings per share

Basic earnings per share is calculated by dividing the profit/ loss attributable to the owners of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figure used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.12 Borrowing costs

Borrowing costs that is directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.13 Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months from reporting date are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives and the expected cost of bonus etc. are recognised as an expense at the undiscounted amount in statement of profit and loss for the period in which the related service is rendered.

Post-employment defined contribution benefits

Payment to defined contribution plans such as provident fund, employee state insurance etc. are recognised as expense when employees have rendered services entitling

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them to such contributions. Company has no further payment obligations once the contributions have been paid.

Post-employment defined benefit benefits

Cost of post-employment benefit plans such as gratuity 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 projected unit credit method, with actuarial valuation techniques at the end of each annual reporting period. Service cost (including current service cost, past service cost) and interest expense are recognised in the statement of profit and loss. Gains and losses through re-measurements of the net defined benefit liability are recognised in other comprehensive income. The effect of any plan amendments are recognised in statement of profit and loss.

Other long-term employee benefit

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date. Cost of other long term benefits are determined using projected unit credit method, with actuarial valuation techniques at the end of each annual reporting period and the cost (including remeasurement) is recognised in statement of profit and loss.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Cost of inventories comprise of cost of purchase, cost of conversion and other related cost incurred in bringing the inventories to their present location and condition.

2.15 Foreign currencies

Indian rupee (₹) is the functional currency of the Company. In preparing these financial statements, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise except for exchange differences which are regarded as an adjustment to interest cost as per policy on borrowing cost.

2.16 Provisions, contingent liability and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be reasonably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting (when the effect of the time value of money is material) the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liability is a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or it is probable but no reliable estimate is possible. Contingent liabilities are not recognised in financial statements however disclosed. Similarly, contingent assets are not recognised however disclosed.

2.17 Investment in subsidiary, joint venture and associate

Investment in subsidiaries, joint ventures and associates are shown at cost in accordance with Ind AS 27 'Separate financial statements'. Where the carrying amount of an investment in greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised as impairment loss in the statement of profit and loss (refer policy on impairment of non-financial assets). On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit and loss.

2.18 Financial instruments

Classification as financial liability or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial assets and financial liabilities- Initial recognition

Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of investments, loans, deposits, trade receivables and cash and bank balances. Financial liabilities primarily comprise of borrowings, trade and other payables and financial guarantee contracts.

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Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets/ issue of financial liabilities are added to the fair value of the financial assets/ subtracted from fair value of financial liabilities on initial recognition, except for financial asset/ liability is subsequently measured at fair value through profit or loss.

Subsequent measurement

Financial assets and financial liabilities at amortised cost

After initial recognition all financial assets (other than investment in equity instruments and derivative instruments) are subsequently measured at amortised cost using the effective interest method. All financial liabilities (other than derivative liabilities), subsequently after initial recognition, are measured at amortised cost using effective interest method. The Company has not designated any financial asset or financial liability as fair value through profit or loss ("FVTPL").

Financial assets and financial liabilities at FVTPL

All derivative assets and derivative liabilities are always measured at FVTPL with fair value changes is being recognised in statement of profit and loss.

Investment in equity instruments either at FVTPL or FVTOCI

Investment in equity instruments are measured at FVTPL with fair value changes is being recognised in statement of profit and loss. However, on initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

Financial guarantee obligation

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

After initial recognition of financial guarantee obligation at fair value, the Company subsequently measured it at the higher of:

- amount of loss determined in accordance with impairment requirement under Ind AS 109 (see policy on impairment of financial asset); and
- The amount initially recognised less, when appropriate, the cumulative income recognised.

Impairment of financial asset

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial asset

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

2.19 Share-based payment arrangement

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments/ option at the grant date.

The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative

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expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding reserve.

2.20 Operating segment

The management views the Company's operation as a single segment engaged in business of Branding, Processing, Selling and Distribution of 'Fashion Products'. Hence there is no separate reportable segment under Ind AS 108 'Operating segment'.

2.21 Key sources of estimation uncertainty and critical accounting judgements

In the course of applying the accounting policies, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future periods.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

Impairment of property, plant and equipment, investment in subsidiaries, joint ventures and associates

Determining whether the assets are impaired requires an estimate in the value in use of cash generating units. It requires to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. When the actual cash flows are less than expected, a material impairment loss may arise.

Provisions, liabilities and contingencies

The timing of recognition of provision requires application of judgement to existing facts and circumstances which may be subject to change.

Fair value measurements

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation.

The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. A degree of estimate is required in establishing fair values.

2.22 First-time adoption of Ind-AS – Mandatory exceptions, optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 01, 2016 ("transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Past business combinations

The Company has elected not to apply Ind AS 103 'Business Combinations' retrospectively to past business combinations that occurred before the transition date.

Share based Transactions

The Company has not applied requirement of Ind AS 102 'share based payment' to equity instruments that vested before the transition date

Deemed cost for property plant and equipment, investment property and intangible assets

The Company has measured all of its property, plant and equipment at their fair value as at its transition date to Ind AS i.e. April 01, 2016 and use these fair value as deemed to cost.

The Company has elected to continue with the carrying value of all of its intangible assets recognised as at transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Investment in subsidiaries, joint ventures and associates

The Company has elected to continue with the carrying value of all of its investments in subsidiaries, joint ventures and associates recognised as of transition date measured as per the previous GAAP as its deemed cost as at the date of transition.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Designation of previously recognised financial instrument

The Company has designated investment in equity shares of 'SSIPL Retail Limited' as at fair value through other compressive income on the basis of facts and circumstances that existed at the transition date.

2.23 Application of new and revised standards

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 01, 2018.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, MCA has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) the effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018.

The Company will adopt the standard on April 01, 2018.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3) PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY

(₹ in crore)

Descriptions of Assets	Gross Block (At cost / deemed cost)				Depreciation / Amortisation				Net Block	
	As at April 01, 2017	Additions	Deletions	As at March 31, 2018	As at 01st April 2017	For the Year	Deletions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
A Property, Plant and Equipment										
Leasehold Improvements	93.17	77.79	3.18	167.78	7.31	21.25	0.66	27.90	139.88	85.86
Plant & Equipments	163.52	21.19	9.85	174.86	13.06	13.95	1.54	25.47	149.39	150.46
Office Equipments	13.03	10.92	0.38	23.57	2.39	4.01	0.25	6.15	17.42	10.64
Computers	28.90	12.01	0.86	40.05	8.01	8.90	0.49	16.42	23.63	20.89
Furniture, Fixtures & Other Fittings	478.38	236.53	15.98	698.93	44.50	97.96	4.27	138.19	560.74	433.88
Vehicles	0.45	0.61	-	1.06	0.07	0.10	-	0.17	0.89	0.38
Total	777.45	359.05	30.25	**1,106.25**	75.34	146.17	7.21	**214.30**	**891.95**	702.11
B Intangible Assets										
Computer Software	12.65	1.37	0.00	14.02	3.00	3.11	0.00	6.11	7.91	9.65
Trademarks, Copyrights & Patents	0.19	0.35	-	0.54	0.03	0.05	-	0.08	0.46	0.16
Total	12.84	1.72	0.00	**14.56**	3.03	3.16	0.00	**6.19**	**8.37**	9.81
Grand Total	790.29	360.77	30.25	**1,120.81**	78.37	149.33	7.21	**220.49**	**900.32**	711.92

PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY (PREVIOUS YEAR)

(₹ in crore)

Descriptions of Assets	Gross Block (At cost / deemed cost)				Depreciation / Amortisation				Net Block	
	As at April 01, 2016	Additions	Deletions	As at March 31, 2017	As at April 01, 2016	For the Year	Deletions	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
A Property, Plant and Equipment										
Leasehold Improvements	30.23	64.71	1.77	93.17	-	7.62	0.31	7.31	85.86	30.23
Plant & Equipments	146.54	26.01	9.03	163.52	-	13.77	0.71	13.06	150.46	146.54
Office Equipments	5.39	8.07	0.43	13.03	-	2.53	0.14	2.39	10.64	5.39
Computers	22.75	7.01	0.86	28.90	-	8.32	0.31	8.01	20.89	22.75
Furniture, Fixtures & Other Fittings	299.21	192.39	13.22	478.38	-	46.04	1.54	44.50	433.88	299.21
Vehicles	0.45	-	-	0.45	-	0.07	-	0.07	0.38	0.45
Total	504.57	298.19	25.31	777.45	-	78.35	3.01	75.34	702.11	504.57
B Intangible Assets										
Computer Software	12.40	0.33	0.08	12.65	-	3.02	0.02	3.00	9.65	12.40
Trademarks, Copyrights & Patents	30.87	-	30.68	0.19	-	4.30	4.27	0.03	0.16	30.87
Total	43.27	0.33	30.76	12.84	-	7.32	4.29	3.03	9.81	43.27
C Investment Property										
Freehold Land	0.02	-	0.02	-	-	-	-	-	-	0.02
Total	0.02	-	0.02	-	-	-	-	-	-	0.02
Grand Total	547.86	298.52	56.09	790.29	-	85.67	7.30	78.37	711.92	547.86

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4) INVESTMENTS

	Number of Units			Amount (₹ in crore)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current Investment-Unquoted						
Trade Investments fully paid up of ₹10 each unless otherwise stated						
Investment in Equity Instruments						
Subsidiaries (At cost / deemed cost)						
Future Trendz Limited	5,50,000	3,50,000	-	0.55	0.35	-
FLFL Business Services Limited	1,50,000	50,000	-	0.15	0.05	-
Joint Venture (At cost / deemed cost)						
FLFL Lifestyle Brands Limited	50,000	50,000	-	0.57	0.57	-
Investment in Optionally Convertible Debentures						
Joint Venture (At cost / deemed cost)						
FLFL Lifestyle Brands Limited	65,00,000	65,00,000	-	6.50	6.50	-
Others (at fair value through other comprehensive income)						
Renew Wind Power Karnataka Private Limited	6,400	6,400	-	0.06	0.06	-
Aggregate book value of unquoted Non-Current Investments				7.83	7.53	-
Current Investment-Unquoted						
Trade Investments fully paid up of ₹10 each unless otherwise stated						
Investment in Equity Instruments						
Subsidiaries (At cost / deemed cost)						
Future Style Lab Limited	-	-	2,30,900	-	-	5.02
Indus-League Clothing Limited Face Value of ₹1 each	-	-	3,48,28,227	-	-	89.28
Rachika Trading Private Limited	-	-	2,40,00,000	-	-	24.19
Associates (At cost / deemed cost)						
Eclat Lifestyle Private Limited	-	-	3,05,143	-	-	2.20
Industree Crafts Private Limited Face Value of ₹100 each	-	-	1,29,578	-	-	22.49
KFC Shoemaker Private Limited	-	-	6,63,125	-	-	10.99
Mineral Fashions Private Limited	-	-	27,93,210	-	-	13.00
Resource World Exim Private Limited	-	-	3,37,161	-	-	3.50
Turtle Limited	-	-	15,60,000	-	-	112.51
Unico Retail Private Limited	-	-	51,136	-	-	0.50
Joint Ventures (At cost / deemed cost)						
Celio Future Fashion Private Limited	-	-	1,87,254	-	-	8.04
Clarks Future Footwear Private Limited	9,80,000	5,80,000	2,40,00,000	2.13	1.23	31.55
Elisir Lifestyle Private Limited	-	-	30,00,000	-	-	6.00
Holii Accessories Private Limited	1,90,000	1,60,000	60,00,000	0.24	0.21	8.25
Others (at fair value through OCI)						
SSIPL Retail Limited	6,09,197	6,09,197	6,09,197	39.98	39.31	39.31
Investment in Compulsorily Convertible Preference Shares						
Associate (At cost / deemed cost)						
Indus Tree Craft Private Limited Face Value of ₹100 each	-	-	2,00,000	-	-	2.00
Investment in Compulsorily Convertible Debentures						
Associate (At cost / deemed cost)						
Mineral Fashions Private Limited Face Value of ₹24 each	-	-	3,33,333	-	-	0.80
Aggregate book value of unquoted Current Investments				42.35	40.75	379.63

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5) LOANS (UNSECURED, CONSIDERED GOOD)

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Security Deposits	125.89	164.25	151.84
	125.89	164.25	151.84
Current			
Security Deposits	21.93	20.43	13.77
Inter Corporate Deposits	74.72	20.45	20.45
	96.65	40.88	34.22

6) OTHER ASSETS

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current			
Capital Advances	8.14	43.09	47.37
Prepaid Expenses	68.80	112.48	105.68
	76.94	155.57	153.05
Current			
Others	151.19	203.06	193.86
Prepaid Expenses	16.73	19.65	17.10
	167.92	222.71	210.96

7) INVENTORIES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw-Materials	0.97	2.87	4.78
Work-in-Progress	0.07	3.62	8.87
Stock-in-Trade (Goods-in-Transit of ₹22.09 crore, 2016-17: ₹21.10 crore, 2015-16: ₹39.87 crore)	1,422.65	1,373.82	1,254.51
Finished Goods	27.23	35.74	31.67
Packing Material	1.24	1.97	5.17
	1,452.16	1,418.02	1,305.00

8) TRADE RECEIVABLES (UNSECURED)

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current			
Considered Good	174.54	205.82	250.53
Considered Doubtful	0.13	-	-
	174.67	205.82	250.53
Less: Expected credit loss allowance (for doubtful receivables)	(0.13)	-	-
	174.54	205.82	250.53

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9) CASH AND BANK BALANCES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Cash and Cash equivalents			
Cash on Hand	4.55	2.95	2.44
In Current Accounts	18.31	12.09	9.73
Cheques on Hand	0.00	0.01	0.09
	22.86	15.05	12.26
Other Balances with Banks			
Deposit with Banks (as margin money)	9.11	14.71	2.33
Earmarked Balances with Banks (for unpaid dividend)	0.07	0.04	0.03
	9.18	14.75	2.36

10) OTHERS FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current			
Insurance Claim Receivable	6.66	14.37	57.07
Other Receivables	5.33	5.67	3.34
	11.99	20.04	60.41

11) EQUITY SHARE CAPITAL

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Authorised						
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**	25,00,00,000	50.00	25,00,00,000	50.00
Issued, Subscribed and Paid up						
Equity Shares of ₹2/- each	19,04,13,837	38.08	19,00,13,456	38.00	18,96,12,458	37.92
	19,04,13,837	**38.08**	19,00,13,456	38.00	18,96,12,458	37.92

Reconciliation of number of shares :

Equity Share of ₹2/- each

	As at March 31, 2018 No. of Shares	As at March 31, 2017 No. of Shares	As at April 01, 2016 No. of Shares
At the beginning of the year	19,00,13,456	18,96,12,458	18,62,09,031
Add : Issued during the year*	4,00,381	4,00,998	34,03,427
At the end of the year	**19,04,13,837**	19,00,13,456	18,96,12,458

** Issued Under share options granted by the company to certain employees (Refer note 36)*

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 Rupee (₹). 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Name of Shareholders	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Ryka Commercial Ventures Private Limited*	10,46,47,747	54.96	10,42,79,275	54.88	2,01,63,384	10.63
PI Opportunities Fund - I	62,00,000.00	3.26	-	-	1,55,27,950	8.19
Pioneer Investment Fund	1,55,27,950	8.15	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

** Ryka Commercial Ventures Private Limited became the parent company w.e.f. March 31,2017.*

Shares allotted as fully paid up without payment received in cash (during 5 years preceding March 31, 2018):

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

Share options granted under the Company's employee share option plan

Share options granted under the company's employee share option plan carry no right to dividends and no voting rights. Futher details of the employee share option plan are provided in note 36.

12) OTHER EQUITY

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital Reserve	475.09	475.09	475.09
Securities Premium Reserve	303.37	299.45	296.14
Debenture Redemption Reserve	50.00	50.00	83.85
Share Options Outstanding Account	11.55	4.28	3.92
General Reserve	38.04	38.04	4.19
Retained Earning	472.10	379.08	232.13
Equity instruments through Other Comprehensive Income	5.65	3.94	3.94
	1,355.80	1,249.88	1,099.26

For addition and deduction under each of the above heads refer statement of change in equity

Nature of Reserves

Capital Reserve

Capital reserve is created for excess of net book value of assets taken and liabilities assumed over the consideration transferred for various business combinations in earlier years.

Securities Premium Reserve

Securities premium reserve is used to record the premium received on issue of shares. The securities premium can be utilised only in accordance with the provisions of the Companies Act 2013.

Debenture Redemption Reserve

Debenture Redemption Reserve is a Statutory Reserve (as per Companies Act, 2013) created out of profits of the Company available for payment of dividend for the purpose of redemption of Debentures issued by the Company.

Share Options Outstanding Account

This reserve relates to share option granted by the Company to its employees under its employee share option plan. Further information about share-based payments to employees is set out in note 36.

General Reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income. Items included in the general reserve will not be reclassified subsequently to profit or loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Retained Earnings

This represents the surplus/(deficit) of the statement of profit and loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013.

Equity instruments through other comprehensive income

Company has designated an investment in equity instrument at fair value through other comprehensive income in which cumulative changes in fair value of such instrument is accumulated in a separate reserve 'equity instruments through other comprehensive income' within other comprehensive income.

13) BORROWINGS

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Secured - at amortised cost			
11.50% Redeemable Non Convertible Debentures (NCD)	-	-	299.28
8.50% Redeemable Non Convertible Debentures (NCD)	348.56	-	-
Term Loans from Banks	225.31	269.55	373.88
	573.87	269.55	673.16
Current			
Secured - at amortised cost			
Working Capital Loans from Banks	135.63	212.29	241.56
	135.63	212.29	241.56

Details of Security and Repayment Terms for Secured Non Current Borrowings :-

(₹ in crore)

	Nature of Security	Terms of Interest and Repayment	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
1	**11.50 % NCD Series I , II & III**				
	Secured By First Pari-Passu charge on Fixed Assets (movable and immovable), both present and future of the company with a minimum Fixed Assets Coverage Ratio of 1.25 times of the outstanding amount.	Series I of ₹200 crore was prepaid and closed on April, 2017 . Series II of ₹250 crore was repaid and closed on June, 2016. Series III of ₹200 crore was prepaid and closed on March, 2017. Coupon of 11.50% p.a. , payable annually from the date of allotment.	-	199.91	524.28
2	**8.70 % NCD Series IV**				
	Secured by First Pari-Passu charge on entire Fixed Assets (movable and immovable), both present and future of the company with a minimum Fixed Assets Coverage Ratio of 1.15 times of the outstanding amount.	Redeemable at the end of 60 Months from the deemed date of allotment falling due on November 09, 2022. The instrument carries Put/Call Option at the end of 3rd and 4th year from the deemed date of allotment Interest of 8.70% p.a payable annually from the deemed date of allotment. Debentures are privately placed and listed on Wholesale Debt Segment of BSE Limited.	348.56	-	-
3	**Term loan from bank:**				
(i)	a) Secured by First Pari-Passu charge on Fixed Assets (movable and immovable), both present and future of the company. b) First Charge and Escrowing of Future Credit/ Debit card receivables of "Central Format". c) Personal Guarantee of Mr. Kishore Biyani	The Loan was prepaid and closed on March, 2017. Interest : Base Rate + 1.75% p.a. Interest paid separately as and when due	-	-	112.20
(ii)	Secured by First Pari-Passu charge on Fixed Assets (movable and immovable), both present and future of the company.	The Loan was prepaid and closed on March, 2018. Interest : Base Rate + 1.50% p.a. Interest is paid as and when due	-	59.95	90.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in crore)

	Nature of Security	Terms of Interest and Repayment	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(iii)	Secured By First pari-passu charge on Fixed Assets (movable and immovable) both present and future of the company.	The Outstanding Loan is repayable in 8 Step up Quarterly instalments. (Next instalment due in June, 2019). Interest :- Base Rate +1.10% i.e Interest is paid as and when due.	**85.14**	85.04	123.08
(iv)	a) Secured by Residual Charge on Fixed Assets (movable and immovable) and Current Assets of the company. b)First Charge and Escrowing of Future Credit/ Debit card receivables of "Central Format". c) Personal Guarantee of Mr. Kishore Biyani	The Loan was prepaid and closed in March, 2017. Interest : Base Rate + 2.00% p.a. Interest is paid as and when due.	**-**	-	48.60
(v)	a)Secured By First Pari-Passu charge on Fixed Assets (movable and immovable), both present and future of the company. b)Pledge of Shares of the company, giving cover of at least 0.25 times the outstanding of Loan amount. c)Personal Guarantee of Mr. Kishore Biyani and Mr. Vijay Biyani. d)PDC's for Interest and Principal repayments.	The Outstanding Loan is repayable in 4 Step up Quarterly instalments. (Next instalment due in December, 2023). Interest :- IFCI Benchmark Rate + 0.75% i.e 10.95% p.a (as on March 31, 2018). Interest is paid as and when due.	**25.00**	124.56	-
(vi)	a)Secured By First Charge on entire Fixed Assets (movable and immovable), both present and future of the company. b)Secured By Second Charge on entire current assets, both present and future of the company.	The Outstanding Loan is Repayable in 11 step-up quarterly Instalments starting June, 2018. Interest :- One Year MCLR +1.00% 9.15% p.a (as on March 31, 2018). Interest is paid as and when due.	**128.17**	-	-
			586.87	469.46	898.16
	Less : Current Maturities of Long Term Borrowings		**13.00**	199.91	225.00
	Total		**573.87**	269.55	673.16

Details of Security and Repayment Terms for Secured Current Borrowings :-

Nature of Security	Terms of Interest & Repayment
Working Capital Loans from Banks	
Loans is secured by a) First pari-passu charge on Current Assets (excluding credit / debit card receivables) b) Second pari-passu Charge on the Fixed Assets	The Working Capital Loan is repayable on Demand and carries interest at rates varying from 10.00% to 11.15%

14) OTHER FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Derivative liability	**5.00**	4.80	5.40
	5.00	4.80	5.40
Current			
Current Maturities of Long-Term Borrowings	**13.00**	199.91	225.00
Interest Accrued but Not Due on Borrowings	**12.13**	23.23	53.70
Unclaimed Dividend	**0.09**	0.04	0.03
Creditors for Capital Goods	**108.36**	68.94	50.22
Other Payables	**32.09**	0.66	16.73
Security Deposits	**86.47**	70.79	61.44
Derivative liability	**-**	0.06	0.03
Financial guarantee obligations	**0.40**	0.38	0.20
	252.54	364.01	407.35

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

15) PROVISIONS

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Gratuity	8.50	7.73	5.83
	8.50	7.73	5.83
Current			
Leave encashment	5.20	4.86	3.84
Gratuity	0.23	0.11	0.65
Provision for right of return	42.94	22.61	12.03
	48.37	27.58	16.52

16) TRADE PAYABLES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade Payables (Refer note 35)	1,047.11	1,133.03	921.56
	1,047.11	1,133.03	921.56

17) OTHER CURRENT LIABILITIES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance received from Customers	26.20	24.14	23.75
	26.20	24.14	23.75

18) REVENUE FROM OPERATIONS

(₹ in crore)

	2017-2018	2016-2017
Sale of Products	4,516.40	4,018.58
Less: VAT, Sales Tax, GST	387.01	228.53
Other Operating Revenue	89.76	76.63
	4,219.15	3,866.68

19) OTHER INCOME

(₹ in crore)

	2017-2018	2016-2017
Interest Income	23.42	19.16
Dividend from Current Investments	-	0.02
Miscellaneous Income	9.88	4.54
	33.30	23.72

20) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in crore)

	2017-2018	2016-2017
Opening Inventories		
Finished Goods	35.74	31.67
Work-in-Progress	3.62	8.87
Stock- in-Trade	1,375.78	1,259.68
Closing Inventories		
Finished Goods	27.23	35.74
Work-in-Progress	0.07	3.62
Stock- in-Trade	1,423.90	1,375.78
	(36.06)	(114.92)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

21) EMPLOYEE BENEFITS EXPENSE

(₹ in crore)

	2017-2018	2016-2017
Salaries, Incentives and Allowances	212.84	183.32
Expense on Employee Stock Option Scheme (Refer note 36)	10.86	3.37
Contribution to Provident and Other Funds	13.60	12.55
Staff Welfare Expenses	5.77	5.77
	243.07	205.01

22) FINANCE COST

(₹ in crore)

	2017-2018	2016-2017
Interest Expense	79.36	111.87
Other Borrowing Costs	15.36	5.54
	94.72	117.41

23) OTHER EXPENSES

(₹ in crore)

	2017-2018	2016-2017
Power and Fuel	115.02	95.10
Repairs and Maintenance		
Buildings	19.74	17.84
Others	6.89	5.64
Insurance	5.06	5.40
Rates and Taxes	7.61	6.76
Rent	450.56	435.06
Advertisement and Marketing	107.48	77.75
Loss on Disposal/Discard of Fixed Assets (Net)	21.96	8.32
Expected credit loss allowance (for doubtful receivables)	0.13	-
Bad Debts Written Off	-	1.55
Miscellaneous Expenses	224.59	204.96
	959.04	858.38

24) TAX EXPENSE

Income tax expense recognised in statement of profit and loss

(₹ in crore)

	2017-2018	2016-2017
Current Tax	32.81	12.96
Deferred Tax	12.25	21.38
Total	**45.06**	34.34

Income Tax expense recognised in other comprehensive income

(₹ in crore)

	2017-2018	2016-2017
Deferred Tax	(0.61)	0.18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(₹ in crore)

	2017-2018	2016-2017
Profit before tax from continuing operations	155.57	190.09
Income tax expense calculated at 34.608%	53.84	65.79
Effect of:		
Expenses that are not deductible in determining taxable profit	7.21	58.87
Income exempt from tax	(7.91)	(66.97)
Income taxable at different tax rate	-	(27.09)
MAT Credit availment	(6.82)	-
Excess provision on account of provisions on minimum alternative tax	-	0.80
Other permanent differences	(1.26)	2.94
Income tax expense recognised in statement of Profit and Loss	**45.06**	34.34

25) DEFERRED TAX ASSETS

Movement of deferred tax assets/ (liabilities)

Deferred tax assets/ (liabilities) in relation to the year ended March 31, 2018

(₹ in crore)

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities in relation to:				
Financial asset measured at fair value	5.61	-	(1.04)	4.57
Others	0.22	(0.22)	-	-
Total deferred tax liabilities	**5.83**	**(0.22)**	**(1.04)**	**4.57**
Deferred tax assets in relation to:				
Property, plant and equipment and intangible assets	125.34	(20.99)	-	104.35
Employee benefit obligation	4.39	0.89	(0.43)	4.85
Availment of MAT Credit	-	7.63	-	7.63
Total deferred tax assets	**129.73**	**(12.47)**	**(0.43)**	**116.83**
Net deferred tax asset/ (liabilities)	**123.90**	**(12.25)**	**0.61**	**112.26**

Deferred tax assets/ (liabilities) in relation to the year ended March 31, 2017

(₹ in crore)

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities in relation to:				
Financial asset measured at fair value	26.65	(21.04)	-	5.61
Others	0.28	(0.06)	-	0.22
Total deferred tax liabilities	26.93	(21.10)	-	5.83
Deferred tax assets in relation to:				
Property, plant and equipment and intangible assets	161.32	(35.98)	-	125.34
Employee benefit obligation	3.57	1.00	(0.18)	4.39
Total deferred tax assets	164.89	(34.98)	(0.18)	129.73
Net deferred tax asset/ (liabilities)	137.96	(13.88)	(0.18)	123.90
Direct transfer on account of sale of undertaking	-	(7.50)	-	-
Expenses recognised in statement of profit and loss	-	(21.38)	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

26) CONTINGENT LIABILITIES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Claims against the Company not acknowledged as debt	15.72	4.13	3.59
Corporate Guarantees given	126.20	76.20	26.20
Guarantees given by the bank on behalf of the Company	17.10	16.40	18.72

27) SEGMENT INFORMATION

The Company is engaged in the business of Branding, Manufacturing, Processing, Selling and Distribution of 'Fashion Products' which constitutes a single reporting Segment. Hence there is no separate reportable segment under Ind AS 108 Operating segment.

Company does not derive its revenue of 10% or more from any of its single customer. Company does not have any non-current assets located outside India.

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 premises is ₹323.96 crore (2016-17: ₹307.16 crore). The Lease Rent payable not later than one year is ₹122.61 crore (2016-17: ₹118.22 crore), payable later than one year but not later than five year is ₹201.35 crore (2016-17: ₹188.22 crore) and payable later than five years is ₹Nil crore (2016-17: ₹0.71 crore).

29) PAYMENT TO AUDITORS (INCLUSIVE OF SERVICE TAX)

(₹ in crore)

	2017-2018	2016-2017
Statutory Audit Fees	0.70	0.69
Tax Audit Fees	0.05	0.03
Other Services	0.03	0.06
Total	**0.78**	0.78

30) CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with schedule VIII thereof ₹1.12 crore (2016-17: ₹Nil)

(₹ in crore)

	2017-2018	2016-2017
Gross amount required to be spent by the company	1.12	-
Details of amount spent are as under :		
Construction / Acquisition of an assets	-	-
Reducing inequalities faced by socially and economically backward groups	0.52	-
Measures for the benefit of armed forces veterans	0.50	-
Total	**1.02**	-

31) EARNINGS PER SHARE

The earnings and weighted average number of Equity Shares used in the calculation of Basic and Diluted Earnings per share (EPS) are as follows:

	Units	2017-2018	2016-2017
Profit attributable to Equity Share holders	₹ in crore	113.05	156.08
Weighted average number of Equity Shares Outstanding for Basic EPS	No. in crore	19.02	18.99
Weighted average number of Equity Shares Outstanding for Diluted EPS	No. in crore	19.07	19.03
Earnings per share – Basic	₹	5.94	8.22
Earnings per share – Diluted	₹	5.93	8.20
Face value per share	₹	2.00	2.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

32) EMPLOYEE BENEFIT PLANS

a) Defined Contribution Plan

The Company operates defined contribution plan (Provident Fund) for all qualifying employees of the Company. The employees of the Company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions.

b) Defined Benefit Plans - Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is greater of the amount calculated as per the Payment of Gratuity Act, 1975 or the Company Scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. In case of death while in service, the gratuity is payable irrespective of vesting. The Company's obligation towards Gratuity is a Defined Benefit plan and is not funded.

i) The principal actuarial risk to which the Company is exposed are interest rate risk, longevity risk and salary risk.

Interest Risk	A decrease in the government bond interest rate will increase the plan liability
Longevity Risk	The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

ii) The principal assumptions used for the purpose of the actuarial valuations were as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Discount rate	7.70%	7.40%	8.00%
Salary Escalation	5.00%	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Withdrawal Rate	1.00%	1.00%	1.00%
Retirement Age	58 years	58 years	58 years

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.

iii) Amount recognised in the statement of Profit and Loss, other comprehensive income

(₹ in crore)

	2017-2018	2016-2017
Total Service Cost	2.79	1.99
Net Interest Expenses	0.58	0.94
Components of expense recognised in the Statement of Profit and Loss (A)	3.37	2.93
Remeasurements on the net defined benefit liability :		
Actuarial (Gain)/Loss arising from changes in financial assumptions	(0.41)	0.71
Actuarial (Gain)/Loss arising from experience adjustments	(0.85)	(1.22)
Total amount recognized in other comprehensive income (B)	(1.26)	(0.51)
Total cost recognised (A+B)	2.11	2.42

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

iv) Amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Present value of unfunded defined benefit obligation	8.73	7.84	6.48

v) Movement in present value of the defined benefit obligation.

(₹ in crore)

	2017-2018	2016-2017
Opening defined benefit obligation	7.84	6.48
Total Service Cost	2.79	1.99
Net Interest Expenses	0.58	0.94
Remeasurements on the net defined benefit liability		
Actuarial (Gain)/Loss arising from changes in financial assumptions	(0.41)	0.71
Actuarial (Gain)/Loss arising from experience adjustments	(0.85)	(1.22)
Benefits paid	(1.22)	(0.78)
Acquisition/Divestiture	-	(0.28)
Closing defined benefit obligation	8.73	7.84

vi) Sensitivity Analysis :

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in crore)

Increase/(Decrease) in defined benefit liability	As at March 31, 2018	As at March 31, 2017
Impact on defined benefit obligation or gratuity of increase in discount rate for 100 basis points	(7.53)	(6.70)
Impact on defined benefit obligation or gratuity of decrease in discount rate for 100 basis points	10.19	9.24
Impact on defined benefit obligation or gratuity of increase in salary escalation rate for 100 basis points	10.14	9.17
Impact on defined benefit obligation or gratuity of decrease in salary escalation rate for 100 basis points	(7.59)	(6.72)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be co-related.

c) Other Employee Benefits

The Company has recognised an amount of ₹2.26 crore (2016-17: ₹2.58 crore) for compensated absences in the statement of Profit and Loss account. Actuarial assumptions for compensated absences are

	2017-2018	2016-2017
Discounted Rate	7.70%	7.40%
Salary Increase Rate	5.00%	5.00%
Attrition Rate	1.00%	1.00%
Retirement Age	58 years	58 years
Mortality Tables	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33) RELATED PARTY DISCLOSURES

a) Name of Related Parties and Nature of Relationship

i. Holding Company
Ryka Commercial Ventures Private Limited

ii. Ultimate Controlling Entity
Lifestyle Trust

iii. Subsidiary Companies
FLFL Business Services Limited
Future Speciality Retail Limited
Future Style Lab Limited (upto March 29, 2017)
Future Trendz Limited
Indus-League Clothing Limited (upto March 29, 2017)
Rachika Trading Private Limited (upto March 29, 2017)

iv. Joint Ventures
Celio Future Fashion Private Limited
Clarks Future Footwear Private Limited
Elisir Lifestyle Private Limited (upto March 29, 2017)
FLFL Lifestyle Brands Limited (w.e.f. March 30, 2017)
Holii Accessories Private Limited

v. Associates
Eclat Life Style Private Limited (upto March 29, 2017)
Future Style Lab Limited (w.e.f. March 30, 2017)
Indus-League Clothing Limited (w.e.f. March 30, 2017)
Indus Tree Craft Private Limited (upto March 29, 2017)
Indus Tree Producer Transform Private Limited (upto March 29, 2017)
KFC Shoemaker Private Limited (upto March 29, 2017)
Mineral Fashions Private Limited (upto March 29, 2017)
Rachika Trading Private Limited (w.e.f. March 30, 2017)
Resource World Exim Private Limited (upto March 29, 2017)
Turtle Limited (upto March 29, 2017)
Unico Retail Private Limited (upto March 29, 2017)

vi. Key Management Personnel (KMP)
Kishore Biyani

vii. Entity Controlled by KMP
Future Ideas Company Limited

b) Transaction with Related Parties

(₹ in crore)

Nature of transactions	Subsidiaries	Associates and Joint Ventures	Entity Controlled by KMP	KMP
Revenue from Operations	**0.20** (2.49)	**6.24** (1.38)	- (-)	- (-)
Purchase of Goods and Services	**151.33** (17.99)	**35.40** (73.55)	**10.71** (6.79)	- (-)
Sale of Fixed Assets	**0.06** (0.10)	- (-)	- (-)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	**2.85** (1.33)
Investment Made	**0.30** (20.20)	**2.16** (17.19)	- (-)	- (-)
Loans & Advances Given	- (11.48)	**74.82** (17.35)	- (-)	- (-)
Deposit Received	- (-)	- (0.22)	- (-)	- (-)
Outstanding Balances as on March 31,2018 Receivable	**0.01** (30.30)	**94.65** (30.50)	- (-)	- (-)
Payable	**97.97** (-)	**15.71** (7.37)	**3.01** (1.78)	- (-)

Figures in bracket represent previous year's figures

c) Disclosure in respect of Material Transactions with Related Parties

(i) Revenue from Operations includes Future Specialty Retail Limited ₹0.20 crore (2016-17: ₹Nil), FLFL Lifestyle Brands Limited ₹3.33 crore (2016-17: ₹Nil), Rachika Trading Private Limited ₹1.89 crore (2016-17: ₹2.04 crore), Future Style Lab Limited ₹0.84 crore (2016-17: ₹0.45 crore).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(ii) Purchase of Goods and Service includes Future Specialty Retail Limited ₹151.33 crore (2016-17: ₹1.04 crore), Future Style Lab Limited ₹13.09 crore(2016-17: ₹7.18 crore), Rachika Trading Private Limited ₹7.95 crore(2016-17: ₹9.77 crore), Celio Future Fashion Private Limited ₹8.66 crore (2016-17: ₹7.57 crore), Clarks Future Footwear Private Limited ₹5.01 crore (2016-17: ₹3.27 crore), Future Ideas Company Limited ₹10.71 crore (2016-17: ₹6.79 crore).

(iii) Sale of Fixed Assets includes Future Specialty Retail Limited ₹0.06 crore (2016-17: ₹Nil), FLFL Business Services Limited ₹Nil (2016-17: ₹0.10 crore).

(iv) Investment made includes FLFL Business Services Limited ₹0.10 crore (2016-17: ₹Nil), Future Trendz Limited ₹0.20 crore (2016-17: ₹0.30 crore), Clarks Future Footwear Private Limited ₹1.40 crore (2016-17 : ₹5.00 crore), FLFL Lifestyle Brands Limited ₹0.52 crore (2016-17 : ₹6.50 crore), Holii Accessories Private Limited ₹0.24 crore (2016-17 ₹2.00 crore), Future Style Lab Limited ₹Nil crore (2016-17 : ₹19.90 crore).

(v) Loans and Advance given includes FLFL Lifestyle Brands Limited ₹69.52 crore (2016-17: ₹Nil), Future Style Lab Limited ₹5.30 crore (2016-17 : ₹2.50 crore).

34) CAPITAL COMMITMENT

The estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) as at March 31, 2018 is ₹74.75 (2016-17: ₹84.70 crore)

35) TRADE PAYABLES

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. The 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.

36) SHARE BASED PAYMENTS

Details of the employee share based plan of the Company

a) FLFL Employees Stock Options Scheme – 2013 (FLFL ESOS – 2013):

The Shareholders of the Company at their Extraordinary General Meeting held on December 16, 2013 had approved FLFL ESOS -2013 and also approved the issue of 15,00,000 (Fifteen Lakhs) Stock Options exercisable into 15,00,000 (Fifteen Lakhs) fully paid-up Equity Shares of ₹2 each of the Company, to the eligible employees in terms of the FLFL ESOS -2013 in one or more tranches and on such terms and conditions, as may be determined by the Nomination and Remuneration Committee (NRC) in accordance with the provisions of FLFL ESOS 2013, SEBI Regulations and in due compliance with other applicable laws and regulations.

The Stock Options granted under FLFL ESOS - 2013 would vest after 1 year and not more than 3 years from the Grant Date of such Stock Options in a specified proportion, as approved by the NRC. The Maximum term for exercise of vested Stock Options is 3 years from the respective date of vesting of Stock Options.

b) FLFL Employees Stock Options Plan – 2015 (FLFL ESOP – 2015):

The Shareholders of the Company at their Annual General Meeting held on August 26, 2015 had approved the FLFL ESOP - 2015 and also approved to issue of 35,00,000 Stock Options exercisable into equivalent number of Equity Shares, to be issued and allotted under primary issue or to be acquired by way of secondary acquisition, to or for the benefit of Eligible Employees under FLFL ESOP 2015, not exceeding 35,00,000 Equity Shares of ₹2 each, in one or more tranches, at such price and on such terms and conditions as may be determined by NRC, in accordance with the provisions of this FLFL ESOP 2015, SEBI Regulations and in due compliance with other applicable laws and regulations.

Pursuant to the applicable provisions of the Act and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Company has set up a 'Future Lifestyle Fashions Limited Employees' Welfare Trust' ("Trust") for implementation of FLFL ESOP 2015.

Stock Options granted under FLFL ESOP - 2015 would vest not less than 1 year and not more than 3 years from the Grant Date of such Stock Options. The Maximum term for exercise of Stock Options granted is 3 Years from the respective date of vesting of Stock Options granted.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The following share-based payment arrangements were in existence during the current and prior years:

	Number of Stock Options Granted	Grant date	Expiry date	Exercise Price	*Share Price on Grant Date	Average Fair value of Option at Grant Date (in ₹)
FLFL ESOS-2013	3,01,161	17/01/2014	Note-1	10.00	69.51	82.19
FLFL ESOS-2013	4,64,622	29/10/2014	Note-1	10.00	94.14	84.21
FLFL ESOS-2013	3,95,476	31/08/2015	Note-1	10.00	70.10	60.79
FLFL ESOP-2015	5,87,086	11/11/2016	Note-1	10.00	129.67	102.77
FLFL ESOP-2015	39,428	15/12/2016	Note-1	10.00	125.26	94.56
FLFL ESOP-2015	13,54,000	16/10/2017	Note-1	189.00	337.36	191.28

** Share Price on Grant Date considered as the Volume Weighted Average Price at NSE.*

Note-1 The vested Stock Options can be exercised within a period of three years from the respective date of vesting.

Stock Options were priced using a Black Scholes option pricing model. expected volatility was calculated using standard deviation of daily change in stock price. The historical period for expected volatility taken into account to match the expected life of the option

	FLFL ESOP – 2015		
	2017-2018	2016-2017	
Date of Grant	16/10/2017	15/12/2016	11/11/2016
Expected volatility (%)	39.99%	51.77%	51.06%
Option life (Years)	3.45 Years	2.75 Years	2.58 Years
Dividend yield (%)	0.12 %	0.31%	0.32%
Risk-free interest rate (Average)	6.49%	6.37%	6.41%

Movement in Stock Options during the year

The following reconciles the Stock Options outstanding at the beginning and end of the period:

	2017-2018		2016-2017	
	Number of Stock Options	Weighted average exercise price (in ₹)	Number of Stock Options	Weighted average exercise price (in ₹)
Balance at beginning of Year				
FLFL ESOS – 2013	3,34,203	10	7,54,873	10
FLFL ESOP – 2015-Primary	6,06,800	10	-	-
Granted during the period				
FLFL ESOS – 2013	-	-	-	-
FLFL ESOP – 2015-Primary	13,54,000	189	6,26,514	10
Forfeited during the period				
FLFL ESOS – 2013		-	-	
FLFL ESOP – 2015-Primary	31,030	10	19,714	10
Exercised during the period				
FLFL ESOS – 2013	1,58,379	10	4,00,998	10
FLFL ESOP – 2015-Primary	2,42,002	10	-	-
Expired during the period				
FLFL ESOS – 2013	-	-	-	-
FLFL ESOP – 2015-Primary	-	-	-	-
Balance at the end of Year				
FLFL ESOS – 2013	1,75,824	10	3,34,203	10
FLFL ESOP – 2015-Primary	16,87,768	10 and 189	6,06,800	10
Exercisable at the end of the Year				
FLFL ESOS – 2013	1,75,824	10	2,94,378	10
FLFL ESOP – 2015-Primary	54,326	10	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The following Stock Options were exercised during the year:

Stock Options scheme	Number exercised	Exercise date	Weighted average share price at exercise dates (in ₹)
FLFL ESOS – 2013	1,58,379	Various dates	290.26
FLFL ESOP – 2015-Primary	2,42,002	Various dates	333.53

Stock Options outstanding at the end of the year
The Stock Options outstanding at the end of the year had a weighted average remaining contractual life as under:

Stock Options scheme	2017-2018	2016-2017
FLFL ESOS – 2013	485 days	949 days
FLFL ESOP – 2015-Primary	1536 days	1417 days

37) DISCLOSURE REQUIREMENT 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)

Name of the Company	As at March 31,2018		As at March 31,2017	
	Outstanding Amount	Maximum Amount Outstanding	Outstanding Amount	Maximum Amount Outstanding
Inter Corporate Deposits				
Indus Tree Crafts Private Limited	5.39	5.39	4.98	4.98
Idiom Design and Consulting Limited	1.21	1.21	1.08	1.08
Indus Tree Producer Transform Private Limited	0.54	0.54	0.50	0.50
Rachika Trading Private Limited	-	20.91	19.21	19.21
Unico Retail Private Limited	0.39	0.39	0.35	0.35
FLFL Lifestyle Brands Limited	72.51	72.51	-	-
Corporate Guarantees Given				
Indus Tree Producer Transform Private Limited	7.00	7.00	7.00	7.00
Rachika Trading Private Limited	19.20	19.20	19.20	19.20
Clarks Future Footwear Private Limited	100.00	100.00	50.00	50.00
Investments				
Refer note 4 to Notes forming part of Financial Statements				

38) FINANCIAL INSTRUMENTS AND RISK REVIEW

Capital Management

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt (i.e. borrowings offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves and retained earnings). The Company monitors capital using a ratio of 'net debt' to equity. The Company's net debt to equity ratio was as follows.

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total debt including interest accrued	734.63	704.98	1,193.42
Less: cash and bank balances	32.04	29.80	14.62
Net debt	702.59	675.18	1,178.80
Equity	1,393.88	1,287.88	1,137.18
Net debt to equity ratio	50%	52%	104%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Categories of financial instruments

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial assets			
(i) Measured at Amortised Cost			
Cash and bank balances	32.04	29.80	14.62
Trade receivables	174.54	205.82	250.53
Loans –Inter corporate deposit	74.72	20.45	20.45
Security deposits	147.82	184.68	165.61
Other financial assets	11.99	20.04	60.41
(ii) Mandatorily measured at fair value through profit and loss	-	-	-
(iii) Designated at fair value through other comprehensive income			
Investment in equity shares	39.98	39.31	39.31
Financial liabilities			
(i) Measured at Amortised Cost			
Borrowings	722.50	681.74	1,139.72
Trade payables	1,047.11	1,133.03	921.56
Security deposit received	86.47	70.79	61.44
Other financial liabilities	153.08	93.25	120.88
(ii) Mandatorily measured at fair value through profit and loss			
Derivative liabilities	5.00	4.86	5.43

Fair Value Hierarchy

(₹ in crore)

	Fair Value as at			Fair Value hierarchy
	March 31, 2018	March 31, 2017	April 01, 2016	
Investments in equity instruments – SSIPL retail limited	39.98	39.31	39.31	Level 2
Derivative liability – written option	5.00	4.80	5.40	Level 2
Derivative liability – foreign exchange forward contract	-	0.06	0.03	Level 2

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Financial risk management objectives

The Company has a Risk Management Committee instituted by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

- **Market risk**

  The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rate risk and other price risk. The Company enters into derivative financial instruments to manage its exposure to foreign currency risk including forward foreign exchange contracts.

- **Foreign exchange risk**

  The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily on account of import of trading goods and capital goods. Foreign exchange risk arises recognised liabilities denominated in a currency that is not the functional currency of the Company. The Company hedges its foreign exchange risk using foreign exchange forward contracts as per it's within the guidelines laid down by risk management policy of the Company. Overall, Company always have a limited exposure to foreign currency risk.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Following table details the carrying amounts of the Company's unhedged foreign currency denominated monetary items at the end of the reporting period

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Amount Payable			
US Dollar (USD)	12.48	15.18	29.37
GBP	0.37	-	-

A 5% strengthening in USD and GBP will decrease the profit for the year by ₹0.64 crore (2016-17: ₹0.76 crore) and a 5% weakening in USD and GBP will increase the profit for the year by ₹0.64 crore (2016-17: ₹0.76 crore). In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

- **Interest rate risk**

  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company borrows the money at variable interest rate and therefore it is exposed to interest rate risk.

  The interest rate risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. The company is not exposed to significant interest rate risk as at the respective reporting dates.

- **Other price risk**

  The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

  If equity prices had been 5% higher/lower, other comprehensive income for the year would increase/decrease by ₹2.00 crore (2016 - 2017: increase/decrease by ₹1.97 crore) as a result of the changes in fair value of shares measured at fair value through other comprehensive income.

(i) Credit risk

Credit risk is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. The credit risk arises primarily on trade receivables, store deposit with landlord of stores and deposits with banks and financial institutions and other financial instruments.

Most of the Company's sales is on the counter sale i.e. cash and carry basis on which no credit risk arises, however credit risk arises to the Company on sales to institutional customers/ wholesale customers. Company manages the credit risk arising from trade receivables through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers. Company's customer base is widely spread and therefore it does not have concentration of credit risk. Company manages credit risk on store deposits by timely advance negotiation with landlord of store or through legal action.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that there is no substantial change in the economic environment affecting customers of the Company, the Company expects the historical trend of immaterial credit losses to continue. Following is the change in the loss allowance measured using life-time expected credit loss.

(₹ in crore)

	2017-2018	2016-2017
Opening Balance	-	-
Provided during the year	0.13	-
Closing Balance	**0.13**	-

Credit risk on cash and bank balances is limited as company counterparties are banks or financial institutions with high credit ratings assigned credit rating agencies.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(ii) Liquidity risk

Liquidity risk is the risk that the company will fail in meeting its obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. The Company monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs.

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based. It include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay

(₹ in crore)

	Carrying amount	Within 1 year	1-5 years	More than 5 years	Total
As at March 31, 2018					
Borrowings including Interest accrued	734.63	157.72	551.91	25.00	734.63
Trade payables	1,047.11	1,047.11	-	-	1,047.11
Security deposit received	86.47	86.47	-	-	86.47
Other financial liabilities	140.85	140.85	-	-	140.85
Derivative liabilities (net basis)	5.00	-	5.00	-	5.00
As at March 31, 2017					
Borrowings including Interest accrued	704.98	234.90	412.08	58.00	704.98
Trade payables	1,133.03	1,133.03	-	-	1,133.03
Security deposit received	70.79	70.79	-	-	70.79
Other financial liabilities	69.97	69.97	-	-	69.97
Derivative liabilities (net basis)	4.86	-	4.86	-	4.86
As at April 01, 2016					
Borrowings including Interest accrued	1,193.42	519.44	673.98	-	1,193.42
Trade payables	921.56	921.56	-	-	921.56
Security deposit received	61.44	-	-	-	61.44
Other financial liabilities	67.15	-	-	-	67.15
Derivative liabilities (net basis)	5.43	-	-	-	5.43

39) The Company has transferred its Lee Cooper business on slump exchange to its step down subsidiary Future Speciality Retail Limited (FSRL) during financial year 2016-17. The Company along with other parties have entered into an investment agreement with the subscribes of CCPS issued by FSRL which allow an exit option to them at an agreed price as per the terms of the agreement.

40) FIRST TIME IND AS ADOPTION RECONCILIATION

In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the company's equity and profit is set out as follows:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

A reconciliation of the total equity to those reported under previous GAAP are summarised as follows:

(₹ in crore)

	Notes	As at March 31, 2017	As at April 01, 2016
Total equity under previous GAAP		**1673.04**	**1623.24**
Add/(Less): Impact of Ind AS adjustments			
Fair value as deemed cost of property plant and equipment	A	(562.44)	(694.91)
Measurement of derivative at fair value		(4.84)	(5.42)
Measurement of equity investment at FVTOCI	B	3.94	3.94
Measurement of borrowing at amortised cost	C	0.62	0.82
Reversal of proposed dividend	D	-	9.13
Discounting of interest free rent deposits	E	(11.91)	(8.50)
Other adjustments		0.65	0.05
Effect of deferred tax on Ind AS adjustments	I	188.82	208.83
Total effect on equity		(385.16)	(486.06)
Total equity under Ind AS		**1,287.88**	**1,137.18**

A reconciliation of the total comprehensive income to profit reported under previous GAAP are summarised as follows:

(₹ in crore)

	Notes	2016-2017
Profit after tax as reported under previous GAAP		**45.67**
Add/(Less): Impact of Ind AS adjustments		
Impact on depreciation expenses	A	132.46
Measurement of borrowing at amortised cost	C	(0.20)
Discounting of interest free rent deposits	E	(3.41)
Measurement of derivative at fair value	F	0.58
Recognition of cost for employee stock options at fair value	G	0.37
Actuarial gains/ (losses) on defined benefit obligation (net of tax)	H	(0.33)
Other adjustments		0.62
Effect of deferred tax on Ind AS adjustments	I	(20.01)
Total adjustment to profit		110.08
Profit under Ind AS		155.75
Other comprehensive income under Ind AS (net of tax)	I	0.33
Total comprehensive income under Ind AS		**156.08**

A. In accordance with Ind AS 101, the Company has elected to measure all items of Property, plant and equipment (PPE) at fair value as at transition date of April 01, 2016. These fair values are considered as deemed cost as at transition date. Depreciation is calculated on deemed cost effective from transition date. Accordingly there is a reduction in equity as at April 01, 2018 on account of fair valuation of PPE and consequential decrease in depreciation expenses for the year ended March 31, 2017. The reduction in value of PPE on account of fair valuation has been adjusted against capital reserve as allowed under the composite scheme of arrangement and amalgamation among the Company and various other parties.

B. Under previous GAAP, current investments in equity instruments were measured at lower of cost or net realisable value. Under Ind AS, fair value changes with respect to investments in equity instruments (other than in subsidiaries, joint ventures and associates) have been recognised in equity as a separate component as at the date of transition and subsequently in the other comprehensive income.

C. Under previous GAAP, interest expense was recognised based on contractual interest rates and expenses directly attributable for fund raising has been charged off in statement of Profit and Loss when incurred. Under Ind AS, effective interest rate method is used to recognised interest expenses and for calculation of amortised cost of borrowing. Refer accounting policies for effective interest method.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

D. Under previous GAAP, dividends proposed by the Board of Directors after the Balance Sheet date, but before the approval of the Financial Statements were considered as adjusting events for financial year ended March 31, 2016. Accordingly, provision for proposed dividend was recognised as a liability as at April 01, 2016. Under Ind AS, such dividends are recognised when the same is approved by the Shareholders in the General Meeting. Accordingly, the liability for proposed dividend (including dividend distribution tax) of as at April 01, 2016 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

E. Under the previous GAAP, interest free lease security deposits are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value on initial recognition. Accordingly, the Company has measured these deposits at fair value as at initial recognition. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent as at initial recognition. Subsequently, security deposit is measured at amortised by recognising interest income and prepaid rent is amortised as rent expenses.

F. Under previous GAAP, foreign currency forward contract has been accounted by amortizing the forward premium/ discount. Under Ind AS these derivative instruments (including embedded derivative contract) are measured at fair value at each reporting date with changes in the fair value is recognized in the statement of profit and loss.

G. Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date.

H. Under Ind AS, actuarial gains and losses on re-measurements of defined benefit obligation are recognised in Other Comprehensive Income instead of Statement of Profit and Loss. Consequential tax impact is also recognised in other comprehensive income.

I. Deferred tax have been recognised on the adjustments made on transition to Ind AS using balance sheet approach for calculation of deferred tax assets/ liabilities.

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

Shailesh Haribhakti Chairperson	**Kishore Biyani** Managing Director	**Sharda Agarwal** Director	**C. P. Toshniwal** Director
Dr. Darlie Koshy Director	**Bijou Kurien** Director	**Avni Biyani** Director	
Kaleeswaran Arunachalam Chief Financial Officer	**Sanjay Kumar Mutha** Company Secretary		

INDEPENDENT AUDITORS' REPORT

To the Members of
FUTURE LIFESTYLE FASHIONS LIMITED

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying Consolidated Ind AS 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 jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement and the Consolidated statement of changes in equity for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows and Consolidated changes in equity of the Group including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group and of its jointly controlled entities 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 jointly controlled entities 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 Consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Consolidated Ind AS 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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 Ind AS 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 Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS 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 including the Ind AS , of the Consolidated state of affairs of the Group and its jointly controlled entities as at March 31, 2018, and its Consolidated profit including consolidated comprehensive income, its Consolidated cash flows and Consolidated changes in equity 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 ₹0.42 crore as at March 31, 2018, total revenues of ₹NIL crore and net cash inflows amounting to ₹0.10 crore for the year ended on that date as considered in the consolidated financial statements. These financial statements and the other financial information have been audited by other auditor whose report has been furnished to us by the Management. The consolidated financial statements also includes the Group's share of loss after tax of ₹0.23 crore for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of jointly controlled entities, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and other disclosures included in respect of these subsidiary and jointly controlled entities, is based solely on the reports of the auditors.

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 Ind AS financial statements.
   - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS 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, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement and Consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements.
   - (d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
   - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled entities, none of the directors of the Group its jointly controlled entities and an associate company incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
   - (f) With respect to the adequacy of Internal controls over financial reporting of the Group and the operating effectiveness of such controls. Refer to our separate report in "Annexure A", 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 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 Ind AS financial statements disclose the impact of pending litigations on the Consolidated financial position of the Group, its jointly controlled entities.
     - ii. The Holding Company, its subsidiary companies and jointly controlled entities did not have any long term contract including derivative contract for which there were any material foreseeable losses.
     - iii. There has been no delay in transferring amounts, 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 jointly controlled entities which were required to be transferred to Investor Education and Protection Fund.

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (1) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ART")

In conjunction with our audit of the Consolidated Ind AS financial statement of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of FUTURE LIFESTYLE FASHIONS LIMITED ("the Holding Company") and its subsidiary companies and jointly controlled entities which are 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, and its jointly controlled entities which are 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 required 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 risk of material misstatement of the Ind AS financial statement, 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 statement 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 statement in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorization of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATION OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the limitation 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 procedure may deteriorate.

OPINION

In our opinion and to the best of our information and according to explanation given and based on the consideration of report of other auditors, as referred to in other matters paragraph, the Holding Company, its subsidiary companies and its jointly controlled entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding 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 subsidiary companies, and jointly controlled entities, incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

CONSOLIDATED BALANCE SHEET

as at March 31, 2018

(₹ in crore)

	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	3	894.02	703.57	508.79
Capital work-in-progress		290.49	189.83	186.23
Investment Property	3	-	-	0.02
Goodwill on Consolidation		-	-	20.53
Other Intangible assets	3	30.44	36.21	58.44
Financial Assets				
Investments	4	174.93	175.64	-
Loans	5	126.69	164.82	243.32
Deferred tax assets (net)	25	39.18	47.32	137.92
Other non-current assets	6	77.12	155.74	153.34
Total Non-Current Assets		1,632.87	1,473.13	1,308.59
Current Assets				
Inventories	7	1,482.88	1,505.76	1,316.21
Financial Assets				
Investments	4	42.12	40.75	261.14
Trade receivables	8	315.50	302.75	265.34
Cash and cash equivalents	9	23.78	15.17	12.52
Other balances with banks	9	9.18	14.75	4.84
Loans	5	96.65	40.88	20.04
Others financial assets	10	14.49	22.11	58.24
Other current assets	6	180.95	192.72	211.97
Total Current Assets		2,165.55	2,134.89	2,150.30
TOTAL ASSETS		3,798.42	3,608.02	3,458.89
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	11	38.08	38.00	37.92
Other Equity	12	1,491.53	1,345.04	1,099.31
Equity Attributable to Owners of the Group		1,529.61	1,383.04	1,137.23
Non-controlling interests		0.01	(0.00)	0.35
Total Equity		1,529.62	1,383.04	1,137.58
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	13	573.87	269.55	674.73
Other financial liabilities	14	65.85	81.97	5.42
Provisions	15	8.86	8.00	5.89
Total Non-Current Liabilities		648.58	359.52	686.04
Current Liabilities				
Financial Liabilities				
Borrowings	13	135.63	212.29	252.36
Trade payables	16	1,093.21	1,225.60	926.74
Other financial liabilities	14	277.26	364.49	412.45
Provisions	15	87.77	38.74	16.59
Other current liabilities	17	26.35	24.34	27.13
Total Current Liabilities		1,620.22	1,865.46	1,635.27
TOTAL EQUITY AND LIABILITIES		3,798.42	3,608.02	3,458.89
The accompanying notes are forming part of the financial statements	1-37			

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairperson

Kishore Biyani
Managing Director

Sharda Agarwal
Director

C. P. Toshniwal
Director

Dr. Darlie Koshy
Director

Bijou Kurien
Director

Avni Biyani
Director

Kaleeswaran Arunachalam
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

(₹ in crore)

	Note	2017-2018	2016-2017
REVENUE			
Revenue from operations	18	4,498.22	3,894.68
Other Income	19	34.10	24.19
TOTAL REVENUE		**4,532.32**	3,918.87
EXPENSES			
Cost of materials consumed		22.23	52.42
Purchases of Stock-in-trade		2,803.38	2,533.80
Changes in inventories of finished goods, stock-in-trade and work-in-progress	20	20.97	(115.99)
Excise duty on sales of goods		0.25	1.84
Employee benefits expense	21	264.86	213.85
Finance costs	22	103.30	123.17
Depreciation and amortisation expense	3	153.89	89.00
Other expenses	23	977.80	879.35
TOTAL EXPENSES		**4,346.68**	3,777.44
Profit Before Exceptional Items and Tax		**185.64**	141.43
Exceptional Items		-	68.91
Profit Before Tax		**185.64**	210.34
Tax Expense	24	58.59	103.34
Profit Before Non-Controlling Interests/Share in Net Loss of Associates and Joint Ventures		**127.05**	107.00
Share in Net Loss of Associates and Joint Ventures		0.96	30.89
Profit for the Year		**126.09**	76.11
Profit Attributable to:			
Owners of the Group		126.08	76.11
Non-Controlling Interests		0.01	(0.00)
Other Comprehensive Income (OCI)			
Items that will not be reclassified to Profit or Loss			
a) Remeasurements of the defined benefit plan		1.26	0.50
b) Equity instrument through Other comprehensive income		0.67	-
Income tax relating to items that will not be reclassified to profit or loss		0.61	(0.17)
Total Other Comprehensive Income, Net of Tax		**2.54**	0.33
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**128.62**	76.44
Earnings per equity share of Face Value of ₹2 each	30		-
Basic (₹)		6.63	4.01
Diluted (₹)		6.61	4.00
The accompanying notes are forming part of the financial statements	1-37		

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairperson

Kishore Biyani
Managing Director

Sharda Agarwal
Director

C. P. Toshniwal
Director

Dr. Darlie Koshy
Director

Bijou Kurien
Director

Avni Biyani
Director

Kaleeswaran Arunachalam
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2018

A) EQUITY SHARE CAPITAL

(₹ in crore)

Balances as at April 01, 2016	37.92
Issue of Equity shares under employee share option plan (ESOP) Refer note 35	0.08
Balances as at March 31, 2017	38.00
Issue of Equity shares under employee share option plan (ESOP) Refer note 35	0.08
Balances as at March 31, 2018	**38.08**

B) OTHER EQUITY

(₹ in crore)

	Equity Component of Compound Financial instruments	Compulsory Convertible Preference Share	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Retained Earnings	Equity instruments through Other Comprehensive Income	Attributable to Owners of the group	Non-controlling Interests	Total other equity
Balance as at April 01, 2016	0.08	-	475.09	296.14	83.85	3.92	4.19	232.10	3.94	1,099.31	0.35	1,099.66
Profit for the Year	-	-	-	-	-	-	-	76.11	-	76.11	(0.00)	76.11
Other Comprehensive income for the year, Net of tax	-	-	-	-	-	-	-	0.33	-	0.33	-	0.33
Total Comprehensive income for the year	-	-	-	-	-	-	-	76.44	-	76.44	(0.00)	76.44
Transfer to Securities premium on exercise of ESOP	-	-	-	3.00	-	(3.00)	-	-	-	-	-	-
Issue of Equity shares on exercise of ESOP	-	-	-	0.31	-	-	-	-	-	0.31	-	0.31
Issue of Compulsory Convertible Preference Shares	174.83	-	-	-	-	-	-	-	-	174.83	-	174.83
Transfer to General Reserve	-	-	-	-	(33.85)	-	33.85	-	-	-	-	-
Recognition of Share-based payments	-	-	-	-	-	3.36	-	-	-	3.36	-	3.36
Payment of Dividend on Equity Shares	-	-	-	-	-	-	-	(7.58)	-	(7.58)	-	(7.58)
Payment of tax on Dividend on Equity Shares	-	-	-	-	-	-	-	(1.55)	-	(1.55)	-	(1.55)
On Account of Loss of control on subsidiaries	-	-	-	-	-	-	-	-	-	-	(0.35)	(0.35)
Others	(0.08)	-	-	-	-	-	-	-	-	(0.08)	-	(0.08)
Balance as at March 31, 2017	174.83	-	475.09	299.45	50.00	4.28	38.04	299.41	3.94	1,345.04	(0.00)	1,345.04

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2018

(₹ in crore)

	Equity Component of Compound Financial instruments	Compulsory Convertible Preference Share	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	Share Options Outstanding Account	General Reserve	Retained Earnings	Equity instruments through Other Comprehensive Income	Attributable to Owners of the group	Non-controlling Interests	Total other equity
Profit for the Year	-	-	-	-	-	-	-	126.08	-	126.08	0.01	126.09
Other Comprehensive income for the year, Net of tax	-	-	-	-	-	-	-	0.83	1.71	2.54	-	2.54
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**126.91**	**1.71**	**128.62**	**0.01**	**128.63**
Transfer to Securities premium on exercise of ESOP	-	-	-	3.59	-	(3.59)	-	-	-	-	-	-
Issue of Equity shares on exercise of ESOP	-	-	-	0.33	-	-	-	-	-	0.33	-	0.33
Recognition of Share-based payments	-	-	-	-	-	10.86	-	-	-	10.86	-	10.86
Payment of Dividend on Equity Shares	-	-	-	-	-	-	-	(15.22)	-	(15.22)	-	(15.22)
Payment of tax on Dividend on Equity Shares	-	-	-	-	-	-	-	(3.10)	-	(3.10)	-	(3.10)
Issue of Compulsory Convertible Preference Shares	-	25.00	-	-	-	-	-	-	-	25.00	-	25.00
Balance as at March 31, 2018	**174.83**	**25.00**	**475.09**	**303.37**	**50.00**	**11.55**	**38.04**	**408.00**	**5.65**	**1,491.53**	**0.01**	**1,491.54**

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairperson

Kishore Biyani
Managing Director

Sharda Agarwal
Director

C. P. Toshniwal
Director

Dr. Darlie Koshy
Director

Bijou Kurien
Director

Avni Biyani
Director

Kaleeswaran Arunachalam
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2018

(₹ in crore)

		2017-18	2016-17
A	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit for the year	126.09	76.11
	Adjustments to Reconciled Net Profit to Net Cash Generated by Operating Activities:		
	Income tax expense	58.59	103.34
	Finance costs	103.30	123.17
	Interest income	(23.42)	(19.38)
	Dividend income	-	(0.02)
	Loss on disposal/discard of property, plant and equipment	22.19	8.53
	Expected credit loss allowance (for doubtful debts)	0.13	-
	Depreciation and amortisation expense	153.89	89.00
	Share in net Loss of Associates and Joint Ventures	0.96	30.89
	Expense recognised in respect of share-based payments (Refer note 35)	10.86	3.37
	Bad Debts/(Sundry Balances written back)	(0.60)	1.55
	Operating Profit Before Working Capital Changes	**451.99**	416.56
	Movements in Working Capital:		
	(Increase)/Decrease in trade and other receivables	81.45	12.63
	(Increase)/ Decrease in inventories	22.88	(189.55)
	(Increase)/Decrease in other assets	36.63	72.59
	Increase/ (Decrease) in trade payables	(132.38)	298.96
	Increase/ (Decrease) in provisions	51.14	24.76
	Increase/(Decrease) in other liabilities	85.56	51.71
	Cash Generated from Operations	**597.27**	687.66
	Income taxes paid	(45.55)	(11.55)
	Net Cash Generated by Operating Activities	**551.72**	676.11
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Inter corporate deposit given (Net)	(54.27)	(14.93)
	Interest received	23.42	19.38
	Payments for property, plant and equipment	(462.52)	(337.78)
	Proceeds from disposal of property, plant and equipment	1.09	64.10
	Dividends received	-	(0.02)
	Proceeds on sale of financial assets- Investment (Net)	(0.96)	34.04
	Proceeds/(Payment) from earmarked deposits with bank	5.57	(9.91)
	Net Cash (Used in) Investing Activities	**(487.67)**	(245.12)
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from issue of equity instruments of the Company	0.41	0.39
	Proceeds from issue of Compulsory convertible preference shares	25.00	174.74
	Proceed/(Repayment) from Borrowings	40.76	(471.17)
	Interest paid	(103.30)	(123.17)
	Dividend Paid (Including Dividend Distribution Tax)	(18.31)	(9.13)
	Net Cash Used in Financing Activities	**(55.44)**	(428.34)
	Net Increase in Cash and Cash Equivalents	**8.61**	2.65
	Cash and cash equivalents at the beginning of the year	15.17	12.52
	Cash and Cash Equivalents at the End of the Year (Refer note 9)	**23.78**	15.17

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairperson

Kishore Biyani
Managing Director

Sharda Agarwal
Director

C. P. Toshniwal
Director

Dr. Darlie Koshy
Director

Bijou Kurien
Director

Avni Biyani
Director

Kaleeswaran Arunachalam
Chief Financial Officer

Sanjay Kumar Mutha
Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1) CORPORATE INFORMATION

Future Lifestyle Fashions Ltd ("The Company") is a company incorporated in India under the provisions of Companies Act, 1956 on May 30, 2012. The registered address of the Company is located at Knowledge House, Shyam Nagar, off. Jogeshwari-Vikhroli Link Road, Jogeshwari (East) Mumbai – 400060. The Company is engage in the business of Retailing of Fashion through departmental and neighbourhood stores under various formats across the country. The shares of the Company are listed on the National Stock Exchange Limited and BSE Limited. The Financial Statements were approved for issue by the Board of Directors on May 18, 2018. The Financial Statements are presented in Indian Rupee (₹) and all values are rounded to the nearest crore except where otherwise indicated.

2) SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliances with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group (defined herein after) comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013, [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other applicable laws.

Upto the year ended March 31, 2017, the Group prepared its financial statement in accordance with the requirement of accounting standards notified under the companies (Accounting Standard) Rules, 2006 (as amended) and other applicable laws ("previous GAAP"). These are the Group's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2016.

2.2 Standard issued but not effective

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 01, 2018.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, MCA has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 01, 2018.

The Company will adopt the standard on April 01, 2018.

2.3 Basis of Preparation and Presentation

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

In accordance with Ind AS 101 on 'First time adoption of Indian Accounting Standards', the Group's first Ind AS financial statements including, three balance sheets, namely, the opening balance sheets as at April 01, 2016 and balance sheet as at March 31, 2017 and 2018 and two statements each of profit and loss, cash flows and changes in equity for the year ended March 31, 2017 and 2018 together with related notes. The same accounting policies have been used for all periods presented, except where the Group has made use of exceptions or exemptions allowed under Ind AS 101 in the preparation of the opening Ind AS balance sheet. The balance sheets, statements of profit and loss, statements of cash flows and statement of changes in equity of the prior years presented have been recasted in accordance with Ind AS.

2.4 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries ("Group").

Control exists when the Group has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Entities are consolidated from the date control commences until the date control ceases.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of the Company and entities controlled by the Group are consolidated on a line-by-line basis and intra- group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies by each entity in the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

When the Group loses control of a subsidiary, a gain or loss is recognised in consolidated statement of profit and loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The Consolidated financial statement of the group comprises financial statement of Future Lifestyle Fashions Limited and the following Companies

Name of the Company	Relationship	Proportion of ownership interest		
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Future Trendz Limited	Subsidiary	100.00%	100.00%	-
Future Speciality Retail Limited	Subsidiary	99.96%	99.96%	-
FLFL Business Services Limited	Subsidiary	100.00%	100.00%	-
Rachika Trading Private Limited	Subsidiary	-	-	96.00%
Future Style Lab Limited	Subsidiary	-	-	90.00%
Indus-League Clothing Limited	Subsidiary	-	-	100.00%
FLFL Lifestyle Brands Limited	Joint Venture	49.02%	49.02%	-
Clarks Future Footwear Private Limited	Joint Venture	1.00%	1.00%	50.00%
Celio Future Fashion Private Limited	Joint Venture	-	-	3.13%
Holii Accessories Private Limited	Joint Venture	1.00%	1.00%	50.00%
Elisir Lifestyle Private Limited	Joint Venture	-	60.00%	60.00%
Indus Tree Craft Private Limited	Associate	-	-	72.16%
KFC Shoemaker Private Limited	Associate	-	-	33.30%
Resource World Exim Private Limited	Associate	-	-	27.50%
Mineral Fashions Private Limited	Associate	-	-	49.62%
Turtle Limited	Associate	-	-	26.00%
Eclat Life Style Private Limited	Associate	-	-	30.00%
Unico Retail Private Limited	Associate	-	-	12.00%

2.5 Investments in Associate and Joint Venture

Associate is and entity over which the Group has significant influence but not having control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associate and joint venture is accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associate/ joint venture after the acquisition date. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, if any.

2.6 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except deferred tax assets or liabilities. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.7 Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs comprises purchase price and any attributable cost of bringing the assets to its working condition for its intended use. The cost of property, plant and equipment acquired in a business combination is recorded at fair value on the date of acquisition.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of profit and loss when the asset is derecognised.

The Group has measured all of its property, plant and equipment at their fair value as at transition date of Ind AS i.e. April 01,2016 and use these fair value as deemed cost.

Freehold land is not depreciated. Depreciation on other property, plant and equipment has been provided on Straight Line Method over their useful lives. Estimated useful lives of the assets are as below:

Property, Plant and Equipment	Number of Years
Plant and Equipment	15 years
Office Equipment	5 years
Furniture, Fixture and other Fittings*	7 years
Leasehold Improvement*	Lease term or 7 years, whichever is lower
Vehicle	8 years
Computers (End User Device)	3 years
Computers (Other than End User Device)	6 years

**Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

The residual values, estimated useful lives and methods of depreciation are reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

2.8 Intangible Assets

Intangible Assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

The Group has elected to continue with carrying value of all of its Intangible Assets recognised as of April 01, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Estimated useful lives of the Intangible assets are as follows:

Intangible Assets	Useful lives
Computer Software	6 years
License Rights	Over the period of License

2.9 Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination (refer below policy on impairment of non-financial assets).

2.10 Impairment of non-financial assets (including investment in associate and joint venture)

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (including investment in associates and joint venture) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and similar allowances.

Sale of goods

Revenue from sale of goods is recognised, when significant risk and rewards of ownership have been transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.

Amount disclosed as revenue are inclusive of excise duty and net of trade allowances, rebates, returns and value added tax/sales tax/Goods and Services tax.

Rendering of services

Revenue from a contract to provide services is recognised as they are rendered based on arrangements with the customers.

Dividend and Interest income

Dividend income from investments is recognised when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the shareholders and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.12 Leases

Leases where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease payments are recognised as an expense in the statement of profit and loss as per the terms of agreement which is representative of the time pattern of the user's benefit.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognised in finance cost in the statement of profit and loss.

2.13 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit before tax' as reported in the statement of consolidated profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against those deductible temporary differences which can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference rises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred tax for the year

Current and deferred tax are recognised in consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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2.14 Earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to the owners of the Group by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figure used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of profit and loss in the period in which they are incurred.

2.16 Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months from reporting date are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives and the expected cost of bonus etc. are recognised as an expense at the undiscounted amount in consolidated statement of profit and loss for the period in which the related service is rendered.

Post-employment defined contribution benefits

Payment to defined contribution plans such as provident fund, employee state insurance etc. are recognised as expense when employees have rendered services entitling them to such contributions. Group has no further payment obligations once the contributions have been paid. Amount of expenses recognised is equal to the amount of contribution made by the group.

Post-employment defined benefits

Cost of post-employment benefit plans such as gratuity are recognised as an expense in the consolidated 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 projected unit credit method, with actuarial valuation techniques at the end of each annual reporting period. Service cost (including current service cost, past service cost) and interest expense are recognised in consolidated statement of profit and loss. Gains and losses through re-measurements of the net defined benefit liability are recognised in other comprehensive income. The effect of any plan amendments are recognised in consolidated statement of profit and loss.

Other long-term employee benefit

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Cost of other long term benefits are determined using projected unit credit method, with actuarial valuation techniques at the end of each annual reporting period and the cost (including remeasurement) is recognised in consolidated statement of profit and loss.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Cost of inventories comprise of cost of purchase, cost of conversion and other related cost incurred in bringing the inventories to their present location and condition.

2.18 Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than that entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in consolidated statement of profit and loss in the period in which they arise except for exchange differences which are regarded as an adjustment to interest cost as per policy on borrowing cost.

2.19 Provisions, contingent liability and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be reasonably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting (when the effect of the time value of money is material) the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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Contingent liability is a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or it is probable but no reliable estimate is possible. Contingent liabilities are not recognised in consolidated financial statement however disclosed. Similarly, contingent assets are not recognised however disclosed.

2.20 Financial instruments

Classification as financial liability or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments (convertible instruments) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's or a group entity's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity.

Financial assets and financial liabilities – initial recognition

Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of investments, loans, deposits, trade receivables and cash and bank balances. Financial liabilities primarily comprise of borrowings, trade and other payables and financial guarantee contracts.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets/ issue of financial liabilities are added to the fair value of the financial assets/ subtracted from fair value of financial liabilities on initial recognition, except for financial asset/ liability is subsequently measured at fair value through profit or loss.

Subsequent measurement

Financial assets

Financial assets are measured subsequent based on their classification. The Company classifies its financial assets in the following measurement categories:

a) At amortised cost: - Assets that are held for the collection of contractual cash flow where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

b) At fair value through other comprehensive income - Assets that are held for the collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Changes in fair value of instrument is taken to other comprehensive income which are reclassified to Statement of profit and loss.

c) At fair value through Statement of profit and loss) Assets that do not meet the criteria for amortised cost or FVOCI are measured as fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit and loss. Dividend income from these financial assets is included in other income.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Investment in equity instruments either at FVTPL or FVTOCI

Investment in equity instruments are measured at FVTPL with fair value changes is being recognised in consolidated statement of profit and loss. However, on initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity

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instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

Financial guarantee obligation

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

After initial recognition of financial guarantee obligation at fair value, the Group subsequently measured it at the higher of:

- amount of loss determined in accordance with impairment requirement under Ind AS 109 (see policy on impairment of financial asset); and
- the amount initially recognised less, when appropriate, the cumulative income recognised.

Impairment of financial asset

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

For trade receivables, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial asset

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

2.21 Share-based payment arrangement

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments/ option at the grant date.

The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in consolidated statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options outstanding reserve.

2.22 Operating segment

The management views the Group's operation as a single segment engaged in business of Branding, Manufacturing, Processing, Selling and Distribution of "Fashion Products". Hence there is no separate reportable segment under Ind AS 108 'Operating segment'.

2.23 Key sources of estimation uncertainty and critical accounting judgements

In the course of applying the accounting policies, the Group is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future periods.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the

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assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

Impairment of property, plant and equipment, investment in joint ventures and associates and impairment of goodwill

Determining whether the assets are impaired requires an estimate in the value in use of cash generating units. It requires to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. When the actual cash flows are less than expected, a material impairment loss may arise.

Provisions, liabilities and contingencies

The timing of recognition of provision requires application of judgement to existing facts and circumstances which may be subject to change.

Fair value measurements

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. A degree of estimate is required in establishing fair values.

Critical accounting judgement

Significant influence over Unico Retail Private Limited ("URPL")

The Group owns only 12% of issued share capital of URPL as at 01 April 2016 and 31 March 2017. However, the Group has entered into an agreement with other shareholders of URPL under which, Group has certain rights, inter-alia, to appoint certain number of directors which constitutes significant strength in compare to total number of directors on the board of URPL. Basis these rights, management concluded that Group has significant rights over URPL and therefore investment in URPL is accounted as an investment in an associate.

Significant influence over Mineral Fashions Private Limited ("MFPL")

The Group owns only 56% of issued share capital of MFPL as at 31 March 2017. However, the Group has entered into an agreement with other shareholders of MFPL, under which, certain rights have been given to other shareholders, inter-alia, to appoint certain number of directors which constitutes significant strength in compare to total number of directors on the board of MFPL. Basis these rights, management concluded that Group does not have unilateral right to direct the relevant activities of MFPL. Therefore, Group has only significant rights over MFPL accordingly, investment in MFPL is accounted as an investment in an associate.

2.24 First-time adoption of Ind-AS – Mandatory exceptions, optional exemptions

Overall principle

The Group has prepared the opening consolidated balance sheet as per Ind AS as of April 01, 2016 ("transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Group as detailed below.

Past business combinations

The Group has elected not to apply Ind AS 103 'Business Combinations' retrospectively to past business combinations that occurred before the transition date.

Share based Transactions

The Group has not applied requirement of Ind AS 102 'share based payment' to equity instruments that vested before the transition date

Deemed cost for property plant and equipment, investment property and intangible assets

The Group has measured all of its property, plant and equipment at their fair value as at transition date of Ind AS i.e. April 01,2016 and use these fair value as deemed to cost.

The Group has elected to continue with the carrying value of all of its intangible assets recognised as at transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Non-controlling Interests

Ind AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. This requirement needs to be followed even if this results in the non-controlling interests having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from the date of transition or the date from which requirements of Ind AS 103 is applied.

Consequently, the Group has applied the above requirement prospectively.

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3) PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY

(₹ in crore)

Descriptions of Assets	Gross Block (At cost / deemed cost)				Depreciation / Amortisation				Net Block	
	As at April 01, 2017	Additions	Deletions	As at March 31, 2018	As at 01st April 2017	For the Year	Deletions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
A Property, Plant and Equipment										
Leasehold Improvements	93.27	77.95	3.26	167.96	7.31	21.27	0.67	27.91	140.05	85.96
Plant & Equipments	163.63	21.19	9.87	174.95	13.06	13.96	1.54	25.48	149.47	150.57
Office Equipments	13.09	10.94	0.38	23.65	2.38	4.03	0.25	6.16	17.49	10.71
Computers	29.00	12.15	0.86	40.29	8.02	8.95	0.49	16.48	23.81	20.98
Furniture, Fixtures & Other Fittings	479.49	237.31	16.17	700.63	44.52	98.10	4.30	138.32	562.31	434.97
Vehicles	0.45	0.61	-	1.06	0.07	0.10	-	0.17	0.89	0.38
TOTAL	778.93	360.15	30.54	**1,108.54**	75.36	146.41	7.25	**214.52**	**894.02**	703.57
B Other Intangible Assets										
Computer Software	12.65	1.36	0.00	14.01	3.00	3.11	0.00	6.11	7.90	9.65
Trademarks, Copyrights & Patents	26.61	0.35	-	26.96	0.05	4.37	-	4.42	22.54	26.56
TOTAL	39.26	1.71	0.00	**40.97**	3.05	7.48	0.00	**10.53**	**30.44**	36.21
GRAND TOTAL	818.19	361.86	30.54	**1,149.51**	78.41	153.89	7.25	**225.05**	**924.46**	739.78

PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY (PREVIOUS YEAR)

(₹ in crore)

Descriptions of Assets	Gross Block (At cost / deemed cost)				Depreciation / Amortisation				Net Block	
	As at April 01, 2016	Additions	Deletions	As at March 31, 2017	As at April 01, 2016	For the Year	Deletions	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
A Property, Plant and Equipment										
Leasehold Improvements	32.08	66.76	5.57	93.27	-	8.42	1.11	7.31	85.96	32.08
Plant & Equipments	146.70	26.23	9.30	163.63	-	13.78	0.72	13.06	150.57	146.70
Office Equipments	5.54	8.40	0.85	13.09	-	2.58	0.20	2.38	10.71	5.54
Computers	22.85	7.37	1.22	29.00	-	8.40	0.38	8.02	20.98	22.85
Furniture, Fixtures & Other Fittings	301.17	198.66	20.34	479.49	-	46.54	2.02	44.52	434.97	301.17
Vehicles	0.45	-	-	0.45	-	0.07	-	0.07	0.38	0.45
TOTAL	508.79	307.42	37.28	778.93	-	79.79	4.43	75.36	703.57	508.79
B Other Intangible Assets										
Computer Software	12.44	0.33	0.12	12.65	-	3.03	0.03	3.00	9.65	12.44
Trademarks, Copyrights & Patents	46.00	26.42	45.81	26.61	-	6.18	6.13	0.05	26.56	46.00
TOTAL	58.44	26.75	45.93	39.26	-	9.21	6.16	3.05	36.21	58.44
C Investment Property										
Freehold Land	0.02	-	0.02	-	-	-	-	-	-	0.02
TOTAL	0.02	-	0.02	-	-	-	-	-	-	0.02
GRAND TOTAL	567.25	334.17	83.23	818.19	-	89.00	10.59	78.41	739.78	567.25

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4) INVESTMENTS

	Number of Units			Amount (₹ in crore)		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current Investment-Unquoted						
Trade Investments fully paid up of ₹10 each unless otherwise stated						
Joint Venture (accounted for using the equity method)						
Investment in Equity Instruments						
FLFL Lifestyle Brands Limited	50,000	50,000	-	168.37	169.08	-
Investment in Optionally Convertible Debentures						
FLFL Lifestyle Brands Limited	65,00,000	65,00,000	-	6.50	6.50	-
Others (at fair value through other comprehensive income)						
Renew Wind Power Karnataka Private Limited	6,400	6,400	-	0.06	0.06	-
Aggregate book value of unquoted Non-Current Investments				174.93	175.64	-
Current Investment-Unquoted						
Trade Investments fully paid up of ₹10 each unless otherwise stated						
Investment in Equity Instruments						
Associates (accounted for using the equity method)						
Eclat Lifestyle Private Limited	-	-	3,05,143	-	-	2.20
Industree Crafts Private Limited Face Value of ₹100 each	-	-	1,29,578	-	-	22.49
KFC Shoemaker Private Limited	-	-	6,63,125	-	-	10.99
Mineral Fashions Private Limited	-	-	27,93,210	-	-	13.00
Resource World Exim Private Limited	-	-	3,37,161	-	-	3.50
Turtle Limited	-	-	15,60,000	-	-	112.51
Unico Retail Private Limited	-	-	51,136	-	-	0.50
Joint Ventures (accounted for using the equity method)						
Celio Future Fashion Private Limited	-	-	1,87,254	-	-	8.04
Clarks Future Footwear Private Limited	9,80,000	5,80,000	2,40,00,000	1.93	1.23	31.55
Elisir Lifestyle Private Limited	-	-	30,00,000	-	-	6.00
Holii Accessories Private Limited	1,90,000	1,60,000	60,00,000	0.21	0.21	8.25
Others (at fair value through other comprehensive income)						
SSIPL Retail Limited	6,09,197	6,09,197	6,09,197	39.98	39.31	39.31
Investment in Compulsorily Convertible Preference Shares						
Associate (at fair value through Profit and Loss)						
Indus Tree Craft Private Limited Face Value of ₹100 each	-	-	2,00,000	-	-	2.00
Investment in Compulsorily Convertible Debentures						
Associate (At cost / deemed cost)						
Mineral Fashions Private Limited Face Value of ₹24 each	-	-	3,33,333	-	-	0.80
Aggregate book value of unquoted Current Investments				42.12	40.75	261.14

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

5) LOANS (UNSECURED, CONSIDERED GOOD)

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Security Deposits	126.69	164.82	154.18
Loans to Other	-	-	89.14
	126.69	164.82	243.32
Current			
Security Deposits	21.93	20.43	14.52
Inter Corporate Deposits	74.72	20.45	5.52
	96.65	40.88	20.04

6) OTHER ASSETS

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current			
Capital Advances	8.14	43.09	47.66
Prepaid Expenses	68.98	112.65	105.68
	77.12	155.74	153.34
Current			
Others	154.19	173.02	194.66
Prepaid Expenses	26.76	19.70	17.31
	180.95	192.72	211.97

7) INVENTORIES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw-Materials	0.96	2.87	7.32
Work-in-Progress	0.07	3.62	8.87
Stock-in-Trade (Goods-in-Transit of ₹22.99 crore, 2016-17: ₹21.10 crore, 2015-16: ₹39.87 crore)	1,453.30	1,461.36	1,254.84
Finished Goods	27.23	35.74	40.01
Packing Material	1.32	2.17	5.17
	1,482.88	1,505.76	1,316.21

8) TRADE RECEIVABLES (UNSECURED)

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current			
Considered Good	315.50	302.75	265.34
Considered Doubtful	0.13	-	-
	315.63	302.75	265.34
Less :- Expected credit loss allowance (for doubtful receivables)	(0.13)	-	-
	315.50	302.75	265.34

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

9) CASH AND BANK BALANCES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Cash and Cash equivalents			
Cash on Hand	4.55	2.96	2.49
In Current Accounts	19.22	12.20	9.94
Cheques on Hand	0.01	0.01	0.09
	23.78	15.17	12.52
Other Balances with Banks			
Deposit with Banks (as margin money)	9.11	14.71	4.81
Earmarked Balances with Banks (for unpaid dividend)	0.07	0.04	0.03
	9.18	14.75	4.84

10) OTHERS FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current			
Insurance Claim Receivable	6.66	14.37	57.07
Other Receivables	7.83	7.74	1.17
	14.49	22.11	58.24

11) EQUITY SHARE CAPITAL

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Authorised						
Equity Shares of ₹2/- each	25,00,00,000	50.15	25,00,00,000	50.00	25,00,00,000	50.00
	25,00,00,000	**50.15**	25,00,00,000	50.00	25,00,00,000	50.00
Issued, Subscribed and Paid up						
Equity Shares of ₹2/- each	19,04,13,837	38.08	19,00,13,456	38.00	18,96,12,458	37.92
	19,04,13,837	**38.08**	19,00,13,456	38.00	18,96,12,458	37.92

Reconciliation of number of shares :

Equity Share of ₹2/- each

	As at March 31, 2018 No. of Shares	As at March 31, 2017 No. of Shares	As at April 01, 2016 No. of Shares
At the beginning of the year	19,00,13,456	18,96,12,458	18,62,09,031
Add : Issued during the year*	4,00,381	4,00,998	34,03,427
At the end of the year	**19,04,13,837**	19,00,13,456	18,96,12,458

** Issued Under share options granted by the company to certain employees (Refer note 35)*

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 Rupee (₹). 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Name of Shareholders	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	(% of Holding)	No. of Shares	(% of Holding)	No. of Shares	(% of Holding)
Ryka Commercial Ventures Private Limited*	10,46,47,747	54.96	10,42,79,275	54.88	2,01,63,384	10.63
Pioneer Investment Fund	1,55,27,950	8.15	1,55,27,950	8.17	-	-
PI Opportunities Fund - I	62,00,000.00	3.26	-	-	1,55,27,950	8.19
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

** Ryka Commercial Ventures Private Limited became the parent company w.e.f. March 31,2017.*

Shares allotted as fully paid up without payment received in cash (during 5 years preceding March 31, 2018):

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

Share options granted under the Company's employee share option plan

Share options granted under the company's employee share option plan carry no right to dividends and no voting rights. Further details of the employee share option plan are provided in note 35

12) OTHERS EQUITY

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital Reserve	475.09	475.09	475.09
Securities Premium Reserve	303.37	299.45	296.14
Debenture Redemption Reserve	50.00	50.00	83.85
Share Options Outstanding Account	11.55	4.28	3.92
General Reserve	38.04	38.04	4.19
Retained Earnings	408.00	299.41	232.10
Equity instruments through other comprehensive income	5.65	3.94	3.94
Compulsorily Convertible Preference Shares	25.00	-	-
Equity Component of Compound Financial instruments	174.83	174.83	0.08
	1,491.53	1,345.04	1,099.31

For addition and deduction under each of the above heads refer statement of change in equity

Nature of Reserves

Capital Reserve

Capital reserve is created for excess of net book value of assets taken and liabilities assumed over the consideration transferred for various business combinations in earlier years.

Securities Premium Reserve

Securities premium reserve is used to record the premium received on issue of shares. The securities premium can be utilised only in accordance with the provisions of the Companies Act 2013.

Debenture Redemption Reserve

Debenture Redemption Reserve is a Statutory Reserve (as per Companies Act, 2013) created out of profits of the Group available for payment of dividend for the purpose of redemption of Debentures issued by the Company.

Share Options Outstanding Account

This reserve relates to share option granted by the Group to its employees under its employee share option plan. Further information about share-based payments to employees is set out in note 35.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

General Reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income. Items included in the general reserve will not be reclassified subsequently to profit or loss.

Retained Earnings

This represents the surplus/(deficit) of the statement of profit and loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013.

Equity Instruments through Other Comprehensive Income

Group has designated an investment in equity instrument at fair value through other comprehensive income in which cumulative changes in fair value of such instrument is accumulated in a separate reserve 'equity instruments through other comprehensive income' within other comprehensive income.

Compulsorily Convertible Preference Shares

One of the group entity had issued compulsory convertible preference shares which are mandatorily convertible into fixed number of equity shares of that group entity.

Equity Component of Compound Financial Instruments

A group entity had issued compulsory convertible preference shares("CCPS") with each CCPS being mandatorily convertible into equity shares of that group entity. The group entity also has an obligation to pay certain amount over a period to investors of CCPS. The CCPS is a compound instrument and therefore total proceeds is divided into equity and liability. Equity portion is presented under other equity as 'Equity Component of Compound Financial instruments'.

13) BORROWINGS

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Secured - at amortised cost			
11.50% Redeemable Non Convertible Debentures (NCD)	-	-	299.28
8.50% Redeemable Non Convertible Debentures (NCD)	348.56	-	-
Term Loans from Banks	225.31	269.55	375.45
	573.87	269.55	674.73
Current			
Secured - at amortised cost			
Working Capital Loans from Banks	135.63	212.29	252.36
	135.63	212.29	252.36

Details of Security and Repayment Terms for Secured Non Current Borrowings :-

(₹ in crore)

Nature of Security	Terms of Interest and Repayment	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
1 11.50 % NCD Series I , II & III				
Secured By First Pari-Passu charge on Fixed Assets (movable and immovable), both present and future of the company with a minimum Fixed Assets Coverage Ratio of 1.25 times of the outstanding amount.	Series I of ₹200 crore was prepaid and closed in April, 2017 . Series II of ₹250 crore was repaid and closed in June, 2016. Series III of ₹200 crore was prepaid and closed in March, 2017. Coupon of 11.50% p.a. , payable annually from the date of allotment.	-	199.91	524.28

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in crore)

	Nature of Security	Terms of Interest and Repayment	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
2	**8.70 % NCD Series IV**				
	Secured by First Pari-Passu charge on entire Fixed Assets (movable and immovable), both present and future of the company with a minimum FACR of 1.15 times of the outstanding amount.	Redeemable at the end of 60 Months from the deemed date of allotment falling due on November 09, 2022. The instrument carries Put/Call Option at the end of 3rd and 4th year from the deemed date of allotment. Interest of 8.70% p.a payable annually from the deemed date of allotment . Debentures are privately placed and listed on Wholesale Debt Segment of BSE Limited.	348.56	-	-
3	**Term loan from bank:**				
(i)	a) Secured by First Pari-Passu charge on Fixed Assets (movable and immovable), both present and future of the company. b) First Charge and Escrowing of Future Credit/ Debit card receivables of "Central Format". c) Personal Guarantee of Mr. Kishore Biyani	The Loan was prepaid and closed in March, 2017. Interest : Base Rate + 1.75% p.a. Interest is paid as and when due.	-	-	112.20
(ii)	Secured By First pari-passu charge on Fixed Assets (movable and immovable) both present and future of the company.	The Loan was prepaid and closed on March, 2018. Interest: Base Rate + 1.50% p.a. Interest is paid as and when due	-	59.95	90.00
(iii)	Secured By First pari-passu charge on Fixed Assets (movable and immovable) both present and future of the company.	The Outstanding Loan is repayable in 8 Step up Quarterly instalments. (Next instalment due in June, 2019) Interest :- Base Rate +1.10% Interest is paid as and when due.	85.14	85.04	123.08
(iv)	a) Secured by Residual Charge on Fixed Assets (movable and immovable) and Current Assets of the company. b) First Charge and Escrowing of Future Credit/ Debit card receivables of "Central Format". c) Personal Guarantee of Mr. Kishore Biyani	The Loan was prepaid and closed in March, 2017. Interest : Base Rate + 2.00% p.a. Interest is paid as and when due.	-	-	48.60
(v)	a) Secured By First Pari-Passu charge on Fixed Assets (movable and immovable), both present and future of the company. b) Pledge of Shares of the company, giving cover of at least 0.25 times the outstanding of Loan amount. c) Personal Guarantee of Mr. Kishore Biyani and Mr. Vijay Biyani. d) PDC's for Interest and Principal repayments.	The Outstanding Loan is repayable in 4 Step up Quarterly instalments. (Next instalment due in December, 2023). Interest :- IFCI Benchmark Rate + 0.75% i.e 10.95% p.a (as on March 31, 2018). Interest is paid as and when due.	25.00	124.56	-
(vi)	a) Secured By First Charge on entire Fixed Assets (movable and immovable), both present and future of the company. b) Secured By Second Charge on entire current assets, both present and future of the company.	The Outstanding Loan is Repayable in 11 step-up quarterly Instalments starting June 2018. Interest :- One Year MCLR +1.00% 9.15% p.a (as on March 31, 2018). Interest is paid as and when due.	128.17	-	-
(vii)	First charge on the entire movable assets of the company except vehicles.	The Outstanding Loan is Repayable in 16 quarterly Instalments starting March, 2016. Interest is paid as and when due.	-	-	2.40
			586.87	469.46	900.56
	Less : Current Maturities of Long-Term Borrowing		**13.00**	199.91	225.83
	Total		**573.87**	269.55	674.73

Details of Security and Repayment Terms for Secured Current Borrowings :-

Nature of Security	Terms of Interest & Repayment
Working Capital Loans from Banks	
Loans is secured by a) First pari-passu charge on Current Assets (excluding credit / debit card receivables) b) Second pari-passu Charge on the Fixed Assets	The Working Capital Loan is repayable on Demand and carries interest at rates varying from 10.00% to 11.15%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

14) OTHER FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Derivative liability	5.00	4.80	5.40
Liability component of Compound financial Instrument	60.85	77.17	0.02
	65.85	81.97	5.42
Current			
Current Maturities of Long-Term Borrowings	13.00	199.91	225.83
Interest Accrued but Not Due on Borrowings	12.13	23.23	53.70
Unclaimed Dividend	0.09	0.04	0.03
Creditors for Capital Goods	109.40	69.24	50.55
Other Payables	55.74	0.79	19.72
Security Deposits	86.50	70.84	62.55
Derivative liability	-	0.06	0.03
Financial guarantee obligations	0.40	0.38	0.04
	277.26	364.49	412.45

15) PROVISIONS

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Gratuity	8.86	8.00	5.89
	8.86	8.00	5.89
Current			
Leave encashment	5.45	5.06	3.90
Gratuity	0.23	0.11	0.66
Provision for right of return	82.09	33.57	12.03
	87.77	38.74	16.59

16) TRADE PAYABLES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade Payables (Refer note 34)	1,093.21	1,225.60	926.74
	1,093.21	1,225.60	926.74

17) OTHER CURRENT LIABILITIES

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance received from Customers	26.35	24.14	26.71
Other Payable	-	0.20	0.42
	26.35	24.34	27.13

18) REVENUE FROM OPERATIONS

(₹ in crore)

	2017-2018	2016-2017
Sale of Products	4,822.98	4,048.10
Less: VAT, Sales Tax, GST	414.52	230.05
Other Operating Revenue	89.76	76.63
	4,498.22	3,894.68

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

19) OTHER INCOME

(₹ in crore)

	2017-2018	2016-2017
Interest Income	23.42	19.38
Dividend from Current Investments	-	0.02
Miscellaneous Income	10.68	4.79
	34.10	24.19

20) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in crore)

	2017-2018	2016-2017
Opening Inventories		
Finished Goods	35.74	40.01
Work-in-Progress	3.62	8.87
Stock- in-Trade	1,463.53	1,348.86
Closing Inventories		
Finished Goods	27.23	44.16
Work-in-Progress	0.07	3.62
Stock- in-Trade	1,454.62	1,465.95
	20.97	(115.99)

21) EMPLOYEE BENEFITS EXPENSE

(₹ in crore)

	2017-2018	2016-2017
Salaries, Incentives, and Allowances	233.49	191.62
Expense on Employee Stock Option Scheme (Refer note 35)	10.86	3.37
Contribution to Provident and Other Funds	14.74	12.91
Staff Welfare Expenses	5.77	5.95
	264.86	213.85

22) FINANCE COST

(₹ in crore)

	2017-2018	2016-2017
Interest Expense	87.94	115.20
Other Borrowing Costs	15.36	7.97
	103.30	123.17

23) OTHER EXPENSES

(₹ in crore)

	2017-2018	2016-2017
Power and Fuel	115.25	95.41
Repairs and Maintenance		
Buildings	19.76	17.93
Others	6.89	5.67
Insurance	5.27	5.41
Rates and Taxes	7.64	7.13
Rent	452.81	441.02
Advertisement and Marketing	110.68	83.04
Loss on Disposal/Discard of Fixed Assets (Net)	22.19	8.53
Expected Credit Loss allowance (for doubtful receivables)	0.13	-
Bad Debts Written Off	-	1.55
Miscellaneous Expenses	237.18	213.66
	977.80	879.35

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

24) TAX EXPENSE

Income tax expense recognised in Statement of Profit and Loss

(₹ in crore)

	2017-2018	2016-2017
Current Tax	49.84	12.96
Deferred Tax	8.75	90.38
Total	**58.59**	103.34

Income Tax expense recognised in other comprehensive income

(₹ in crore)

	2017-2018	2016-2017
Deferred Tax	(0.61)	0.17

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(₹ in crore)

	2017-2018	2016-2017
Profit before tax from continuing operations	185.64	210.34
Income tax expense calculated at 34.608%	64.25	72.79
Effect of:		
Expenses that are not deductible in determining taxable profit	10.33	119.88
Income exempt from tax	(7.91)	(78.25)
Income taxable at different tax rate	-	(27.09)
MAT Credit availment	(6.82)	-
Excess provision on account of provisions on minimum alternative tax	-	0.80
No recognition of deferred tax assets on unabsorbed losses	-	12.27
Other permanent differences	(1.26)	2.94
Income tax expense recognised in statement of Profit and Loss	**58.59**	103.34

25) DEFERRED TAX ASSETS

Movement of deferred tax assets/ (liabilities)

Deferred tax assets/ (liabilities) in relation to the year ended March 31, 2018

(₹ in crore)

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities in relation to:				
Financial asset measured at fair value	5.61	-	(1.04)	4.57
Others	76.77	(0.22)	-	76.55
Total deferred tax liabilities	**82.38**	**(0.22)**	**(1.04)**	**81.12**
Deferred tax assets in relation to:				
Property, plant and equipment and intangible assets	125.30	(18.39)	-	106.91
Employee benefit obligation	4.40	0.89	(0.43)	4.86
Availment of MAT Credit	-	7.63	-	7.63
Others	-	0.90	-	0.90
Total deferred tax assets	**129.70**	**(8.97)**	**(0.43)**	**120.30**
Net deferred tax asset/ (liabilities)	**47.32**	**(8.75)**	**0.61**	**39.18**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred tax assets/ (liabilities) in relation to the year ended March 31, 2017

(₹ in crore)

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities in relation to:				
Financial asset measured at fair value	26.65	(21.04)	-	5.61
Others	0.28	76.44	-	76.72
Total deferred tax liabilities	26.93	55.40	-	82.33
Deferred tax assets in relation to:				
Property, plant and equipment and intangible assets	161.28	(35.98)	-	125.30
Employee benefit obligation	3.57	1.00	(0.17)	4.40
Total deferred tax assets	164.85	(34.98)	(0.17)	129.70
Net deferred tax asset/ (liabilities)	137.92	(90.38)	(0.17)	47.37
Others				(0.05)
Net deferred tax asset/ (liabilities)				47.32

26) CONTINGENT LIABILITIES

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Claims against the Group not acknowledged as debt	15.72	4.13	3.59
Corporate Guarantees given	126.20	76.20	26.20
Guarantees given by the bank on behalf of the Group	17.10	16.40	18.72

27) SEGMENT INFORMATION

The Group is engaged in the business of Branding, Manufacturing, Processing, Selling and Distribution of 'Fashion Products' which constitutes a single reporting Segment. Hence there is no separate reportable segment under Ind AS 108 Operating segment.

28) DISCLOSURE RELATING TO LEASES

The Group has entered into operating lease arrangements for premises. The future minimum lease rental obligation under non-cancellable operating leases in respect of these premises is ₹324.35 crore (2016-17: ₹308.30 crore). The Lease Rent payable not later than one year is ₹122.85 crore (2016-17: ₹118.99 crore), payable later than one year but not later than five year is ₹201.50 crore (2016-17: ₹188.60 crore) and payable later than five years is ₹Nil crore (2016-17: ₹0.71 crore).

29) CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with schedule VIII thereof ₹1.12 crore (2016-17: ₹Nil)

(₹ in crore)

	2017-2018	2016-2017
Gross amount required to be spent by the Group	1.12	-
Details of amount spent are as under :		
Construction / Acquisition of an assets	-	-
Reducing inequalities faced by socially and economically backward groups	0.52	-
Measures for the benefit of armed forces veterans	0.50	-
Total	1.02	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

30) EARNINGS PER SHARE

The earnings and weighted average number of Equity Shares used in the calculation of Basic and Diluted Earnings per share (EPS) are as follows:

	Units	2017-2018	2016-2017
Profit attributable to Equity Share holders	₹ in crore	126.08	76.11
Weighted average number of Equity Shares Outstanding for Basic EPS	No. in crore	19.02	18.99
Weighted average number of Equity Shares Outstanding for Diluted EPS	No. in crore	19.07	19.03
Earnings per share – Basic	₹	6.63	4.01
Earnings per share – Diluted	₹	6.61	4.00
Face value per share	₹	2.00	2.00

31) EMPLOYEE BENEFIT PLANS

a) Defined Contribution Plan

The Group operates defined contribution plan (Provident Fund) for all qualifying employees of the Group. The employees of the Group are members of a retirement contribution plan operated by the government. The Group is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Group with respect to the plan is to make the specified contributions.

b) Defined Benefit Plans - Gratuity

The Group operates a gratuity plan covering qualifying employees. The benefit payable is greater of the amount calculated as per the Payment of Gratuity Act, 1975 or the Group Scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Group. In case of death while in service, the gratuity is payable irrespective of vesting. The Group's obligation towards Gratuity is a Defined Benefit plan and is not funded.

i) The principal actuarial risk to which the Group is exposed are interest rate risk, longevity risk and salary risk.

Interest Risk	A decrease in the government bond interest rate will increase the plan liability
Longevity Risk	The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

ii) The principal assumptions used for the purpose of the actuarial valuations were as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Discount rate	7.70%	7.40%	8.00%
Salary Escalation	5.00%	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Withdrawal Rate	1.00%	1.00%	1.00%
Retirement Age	58 years	58 years	58 years

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

iii) Amount recognised in the statement of Profit and Loss, other comprehensive income

(₹ in crore)

	2017-2018	2016-2017
Total Service Cost	2.89	1.99
Net Interest Expenses	0.60	0.92
Components of expense recognised in the statement of Profit and Loss (A)	3.49	2.91
Remeasurements on the net defined benefit liability :		
Actuarial (Gain)/Loss arising from changes in financial assumptions	(0.43)	0.71
Actuarial (Gain)/Loss arising from experience adjustments	(0.83)	(1.21)
Total amount recognised in other comprehensive income (B)	(1.26)	(0.50)
Total cost recognised (A+B)	2.23	2.41

iv) Amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit plans is as follows :

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Present value of unfunded defined benefit obligation	9.09	8.11	6.55

v) Movement in present value of the defined benefit obligation.

	2017-2018	2016-2017
Opening defined benefit obligation	8.11	6.55
Total Service Cost	2.89	1.99
Net Interest Expenses	0.60	0.92
Remeasurements on the net defined benefit liability		
Actuarial (Gain)/Loss arising from changes in financial assumptions	(0.43)	0.71
Actuarial (Gain)/Loss arising from experience adjustments	(0.83)	(1.21)
Benefits paid	(1.25)	(0.78)
On Account of loss of control on subsidiaries	-	(0.07)
Closing defined benefit obligation	9.09	8.11

vi) Sensitivity Analysis :

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in crore)

Increase/(Decrease) in defined benefit liability	As at March 31, 2018	As at March 31, 2017
Impact on defined benefit obligation or gratuity of increase in discount rate for 100 basis points	(7.84)	(6.94)
Impact on defined benefit obligation or gratuity of decrease in discount rate for 100 basis points	10.63	9.57
Impact on defined benefit obligation or gratuity of increase in salary escalation rate for 100 basis points	10.58	9.50
Impact on defined benefit obligation or gratuity of decrease in salary escalation rate for 100 basis points	(7.90)	(6.96)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be co-related.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

c) Other Employee Benefits

The Group has recognized an amount of ₹2.43 crore (2016-17: ₹2.58 crore) for l compensated absences in the statement of Profit and Loss account. Actuarial assumptions for compensated absences are:

	2017-2018	2016-2017
Discounted Rate	7.70%	7.40%
Salary Increase Rate	5.00%	5.00%
Attrition Rate	1.00%	1.00%
Retirement Age	58 years	58 years
Mortality Tables	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult

32) RELATED PARTY DISCLOSURES

a) Name of Related Parties and Nature of Relationship

i. Holding Company
Ryka Commercial Ventures Private Limited

ii. Ultimate Controlling Entity
Lifestyle Trust

iii. Joint Ventures
Celio Future Fashion Private Limited
Clarks Future Footwear Private Limited
Elisir Lifestyle Private Limited (upto March 29, 2017)
FLFL Lifestyle Brands Limited (w.e.f. March 30, 2017
Holii Accessories Private Limited

iv. Associates
Eclat Life Style Private Limited (upto March 29, 2017)
Future Style Lab Limited (w.e.f. March 30, 2017)
Indus-League Clothing Limited (w.e.f. March 30, 2017)
Indus Tree Craft Private Limited (upto March 29, 2017)
Indus Tree Producer Transform Private Limited (upto March 29, 2017)
KFC Shoemaker Private Limited (upto March 29, 2017)
Mineral Fashions Private Limited (upto March 29, 2017)
Rachika Trading Private Limited (w.e.f. March 30, 2017)
Resource World Exim Private Limited (upto March 29, 2017)
Turtle Limited (upto March 29, 2017)
Unico Retail Private Limited (upto March 29, 2017)

v. Key Management Personnel (KMP)
Kishore Biyani

vi. Entity Controlled by KMP
Future Ideas Company Limited

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

b) Transaction with Related Parties

(₹ in crore)

Nature of transactions	Associates and Joint Ventures	Entity Controlled by KMP	KMP
Revenue from Operations	**6.24** (1.38)	**-** (-)	**-** (-)
Purchase of Goods and Services	**35.40** (73.55)	**10.71** (6.79)	**-** (-)
Sale of Fixed Assets	**-** (-)	**-** (-)	**-** (-)
Managerial Remuneration	**-** (-)	**-** (-)	**2.85** (1.33)
Investment Made	**2.16** (17.19)	**-** (-)	**-** (-)
Loans & Advances Given	**74.82** (17.35)	**-** (-)	**-** (-)
Deposit Received	**-** (0.22)	**-** (-)	**-** (-)
Outstanding Balances as on March 31,2018 Receivable	**94.65** (30.50)	**-** (-)	**-** (-)
Payable	**15.71** (7.37)	**3.01** (1.78)	**-** (-)

Figures in bracket represent previous year's figures

c) Disclosure in respect of Material Transactions with Related Parties

(i) Revenue from Operations includes FLFL Lifestyle Brands Limited ₹3.33 crore (2016-17: ₹Nil),

(ii) Purchase of Goods and Service includes Celio Future Fashion Private Limited ₹8.66 crore(2016-17: ₹7.57 crore), Clarks Future Footwear Private Limited ₹5.01 crore(2016-17: ₹3.27 crore),Future Ideas Company Limited ₹10.71 crore(2016-17: ₹6.79 crore).

(iii) Investment made includes Clarks Future Footwear Private Limited ₹1.40 crore (2016-17: ₹5.00 crore), FLFL Lifestyle Brands Limited ₹0.52 crore (2016-17: ₹6.50 crore), Holii Accessories Private Limited ₹0.24 crore (2016-17: ₹2.00 crore).

(iv) Loans and Advances Given includes FLFL Lifestyle Brands Limited ₹69.52 crore (2016-17: ₹Nil).

33) CAPITAL COMMITMENT

The estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) as at March 31, 2018 is ₹75.18 crore (2016-17: ₹84.88 crore)

34) TRADE PAYABLES

There are no Micro Small and Medium Enterprises, to whom the Group owes dues which are outstanding for more than 45 days during the period. The 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 Group and relied by the auditors..

35) SHARE BASED PAYMENTS

Details of the employee share based plan of the Group

a. FLFL Employees Stock Options Scheme – 2013 (FLFL ESOS – 2013):

The Shareholders of the Company at their Extraordinary General Meeting held on December 16, 2013 had approved FLFL ESOS -2013 and also approved the issue of 15,00,000 (Fifteen Lakhs) Stock Options exercisable into 15,00,000 (Fifteen Lakhs) fully paid-up Equity Shares of ₹2 each of the Company, to the eligible employees in terms of the FLFL ESOS -2013 in one or more tranches and on such terms and conditions, as may be determined by the Nomination and Remuneration Committee (NRC) in accordance with the provisions of FLFL ESOS - 2013, SEBI Regulations and in due compliance with other applicable laws and regulations.

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The Stock Options granted under FLFL ESOS - 2013 would vest after 1 year and not more than 3 years from the Grant Date of such Stock Options in a specified proportion, as approved by the NRC. The Maximum term for exercise of vested Stock Options is 3 years from the respective date of vesting of Stock Options.

b. FLFL Employees Stock Options Plan – 2015 (FLFL ESOP – 2015) :

The Shareholders of the Company at their Annual General Meeting held on August 26, 2015 had approved the FLFL ESOP - 2015 and also approved to issue of 35,00,000 Stock Options exercisable into equivalent number of Equity Shares, to be issued and allotted under primary issue or to be acquired by way of secondary acquisition, to or for the benefit of eligible employees under FLFL ESOP – 2015, not exceeding 35,00,000 Equity Shares of ₹2 each, in one or more tranches, at such price and on such terms and conditions as may be determined by NRC, in accordance with the provisions of this FLFL ESOP – 2015, SEBI Regulations and in due compliance with other applicable laws and regulations.

Pursuant to the applicable provisions of the Act and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Company has set up a 'Future Lifestyle Fashions Limited Employees' Welfare Trust' ("Trust") for implementation of FLFL ESOP – 2015.

Stock Options granted under FLFL ESOP - 2015 would vest not less than 1 year and not more than 3 years from the Grant Date of such Stock Options. The Maximum term for exercise of Stock Options granted is 3 years from the respective date of vesting of Stock Options granted.

The following share-based payment arrangements were in existence during the current and prior years:

	Number of Stock Options Granted	Grant date	Expiry date	Exercise Price	*Share Price on Grant Date	Average Fair value of Option at Grant Date (in ₹)
FLFL ESOS-2013	3,01,161	17/01/2014	Note-1	10.00	69.51	82.19
FLFL ESOS-2013	4,64,622	29/10/2014	Note-1	10.00	94.14	84.21
FLFL ESOS-2013	3,95,476	31/08/2015	Note-1	10.00	70.10	60.79
FLFL ESOP-2015	5,87,086	11/11/2016	Note-1	10.00	129.67	102.77
FLFL ESOP-2015	39,428	15/12/2016	Note-1	10.00	125.26	94.56
FLFL ESOP-2015	13,54,000	16/10/2017	Note-1	189.00	337.36	191.28

** Share Price on Grant Date considered as the Volume Weighted Average Price at NSE.*

Note-1 The vested Stock Options can be exercised within a period of three years from the respective date of vesting.

Stock Options were priced using a Black Scholes option pricing model. Expected volatility was calculated using standard deviation of daily change in stock price. The historical period for expected volatility taken into account to match the expected life of the stock option.

	FLFL ESOP – 2015		
	2017-2018	2016-2017	
Date of Grant	16/10/2017	15/12/2016	11/11/2016
Expected volatility (%)	39.99%	51.77%	51.06%
Option life (Years)	3.45 Years	2.75 Years	2.58 Years
Dividend yield (%)	0.12 %	0.31%	0.32%
Risk-free interest rate (Average)	6.49%	6.37%	6.41%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Movement in Stock Options during the year

The following reconciles the Stock Options outstanding at the beginning and end of the period:

	2017-2018		2016-2017	
	Number of Stock Options	Weighted average exercise price (in ₹)	Number of Stock Options	Weighted average exercise price (in ₹)
Balance at beginning of Year				
FLFL ESOS – 2013	3,34,203	10	7,54,873	10
FLFL ESOP – 2015-Primary	6,06,800	10	-	-
Granted during the period				
FLFL ESOS – 2013	-	-	-	-
FLFL ESOP – 2015-Primary	13,54,000	189	6,26,514	10
Forfeited during the period				
FLFL ESOS – 2013	-	-	-	-
FLFL ESOP – 2015-Primary	31,030	10	19,714	10
Exercised during the period				
FLFL ESOS – 2013	1,58,379	10	4,00,998	10
FLFL ESOP – 2015-Primary	2,42,002	10	-	-
Expired during the period				
FLFL ESOS – 2013	-	-	-	-
FLFL ESOP – 2015-Primary	-	-	-	-
Balance at the end of Year				
FLFL ESOS – 2013	1,75,824	10	3,34,203	10
FLFL ESOP – 2015-Primary	16,87,768	10 and 189	6,06,800	10
Exercisable at the end of the Year				
FLFL ESOS – 2013	1,75,824	10	2,94,378	10
FLFL ESOP – 2015-Primary	54,326	10	-	-

The following Stock Options were exercised during the year:

Stock Options scheme	Number exercised	Exercise date	Weighted average share price at exercise dates (in ₹)
FLFL ESOS – 2013	1,58,379	Various dates	290.26
FLFL ESOP – 2015-Primary	2,42,002	Various dates	333.53

Stock Options outstanding at the end of the year

The Stock Options outstanding at the end of the year had a weighted average remaining contractual life as under:

Stock Options scheme	2017-2018	2016-2017
FLFL ESOS – 2013	485 days	949 days
FLFL ESOP – 2015-Primary	1536 days	1417 days

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

36) FINANCIAL INSTRUMENTS AND RISK REVIEW

Capital Management

The Group manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (i.e. borrowings offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings). The Group monitors capital using a ratio of 'net debt' to equity. The Group's net debt to equity ratio was as follows.

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total debt including Interest accrued	734.63	704.98	1,206.62
Less: cash and bank balances	32.96	29.92	17.36
Net debt	701.67	675.06	1,189.26
Equity	1,529.61	1,383.04	1,137.23
Net debt to equity ratio	46%	49%	105%

Categories of financial instruments

(₹ in crore)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial Assets			
(i) Measured at Amortised Cost			
Cash and bank balances	32.96	29.92	17.36
Trade receivables	315.50	302.75	265.34
Loans –Inter corporate deposit	74.72	20.45	94.66
Security deposits	148.62	185.25	168.70
Other financial assets	14.49	22.11	58.24
(ii) Mandatorily measured at fair value through profit and loss	-	-	-
(iii) Designated at fair value through other comprehensive income			
Investment in equity shares	39.98	39.31	39.31
Financial Liabilities			
(i) Measured at Amortised Cost			
Borrowings	722.50	681.74	1,152.92
Trade payables	1,093.21	1,225.60	926.74
Security deposit received	86.50	70.84	62.55
Liability component of compound financial instrument	60.85	77.17	0.02
Other financial liabilities	177.76	93.68	124.04
(ii) Mandatorily measured at fair value through profit and loss			
Derivative liabilities	5.00	4.86	5.43

Fair value hierarchy

(₹ in crore)

	Fair Value as at			Fair Value hierarchy
	March 31, 2018	March 31, 2017	April 01, 2016	
Investments in equity instruments – SSIPL retail limited	39.98	39.31	39.31	Level 2
Derivative liability – written option	5.00	4.80	5.40	Level 2
Derivative liability – foreign exchange forward contract	-	0.06	0.03	Level 2

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Financial risk management objectives

The Group has a Risk Management Committee instituted by its Board of Directors of the Company for overseeing the Risk Management Framework and developing and monitoring the Group's risk management policies. The risk management policies are established to

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

ensure timely identification and evaluation of risks, setting acceptable risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

- **Market risk**
  The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rate risk and other price risk. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk including forward foreign exchange contracts.

- **Foreign exchange risk**
  The Group is exposed to foreign exchange risk arising from foreign currency transactions primarily on account of import of trading goods and capital goods. Foreign exchange risk arises recognised liabilities denominated in a currency that is not the functional currency of the entity within the Group. The Group hedges its foreign exchange risk using foreign exchange forward contracts as per it's within the guidelines laid down by risk management policy of the Group. Overall, Group always have a limited exposure to foreign currency risk.

Following table details the carrying amounts of the Company's unhedged foreign currency denominated monetary items at the end of the reporting period

(₹ in crore)

	As At March 31,2018	As At March 31,2017	As At April 01,2016
Amount Payable			
US Dollar (USD)	12.48	15.18	29.37
GBP	0.37	-	-

A 5% strengthening in USD and GBP will decrease the profit for the year by ₹0.64 crore (2016-17: ₹0.76 crore) and a 5% weakening in USD and GBP will increase the profit for the year by ₹0.64 crore (2016-17: ₹0.76 crore). In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

- **Interest rate risk**
  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group borrows the money at variable interest rate and therefore it is exposed to interest rate risk.

  The interest rate risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. The Group is not exposed to significant interest rate risk as at the respective reporting dates.

- **Other price risk**
  The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

  If equity prices had been 5% higher/lower, other comprehensive income for the year would increase/decrease by ₹2.00 crore (2016 - 2017: increase/decrease by ₹1.97 crore) as a result of the changes in fair value of shares measured at fair value through other comprehensive income.

(i) Credit risk

Credit risk is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Group. The credit risk arises primarily on trade receivables, store deposit with landlord of stores and deposits with banks and financial institutions and other financial instruments.

Most of the Group's sales is on the counter sale i.e. cash and carry basis on which no credit risk arises, however credit risk arises to the Group on sales to institutional customers/ wholesale customers. Group manages the credit risk arising from trade receivables through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers. Group's

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

customer base is widely spread and therefore it does not have concentration of credit risk. Group manages credit risk on store deposits by timely advance negotiation with landlord of store or through legal action.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that there is no substantial change in the economic environment affecting customers of the Group, the Group expects the historical trend of immaterial credit losses to continue. Following is the change in the loss allowance measured using life-time expected credit loss.

(₹ in crore)

	2017-2018	2016-2017
Opening Balance	-	-
Provided during the year	0.13	-
Closing Balance	**0.13**	-

Credit risk on cash and bank balances is limited as company counterparties are banks or financial institutions with high credit ratings assigned credit rating agencies.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will fail in meeting its obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. The Group monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based. It include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay

(₹ in crore)

	Carrying amount	Within 1 year	1-5 years	More than 5 years	Total
As at March 31, 2018					
Borrowings including Interest accrued	734.63	157.72	551.91	25.00	734.63
Trade payables	1,093.21	1,093.21	-	-	1,093.21
Security deposit received	86.50	86.50	-	-	86.50
Liability component of compound financial instrument	60.85	24.38	48.75	-	73.13
Other financial liabilities	165.63	165.63	-	-	165.63
Derivative liabilities (net basis)	5.00	-	5.00	-	5.00
As at March 31, 2017					
Borrowings including interest accrued	704.98	234.90	412.08	58.00	704.98
Trade payables	1,225.60	1,225.60	-	-	1,225.60
Security deposit received	70.84	70.84	-	-	70.84
Liability component of compound financial instrument	77.17	24.38	73.13	-	97.50
Other financial liabilities	70.45	70.45	-	-	70.45
Derivative liabilities (net basis)	4.86	0.06	4.80	-	4.86
As at April 01, 2016					
Borrowings including Interest accrued	1,206.62	531.07	675.55	-	1206.62
Trade payables	926.74	926.74	-	-	926.74
Security deposit received	62.55	62.55	-	-	62.55
Liability component of compound financial instrument	0.02	0.02	-	-	0.02
Other financial liabilities	70.34	70.34	-	-	70.34
Derivative liabilities (net basis)	5.43	0.03	5.40	-	5.43

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37) FIRST TIME IND AS ADOPTION RECONCILIATION

In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the company's equity and profit is set out as follows:

A reconciliation of the total equity to those reported under previous GAAP are summarised as follows:

(₹ in crore)

	Notes	As at March 31, 2017
Total equity under previous GAAP		1922.37
Add/(Less): Impact of Ind AS adjustments		
Fair value as deemed cost of property plant and equipment	A	(562.44)
Measurement of equity investment at FVTOCI	B	3.94
Measurement of borrowing at amortised cost	C	0.65
Loss of previously unconsolidated investees	D	(30.89)
Discounting of interest free rent deposits	E	(11.91)
Measurement of derivative at fair value	F	(4.84)
Liability portion of compound Instrument	G	(77.17)
Other adjustments	I	23.52
Effect of deferred tax on Ind AS adjustments	J	119.81
Total effect on equity		(539.33)
Total equity under Ind AS		1383.04

A reconciliation of the total comprehensive income to profit reported under previous GAAP are summarised as follows:

(₹ in crore)

	Notes	2016-2017
Profit after tax as reported under previous GAAP		45.00
Add/(Less): Impact of Ind AS adjustments		
Impact on depreciation expenses and loss on sale/discard of PPE	A	132.46
Measurement of borrowing at amortised cost	C	(0.20)
Loss of previously unconsolidated Associates and Joint Ventures	D	(30.89)
Discounting of interest free rent deposits	E	(3.41)
Measurement of derivative at fair value	F	0.58
Recognition of Finance Cost on Liability portion of compound financial instrument	G	(2.00)
Actuarial gains/ (losses) on defined benefit obligation (net of tax)	H	(0.33)
Other adjustments	I	23.92
Effect of deferred tax on Ind AS adjustments	J	(89.02)
Total adjustments to profit		31.11
Profit under Ind AS		76.11
Other comprehensive income under Ind AS (net of tax)	J	0.33
Total comprehensive income under Ind AS		76.44

A. In accordance with Ind AS 101, the Group has elected to measure all items of Property, plant and equipment (PPE) at fair value as at transition date of April 01, 2016. These fair values are considered as deemed cost as at transition date. Depreciation is calculated on deemed cost effective from transition date. Accordingly there is a reduction in equity as at 01 April 2016 on account of fair valuation of PPE and consequential decrease in depreciation expenses for the year ended 31st March 2017. The reduction in value of PPE on account of fair valuation has been adjusted against capital reserve as allowed under the composite scheme of arrangement and amalgamation among the Company and various other parties.

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B. Under previous GAAP, current investments in equity instruments were measured at lower of cost or net realisable value. Under Ind AS, fair value changes with respect to investments in equity instruments (other than in subsidiaries, joint ventures and associates) have been recognised in equity as a separate component as at the date of transition and subsequently in the other comprehensive income.

C. Under previous GAAP, interest expense was recognized based on contractual rate and expenses directly attributable for fund raising has been charged off in statement of Profit and Loss when incurred. Under Ind AS, effective interest rate method is used to recognised interest expenses and for calculation of amortised cost of borrowing. Refer accounting policies for effective interest method.

D. Under previous GAAP, certain investment in subsidiaries, joint ventures and associates which were held for sale were not considered for consolidation. Under Ind AS, these investee has been considered for consolidation. Subsidiaries are consolidated using line by line full consolidation techniques and joint ventures & associates are consolidated using equity method.

E. Under previous GAAP, interest free lease security deposits are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value on initial recognition. Accordingly, the Group has measured these deposits at fair value as at initial recognition. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent as at initial recognition. Subsequently, security deposit is measured at amortised by recognising interest income and prepaid rent is amortised as rent expenses.

F. Under previous GAAP, foreign currency forward contract has been accounted by amortizing the forward premium/discount. Under Ind AS, these derivative instrument (including embedded derivative contract) are measured at fair value at each reporting date with changes in the fair value is recognised in the statement of profit and loss.

G. One of the group entity had issued compulsorily convertible preference shares ("CCPS") with each CCPS being mandatorily convertible into equity shares of that group entity. The group entity also has an obligation to pay certain amount over a period to investors of CCPS. Accordingly, Under Ind AS, CCPS is a compound instrument and therefore total proceeds is divided into equity and liability. Liability portion is subsequently measured at amortised cost by recognising interest expense using effective interest method. Under previous GAAP, entire instrument was classified as equity.

H. Under Ind AS, actuarial gains and losses on re-measurements of defined benefit obligation are recognised in Other Comprehensive Income instead of Statement of Profit and Loss. Consequential tax impact is also recognised in other comprehensive income.

I. Other adjustments includes accounting of financial guarantee at fair value, recognition of cost of employee stock options at fair value of options as at grant date and recognition of gain/ loss on loss of control over various investees in accordance with Ind AS.

J. Deferred tax have been recognised on the adjustments made on transition to Ind AS using balance sheet approach for calculation of deferred tax assets/ liabilities.

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairperson

Kishore Biyani
Managing Director

Sharda Agarwal
Director

C. P. Toshniwal
Director

Dr. Darlie Koshy
Director

Bijou Kurien
Director

Avni Biyani
Director

Kaleeswaran Arunachalam
Chief Financial Officer

Sanjay Kumar Mutha
Chief - Legal & Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint Ventures

Part A - Financial information with respect of Subsidiary Companies for the Year Ended March 31, 2018

(₹ in crore)

Sr. No	Name of the Company	Date since when subsidiary was acquired	Reporting Period of the subsidiary	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (Except Investment in Subsidiaries)	Turnover	Profit/ (loss) Before taxation	Provision for Taxation/ Deferred Tax	Profit/ (loss) After taxation	Proposed Dividend	% of Share Holding
1	Future Trendz Limited	September 09, 2016	March 31 ,2018	0.55	(0.13)	0.42	0.00	-	-	(0.10)	-	(0.10)	-	100.00%
2	Future Speciality Retail Limited*	September 27, 2016	March 31 ,2018	0.26	215.30	490.10	274.54	-	430.41	32.74	14.42	18.32	-	99.96%
3	FLFL Business Services Limited	March 29, 2017	March 31 ,2018	0.15	(0.03)	0.14	0.02	-	-	(0.03)	-	(0.03)	-	100.00%

** 99.96% 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

(₹ in crore)

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	Loss for the year	
		No.	Amount of Investment in Associates/ Joint Venture	Extend of Holding %				Considered in Consolidation	Not Considered in Consolidation
Holii Accessories Private Limited	March 31 ,2018	190,000	0.24	1.00%	Due to Joint Venture Agreement	Not Applicable	0.05	0.03	-
Clarks Future Footwear Private Limited	March 31 ,2018	980,000	2.13	1.00%	Due to Joint Venture Agreement	Not Applicable	(0.58)	0.20	-
FLFL Lifestyle Brands Limited	March 31 ,2018	50,000	0.57	49.02%	Due to Joint Venture Agreement	Not Applicable	8.04	0.74	-

As per our report of even date attached

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

Ashok A. Trivedi
Partner
Membership No. 042472

Mumbai
May 18, 2018

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairperson

Kishore Biyani
Managing Director

Sharda Agarwal
Director

C. P. Toshniwal
Director

Dr. Darlie Koshy
Director

Bijou Kurien
Director

Avni Biyani
Director

Kaleeswaran Arunachalam
Chief Financial Officer

Sanjay Kumar Mutha
Chief - Legal & Company Secretary

INFORMATION AS REQUIRED PURSUANT TO RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULE, 2014 AND FORMING PART OF THE BOARD'S REPORT FOR THE YEAR ENDED MARCH 31, 2018

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

1) Kaleeswaran Arunachalam, Chief Financial Officer, ₹1,50,18,010, CA, MBA, B.Com. , 37, 22-05-2016, 17, Mondelez International, INC., Director Finance - Malaysia & Thailand ;

2) Kishore Biyani , Managing Director & Group - CEO, ₹2,85,44,000, B. Com., 57, 25-06-2013, 35, Future Consumer Enterprises Limited, Managing Director;

3) Krishna Thingbaijam, Head - Designing, ₹1,48,89,240, PGDBM-NIFT, 47, 01-01-2014, 24, Future Retail Limited, Head - Design;

4) M. Vishnu Prasad, Chief Executive Officer - Central, ₹3,37,91,072, B. Com., MBA, 56, 01-06-2013, 32, Future Retail Limited, Chief Executive Officer - Central & Brand Factory;

5) Rachna Aggarwal*, Chief Executive Officer - FLFL Brands, ₹1,75,03,926, B.Sc, PGDBM, 49, 01-06-2013, 18, Indus League Clothing Limited, Chief Executive Officer;

6) Raj Kumar Pinisetti, Chief Merchandising Officer, ₹1,63,23,751, B.Com, CA, 49, 01-06-2013, 25, Future Retail Limited, Chief Merchandising Officer;

7) Suresh Sadhwani, Business Head - Brand Factory, ₹1,23,65,717, B.Com., 41, 01-12-2013, 18, Pantaloon Fashions Retail Limited, Head - Operations;

8) Venkatesh Raja, Head - People Office, ₹82,13,005, MBA, 48, 01-12-2013, 25, Future Retail Limited, Chief - People Office;

9) Vijaya N., Chief - Operation - Central , ₹86,33,520, PGMD, 57, 01-06-2013, 32, Future Retail Limited, Senior - Manager Operations;

10) Vito Grazio Dellerba*, Head-Designing Brands, ₹60,15,793, Diploma in Fashion and Costume design and Fashion Merchandising, 52, 04-01-2016, 23, 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
4. of the Company.
5. Terms and conditions of employment are as per Company's Rules.
6. Remuneration drawn 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 (excluding perquisite on exercised of Employee Stock Options) and terminal benefits, as applicable.

For and on behalf of the Board of Directors

Mumbai
May 18, 2018

Shailesh Haribhakti
Chairperson

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Disclaimer
Certain statements in this Report regarding our business operations might include forecasts and/or information relating to forecasts. Facts, expectations and past figures have been used to present the forecasts. Forward looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance. We have exercised utmost care in the preparation of such forward looking statements, however, as with all such statements, actual result may deviate significantly from forecast. As a result we neither assume any obligation nor intend to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

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