



## **Independent Auditor's Report**

### **To the Members of M/s. Future Trendz Limited**

#### **Report on the Standalone Ind AS Financial Statements**

We have audited the standalone Ind AS Financial Statements of **Future Trendz Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2018, and the Statement of Profit and Loss, Cash Flows Statement and Statement of changes in equity for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone Ind AS Financial Statements**

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

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 standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit.

In conducting 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 provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS Financial Statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2018, and its loss, its cash flows and the changes in equity for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "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, based on our audit, 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 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the Directors as on 31st March, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2018 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 B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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 explanations given to us:
  - i. The Company does not have any pending litigations on its financial position in its Ind AS 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 DMKH & CO.**  
**Chartered Accountants**  
**FRN 116886W**

**Durgesh Kabra**  
**M.No.044075**  
**Place: Mumbai**  
**Date: 02<sup>nd</sup> May, 2018**

## **ANNEXURE “A” TO INDEPENDENT AUDITORS’ REPORT**

### **Referred to in Paragraph 1 under the heading of “Report on other Legal and Regulatory Requirements” of our report of even date**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that: -

- i. As explained to us, no fixed assets are held by the Company.
- ii. As explained to us, there are no inventories during the year.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), (b) and (c) of the order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, Company has not provided any loan, investment, guarantees, and security under section 185 and 186 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provision of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regards to the deposits accepted from the public are not applicable.
- vi. As per information & explanation given by the management, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- vii. a. According to information and explanations given to us and on basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees’ State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, value added tax, Goods & Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2018 for a period of more than six months from the date they became payable.

b. According to the information and explanations given to us, there is no amount payable in respect of income tax, service tax, sales tax, customs duty, excise duty, value added tax, Goods & Service Tax and cess whichever applicable.

- viii. In our opinion and according to the information and explanations given by the management, Company has not taken any Loan from any Bank or Financial institution.
- ix. Based on our audit procedures and according to the information given by the management, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x. According to the information and explanations given to us, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, we report that no managerial remuneration has been paid or provided, hence the provisions of section 197 read with Schedule V to the Companies Act is not applicable.
- xii. The company is not a Nidhi Company. Therefore clause (xii) of the order is not applicable to the company.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or person connected with him. Accordingly, the provision of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

- xvi. In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. And accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For DMKH & CO.**  
**Chartered Accountants**  
**FRN 116886W**

**Durgesh Kabra**  
**M.No.044075**  
**Place: Mumbai**  
**Date: 02<sup>nd</sup> May, 2018**

## **Annexure''B'' – to the Auditor's Report**

### **REPORT ON INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

#### **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 **M/S FUTURE TRENDZ LIMITED** ("the Company") as of **March 31, 2018** 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.

#### **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 authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent 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 DMKH & CO.**  
**Chartered Accountants**  
**FRN 116886W**

**Durgesh Kabra**  
**M.No.044075**  
**Place: Mumbai**  
**Date: 02<sup>nd</sup> May, 2018**

**FUTURE TRENDZ LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2018**

(₹ in Lakh)

		Note No.	As at March 31, 2018	As at March 31, 2017
1	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	(a) Financial Assets			
	(i) Investments	3	25.90	25.90
	<b>Total Non - Current Assets</b>		<b>25.90</b>	<b>25.90</b>
2	<b>Current assets</b>			
	(a) Financial Assets			
	(i) Cash and cash equivalents	4	16.29	6.25
	<b>Total Current Assets</b>		<b>16.29</b>	<b>6.25</b>
	<b>Total Assets</b>		<b>42.19</b>	<b>32.15</b>
1	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share capital	5	55.00	35.00
	(b) Other Equity	6	(13.20)	(3.27)
	<b>Total Equity</b>		<b>41.80</b>	<b>31.73</b>
	<b>LIABILITIES</b>			
2	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Trade payables	7	0.29	0.29
	(ii) Other Financial Liabilities	8	0.09	0.13
	<b>Total Current Liabilities</b>		<b>0.38</b>	<b>0.42</b>
	<b>Total Equity and Liabilities</b>		<b>42.19</b>	<b>32.15</b>

See accompanying Notes to the Financial Statements

1-12

As per our Report of even date attached  
For DMKH & Co.

Chartered Accountants  
FRN: 116886W

For and on behalf of Board of Directors

**Durgesh Kabra**  
Partner  
Membership No.:044075

**Vimal Dhruve**  
Director  
DIN- 02243595

**Subodh More**  
Director  
DIN- 07230828

Place : Mumbai  
Date : May 02, 2018

**FUTURE TRENDZ LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in Lakh)

	Note No.	2017-18	2016-17
<b>1 REVENUE</b>			
(a) Revenue from operations		-	-
<b>Total Revenue</b>		-	-
<b>2 EXPENSES</b>			
(a) Other expenses	9	9.93	3.27
<b>Total Expenses</b>		9.93	3.27
<b>3 Profit before tax (1 - 2)</b>		(9.93)	(3.27)
<b>4 Tax Expense</b>		-	-
<b>5 Profit for the Year (3 - 4)</b>		(9.93)	(3.27)
<b>6 Earnings per equity share of Face Value of ₹ 10 each</b>	12		
Basic (₹)		(1.81)	(0.93)
Diluted (₹)		(1.81)	(0.93)

See accompanying Notes to the Financial Statements

1-12

As per our Report of even date attached  
For DMKH & Co.  
Chartered Accountants  
FRN: 116886W

For and on behalf of Board of Directors

**Durgesh Kabra**  
Partner  
Membership No.:044075

**Vimal Dhruve**  
Director  
DIN- 02243595

**Subodh More**  
Director  
DIN- 07230828

Place : Mumbai  
Date : May 02, 2018

**FUTURE TRENDZ LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in Lakh)

	2017-18	2016-17
<b>A</b> <u><b>Equity Share Capital</b></u>		
(i) Opening Balance	35.00	-
(ii) Change During the Year Issue Of Equity Share	20.00	35.00
<b>Closing Balance</b>	<b>55.00</b>	<b>35.00</b>
<b>B</b> <u><b>Other Equity</b></u>		
<b>Retained Earing</b>		
Opening Balance	(3.27)	-
Profit for the Year	(9.93)	(3.27)
	<b>(13.20)</b>	<b>(3.27)</b>
<b>Total Other Equity</b>	<b>(13.20)</b>	<b>(3.27)</b>
<div style="display: flex; justify-content: space-between;"> <div> <p><b>As per our Report of even date attached</b>  <b>For DMKH &amp; Co.</b>  Chartered Accountants  FRN: 116886W</p> <p><b>Durgesh Kabra</b>  Partner  Membership No.:044075</p> <p>Place : Mumbai  Date : May 02, 2018</p> </div> <div> <p><b>For and on behalf of Board of Directors</b></p> <div style="display: flex; justify-content: space-around;"> <div> <p><b>Vimal Dhruve</b>  Director  DIN- 02243595</p> </div> <div> <p><b>Subodh More</b>  Director  DIN- 07230828</p> </div> </div> </div> </div>		

**FUTURE TRENDZ LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

(₹ in Lakh)

	For the period ended March 31, 2018	For the period ended March 31, 2017
<b>A Cash Flow From Operating Activities</b>		
Net Profit Before Tax	(9.93)	(3.27)
Adjusted For:		
Interest Income	-	-
<b>Operating (Loss) Before Working Capital Changes</b>	(9.93)	(3.27)
Adjusted For:		
Trade Payables, Othe Liabilities and Provisions	(0.03)	0.42
<b>Cash Generated From Operations</b>	(9.96)	(2.85)
Tax Paid	-	-
<b>Net Cash From Operating Activities</b>	(9.96)	(2.85)
<b>B Cash Flow From Investing Activities</b>		
Purchase of Investement	-	(25.90)
<b>Net Cash (Used In) Investing Activities</b>	-	(25.90)
<b>C Cash Flow From Financing Activity</b>		
Proceeds from Issue of shares	20.00	35.00
<b>Net Cash Provided By Financing Activity</b>	20.00	35.00
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	10.04	6.25
Opening Balance of Cash & Cash Equivalents	6.25	-
<b>Closing Balance of Cash &amp; Cash Equivalent</b>	16.29	6.25

As per our Report of even date attached  
For DMKH & Co.  
Chartered Accountants  
FRN: 116886W

For and on behalf of Board of Directors

As per our Report of even date attached  
Partner  
Membership No.:044075

Vimal Dhruve  
Director  
DIN- 02243595

Subodh More  
Director  
DIN- 07230828

Place : Mumbai  
Date : May 02, 2018

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 3 Non-Current Assets -Investment

	Number of Units		₹ in Lakh	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Non-Current Investment-Unquoted</b>				
Investment in Equity Instruments				
Subsidiaries (At cost)				
Future Speciality Retail Limited	259,000	259,000	25.90	25.90
	<b>259,000</b>	<b>259,000</b>	<b>25.90</b>	<b>25.90</b>

### 4 Current assets

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
<b>Cash and Bank Balances</b>		
Cash and Cash equivalents		
On Current Accounts	16.29	6.25
	<b>16.29</b>	<b>6.25</b>

### 5 Equity Share Capital

Particulars	As at Mar 31, 2018		As at Mar 31, 2017	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
<b>Authorised</b>				
Equity Share of ₹ 10/- each	550,000	55.00	350,000	35.00
	<b>550,000</b>	<b>55.00</b>	<b>350,000</b>	<b>35.00</b>
<b>Issued, Subscribed and Paid up</b>				
Equity Share of ₹ 10/- each	550,000	55.00	350,000	35.00
	<b>550,000</b>	<b>55.00</b>	<b>350,000</b>	<b>35.00</b>

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

Equity Share of ₹ 10/- each

Particulars	As at Mar 31, 2018	As at Mar 31, 2017
	No. of Shares	No. of Shares
At the beginning of the year	350,000	-
Add : Issued during the year	200,000	350,000
At the end of the year	<b>550,000</b>	<b>350,000</b>

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

The Company has only one class of shares referred to as equity shares having par value ₹ 10/- each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of preferential amounts. The distribution will be in proportion of the number of equity shares held by the shareholders.

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

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 Lifestyle Fashions Limited	550,000	100	350,000	100

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakh)

		As at March 31, 2018	As at March 31, 2017
6	<b>Other Equity</b>		
	Retained Earning	(13.20)	(3.27)
		<b>(13.20)</b>	<b>(3.27)</b>
	For addition and deduction under each of the above heads refer statement of change in Equity		
7	<b>Current liabilities -Trade Payables</b>		
	Trade Payables	0.29	0.29
		<b>0.29</b>	<b>0.29</b>
8	<b>Current Liabilities - Other Financial Liabilities</b>		
	Other Payables	0.09	0.13
		<b>0.09</b>	<b>0.13</b>
9	<b>Other Expenses</b>		
	Audit Fees	0.30	0.29
	Miscellaneous Expenses	9.63	2.98
		<b>9.93</b>	<b>3.27</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 1. GENERAL INFORMATION ABOUT THE COMPANY

Future Trendz Ltd ("The Company") is a company incorporated in India under the provisions of Companies Act, 2013 on September 15, 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 & related activities. 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.

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

#### 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, namely, the opening balance sheets as at March 31, 2017 and 2018, and, two statements each of profit and loss, cash flows and changes in equity for the year ended March 31, 2017 and 2018 together with related notes. The same accounting policies have been used for all periods presented, except where the Company has made use of exceptions or exemptions allowed under Ind AS 101 in the preparation of the opening Ind AS balance sheet. The balance sheets, statements of profit and loss, statements of cash flows and statement of changes in equity of the prior years presented have been recast in accordance with Ind Ass.

#### 2.3. Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. 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.

While measuring the property, plant and equipment in accordance with Ind AS, the Company has elected to measure certain items of property, plant and equipment at the date of transition to Ind As at their fair values and used those fair values as their deemed cost at transition date.

Freehold land is not depreciated. Depreciation on other property, plant and equipment has been provided on Straight Line Method over their useful lives prescribed under schedule 11 of the companies Act, 2013.

#### **2.4. Intangible Assets**

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

#### **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.

##### Sale of goods

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

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

#### Rendering of services

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

#### Dividend and Interest income

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

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

## **2.7 Taxation**

#### Current tax

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

#### Deferred tax

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against those deductible temporary differences which can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference 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. 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.

### **2.8 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.

### **2.9 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.

### **2.10 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 and accumulated paid absence are recognised as an expense in the statement of profit and loss for the period in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using projected unit credit method, with actuarial valuation techniques at the end of each annual reporting period. Service cost (including current service cost, past service cost) and interest expense are recognised in the statement of profit and loss. Gains and losses through re-measurements of the net defined benefit liability are recognised

in other comprehensive income. The effect of any plan amendments are recognised in statement of profit and loss.

#### Other long term employee benefit

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

### **2.11 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.

### **2.12 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.

### **2.13 Investment in subsidiary, joint ventures and associates**

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

### **2.14 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

#### i. 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").

#### ii. 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.

#### iii. 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.

#### iv. Financial guarantee obligation

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

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

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

### Impairment of financial asset

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

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

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

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

#### Derecognition of financial asset

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

### **2.15 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.

### **2.16 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**

- i. 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.

ii. 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

iii. 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.

## **2.17 First-time adoption of Ind-AS – Mandatory exceptions, optional exemptions**

Overall principle

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

i. Past business combinations

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

ii. Share based Transactions

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

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.

iii. Investment subsidiaries, joint ventures and associates

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

## 10. Related Party Disclosure

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

### A. List of Related Parties

#### 1. Holding Company

Future Lifestyle Fashions Limited

#### 2. Fellow Subsidiary

i. FLFL Business Services Limited

#### 3. Subsidiary Company

Future Speciality Retail Limited

## 11. Auditor's Remuneration

(₹ in Lakh)

Particular	2017-18	2016-17
Statutory Audit Fee	0.30	0.29
<b>Total</b>	<b>0.30</b>	<b>0.29</b>

## 12. Computation of Basic and Diluted Earnings Per Shares

Particulars	Units	2017-18	2016-17
Profit after tax	₹ in Lakh	(9.93)	(3.27)
The Weighted average number of Equity shares for Basic and Diluted EPS	No. in Lakh	5.50	3.50
Earnings per Equity share (Basic & Diluted)	₹	(1.81)	(0.93)

As per our report of even date attached

For and on Behalf of Board of Directors

For DMKH & Co.

Chartered Accountants

FRN: 116886W

**Durgesh Kabra**

Partner

Membership No.: 44075

**Vimal Dhruve**

Director

DIN- 02243595

**Subodh More**

Director

DIN- 07230828

Place: Mumbai

Date: May 02, 2018