Independent Auditors' Report

To the Members of
FUTURE SPECIALITY RETAIL LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **FUTURE SPECIALITY RETAIL LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in equity and the statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of information and according to the explanation given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in, of the state of affair of the company as at March 31, 2018, and its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements.

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

2. As required by section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

    e. On the basis of written representations received from the Directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act.

    f. With respect to the adequacy of Internal financial controls over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in **"Annexure B"** and

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:

   i. The Company does not have any pending litigations, which will have an impact on its financial position in its financial statements.

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

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

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

Ashok A. Trivedi
Partner
Membership No. 042472
Mumbai
May 02, 2018

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the **FUTURE SPECIALITY RETAIL LIMITED** on the financial statements for the year ended March 31, 2018, we report that:

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

(b) Fixed Assets have been physically verified by the management during the year. According to Information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to Information and explanation given to us and on the basis of our examination of records of the Company, the Company does not have immovable property. Therefore paragraph 3(i) (c) of the order is not applicable.

(ii) (a) As explained to us, management has conducted physical verification of inventory at regular intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the, Companies Act, 2013 ("the Act"). Therefore, paragraph 3 (iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, Company has not granted any loan and made any investments. Therefore paragraph 3(iv) of the order is not applicable.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the products of the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Service tax, Value Added tax, Custom duty, cess and other material statutory dues, as applicable, have been regularly deposited during the year by the company with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Goods and Service tax, Value Added tax, Custom duty, cess and other material statutory dues were in arrears as at March 31, 2018, for a period of more than six months from the date they became payable.

(c) According to information and explanations given to us, there are no material dues of Income Tax, Goods and Service tax which have not been deposited with appropriate authorities on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Therefore, paragraph 3(viii) of the order is not applicable.

(ix) Based on information and explanations given to us and records of the Company examined by us, the Company has not taken any term loan, so paragraph 3(ix) of the order is not applicable.

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

(xi) According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. The provision of sections 177 of Act was not applicable to the company for the financial year covered under this report.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable.

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

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

Ashok A. Trivedi
Partner
Membership No. 042472
Mumbai
May 02, 2018

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **FUTURE SPECIALITY RETAIL LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Ashok A. Trivedi
Partner
Membership No. 042472
Mumbai
May 02, 2018

FUTURE SPECIALITY RETAIL LIMITED

BALANCE SHEET AS AT MARCH 31, 2018 (₹in Crore)

Particulars	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	2.01	1.37
Capital work-in-progress		0.29	0.01
Other Intangible assets	3	198.37	202.69
Financial Assets			
Loans	4	0.79	0.61
Other financial assest	5	0.16	0.17
Total Non - Current Assets		**201.62**	**204.85**
Current assets			
Inventories	6	33.30	87.75
Financial Assets			
Trade receivables	7	238.93	97.03
Cash and cash equivalents	8	0.70	0.01
Others financial assest	9	2.50	2.07
Other current assets	5	13.03	0.18
Total Current Assets		**288.45**	**187.04**
Total Assets		**490.07**	**391.89**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	10	0.26	0.26
Other Equity	11	216.25	172.88
Total equity		**216.51**	**173.14**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	12	60.85	77.17
Provisions	13	0.61	0.46
Deferred tax liabilities (net)	14	4.98	7.58
Total Non - Current Liabilities		**66.44**	**85.21**
Current liabilities			
Financial Liabilities			
Trade payables	15	148.05	122.00
Other financial liabilities	12	10.74	0.38
Other current liabilities	16	0.15	0.20
Provisions	13	39.16	10.96
Current Tax Liabilities (Net)		9.02	-
Total Current Liabilities		**207.12**	**133.54**
Total Equity and Liabilities		**490.07**	**391.89**
The accompanying notes are forming part of the financial statements	1-35		

As per our report of even date attached

For and on behalf of Board of Directors

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

Ashok A. Trivedi
Partner
Membership No. 042472

Hetal Kotak
Executive Directors & CEO
DIN: 07863592

Kaleeswaran Arunachalam
Director
DIN: 07625839

Place : Mumbai
Date : May 02, 2018

FUTURE SPECIALITY RETAIL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018 (₹in Crore)

Particulars	Note	2017-2018	2016-2017
REVENUE			
Revenue from operations	17	430.41	0.98
Other Income	18	0.85	0.10
Total Revenue		**431.25**	**1.08**
EXPENSES			
Purchases of Stock-in-trade		290.42	0.08
Changes in inventories of finished goods, stock-in-trade and work-in-progress	19	54.45	1.10
Employee benefits expense	20	21.80	0.20
Finance costs	21	8.58	2.00
Depreciation and amortisation expense	2	4.55	0.03
Other expenses	22	18.67	0.41
Total Expenses		**398.47**	**3.81**
Profit before tax (1 - 2)		**32.79**	**(2.72)**
Tax Expense	23	14.42	-
Profit for the Year (3 - 4)		**18.37**	**(2.72)**
Earnings per equity share of Face Value of ₹ 10 each			
Basic (₹)		708.81	(510.10)
Diluted (₹)		708.81	(510.10)
The accompanying notes are forming part of the financial statements	1-35		

As per our report of even date attached

For and on behalf of Board of Directors

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

Ashok A. Trivedi
Partner
Membership No. 042472

Hetal Kotak
Executive Directors & CEO
DIN: 07863592

Kaleeswaran Arunachalam
Director
DIN: 07625839

Place : Mumbai
Date : May 02, 2018

Statement of Cash flow for the year ended March 31, 2018

(₹in Crore)

	Particulars	2017-18
A	**Cash flows from operating activities**	
	Profit for the year before taxes	32.79
	Adjustments for:	
	Finance costs recognised in profit or loss	8.58
	Loss on disposal of property, plant and equipment	0.23
	Depreciation and amortisation of property, plant and equipment	4.55
		46.15
	Movements in working capital:	
	(Increase)/decrease in trade and other receivables	(141.89)
	(Increase)/ decrease in inventories	54.45
	(Increase)/decrease in other assets	(13.45)
	Increase/ (Decrease) in trade payables	26.05
	Increase/ (Decrease) in provisions	28.35
	Increase/(Decrease) in other liabilities	9.48
	Cash generated from operations	**9.14**
	Income taxes paid	(8.00)
	Net cash generated by operating activities	**1.14**
B	**Cash flows from investing activities**	
	Payments for property, plant and equipment	(0.55)
	Proceeds from disposal of property, plant and equipment	0.00
	Net cash (used in)/generated by investing	**(0.55)**
C	**Cash flows from financing activities**	
	Proceeds from issue of equity instruments of the Company	25.00
	Interest paid	(0.52)
	Dividend Paid (Including Dividend Distribution Tax)	(24.38)
	Net cash used in financing activities	**0.10**
	Net increase in cash and cash equivalents	**0.69**
	Cash and cash equivalents at the beginning of the year	0.01
	Cash and cash equivalents at the end of the year	**0.70**
	See accompanying notes to the consolidated financial statements	

As per our report of even date attached

For and on behalf of Board of Directors

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

Ashok A. Trivedi
Partner
Membership No. 042472

Hetal Kotak
Executive Directors & CEO
DIN: 07863592

Kaleeswaran Arunachalam
Director
DIN: 07625839

Place : Mumbai
Date : May 02, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION ABOUT THE COMPANY

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 – 400060. The Company is engaged in the business of Retailing of Fashion products through Departmental and neighbourhood stores under various formats across the country for Lee Cooper brand which is 110 years old, Authentic British Denim Brand from London. The Financial Statements were approved for issue by the Board of Directors on May 02, 2018. The Financial Statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores except where otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

For the year ended March 31, 2017, the Company prepared its financial statement in accordance with the requirement of accounting standards notified under the companies (Accounting Standard) Rules, 2006 (as amended) and other applicable laws ("previous GAAP"). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is September 27, 2016.

2.2. Basis of Preparation and Presentation

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

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

2.3. Property, Plant and Equipment

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

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

The Company has measured all of its property, plant and equipment at their fair value as at its transition date to IND AS.

Depreciation on other property, plant and equipment has been provided on Straight Line Method over their useful lives. Estimated useful lives of the assets are as below:

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

*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.
The residual values, estimated useful lives and methods of depreciation are reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

2.4. Intangible Assets

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

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

Estimated useful lives of the Intangible assets are as follows:

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

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

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

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

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

2.6. Revenue recognition

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

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

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

<u>Rendering of services</u>
Revenue from a contract to provide services is recognised as they are rendered based on arrangements with the customers.

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

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

2.7. Leases

Leases where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease payments are recognised as an expense statement of profit and loss as per the terms of agreement which is representative of the time pattern of the user's benefit.

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

2.8. Taxation

<u>Current tax</u>

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

<u>Deferred tax</u>

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

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

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

Current and deferred tax for the year

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

2.9 Earnings per share

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

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

2.10 Borrowing costs

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

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

2.11 Employee benefits

Short term employee benefits

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

Post-employment defined contribution benefits

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

Post-employment defined benefit benefits

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

Other long term employee benefit

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

2.12 Inventories

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

2.13 Foreign currencies

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

2.14 Provisions, contingent liability and contingent assets

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

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

2.15 Financial instruments

Classification as financial liability or equity

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

Equity instruments

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

Financial assets and financial liabilities- Initial recognition

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

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

Subsequent measurement

Financial assets and financial liabilities at amortised cost

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

Financial assets and financial liabilities at FVTPL

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

Investment in equity instruments either at FVTPL or FVTOCI

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

Financial guarantee obligation

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

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

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

Impairment of financial asset

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

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

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

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

De-recognition of financial asset

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

2.16. Share-based payment arrangement

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

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

2.17. Operating segment

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

2.18. Key sources of estimation uncertainty and critical accounting judgements

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

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

Key sources of estimation uncertainty

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

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

Provisions, liabilities and contingencies
The timing of recognition of provision requires application of judgement to existing facts and circumstances which may be subject to change

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

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

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

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

Deemed cost for property plant and equipment, investment property and intangible assets
The Company has measured all of its property, plant and equipment at their fair value as at its transition date to Ind AS and use these fair value as deemed to cost.

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

2.20. Application of new and revised standards

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:
On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018.

Ind AS 115- Revenue from Contract with Customers:
On March 28, 2018, MCA has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires

enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) the effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 01, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3 Property, plant and equipment, Intangible Assets and Investment Property

(₹ in Crore)

	Descriptions of Assets	Gross Block (At cost / deemed cost)				Depreciation / Amortisation				Net Block	
		As at April 01, 2017	Additions	Deletions	As at March 31, 2018	As at 01st April 2017	Deletions	For the Year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
A	Property, plant and equipment										
	Leasehold Improvements	0.09	0.16	0.08	0.17	0.00	0.01	0.02	0.01	0.16	0.09
	Office Equipments	0.07	0.02	-	0.09	0.00	-	0.02	0.02	0.07	0.07
	Computers	0.09	0.14	0.00	0.23	0.00	0.00	0.05	0.05	0.18	0.09
	Furniture, Fixtures & Other Fittings	0.76	0.76	0.14	1.37	0.00	0.02	0.10	0.08	1.29	0.76
	Electrical Installations	0.28	0.03	0.05	0.25	0.00	0.01	0.03	0.02	0.23	0.28
	Air Conditioner	0.09	-	0.01	0.08	0.00	0.00	0.01	0.01	0.08	0.09
	TOTAL	1.37	1.11	0.28	2.20	0.00	0.05	0.23	0.18	2.01	1.37
B	Other Intangible Assets										
	Good will	176.30	-	-	176.30	-	-	-	-	176.30	176.30
	Trademarks, Copyrights & Patents	26.42	-	-	26.42	0.03	-	4.32	4.35	22.07	26.40
	TOTAL	202.72	-	-	202.72	0.03	-	4.32	4.35	198.37	202.69
	GRAND TOTAL	204.09	1.11	0.28	204.92	0.03	0.05	4.55	4.53	200.38	204.07

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹in Crore)

		As at March 31, 2018	As at March 31, 2017
4	Loans (Unsecured, considered Good)		
	Non-Current		
	Security Deposits	0.79	0.61
		0.79	**0.61**
5	Other Assets		
	Non-current		
	Deferred Lease Expenses	0.16	0.17
		0.16	**0.17**
	Current		
	Others*	13.03	0.18
	(*includes Prepaid expenses, NSM Inventory and TDS Receivable)	**13.03**	**0.18**
6	Inventories		
	Stock-in-Trade (Goods-in-Transit of ₹.0.90 Crore, 2016-17: ₹ 0.00 Crore)	33.22	87.54
	Packing Material	0.08	0.20
		33.30	**87.75**
7	Trade Receivables (Unsecured)		
	Current		
	Considered Good	238.93	97.03
		238.93	**97.03**
8	Cash and Bank Balances		
	Cash and Cash equivalents		
	Cash on Hand	0.01	0.01
	In Current Accounts	0.69	-
		0.70	**0.01**
9	Others Financial Assets		
	Current		
	Others**	2.50	2.07
	(**includes Advances given to employees and suppliers)	**2.50**	**2.07**

NOTES TO THE FINANCIAL STATEMENTS

10. Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	(₹ in Crore)	No. of Shares	(₹ in Crore)
Authorised				
Equity Shares of ₹ 10/- each	3,99,900	0.40	4,09,000	0.41
Compulsorily Convertible Preference Shares of ₹ 910/- each	1,100	0.10	1,000	0.09
Issued, Subscribed and Paid up				
Equity Shares of ₹ 10/- each	2,59,100	0.26	2,59,100	0.26
Compulsorily Convertible Preference Shares of ₹ 910/- each	1,100	0.10	1,000	0.09

Reconciliation of number of shares :

Equity Share of ₹ 10/- each

Particulars	Equity Share of ₹ 10/- each		CCP Share of ₹ 910/- each	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	No. of Shares	No. of Shares	No. of CCPS	No. of CCPS
At the beginning of the year	2,59,100	-	1,000	-
Add : Issued during the year	-	2,59,100	100	1,000
At the end of the year	**2,59,100**	**2,59,100**	**1,100**	**1,000**

Terms/Rights Attached to Shares

Equity Shares

The company has equity shares having a par value of ₹ 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 Series I: The Company has Compulsorily Convertible Preference Shares ("CCPS") having a par value of ₹ 910/- per share. CCPS shall carry a dividend of an amount euivalent to ₹ 2,43,750/- per share. In the event of liquidation of the Company, the holder of 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 ₹ 910/- per share. In the event of liquidation of the Company, the holder of CCPS Series II Shall rank senior to equity shares.

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

Equity Shares

Name of Shareholders	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Future Trendz Limited	2,59,000	99.96	2,59,000	99.96

Compulsorily Convertible Preference Shares (CCPS)

Name of Shareholders	As at March 31, 2018		As at March 31, 2017	
	No. of CCPS held	% of Holding	No. of CCPS held	% of Holding
Beacon Trusteeship Limited (Trustee of FSRL CCPS Trust)	1,000	90.91	1,000	100.00
India Customer Insight Fund (an Alternate Investment Fund)	100	9.09	0	0.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹in Crore)

		As at March 31, 2018	As at March 31, 2017
11	Other Equity		
	CCPS Shares issued	25.00	-
	Retained Earning	16.42	(1.94)
	Equity component of Financial instrument	174.83	174.83
		216.25	**172.88**
12	Other Financial Liabilities		
	Non-Current		
	Liability component of financial Instrument	60.85	77.17
		60.85	**77.17**
	Current		
	Bank Overdrwan	-	0.01
	Creditors for Capital Goods	1.04	0.20
	Other Payables	9.67	0.03
	Advances & Deposits received from Customers & Vendors	0.04	0.04
	Statutory Liabilities	-	0.09
		10.74	**0.38**
13	Provisions		
	Non-Current		
	Leave encashment	0.25	0.19
	Gratuity	0.36	0.28
		0.61	**0.46**
	Current		
	Leave encashment	0.01	-
	Gratuity	0.00	0.00
	Provision for right of return (SOR Customers)	39.15	10.96
		39.16	**10.96**
14	Deferred tax liabilities (net)		
	on Fixed Assets	4.98	7.58
		4.98	**7.58**
15	Trade Payables		
	Trade Payables (Refer Note no.34)	148.05	122.00
		148.05	**122.00**
16	Other Current Liabilities		
	Other Payable	0.15	0.20
		0.15	**0.20**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹in Crore)

		2017-2018	2016-2017
17	Revenue from Operations		
	Sale of Products	457.92	1.06
	Less: VAT, Sales Tax, GST	27.51	0.08
		430.41	**0.98**
18	Other Income		
	Miscellaneous Income	0.85	0.10
		0.85	**0.10**
19	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
	Opening Inventories		
	Stock- in-Trade	87.75	88.85
	Closing Inventories		
	Stock- in-Trade	33.30	87.75
		54.45	**1.10**
20	Employee Benefits Expense		
	Salaries and Wages	20.51	0.19
	Contribution to Provident and Other Funds	1.14	0.01
	Staff Welfare Expenses	0.15	-
		21.80	**0.20**
21	Finance Cost		
	Interest Expense	8.58	2.00
		8.58	**2.00**
22	Other Expenses		
	Power and Fuel	0.23	0.00
	Repairs and Maintenance		
	Buildings	0.02	-
	Insurance	0.20	-
	Rates and Taxes	0.03	0.26
	Rent	2.36	0.09
	Advertisement and Marketing	3.20	-
	Loss on Disposal/Discard of Fixed Assets (Net)	0.23	-
	Dividend Distribution Taxes - Ind AS Adjustment	4.96	-
	Miscellaneous Expenses	7.44	0.06
		18.67	**0.41**

23. Tax Expense

Income tax expense recognized in Profit or Loss (₹ in Crore)

Particulars	2017-2018	2016-2017
Current Tax	17.02	-
Deferred Tax	(2.60)	-
Total	**14.42**	**-**

24. Deferred Tax Assets

Movement of deferred tax assets/ liabilities

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

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities in relation to:				
Financial asset measured at fair value	(7.58)		-	(7.58)
Others	-	-	-	-
Total deferred tax liabilities	**(7.58)**	**-**	**-**	**(7.58)**
Deferred tax assets in relation to:				
Property, plant and equipment and intangible assets	-	2.82		2.82
Employee benefit obligation	-	(0.22)	-	(0.22)
Provision for doubtful debts	-			
Availment of MAT Credit	-	-		-
Total deferred tax assets	**-**	**2.60**	**-**	**2.60**
Net deferred tax asset/ (liabilities)	**(7.58)**	**2.60**	**-**	**(4.98)**

25. Contingent Liabilities : Rs Nil (2017 : Nil)

26. Segment Information

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

Company does not have any non-current assets located outside India.

27. Disclosure relating to Leases

The Company has entered into operating lease arrangements for premises. The future minimum lease rental obligation under non-cancellable operating leases in respect of these premises is ₹ 1.47 Crore (2016-17: ₹ 1.14 Crore). The Lease Rent payable not later than one year is ₹ 0.46 Crore (2016-17: ₹ 0.64 Crore), payable later than one year but not later than five year is ₹ 0.37 Crore (2016-17:₹ 0.83 Crore) and payable later than five years is ₹ Nil Crore (2016-17: ₹ Nil Crore).

28. Payment to auditors (Inclusive of Service Tax)

(₹ In Crore)

Particulars	2017-2018	2016-2017
Statutory Audit Fees	0.05	0.02
Tax Audit Fees	0.03	0.01
Total	0.08	0.03

29. Earnings Per Shares

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

Particulars	Units	2017-2018	2016-2017
Profit attributable to Equity Share holders	₹ in Crore	18.37	(2.72)
Weighted average number of Equity Shares Outstanding for Basic EPS	No. of Shared	2,59,100	53,390
Weighted average number of Equity Shares Outstanding for Diluted EPS	No. of Shares	3,32,944	1,20,756
Earnings per share – Basic	₹	708.81	(510.10)
Earnings per share – Diluted	₹	708.81	(510.10)
Face value per share	₹	10.00	10.00

30. Employee Benefit Plans

a. Defined Contribution Plan

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

b. Defined Benefit Plans - Gratuity

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

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

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

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

S No.	Particulars	As at March 31, 2018	As at March 31, 2017
1	Discount rate	7.70%	7.40%
2	Salary Escalation	5.00%	5.00%
3	Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
4	Withdrawal Rate	1.00%	1.00%
5	Retirement Age	58 years	58 years

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

iii. **Amount recognized in the statement of Profit and Loss, other comprehensive income** (₹ in Crore)

Particulars	2017-2018	2016-2017
Total Service Cost	0.10	-
Net Interest Expenses	0.02	-
Components of expense recognized in the statement of Profit and Loss (A)	0.12	-
Remeasurements on the net defined benefit liability :		
Actuarial (Gain)/Loss arising from changes in financial assumptions	(0.02)	-
Actuarial (Gain)/Loss arising from experience adjustments	0.02	-
Total Amount recognized in other comprehensive income (B)	(0.00)	-
Total cost recognized (A+B)	0.12	-

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

Particulars	As at March 31, 2018	As at March 31, 2017
Present value of unfunded defined benefit obligation	0.37	0.28

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

(₹ in Crore)

Particulars	**2017-2018**	**2016-2017**
Opening defined benefit obligation	0.28	-
Total Service Cost	0.10	-
Net Interest Expenses	0.02	-
Remeasurements on the net defined benefit liability		
Actuarial (Gain)/Loss arising from changes in financial assumptions	(0.02)	-
Actuarial (Gain)/Loss arising from experience adjustments	0.02	-
Benefits paid	(0.03)	-
Acquisition/Divestiture	-	0.28
Closing defined benefit obligation	0.37	0.28

vi. **Sensitivity Analysis :**

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

(₹ in Crore)

Increase/(decrease) in defined benefit liability	**As at March 31, 2018**	**As at March 31, 2017**
Impact on defined benefit obligation or gratuity of increase in discount rate for 100 basis points	(0.31)	(0.24)
Impact on defined benefit obligation or gratuity of decrease in discount rate for 100 basis points	0.44	0.33
Impact on defined benefit obligation or gratuity of increase in salary escalation rate for 100 basis points	0.44	0.33
Impact on defined benefit obligation or gratuity of decrease in salary escalation rate for 100 basis points	(0.31)	(0.23)

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.

c. **Other long term employee benefits**

The Company has recognized an amount of ₹ 0.17 Crore (2016-17: ₹ Nil) for long term compensated absences in the statement of Profit and Loss account. Actuarial assumptions for long term compensated absences are

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

31. Related Party Disclosures

a. Name of Related Parties and Nature of Relationship

i. Parent

Future Trendz Limited

Future Lifestyle Fashions Limited

Ryka Commercial Ventures Private Limited

Liferstyle Trust

ii. Fellow Subsidiary Companies and Subsidaries

None

iii. Key Management Personnel (KMP)

Hetal Kotak

b. Transaction with Related Parties

(₹ in Crore)

Nature of transactions	Parent Company (FLFL)	Fellow Subsidiary/ Subsidiary Co	Entities Controlled by KMP	KMP
Revenue from Operations	**151.33** (1.06)	- (-)	- (-)	- (-)
Purchase of Goods and Services	**0.20** (-)	- (-)	- (-)	- (-)
Purchase of Fixed Assets	**0.06** (-)	- (-)	- (-)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	**1.42** (-)
Outstanding Balances as on March 31,2018 Receivable	**107.34** (17.22)	- (-)	- (-)	- (-)

Figures in bracket represent previous year's figures

32. Capital Commitment

The estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) as at March 31, 2018 is ₹ 0.43 Crore (2016-17: ₹ 0.18 Crore)

33. Trade Payable

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

34. Financial Instruments and Risk Review

Capital Management

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

(₹ in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Total debt	60.85	77.17
Less: cash and bank balances	0.70	0.01
Net debt	60.15	77.16
Equity	216.51	173.14
Net debt to equity ratio	**28%**	**45%**

Categories of financial instruments

(₹ in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets		
(i) Measured at Amortised Cost		
Cash and bank balances	0.70	0.01
Trade receivables	238.93	97.03
Security deposits	0.79	0.61
Other financial assets	2.50	2.07
(ii) Mandatorily measured at fair value through profit and loss	-	-
(iii) Designated at fair value through other comprehensive income		
Financial liabilities		
(i) Measured at Amortised Cost		
Borrowing	60.85	77.17
Trade payable	148.05	122.00
Security deposit received	0.15	0.20
Other financial liabilities	10.74	0.38
(ii) Mandatorily measured at fair value through profit and loss		

Financial risk management objectives

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

- Market risk

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

- Foreign exchange risk

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

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

(₹ in Crore)

Particulars	As At March 31,2018	As At March 31,2017
Amount Payable		
Euro	8.96	-
USD	3.15	-

A 5% strengthening in USD and GBP will decrease the profit for the year by ₹ 0.61 Crore (2016-17: ₹ Nil) and a 5% weakening in USD and GBP will increase the profit for the year by ₹ 0.61 Crore (2016-17: ₹ Nil). In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The company is not exposed to significant interest rate risk as at the respective reporting dates.

- Other price risk

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

(i) Credit risk

Credit risk is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. The credit risk arises primarily on trade receivables, store deposit with landlord of stores and deposits with banks and financial institutions and other financial instruments.
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.

(ii) Liquidity risk

Liquidity risk is the risk that the company will fail in meeting its obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. The Company monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs.

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based. It include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(₹in Crore)

Particulars	Carrying amount	Within 1 year	1-5 years	More than 5 years	Total
As at March 31, 2018					
Borrowing including Interest accrued	60.85	18.16	42.69	-	60.85
Trade payable	148.05	148.05	-	-	148.05
Security deposit received	0.15	0.15	-	-	0.15
Other financial liabilities	10.74	10.74	-	-	10.74
As at March 31, 2017					
Borrowing including Interest accrued	77.17	16.32	60.85	-	77.17
Trade payable	122.00	122.00	-	-	122.00
Security deposit received	0.20	0.20	-	-	0.20
Other financial liabilities	0.38	0.38	-	-	0.38

35. First Time Ind AS adoption reconciliation

In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the company's equity, profit and cash flows is set out as follows.

A reconciliation of the total equity to those reported under previous GAAP are summarized as follows:

(₹ in Crore)

Particulars	Notes	As at April 31, 2017
Total equity under previous GAAP		**249.48**
Add/(Less): Impact of Ind AS adjustments		
Fair value of property plant and equipment	A	0.82
Measurement of Liability Component		(75.17)
Measurement of borrowing at amortised cost		-
Other adjustments		(1.94)
Deferred Tax	C	(0.07)
Total effect on equity		**(76.34)**
Total equity under Ind AS		**173.14**

A reconciliation of the total comprehensive income to profit reported under previous GAAP are summarized as follows: (₹ in Crore)

Particulars	Notes	2016-2017
Profit after tax as reported under previous GAAP		**(0.78)**
Add/(Less): Impact of Ind AS adjustments		
Measurement of borrowing		(1.99)
Discounting of interest free rent deposits (Net)	B	0.05
Total adjustment to profit or loss		(1.94)
Profit or loss under Ind AS		(2.72)
Other comprehensive income under Ind AS, net of tax		0.0
Total comprehensive income under Ind AS		**(2.72)**

A. In accordance with Ind AS 101, the Company has elected to measure all items of Property, plant and equipment (PPE) at fair value. These fair values are considered as deemed cost as at transition date. Depreciation is calculated on deemed cost effective from transition date. Accordingly there is a reduction in equity as at April 01, 2018 on account of fair valuation of.

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

C. Deferred tax have been recognised on the adjustments made on transition to Ind AS using balance sheet approach for calculation of deferred tax assets/ liabilities.

As per our report of even date attached	For and on behalf of Board of Directors	
For NGS & Co. LLP Chartered Accountants Firm Registration No.: 119850W		
Ashok A .Trivedi Partner Membership No. 042472	Hetal Kotak Executive Directors & CEO DIN: 07863592	Kaleeswaran Arunachalam Director DIN: 07625839

Place : Mumbai
Date : May 02, 2018