Deloitte Haskins & Sells LLP
Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th – 32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai – 400013
Maharashtra, India

NGS & CO. LLP
Chartered Accountants
B-46, 3rd Floor, Pravasi Estate,
V.N. Road, Goregaon (East),
Mumbai - 400 063.

INDEPENDENT AUDITOR'S REPORT

To The Members of Future Speciality Retail Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Future Speciality Retail Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these 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 Ind AS 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The comparative financial information of the Company for the year ended 31st March 2018 and the transition date opening balance sheet as at 1st April 2017 prepared in accordance with Ind AS included in these financial statements have been audited by NGS & CO LLP. The report of the auditor on the comparative financial information and the said opening balance sheet dated 2nd May 2018 expressed an unmodified opinion.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.

   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 Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS

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specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting on the Company's internal financial controls over financial reporting for the reasons stated therein.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company does not have any pending litigations which would impact its financial position
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins and Sells LLP
Chartered Accountants
Firm's Registration No.117366W/W-100018

Signature
Ketan Vora
Partner
Membership No.100459

Place: Mumbai
Date: 30th April 2019

For NGS & CO. LLP
Chartered Accountants
Firm's Registration No.119850W

Signature
Ashok A. Trivedi
Partner
Membership No. 042472

Place: Mumbai
Date: 30th April 2019

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

DELOITTE HASKINS & SELLS LLP
Indiabulls Finance Centre, Tower 3, 27 - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (W), Mumbai - 400 013.
CHARTERED ACCOUNTANTS

Report on Internal Financial Controls Over Financial Reporting

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 Speciality Retail Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the

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preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 31st March 2019, based on "the criteria for internal financial control over financial reporting 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 Deloitte Haskins and Sells LLP
Chartered Accountants
Firm's Registration No.117366W/W-100018

Signature
Ketan Vora
Partner
Membership No.100459

Place: Mumbai
Date: 30th April 2019

For NGS & CO. LLP
Chartered Accountants
Firm's Registration No.119850W

Signature
Ashok A. Trivedi
Partner
Membership No. 042472

Place: Mumbai
Date: 30th April 2019

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS
Indiabulls Finance Centre, Tower 3, 27 - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (W), Mumbai - 400 013.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Future Speciality Retail Limited on the Financial Statements for the year ended 31st March 2019)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the Order is not applicable.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Good and Service Tax, Custom Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

DELOITTE HASKINS & SELLS LLP

NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Custom Duty, cess and other material statutory dues in arrears as at 31st March 2019 for a period of more than six months from the date they became payable except for Professional Tax (payable under various State Professional Tax Acts) pertaining to financial years 2017-18 and 2018-19 amounting to Rs 2.81 Lakhs.

(c) There are no dues of Income-tax, Goods and Service Tax and Customs Duty as on 31st March 2019 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to any bank and the company does not have any loans or borrowings from any financial institutions and government, nor has it issued any debentures as at the balance sheet date.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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NGS & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins and Sells LLP
Chartered Accountants
Firm's Registration No.117366W/W-100018

Signature
Ketan Vora
Partner
Membership No.100459

Place: Mumbai
Date: 30th April 2019

For NGS & CO. LLP
Chartered Accountants
Firm's Registration No.119850W

Signature
Ashok A. Trivedi
Partner
Membership No. 042472

Place: Mumbai
Date: 30th April 2019

FUTURE SPECIALITY RETAIL LIMITED

BALANCE SHEET AS AT MARCH 31, 2019

(All amounts in INR Crore, unless otherwise stated)

Particulars	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	4	6.26	2.02
(b) Capital Work-in-Progress	4	-	0.29
(c) Goodwill	5	146.17	176.30
(d) Other Intangible Assets	5	38.88	22.07
(e) Financial Assets			
Other Financial Assets	6	0.89	0.80
(f) Non-Current Tax Assets (Net)	7	0.04	-
(g) Other Non-Current Assets	8	0.23	0.16
Total Non-Current Assets		**192.47**	**201.64**
Current assets			
(a) Inventories	9	61.24	33.30
(b) Financial Assets			
(i) Trade Receivables	10	309.94	238.92
(ii) Cash and Cash Equivalents	11	25.61	0.70
(iii) Loans	12	-	0.02
(c) Other Current Assets	8	6.68	15.45
Total Current Assets		**403.47**	**288.39**
TOTAL		**595.94**	**490.03**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	13	0.26	0.26
(b) Convertible non-participating preference share capital		0.01	0.01
(c) Other Equity	14	237.27	216.24
Total Equity		**237.54**	**216.51**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
Borrowings	15	20.23	38.39
(b) Provisions	21	0.46	0.36
(c) Deferred Tax liabilities (Net)	16	0.14	4.98
Total Non Current Liabilities		**20.83**	**43.73**
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	17		
Micro and Small Enterprises		3.26	3.49
Others		241.37	144.58
(ii) Other Financial Liabilities	18	30.68	25.25
(b) Refund liabilities	19	54.27	39.15
(c) Other Current Liabilities	20	7.51	8.11
(d) Provisions	21	0.48	0.26
(e) Current Tax Liabilities (Net)	22	-	8.95
Total Current Liabilities		**337.57**	**229.79**
TOTAL		**595.94**	**490.03**

Significant Accounting Policies and Notes Forming Part of the Financial Statements **1 - 39**

In terms of our report attached

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

Sd/-
Ashok A. Trivedi
Partner
Membership No. 042472

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sd/-
Ketan Vora
Partner
Membership No. 100459

Place: Mumbai
Date: 30 April 2019

For and on behalf of the Board of Directors

Sd/-
Hetal Kotak
Executive Director and CEO
(DIN : 07863592)

Sd/-
Sharda Ashwini Agarwal
Director
(DIN : 00022814)

Sd/-
Kaleeswaran Arunachalam
Director
(DIN : 07625839)

Place: Mumbai
Date: 24 April 2019

FUTURE SPECIALITY RETAIL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Crore, unless otherwise stated)

Particulars	Notes	2018-19	2017-18
REVENUE			
Revenue from operations	23	498.35	431.13
Other income	24	0.03	0.05
Total Revenue (I)		**498.38**	**431.18**
EXPENSES			
Purchases of stock-in-trade		400.82	290.48
Changes in inventories of stock-in-trade	25	(27.53)	54.32
Employee benefits expense	26	33.88	21.84
Finance costs	27	12.44	13.55
Depreciation and amortization expense	28	10.45	4.55
Impairment loss on goodwill	28	30.13	-
Other expenses	29	24.24	13.66
Total Expenses (II)		**484.43**	**398.40**
Profit before tax (III = I-II)		**13.95**	**32.78**
TAX EXPENSES:			
Current tax	16	5.60	17.02
Adjustment of tax relating to earlier periods		(7.24)	-
Deferred tax		(4.87)	(2.60)
Total Tax (income)/expenses (IV)		**(6.51)**	**14.42**
Profit for the year (V = III-IV)		**20.46**	**18.36**

OTHER COMPREHENSIVE INCOME			
Other Comprehensive income not to be reclassified to profit and loss in subsequent periods:			
Remeasurement of gains on defined benefit plans		0.10	-
Income tax effect		(0.03)	-
Other Comprehensive income for the year, net of tax		0.07	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**20.53**	**18.36**

Earnings per share(EPS) for profit attributable to equity shareholders (INR)	30		
Basic EPS		564.60	506.65
Diluted EPS		564.60	506.65

Significant Accounting Policies and Notes Forming Part of the Financial Statements **1 - 39**

In terms of our report attached

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

Sd/-
Ashok A. Trivedi
Partner
Membership No. 042472

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sd/-
Ketan Vora
Partner
Membership No. 100459

Place: Mumbai
Date: 30 April 2019

For and on behalf of the Board of Directors

Sd/-
Hetal Kotak
Executive Director and CEO
(DIN : 07863592)

Sd/-
Sharda Ashwini Agarwal
Director
(DIN : 00022814)

Sd/-
Kaleeswaran Arunachalam
Director
(DIN : 07625839)

Place: Mumbai
Date: 24 April 2019

FUTURE SPECIALITY RETAIL LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Crore, unless otherwise stated)

Particulars	2018-19	2017-18
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax :	13.95	32.78
Adjustments for:		
Depreciation and amortisation expense	10.45	4.55
Impairment loss on non financial assets	30.13	-
Other Comprehensive Income	0.10	-
Loss on disposal of property, plant and equipment	0.58	0.23
Finance costs	12.44	13.55
Change in operating assets and liabilities:		
(Increase) in trade receivables	(71.02)	(141.89)
(Increase)/decrease in inventories	(27.94)	54.45
Increase in trade payables	96.57	26.06
(Increase) in other financial assets	(0.07)	(0.19)
(Increase)/decrease in other non-current assets	(0.07)	0.01
(Increase)/decrease in other current assets	8.77	(13.20)
Increase in provisions	15.44	28.35
Increase in other current liabilities	1.51	4.52
Cash generated from operations	90.84	9.22
Less: Income taxes paid	(7.35)	(8.07)
Net cash generated by operating activities	83.49	1.15
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(2.03)	(0.55)
Payments for other Intangible assets	(26.62)	-
Proceeds from sale of property, plant and equipment	0.05	-
Net cash used in investing activities	(28.60)	(0.55)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issues of shares	-	25.00
Interest paid	(1.21)	(0.53)
Dividends paid	(24.38)	(24.38)
Dividend distribution tax paid	(4.96)	-
Net cash used in financing activities	(30.55)	0.09
Net increase in cash and cash equivalents	24.34	0.69
Cash and Cash Equivalents at the beginning of the year	0.70	0.01
Cash and Cash Equivalents at the end of the year	25.04	0.70

Significant Accounting Policies and Notes Forming Part of the Financial Statements **1 - 39**

In terms of our report attached

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

Sd/-
Ashok A. Trivedi
Partner
Membership No. 042472

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sd/-
Ketan Vora
Partner
Membership No. 100459

Place: Mumbai
Date: 30 April 2019

For and on behalf of the Board of Directors

Hetal Kotak
Executive Director and CEO
(DIN : 07863592)

Sd/-
Sharda Ashwini Agarwal
Director
(DIN : 00022814)

Sd/-
Kaleeswaran Arunachalam
Director
(DIN : 07625839)

Place: Mumbai
Date: 24 April 2019

FUTURE SPECIALITY RETAIL LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019
(All amounts in INR Crore, unless otherwise stated)

A Equity Share Capital

Particulars	Balance at the Beginning of the period	Changes during the year	Balance at the end of the period
March 31, 2018			
Numbers	2,59,100	-	**2,59,100**
Amount	0.26	-	**0.26**
March 31, 2019			
Numbers	2,59,100	-	**2,59,100**
Amount	0.26	-	**0.26**

B Convertible non-participating preference share capital - CCPS Series II

Particulars	Balance at the Beginning of the period	Changes during the year	Balance at the end of the period
March 31, 2018			
Numbers	-	100	**100**
Amount	-	0.01	**0.01**
March 31, 2019			
Numbers	100	-	**100**
Amount	0.01	-	**0.01**

C Other Equity

			Reserves and Surplus		
Particulars	**Equity Component of Compound financial instruments**	**Financial guarantee given by ultimate holding company towards bank credit facility**	**Securities Premium**	**Retained Earnings**	**Total**
As at April 1, 2017	**174.83**	**-**	**24.99**	**(1.94)**	**197.88**
Profit for the period	-	-	-	18.36	18.36
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	18.36	**18.36**
As at March 31, 2018	**174.83**	**-**	**24.99**	**16.42**	**216.24**
Profit for the period	-	-	-	20.46	20.46
Other comprehensive income	-	-	-	0.07	0.07
Total comprehensive income for the year	-	-		20.53	**20.53**
Financial guarantee given by ultimate holding company towards bank credit facility	-	0.50	-	-	**0.50**
As at March 31, 2019	**174.83**	**0.50**	**24.99**	**36.95**	**237.27**

Significant Accounting Policies and Notes Forming Part of the Financial Statements **1 - 39**

In terms of our report attached

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors

Sd/-
Hetal Kotak
Executive Director and CEO
(DIN : 07863592)

Sd/-
Ashok A. Trivedi
Partner
Membership No. 042472

Sd/-
Ketan Vora
Partner
Membership No. 100459

Sd/-
Sharda Ashwini Agarwal
Director
(DIN : 00022814)

Sd/-
Kaleeswaran Arunachalam
Director
(DIN : 07625839)

Place: Mumbai
Date: 30 April 2019

Place: Mumbai
Date: 24 April 2019

1 Corporate Information

Future Speciality Retail Ltd ("the Company") is a company incorporated in India under the provisions of Companies Act, 2013 on September 27, 2016. The registered address of the Company is located at Knowledge House, Shyam Nagar, Off. Jogeshwari-Vikhroli Link Road, Jogeshwari (East) Mumbai – 400 060.

The Company has exclusive license to manufacture and market Lee Cooper branded apparel, footwear and other accessories across all distribution channels in India and the permitted territory.

The Financial Statements were approved for issue by the Board of Directors on April 24, 2019. The Financial Statements are presented in Indian Rupees (INR) 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 Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended).

2.2 Basis of preparation

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 value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

• Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Summary of significant accounting policies

(a) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties including taxes. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method , the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

(i) Sale of goods

The Company deals in fashion products including apparel, footwear and accessories to both the large format stores and directly to customers through its own retail outlets.

For sales of fashion products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Company when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products. This is disclosed along with inventories.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

(ii) Interest income

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.

(b) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

(d) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(e) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, annual leave and sick leave, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

Defined Benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the financial statements represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Defined contribution plans

Payment to defined contribution plans such as provident fund etc. are recognised as expense when employees have rendered services entitling them to such contributions. Company has no further payment obligations once the contributions have been paid.

(iv) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(f) Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current income 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 or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or 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.

(ii) 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises 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.

(g) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of property, plant and equipment acquired in a business combination is recorded at fair value on the date of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) Intangible assets

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. 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, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

License rights	Over the period of license
Computer software	6 years
Technical Know-How	4 years
Trademarks & other intellectual property rights	4 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(i) Impairment of non financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 pre-tax 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 profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(j) 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 and other related cost incurred in bringing the inventories to their present location and condition.

(k) Provisions, contingent liability and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

(I) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

(1) Debt instruments at amortised cost

A debt instrument is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(2) Debt instrument at Fair value through other comprehensive income (FVTOCI)

A debt instrument is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(3) Debt instrument at Fair value through profit and loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

(4) Equity investments

All equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit or loss.

Derecognition

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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Financial liabilties and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity 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 entity are recognised at the proceeds received, net of direct issue costs.

Compound financial instruments

The component parts of compound financial instruments issued by the Company 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 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 recognised 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 financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. 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. When the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(m) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(n) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(o) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the 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
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.4 Recent accounting pronouncements

Ind AS 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116 on Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

• Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
• Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement : On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:
• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
• to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts 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 recognised 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 periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) 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.

(ii) Impairment of non financial assets and goodwill

Determining whether the asset/goodwill is impaired requires an estimation of the value in use of the cash-generating units to which asset/goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(iii) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

(iv) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(v) Provisions and Contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates.

(vi) Revenue recognition

The company has recognised revenue amounting to INR 498.35 Crores for sale of Lee Coooper brand products to customers during March 31, 2019 (March 31, 2018: INR 431.13 Crores). The customers have the right to return the goods if their consumers are dissatisfied. The company has, therefore, recognised revenue on these transactions with a corresponding provision against revenue for estimated returns.

FUTURE SPECIALITY RETAIL LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Crore, unless otherwise stated)

4. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Descriptions of Assets	Gross Block (At Cost/Deemed Cost)				Depreciation				Net Block	
	As at April 1, 2018	Additions	Deletions/ Adjustments	As at March 31, 2019	As at April 1, 2018	Deletions/ Adjustments	For the Year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Leasehold Improvements	0.17	0.40	0.04	0.53	0.01	0.01	0.06	0.06	0.47	0.16
Office Equipments	0.09	0.69	0.02	0.76	0.02	0.01	0.06	0.07	0.69	0.07
Computers	0.23	0.57	0.08	0.72	0.05	0.01	0.15	0.19	0.53	0.18
Furniture, Fixtures and Other Fittings	1.38	1.89	0.49	2.78	0.08	0.09	0.28	0.27	2.51	1.30
Electrical Installations	0.26	0.51	0.13	0.64	0.02	0.03	0.06	0.05	0.59	0.24
Air Conditioner	0.08	1.45	0.03	1.50	0.01	0.01	0.03	0.03	1.47	0.07
TOTAL	**2.21**	**5.51**	**0.79**	**6.93**	**0.19**	**0.16**	**0.64**	**0.67**	**6.26**	**2.02**

Capital work in progress	**-**	**0.29**

Descriptions of Assets	Gross Block (At Cost/Deemed Cost)				Depreciation				Net Block
	As at April 1, 2017	Additions	Deletions/ Adjustments	As at March 31, 2018	As at April 1, 2017	Deletions/ Adjustments	For the Year	As at March 31, 2018	As at March 31, 2018
Leasehold Improvements	0.09	0.16	0.08	0.17	-	0.01	0.02	0.01	0.16
Office Equipments	0.07	0.02	-	0.09	-	-	0.02	0.02	0.07
Computers	0.09	0.14	-	0.23	-	-	0.05	0.05	0.18
Furniture, Fixtures and Other Fittings	0.76	0.76	0.14	1.38	-	0.02	0.10	0.08	1.30
Electrical Installations	0.28	0.03	0.05	0.26	-	0.01	0.03	0.02	0.24
Air Conditioner	0.09	-	0.01	0.08	-	-	0.01	0.01	0.07
TOTAL	**1.38**	**1.11**	**0.28**	**2.21**	**-**	**0.04**	**0.23**	**0.19**	**2.02**

Capital work in progress	**0.29**

Note:

(i) Refer Note 32 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Refer Note 38 for details of charge against property, plant and equipment.

FUTURE SPECIALITY RETAIL LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Crore, unless otherwise stated)

5. INTANGIBLE ASSETS

Descriptions of Assets	Gross Block				Amortisation/Impairment					Net Block	
	As at April 1, 2018	Additions	Deletions/ Adjustments	As at March 31, 2019	As at April 1, 2018	Deletions/ Adjustments	Amortisation For the Year	Impairment For the Year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Goodwill *(Refer Note below)*	176.30	-	-	176.30	-	-	-	30.13	30.13	146.17	176.30
(A)	**176.30**	**-**	**-**	**176.30**	**-**	**-**	**-**	**30.13**	**30.13**	**146.17**	**176.30**
Other Intangible assets											
Computer Software	-	0.16	-	0.16	-	-	-	-	-	0.16	-
Technical Know-How	-	26.46	-	26.46	-	-	4.29	-	4.29	22.17	-
Trademarks & other intellectual property rights	26.42	-	-	26.42	4.35	-	5.52	-	9.87	16.55	22.07
(B)	**26.42**	**26.62**	**-**	**53.04**	**4.35**	**-**	**9.81**	**-**	**14.16**	**38.88**	**22.07**
TOTAL (A) + (B)	**202.72**	**26.62**	**-**	**229.34**	**4.35**	**-**	**9.81**	**30.13**	**44.29**	**185.05**	**198.37**

Descriptions of Assets	Gross Block (At cost / deemed cost)				Amortisation/Impairment					Net Block
	As at April 1, 2017	Additions	Deletions/ Adjustments	As at March 31, 2018	As at April 1, 2017	Deletions/ Adjustments	For the Year	Impairment For the Year	As at March 31, 2018	As at March 31, 2018
Goodwill	176.30	-	-	176.30	-	-	-	-	-	176.30
(A)	**176.30**	**-**	**-**	**176.30**	**-**	**-**	**-**	**-**	**-**	**176.30**
Other Intangible assets										
Computer Software	-	-	-	-	-	-	-	-	-	-
Technical Know-How	-	-	-	-	-	-	-	-	-	-
Trademarks & other intellectual property rights	26.42	-	-	26.42	0.03	-	4.32	-	4.35	22.07
(B)	**26.42**	**-**	**-**	**26.42**	**0.03**	**-**	**4.32**	**-**	**4.35**	**22.07**
TOTAL (A) + (B)	**202.72**	**-**	**-**	**202.72**	**0.03**	**-**	**4.32**	**-**	**4.35**	**198.37**

FUTURE SPECIALITY RETAIL LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
(All amounts in INR Crore, unless otherwise stated)

Note: Impairment testing of goodwill

Goodwill acquired through business combinations and licences with indefinite lives has been allocated to the CGUs below, which are also the operating and reportable segments, for impairment testing :
- CGU : Lee Cooper Apparel

Carrying amount of goodwill and other intangible assets with indefinite life allocated to each of the CGUs:

Intangible Assets	**CGU : Lee Cooper Apparel**	
	March 31, 2019	**March 31, 2018**
Goodwill	146.17	176.30
Other Intangible Assets with Indefinite life	-	-

The Company tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management.

Cash flows is extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The following table sets out the key assumptions used for value in use calculations

Management has determined the values assigned to each of the above key assumptions as follows

Assumption	**Approach used to determined values**
Revenue growth rate	Average annual growth rate for forecast period is based on past performance of the brand and mangement's expectations of prevailing market conditions
EBITDA Margin %	Management forecast the EBITDA% based on the current business structure adjusting for inflationary increase and not reflecting any future restructring or cost saving measures
Working capital as a % to revenue	Working capital% to revenue based on the current business model
Discount Rate	Reflects specific risks relating to the relevant business and industry in which it operates

The recoverable amount of CGU determined as per Ind AS 36 - Impairment of Assets is INR 263.57 Crore

Sensitivity to changes in assumptions

The implications of the key assumptions for the recoverable amount are discussed below:

Particulars	Increase by 100 basis points	Decrease by 100 basis points
Revenue growth rate	10.71	(10.02)
EBITDA Margin %	24.27	(24.28)
Working capital as a % to revenue	(5.31)	5.30
Discount Rate	(14.44)	15.44

Based on the Impairment testing carried out as per various factors given above, the amount of Impairment loss on Goodwill charged to statement of Profit and loss is INR 30.13 Crore (March 31, 2018: Nil)

(All amounts in INR Crore, unless otherwise stated)

6. FINANCIAL ASSETS

Particulars	March 31, 2019	March 31, 2018
OTHER FINANCIAL ASSETS		
Non Current		
Financial assets carried at amortised cost		
Bank Deposits with more than 12 months maturity	0.02	0.02
Security Deposits	0.87	0.78
Total	**0.89**	**0.80**

7. NON-CURRENT TAX ASSETS (NET)

Particulars	March 31, 2019	March 31, 2018
Advance payments of tax (net of provision)	0.04	-
Total	**0.04**	**-**

8. OTHER ASSETS

Particulars	March 31, 2019	March 31, 2018
Non Current		
Capital Advances	0.06	-
Prepaid expenses	0.17	0.16
Total	**0.23**	**0.16**
Current		
Advances other than Capital advances		
Advance to suppliers	5.41	2.33
Advances to employees	0.04	0.15
Others		
Prepaid expenses	0.23	10.03
Balances with Statutory, Government Authorities	0.89	2.84
Other current assets	0.11	0.10
Total	**6.68**	**15.45**

9. INVENTORIES

Particulars	March 31, 2019	March 31, 2018
(Valued at lower of Cost and Net Realisable value)		
Stock-in-trade	60.75	33.22
Packing materials	0.49	0.08
Total	**61.24**	**33.30**

10. TRADE RECEIVABLES

Particulars	March 31, 2019	March 31, 2018
Current		
Secured, considered good	-	-
Unsecured, considered good	309.94	238.92
Doubtful	-	-
Total	**309.94**	**238.92**

11. CASH AND CASH EQUIVALENTS

Particulars	March 31, 2019	March 31, 2018
Balances with banks in current account	0.10	0.70
Cheques on hand	25.50	-
Cash on hand	0.01	-
Total	**25.61**	**0.70**

12. LOANS

Particulars	March 31, 2019	March 31, 2018
Current		
Financial assets carried at amortised cost		
Unsecured considered good		
Loans to employees	-	0.02
Total	**-**	**0.02**

(All amounts in INR Crore, unless otherwise stated)

13. SHARE CAPITAL

i. Authorised Share Capital

Particular	Equity Share of INR 10 each		Compulsorily Convertible Preference Share of INR 910 each		Compulsorily Convertible Preference Share of INR 910 each (Series II)	
	Number	Amount	Number	Amount	Number	Amount
At April 1, 2017	4,09,000	0.41	1,000	0.09	-	-
Increase/(decrease) during the year	(9,100)	(0.01)	-	-	100	0.01
At March 31, 2018	3,99,900	0.40	1,000	0.09	100	0.01
Increase/(decrease) during the year	-	-	-	-	-	-
At March 31, 2019	**3,99,900**	**0.40**	1,000	0.09	100	0.01

Terms/rights attached to shares
Equity Shares
The company has equity shares having a par value of INR 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

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

Compulsorily Convertible Preference shares (CCPS)
CCPS : The Company has Compulsorily Convertible Preference Shares ("CCPS") having a par value of INR 910 per share. CCPS shall carry a dividend of an amount equivalent to INR 2,43,750 per share. Each share is convertible into equity shares of the company such that the percentage of CCPS holder's shareholding post conversion is at least 26% of the equity shares of the Company on a fully diluted basis. These shares are mandatorily convertible in March 31, 2021. In the event of liquidation of the Company, the holder of these CCPS shall rank senior to the equity shares and other classes or series of the share capital of the Company.

CCPS Series II: The Company has CCPS Series II having a par value of INR 910 per share. CCPS Series II shall not carry any fixexd dividend. Each share is convertible into equity shares of the company such that the percentage of CCPS holder's shareholding post conversion is at least 2.5% of the equity shares of the Company on a fully diluted basis. These shares are mandatorily convertible in March 29, 2022. In the event of liquidation of the Company, the holder of CCPS shall rank senior to equity shares and other classes or series of the share capital of the Company.

ii. Issued, subscribed and paid up share capital
(a) Equity Share Capital

	Number	Amount
Equity shares of INR 10 each issued, subscribed and fully paid		
At April 1, 2017	2,59,100	0.26
Issued during the period	-	-
At March 31, 2018	2,59,100	0.26
Issued during the period	-	-
At March 31, 2019	**2,59,100**	**0.26**

(b) Convertible non-participating preference share capital
CCPS Series II

	Number	Amount
CCPS Series II of INR 910 each issued, subscribed and fully paid		
At April 1, 2017	-	-
Issued during the period	100	0.01
At March 31, 2018	100	0.01
Issued during the period	-	-
At March 31, 2019	**100**	**0.01**

(c) Compound Financial Instrument
CCPS

	Number	Amount*
Equity component of CCPS of INR 910 each issued, subscribed and fully paid		
At April 1, 2017	1,000	174.83
Issued during the period	-	-
At March 31, 2018	1,000	174.83
Issued during the period	-	-
At March 31, 2019	**1,000**	**174.83**

*This note covers the equity component of the issued CCPS (compound financial instrument) which is included under note 14 Other Equity. The liability component is reflected under Note 15 Borrowings.

iii. Details of shares held by holding company
Out of equity and preference shares issued by the company, shares held by its holding company are as below:

	March 31, 2019	March 31, 2018
Future Trendz Limited, holding company		
Equity shares	2,59,000	2,59,000

iv. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Number	% holding	Number	% holding
Equity shares of INR 10 each fully paid				
Future Trendz Limited	2,59,000	99.96	2,59,000	99.96
CCPS of INR 910 each fully paid				
Beacon Trusteeship Limited (Trustee of FSRL CCPS Trust)	1,000	100.00	1,000	100.00
CCPS Series II of INR 910 each fully paid				
	100	100.00		
India Customer Insight Fund (an Alternate Investment Fund)			100	100.00

v. The Company has not issued any share as bonus or for consideration other than cash and no shares were bought back during the period of five years immediately preceding the reporting date.

vi. None of the shares are reserved for issue under options.

14. OTHER EQUITY

Particulars	March 31, 2019	March 31, 2018
i. Reserves and Surplus		
(a) Securities Premium	24.99	24.99
(b) Retained Earnings	36.95	16.42
ii. Other Components of Equity	175.33	174.83
Total	**237.27**	**216.24**

i. Reserves and Surplus

(a) Securities Premium

	March 31, 2019	March 31, 2018
Balance at beginning of year	24.99	-
Add:		
Issue of Compulsorily convertible preference shares (Series II)	-	24.99
Balance at end of year	**24.99**	**24.99**

The amount received in excess of face value of the shares is recognised in Securities premium. This is not available for distribution of dividend but can be utilised for issuing bonus shares.

(b) Retained Earnings

	March 31, 2019	March 31, 2018
Balance at beginning of year	16.42	(1.94)
Net Profit for the year	20.46	18.36
Add:		
Items of Other Comprehensive Income directly recognised in Retained Earnings		
Remeasurement of post employment benefit obligation, net of tax	0.07	-
Balance at end of year	**36.95**	**16.42**

The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013. Thus, the amounts reported above may not be distributable in entirety.

ii. Other Components of Equity

Particulars	March 31, 2019	March 31, 2018
(a) Equity Component of Compound financial instruments	174.83	174.83
(b) Financial guarantee given by ultimate holding company towards bank credit facility obtained by the Company	0.50	-
Total	**175.33**	**174.83**

15. BORROWINGS

Particulars	March 31, 2019	March 31, 2018
Non Current Borrowings		
Unsecured - at amortised cost		
Liability Component of Compound Financial Instruments	42.69	60.85
Less: Current Maturity of Liability Component of Compound Financial Instruments	22.46	22.46
Total	**20.23**	**38.39**

Compulsorily Convertible Preference Shares

The Company has issued Compulsorily convertible preference shares on March 31, 2017. Each share has a par value of INR 910 and is convertible into equity shares of the company such that the percentage of CCPS holder's shareholding post conversion is at least 26% of the equity shares of the Company on a fully diluted basis. These shares are mandatorily convertible in March 31, 2021. The preference shares carry a dividend of INR 24.38 Crore per annum, payable annually in arrears. In the event of liquidation of the Company, the holder of CCPS shall rank senior to equity shares and other classes or series of the share capital of the Company. The presentation of the liability and equity components of these shares is explained below:

Particulars	March 31, 2019	March 31, 2018
Value of preference shares issued	250.00	250.00
Equity component of convertible instrument	174.83	174.83
Non Current Borrowings	42.69	60.85
Interest expense (including dividend distribution tax)	11.23	13.02
Dividend paid	24.38	24.38

(All amounts in INR Crore, unless otherwise stated)

16. INCOME TAX

Deferred Tax

Particulars	March 31, 2019	March 31, 2018
Deferred tax relates to the following:		
Deferred tax liabilities	(21.76)	(4.76)
Deferred tax assets	21.62	(0.22)
Net Deferred Tax Liabilities	**(0.14)**	**(4.98)**

Movement in deferred tax liabilities/assets

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
For the year ended March 31, 2019				
Deferred tax liabilities in relation to:				
Property, plant and equipments and intangible assets	(4.76)	(17.00)	-	(21.76)
Total deferred tax liabilities	**(4.76)**	**(17.00)**	**-**	**(21.76)**
Deferred tax assets in relation to:				
Provision for employee benefits	(0.22)	1.38	(0.03)	1.13
CCPS related finance cost	-	17.04	-	17.04
MAT credit entitlement	-	3.45	-	3.45
Total deferred tax assets	**(0.22)**	**21.87**	**(0.03)**	**21.62**
Net deferred tax asset/ (liabilities)	**(4.98)**	**4.87**	**(0.03)**	**(0.14)**
For the year ended March 31, 2018				
Deferred tax liabilities in relation to:				
Property, plant and equipments and intangible assets	(7.58)	2.82	-	(4.76)
Total deferred tax liabilities	**(7.58)**	**2.82**	**-**	**(4.76)**
Deferred tax assets in relation to:				
Provision for employee benefits	-	(0.22)	-	(0.22)
Total deferred tax assets	**-**	**(0.22)**	**-**	**(0.22)**
Net deferred tax asset/ (liabilities)	**(7.58)**	**2.60**	**-**	**(4.98)**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liablities relate to income taxes levied by the same tax authority

Major Components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are as follows:

i. Income tax recognised in profit or loss

	2018-19	2017-18
Current income tax charge	5.60	17.02
Adjustment in respect of current income tax of earlier years	(7.24)	-
Deferred tax		
Relating to origination and reversal of temporary differences	(4.87)	(2.60)
Income tax (income)/expense recognised in profit or loss	**(6.51)**	**14.42**

ii. Income tax recognised in OCI

	2018-19	2017-18
Net loss on remeasurements of defined benefit plans	0.03	-
Income tax expense recognised in OCI	**0.03**	**-**

FUTURE SPECIALITY RETAIL LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Reconciliation of tax expense and accounting profit multiplied by income tax rate for March 31, 2019 and March 31, 2018

	2018-19	2017-18
Accounting profit before income tax	**13.95**	**32.78**
Enacted tax rate in India (%)	34.94%	34.61%
Income tax on accounting profits	**4.87**	**11.34**
Effect of		
Additional Allowances	(10.63)	5.63
Other non taxable income		
Non-deductible expenses for tax purposes:		
Impairment of Goodwill	10.53	-
Other non deductible expenses (net)	5.36	0.05
Interest on delayed payments of tax	0.17	-
Utilisation of tax credit	(4.70)	-
Current Tax Provision (A)	**5.60**	**17.02**
Incremental Deferred Tax Liability on account of Property, Plant and Equipment and Intangible Assets	17.00	(2.82)
Incremental Deferred Tax Asset on account of Employee Benefits expense	(1.38)	0.22
CCPS related finance cost	(17.04)	-
Incremental Deferred Tax Asset on account of unutilised tax credit	(3.45)	-
Deferred Tax provision (B)	**(4.87)**	**(2.60)**
Total Tax expense recognised in the Statement of Profit & Loss (A+B)	**0.73**	**14.42**
Adjustment in respect of current income tax of earlier years	(7.24)	-
Tax at effective income tax rate	**(6.51)**	**14.42**

(All amounts in INR Crore, unless otherwise stated)

17. TRADE PAYABLES

Particulars	March 31, 2019	March 31, 2018
Current		
Trade Payables to Micro and Small Enterprises	3.26	3.49
Trade Payables to Others	241.37	144.58
Total	**244.63**	**148.07**

Terms and conditions of the above financial liabilities:

For terms and conditions with related parties, refer note 33

Details of Dues to Micro And Small Enterprises

Particulars	March 31, 2019	March 31, 2018
Current		
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	3.18	3.48
Interest	0.08	0.01
b) The amount of interest paid by the buyer in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year		
Principal	-	-
Interest	-	-
c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified	-	-
d) The amount of interest accrued and remaining unpaid at the end of the year	0.08	0.01
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006	-	-

This information has been determined to the extent such parties have been identified on the basis intimation received from the “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

18. OTHER FINANCIAL LIABILITIES

Particulars	March 31, 2019	March 31, 2018
Current		
Financial Liabilities at amortised cost		
Current maturities of long term debts	22.46	22.46
Payable for capital goods	4.23	1.04
Dues to employees	2.55	1.57
Deposits from customers and others	1.44	0.18
Total	**30.68**	**25.25**

19. REFUND LIABILITIES

Particulars	March 31, 2019	March 31, 2018
Refund Liabilities	54.27	39.15
Total	**54.27**	**39.15**

Under the Company’s standard contract terms, customers have a right of return the goods within specified time or when goods remained unsold at large format store. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

FUTURE SPECIALITY RETAIL LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Crore, unless otherwise stated)

20. OTHER LIABILITIES

Particulars	March 31, 2019	March 31, 2018
Current		
Advance received from Customers	0.01	0.01
Statutory Liabilities	7.50	8.10
Total	**7.51**	**8.11**

21. PROVISIONS

Particulars	March 31, 2019	March 31, 2018
Non Current		
Provision for employee benefits (Refer Note 31)		
Gratuity	0.46	0.36
Total	**0.46**	**0.36**
Current		
Provision for employee benefits (Refer Note 31)		
Gratuity	0.02	-
Leave encashment	0.46	0.26
Total	**0.48**	**0.26**

22. CURRENT TAX LIABILITIES (NET)

Particulars	March 31, 2019	March 31, 2018
Provision for Tax (net of advance tax)	-	8.95
Total	**-**	**8.95**

23. REVENUE FROM OPERATIONS

Particulars	2018-19	2017-18
Sale of products		
Traded goods (Apparel, footwear and other fashion products)	497.70	430.33
Other Operating Revenues	0.65	0.80
Total	**498.35**	**431.13**

24. OTHER INCOME

Particulars	2018-19	2017-18
Interest income on financial assets carried at amortised cost	0.03	0.05
Total	**0.03**	**0.05**

25. CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Particulars	2018-19	2017-18
Inventories as at the beginning of the year		
Stock-in-trade	33.22	87.54
Less : Inventories as at the end of the year		
Stock-in-trade	60.75	33.22
Net decrease / (increase) in inventories	**(27.53)**	**54.32**

(All amounts in INR Crore, unless otherwise stated)

26. EMPLOYEE BENEFITS EXPENSE

Particulars	2018-19	2017-18
Salaries, wages and bonus	32.11	20.50
Contribution to provident and other funds	1.62	1.19
Staff welfare expenses	0.15	0.15
(Refer note 31 - Employee benefit obligations)		
Total	**33.88**	**21.84**

27. FINANCE COST

Particulars	2018-19	2017-18
Interest expense on financial liabilities not classified as at FVTPL (Including DDT)	11.23	13.02
Interest expense on borrowings	0.15	-
Other Interest expense	0.30	0.01
Other borrowing costs	0.76	0.52
Total	**12.44**	**13.55**

28. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE

Particulars	2018-19	2017-18
Depreciation on property, plant and equipment	0.64	0.23
Amortisation on intangible assets	9.81	4.32
Impairment loss on goodwill (Refer note 5)	30.13	-
Total	**40.58**	**4.55**

29. OTHER EXPENSES

Particulars	2018-19	2017-18
Repairs and maintenance - Others	0.03	0.02
Rent	3.76	2.84
Travelling and conveyance	3.13	1.58
Advertisement and marketing expenses	10.50	3.20
Legal and professional fees	1.40	1.10
Director's sitting fees	0.07	0.04
Payments to auditors (Refer note (a) below)	0.20	0.08
Insurance	0.26	0.20
Net loss on disposal of property, plant and equipment	0.58	0.23
Rates and taxes	0.07	0.03
Corporate social responsibility expenditure (Refer note (b) below)	0.32	-
General expenses	3.92	4.34
Total	**24.24**	**13.66**

(a) Details of Payments to auditors

	2018-19	2017-18
As auditor		
Statutory Audit Fee	0.15	0.05
Tax audit fee	0.03	0.03
Other services (certification fees)	0.02	-
Total	**0.20**	**0.08**

(b) Corporate social responsibility expenditure

	2018-19	2017-18
Contribution to Sone ki Chidiya charity foundation	0.32	-
Amount required to be spent as per Section 135 of the Act	0.32	-
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) on purposes other than (i) above	0.32	-

30. EARNINGS PER SHARE

Particulars	2018-19	2017-18
Face value per share (INR)	10.00	10.00
Earnings per share		
(a) Basic earnings per share (INR)	564.60	506.65
(b) Diluted earnings per share (INR)	564.60	506.65
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the equity holders of the company	20.46	18.36
Diluted earnings per share		
Profit from attributable to the equity holders of the company		
Used in calculating basic earnings per share	20.46	18.36
Add: Adjustment	-	-
Profit attributable to the equity holders used in calculating diluted earnings per share	**20.46**	**18.36**
(d) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share		
Equity Shares	2,59,100	2,59,100
Compulsorily convertible instruments	1,03,278	1,03,278
	3,62,378	**3,62,378**
Adjustments for calculation of diluted earnings per share:	-	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	**3,62,378**	**3,62,378**

The weighted average number of shares takes into account the weighted average effect of changes in share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

FUTURE SPECIALITY RETAIL LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
(All amounts in INR Crore, unless otherwise stated)

31. EMPLOYEE BENEFIT OBLIGATIONS

	March 31, 2019			March 31, 2018		
	Current	Non Current	Total	Current	Non Current	Total
Leave obligations	0.46	-	**0.46**	0.26	-	**0.26**
Gratuity	0.02	0.46	**0.48**	-	0.36	**0.36**
Total Employee Benefit Obligation	**0.48**	**0.46**	**0.94**	**0.26**	**0.36**	**0.62**

(i) Leave Obligations
The leave obligations cover the company's liability for sick and earned leave.

The amount of the provision of leave obligations is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations.

(ii) Post Employment obligations
a) 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.

The amount recognised in the balance sheet and the movement in the net defined benefit obligation over the period are as follows

Particulars	2018-19	2017-18
As at beginning of the year	0.37	0.28
Current service cost	0.20	0.10
Interest expense/(income)	0.02	0.02
Total amount recognised in profit or loss	**0.22**	**0.12**
Remeasurements		
(Gain)/Loss from change in Demographic assumption	(0.11)	-
(Gain)/Loss from change in financial assumptions	0.03	(0.02)
(Gain)/Loss from change in experience assumptions	(0.02)	0.02
Total amount recognised in other comprehensive income	**(0.10)**	**-**
Benefit payments	(0.01)	(0.03)
As at end of the year	0.48	0.37

Significant risks and assumptions
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:

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.50%	7.70%
Salary Escalation	7% for first 2 years and 5% thereafter	5.00%
Withdrawal Rate	Upto 5 years 20% and 1% thereafter	1.00%
Retirement Age	58 years	58 years

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.

Increase/(decrease) in defined benefit liability	2018-19	2017-18
Impact on defined benefit obligation or gratuity of increase in discount rate for 100 basis points	(0.07)	(0.05)
Impact on defined benefit obligation or gratuity of decrease in discount rate for 100 basis points	0.07	0.08
Impact on defined benefit obligation or gratuity of increase in salary escalation rate for 100 basis points	0.07	0.08
Impact on defined benefit obligation or gratuity of decrease in salary escalation rate for 100 basis points	(0.07)	(0.05)

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 correlated.

The following payments are expected payment towards to the defined benefit obligation in future years:

	March 31, 2019	March 31, 2018
Within the next 12 months	0.02	0.00
Between 2 and 5 years	0.10	0.03
Between 5 and 10 years	0.10	0.05
Total expected payments	0.22	0.08

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.42 years (March 31, 2018: 27.38 years)

b) Defined contribution plans

The company also has defined contribution plans. Contributions are made to Provident Fund in India and Employee's State Insurance Company ("ESIC") equal to a certain percentage of the employees' salary. The contributions of provident fund are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is INR 1.05 Crore (March 31, 2018: INR 0.80 Crore) towards provident fund and INR 0.57 Crore (March 31, 2018: INR 0.39 Crore) towards ESIC.

32. COMMITMENTS AND CONTINGENCIES

A. Commitments

i. Capital commitments

The estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) as at March 31, 2019 is INR 0.58 Crore (2017-18: INR 0.43 Crore)

ii. Leases

Operating lease commitments - Company as lessee

The company has entered in various operating lease agreements and lease rents in respect of the same amounting to INR 3.76 Crore (March 31, 2018: INR 2.84 Crore) has been charged to the Statement of Profit and Loss.

Particulars	March 31, 2019	March 31, 2018
Commitments for minimum lease payments in relation to non cancellable operating leases are as follows:		
Within one year	4.87	0.46
Later than one year but not later than five years	2.32	0.37
later than five years	Nil	Nil

B. Contingent Liabilities	March 31, 2019	March 31, 2018
i. Claim against the company not acknowledged as debt	-	-
ii. Guarantees excluding financial guarantees	-	-
iii. Other money for which the company is contingently liable	-	-

(All amounts in INR Crore, unless otherwise stated)

33. RELATED PARTY TRANSACTIONS

(i) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

(1) Holding / Ultimate Holding Company
- Future Trendz Limited
- Future Lifestyle Fashions Limited
- Ryka Commercial Ventures Private Limited
- Lifestyle Trust

(2) Fellow Subsidiaries
- FLFL Business Services Limited
- FLFL Travel Retail Bhubaneswar Private Limited
- FLFL Travel Retail Guwahati Private Limited
- FLFL Travel Retail Lucknow Private Limited
- FLFL Travel Retail West Private Limited

(3) Key Management Personnel (KMP)
- Hetal Kotak
- Kaleeswaran Arunchalam
- Vitthal Nawandhar

(4) Enterprises over which KMP of the Company or the ultimate holding company can exercise significant influence
- Future Retail Limited
- Future Enterprises Limited
- Future Supply Chain Solutions Limited
- Future Sharp Skills Limited
- Retail Light Techniques (India) Limited
- Future Generali India Insurance Company Limited
- Future Generali India Life Insurance Company Limited
- Future Corporate Resources Private Limited *(formerly known as Suhani Trading and Investment Consultants Private Limited)*
- Travel News Services (India) Private Limited (TNSI)

(ii) Transactions with related parties
The following transactions occurred with related parties

Name	2018-19	2017-18
(a) Sale of Products		
Future Lifestyle Fashions Limited	142.20	151.33
Future Retail Limited	214.53	182.81
(b) Purchase of Products		
Future Enterprises Limited	1.59	-
(c) Purchase of Property, plant and equipment		
Future Lifestyle Fashions Limited	2.47	-
Future Retail Limited	0.02	-
(d) Sale of Property, plant and equipment		
Future Lifestyle Fashions Limited	0.08	-
(e) Other expenses		
Business exhibition expenses & Shared Services		
Future Lifestyle Fashions Limited	1.02	0.26
Supply chain service provider		
Future Supply Chain Solutions Limited	5.82	4.35
Employee Training & Development		
Future Sharp Skills Limited	0.01	0.04
Insurance Service provider		
Future Generali India Life Insurance Company Limited	0.11	0.07
Future Generali India Insurance Company Limited	0.14	-
Rent for Airport Stores		
FLFL Travel Retail Bhubaneswar Private Limited	0.24	-
FLFL Travel Retail Guwahati Private Limited	0.20	-
FLFL Travel Retail Lucknow Private Limited	0.29	-
FLFL Travel Retail West Private Limited	0.68	-
Travel News Services (India) Private Limited (TNSI)	0.22	-
Capex Related Expenses		
Retail Light Techniques (India) Limited	0.15	0.01
Future Enterprises Limited	0.89	-
(f) Other Income		
Shared Services		
Future Lifestyle Fashions Limited	0.72	0.72
(g) Financial Guarantee from		
Future Lifestyle Fashions Limited	0.50	-

(iii) Outstanding balances arising from sales/purchases of goods and services

Name	March 31, 2019	March 31, 2018
Trade Receivables		
Future Lifestyle Fashions Limited	131.44	107.34
Future Retail Limited	72.04	82.01
Future Enterprises Limited	8.86	-
Future Corporate Resources Private Limited	0.01	0.01
Trade Payables		
Future Lifestyle Fashions Limited	2.55	20.20
Future Retail Limited	0.02	-
Future Enterprises Limited	0.57	-
Future Sharp Skills Limited	-	0.03
Retail Light Techniques (India) Limited	0.06	-
Future Generali India Life Insurance Company Limited	0.02	0.07
Future Generali India Insurance Company Limited	0.11	-
Future Supply Chain Solutions Limited	4.81	5.09

(iv) Key management personnel compensation

	March 31, 2019	March 31, 2018
Short term employee benefits	1.91	1.77
Post-employment benefits	0.05	0.06
Director Sitting fees	0.05	0.04
	2.01	**1.87**

(v) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. For the year ended March 21, 2019, the Company has not recorded any impairment of receivables relating to amount owed by related parties (March 31, 2018: NIL). This assessment is undertaken each financial year through examining the financial position of the related party and market in which the related party operates.

34. SEGMENT REPORTING

The Company is engaged in the business of trading of branded apparel, footwear and others fashion products, which is the only reportable segment. There is no other segment which requires reporting as per Ind AS 108 "Operating Segments".

Information about major customers

Revenue arising from sale of products from two customers amounted to INR 356.73 Crore (March 31, 2018: from two customers amounted to INR 334.14 Crore), exceeds 10% of revenue from operations of the Company.

FUTURE SPECIALITY RETAIL LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Crore, unless otherwise stated)

35. FAIR VALUE MEASUREMENTS

Financial Instruments by Category

Particulars	Carrying Amount		Fair Value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
FINANCIAL ASSETS				
Amortised cost				
Trade Receivables	309.94	238.92	309.94	238.92
Cash and Cash Equivalents	25.61	0.70	25.61	0.70
Security Deposits	0.87	0.78	0.87	0.78
Loans	-	0.02	-	0.02
Other Bank Balances	0.02	0.02	0.02	0.02
Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-
Total	**336.44**	**240.44**	**336.44**	**240.44**
FINANCIAL LIABILITIES				
Amortised cost				
Borrowings	42.69	60.85	42.69	60.85
Trade Payables	244.63	148.07	244.63	148.07
Other financial liabilities	8.22	2.79	8.22	2.79
Financial liabilities at fair value through profit and loss	-	-	-	-
Total	**295.54**	**211.71**	**295.54**	**211.71**

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short - term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction among willing parties, other than in a forced or liquidation sale.

The Company determines fair values of financial assets and financial liabilities by discounting the contractual cash inflows/outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. Further, the subsequent measurement of all financial assets and liabilities is at amortised cost, using the effective interest method discount rates used in determining fair value. The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of the borrower in case of financial liabilities and average market rate of similar credit rated instrument in case of financial assets.

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuation, including independent price validation for certain instruments.

Fair value of financial assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate fair value:
(a) Fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments.
(b) Fair value of quoted instruments is based on the market value at the reporting date. The fair value of other financial liabilities as well as other non current financial liabilities is estimated by discounting future cash flow using rate currently applicable for debt on similar terms, credit risk and remaining maturities.
(c) The fair value of the Company’s interest bearing borrowing received are determined using discount rate that reflects the entity’s borrowing rate as at the end of the reporting period.

36. FINANCIAL RISK MANAGEMENT

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.

(A) 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 other financial instruments.

The Company's retail 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 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.

Credit risk on cash and bank balances is limited as company counterparties are banks with high credit ratings assigned credit rating agencies

(B) 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.

Particulars	Carrying amount	Within 1 year	1-5 years	More than 5 years	Total
As at March 31, 2019					
Borrowing including Interest accrued	42.69	24.38	24.38	-	48.76
Trade payable	244.63	244.63	-	-	244.63
Other financial liabilities	8.22	8.22	-	-	8.22
	295.54	**277.23**	**24.38**	**-**	**301.61**
As at March 31, 2018					
Borrowing including Interest accrued	60.85	24.38	48.75	-	73.13
Trade payable	148.07	148.07	-	-	148.07
Other financial liabilities	2.79	2.79	-	-	2.79
	211.71	**175.24**	**48.75**	**-**	**223.99**

(B) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risks related to changes in foreign currency exchange rates. The Company's exposure to interest rates risk and other price risk is not significant.

(i) Foreign currency 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's exposure to exchange fluctuation risk is very limited for its purchase from overseas suppliers in various foreign currencies.

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

Particulars	March 31,2019	March 31,2018
Amount Payable		
Euro	-	8.96
USD	0.05	3.15
Total Exposure	**0.05**	**12.11**

A 5% strengthening in USD and GBP will decrease the profit for the year by INR 0.002 Crore (2017-18: INR 0.61 Crore) and a 5% weakening in USD and GBP will increase the profit for the year by INR 0.002 Crore (2017-18: INR 0.61 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.

(ii) 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. However, the company is not significantly exposed to interest rate risk as at the respective reporting dates.

37. CAPITAL MANAGEMENT

For the purpsoe of the company's capital management, capital includes issued equity capital, equity instruments, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital to ensure that it will be able to continue as going concerns 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 is as follows.

Particulars	March 31, 2019	March 31, 2018
Borrowings	42.69	60.85
Less: cash and cash equivalents	(25.61)	(0.70)
Net Debt	**17.08**	**60.15**
Equity share capital	0.26	0.26
Other equity instrument	0.01	0.01
Other equity	237.27	216.24
Total Capital	**237.54**	**216.51**
Net debt to equity ratio	7.19%	27.78%

38. DETAILS OF CHARGES AGAINST ASSETS OF THE COMPANY

The credit facility from IDFC bank is secured by way of a first & exclusive charge on the entire current assets and movable property plant and equipment of the Company and corporate guarantee from Future Lifestyle Fashions Limited, the Parent Company.

39. The figures for the corresponding previous year have been regrouped/ reclassified wherever necessary, to make them comparable.

For and on behalf of the Board of Directors

Sd/-
Hetal Kotak
Executive Director and CEO
(DIN : 07863592)

Sd/-
Sharda Ashwini Agarwal
Director
(DIN : 00022814)

Sd/-
Kaleeswaran Arunachalam
Director
(DIN : 07625839)

Place: Mumbai
Date: 24 April 2019