

F L F



FUTURE
LIFESTYLE
FASHIONS

YOU are
FASHION
annual report 13-14

For HER...
pg 20

*Investing
in the future*
pg 24

YOUNGISTAAN
pg 31





LEE COOPER: 1 exclusive store. Also available at Central, Brand Factory, fbb, IamIN, Pantaloons, Westside, Shopper's Stop, Lifestyle, Big Bazaar and HyperCity

Lee Cooper

CONTENTS

FLF *in* WORDS *and* PICTURES

02	<i>Corporate Information</i>
05	<i>FLF at a glance</i>
06	<i>Letter from the MD</i>
08	<i>The year that was</i>
12	<i>It's a Man's world</i>
16	<i>The Goodlife</i>
20	<i>For her</i>
24	<i>Investing in the future</i>
28	<i>Brand..New</i>
30	<i>Love of Fashion</i>
31	<i>Youngistaan</i>

FLF *in* FIGURES

33	<i>Management Discussion & Analysis</i>
36	<i>Directors' Report</i>
45	<i>Corporate Governance Report</i>
58	<i>Independent Auditor's Report</i>
62	<i>Balance Sheet</i>
63	<i>Statement of Profit & Loss</i>
64	<i>Notes to the Financial Statements</i>
86	<i>Cash Flow Statement</i>
87	<i>Section 212 Statement</i>

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Shailesh Haribhakti, CHAIRMAN
& INDEPENDENT DIRECTOR

Mr. Kishore Biyani
MANAGING DIRECTOR

Mr. Rakesh Biyani
DIRECTOR

Dr. Darlie Koshy
INDEPENDENT DIRECTOR

Mr. Rahul Mehta
DIRECTOR

Mr. Chandra Prakash Toshniwal
EXECUTIVE DIRECTOR &
CHIEF FINANCIAL OFFICER

COMPANY SECRETARY

Mr. Kuldeep Sharma
HEAD-LEGAL &
COMPANY SECRETARY

STATUTORY AUDITOR

NGS & Co. LLP

BANKERS

Axis Bank

IDBI Bank

ING Vysya Bank

State Bank of Hyderabad

Canara Bank

Bank of Baroda

Bank of India

SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (West)

Mumbai - 400 078

Tel: +91 22 2596 3838

Fax: +91 22 2594 6969

REGISTERED OFFICE AND CORPORATE OFFICE:

Future Lifestyle Fashions Limited

Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road,

Jogeshwari (East), Mumbai 400 060

Tel: +91 22 3084 2336 Fax: +91 22 3084 2502 Website: www.futurelifestyle.in

Corporate Identification Number: U52100MH2012PLC231654



Clarks



₹. **2744**
Crores Annual Revenues

₹. **294**
Crores Operating Profits

₹. **330**
Crores Profits from
Sale of Investments

FLF *at a* GLANCE

India's youngest fashion company is also home to some of India's most popular fashion brands and retail destinations. Our mission is to discover the idiom of fashion in India and we aim to create the country's most profitable fashion business. We live, think and breathe fashion.

CUSTOMERS

Everything FLF does begins with the customers; the goal is always to exceed their expectations. We offer brands, products and shopping destinations for all Indians, irrespective of their age, styles, dreams, and expectations; they are a source of continuous inspiration. FLF strives always to be attentive and to offer the best combination of fashion, quality and price.

Over **41 million** customers visited our stores.

And over **1 million** stayed in touch with our Brands on Facebook.

IDEAS *and* DESIGN

FLF's design team, trend spotters and buyers work together to create a broad and varied range of inspiring fashion for all – women, men, teenagers and children - complete with shoes and accessories. Quality, sustainability and trend awareness are always in focus. Themes, colors, silhouettes and materials reflect the direction each new season takes. Collections offer items with a high fashion sense as well as classics and personal favorites.

With **6779** employees across the country.

Including dozens of designers, merchandisers, trend spotters and brand creators.

BRANDS

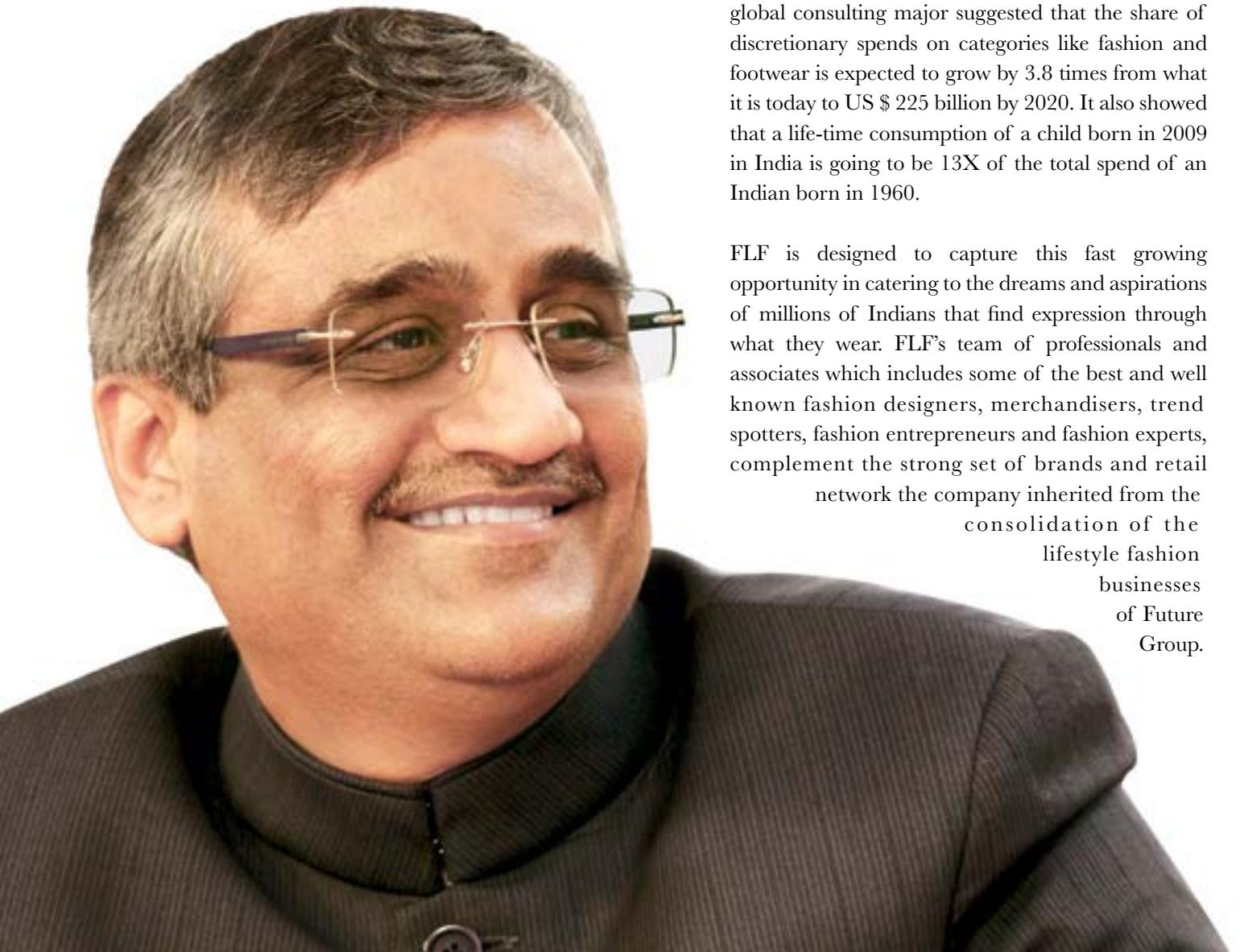
We take brands seriously. With over two dozen brands catering to almost every segment in men and women-wear, our brands are nurtured by dedicated teams based in multiple locations across the country - capturing trends, moods, aspirations and themes and transporting them into the store and then into our customers' wardrobes. Home-grown brands like Indigo Nation, Scullers, Jealous, RIG, Bare, John Miller complement international labels like Lee Cooper, Converse, Manchester United, Umbro, Champion. In addition we are investing in fast growing labels backed by strong designers and entrepreneurs.

STORES

FLF's retail network offers customers inspiring shopping experiences through multiple formats. Whether exclusive brand outlets located in high-streets, or Central department stores offering seamless shopping experiences with over 500 brands, or the niche sportswear chains of Planet Sports or the Brand Factory outlets offering the best brands at smart prices, it isn't hard to find the fashion destination near your home. And now increasingly, our brands are available online as well.

327 stores in 65 odd cities, spread over **4.48 million** square feet.

LETTER *from the MD*



Dear Stakeholders,

We are pleased to share with you the first full year annual report of Future Lifestyle Fashions (FLF). While it is the youngest company in the group, FLF draws upon the learnings and legacy of over two decades of the group's businesses in building brands and retail chains in the lifestyle fashion space in India.

Fashion is amongst the most exciting and prospective sectors in the discretionary consumption space in India. Large brands are yet to emerge, but there is already a set of evolved customers and a growing number of young consumers who are aspirational, brand conscious and keen to establish their identity through what they wear. A study by a global consulting major suggested that the share of discretionary spends on categories like fashion and footwear is expected to grow by 3.8 times from what it is today to US \$ 225 billion by 2020. It also showed that a life-time consumption of a child born in 2009 in India is going to be 13X of the total spend of an Indian born in 1960.

FLF is designed to capture this fast growing opportunity in catering to the dreams and aspirations of millions of Indians that find expression through what they wear. FLF's team of professionals and associates which includes some of the best and well known fashion designers, merchandisers, trend spotters, fashion entrepreneurs and fashion experts, complement the strong set of brands and retail

network the company inherited from the consolidation of the lifestyle fashion businesses of Future Group.

With more than two dozen brands in men-wear and women-wear cutting across occasions, price points and consumer groups along with exclusive licensees and joint ventures with globally renowned fashion brands, FLF has possibly the largest portfolio of fashion brands in the country. Apart from building their own distribution networks through other department stores and exclusive brand outlets, these brands leverage the company's extensive retail network which includes its flagship department stores, an outlet mall, a youth-fashion chain and a sportswear retail chain. This network help the brands compete shoulder-to-shoulder with other domestic and foreign brands and allows them to attain maturity in a much shorter time frame and lower brand building costs. In addition, the company invests in brands being developed by talented fashion designers and fashion entrepreneurs, mentors them through their initial growth stage and help them to achieve a size where they can compete with global brands. These brands also help in add more choice to our department store network and also allow the company to unlock significant value at the time of divestment.

During the financial year the company successfully divested two such investments to global private equity players. We acquired our first stake in BIBA in 2007 and in AND in the following year 2008. Between then and 2013, BIBA's turnover grew

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by five times and operating margins touched 27%. For AND, business grew by eleven times and operating margins touched 20%. The business growth and margin development is indicative of the potential that exists in this market when the right brand and organization meets a strong distribution network that provides the initial springboard for the brand. Against the total investments of ₹ 47 Crores in these two companies, the total proceeds from sale was ₹ 377 Crores.

During the financial year we also added 0.79 million square feet of retail space taking the total space under operation to 4.48 million square feet. Central entered Kochi and Nagpur while Brand Factory entered Kanpur, Raipur, Bhilai, Secunderabad, Asansol, Hubli and Faridabad. The company also made fresh investments in Mumbai-based women's fusion wear brands, Mineral, promoted by noted fashion designer Priyadarshini Rao and Desi Belle, promoted by fashion industry veteran, Sharmila Nadkarni. It also acquired

stakes in Mumbai-based fast-growing footwear brand, Tresmode and Delhi-based Famozi. The company also introduced a few brands including Umbro from the Inconix stable and Hanesbrands' second largest brand, Champion in India through an exclusive long-term licensing arrangement.

For the year ahead, FLF has a robust expansion plan of taking Central and its other retail formats to new cities and investing substantially in growing its existing brands. We will continue to invest and partner with exciting entrepreneurs who have the will and potential to shape the fashion business in India. And in the process we hope to capture the identity, dreams and aspirations of the new, changing India.

Rewrite Rules, Retain Values



Kishore Biyani

The YEAR

April: Best & Brightest

FLF decides to pick up stake in fast growing footwear brand Tresmode and Mineral, founded by noted fashion designer, Priyadarshini Rao



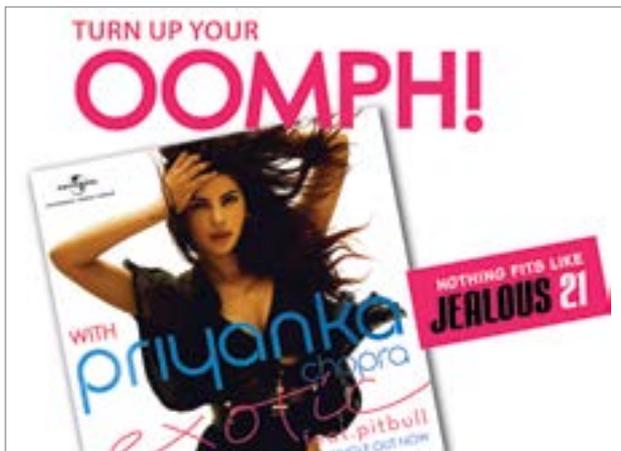
May: Ooh la la

MOHR, a premium women's wear brand is launched across Central stores. The first collection is designed by noted designer, Rahul Mishra



August: The Occasion

Urbana Celestial Collection, an exclusive range of ceremonial wear for premium occasions is launched. Elsewhere Priyanka Chopra is the talk of town as she launches her international single, Exotic in association with Jealous 21



September: Boys will be boys

Ranbir Kapoor sports the Indigo Nation look in Besharam and the brand launches the Besharam.IN collection in 25 styles. Scullers introduces Scullers Sports targeting 22 – 28 years age group for men engaging in active sports



that was...

June: Category Killers

Showcasing their leadership and strength in these segments, Scullers launches its landmark 'We Know Chinos' campaign even as Converse showcases its 'Shoes Are Boring Wear Sneakers' campaign



July: Youth is in

IamIN, FLF's fresh format targeting exclusively the youth is launched, while brands Indigo Nation and Jealous 21 launches their exclusive e-commerce websites for the net savvy younger generation. Jealous 21 crosses half-a-million fans on Facebook



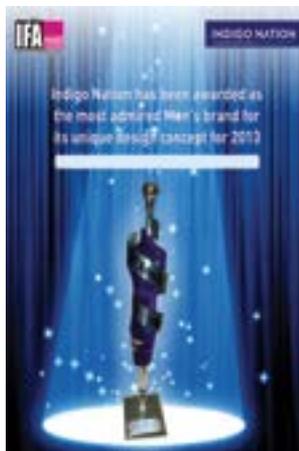
October: Going Places

Manchester United opens an exclusive store at Mumbai airport. Central prepares to greet customers in Nagpur the next month



November: Rewards & Recognition

FLF completes divestments of its stake in BIBA and AND for ₹ 377 Crores against a total investment of ₹ 47 Crores. FLF is awarded Best Performing Partner by Reliance Trends at Performance Awards 2014. Indigo Nation awarded the Most Admired Men's Brand at Images Fashion Awards





The YEAR that was...

December: New Tastes

FLF acquires 11.00% stake in footwear brand Famozi and launches Inconix label, Umbro and Hanes label, Champion through an exclusive partnership in India. 8 Brand Factory stores join the network, including in Raipur, Bhilai, Faridabad and Secunderabad



January: Bigger & Better

FLF acquires 27.50% stake in Desi Belle. Central celebrates the launch of its 25th store in Mumbai



February: Rock my boat

While Converse hosted the Converse Rubber Tracks event in Mumbai and promoted independent music bands across India, Man U displayed the EPL trophy at its stores in Mumbai and Delhi



March: New Look

Central launches its SS 2014 collection featuring dresses, palazzos and harem pants for women and solid shirts and chinos paired with boat shoes and loafers for men. Men's formal wear collection features slim fit trousers, and Brogues or monk straps with slim belts

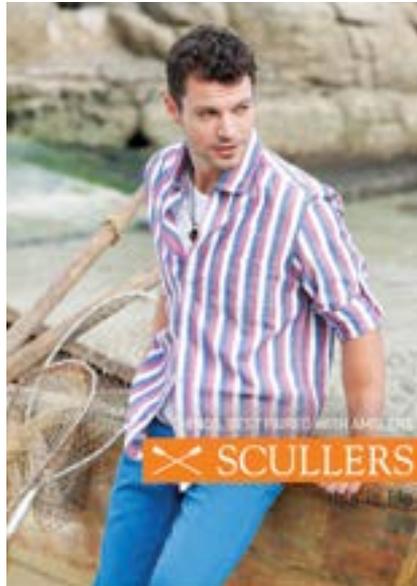


It's a MAN's WORLD

Straddling across all categories – formal, casual and denim wear – and across all occasions, demographic and price points, FLF has one of the most formidable portfolio of men's brands in the country.

Leading the table is **Lee Cooper**, one of the London's original denim brand, crafting denim since 1908. FLF owns a long-term exclusive license of the brand in India for its apparel range and it forms the largest brand in the FLF portfolio. Increasingly being integrated with the Indian context in terms of its design, communication and distribution strategy, the brand is distributed through Central, Brand Factory, and several national multi-brand outlets. Lee Cooper's value range, Lee Cooper Originals has also been introduced in Big Bazaar and is now available through 164 Big Bazaar and 30 fbb outlets.

As a brand, **Scullers** is timeless; embracing the old as well as the new. It is stylish without being flashy, elegant without being somber, sophisticated without being uptight. The brand Scullers and the crossed oars have over the years come to personify a lifestyle and the choice that come with it. During the year, Scullers presented an extraordinary range of smart casuals for this Autumn-Winter in colors like imperial blue, gold rush, english ivy, beet red and antique green.



“During the year, Scullers presented an extraordinary range of smart casuals for this Autumn-Winter in colors like imperial blue, gold rush, english ivy, beet red and antique green. The most recent addition to the Scullers line, Scullers Sport is an exciting collection, defined by strong color blocks, strips and sporty motifs.”

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On the other hand, **Indigo Nation** delivers fast and edgy fashion for the young Indian dude who forever aspires to be 'IN'. Indigo Nation offers an unparalleled range of fashionable office wear, club wear and weekend wear, designed exclusively for those who live life on the edge, are live wires at work and are considered mavericks. Indigo Nation's 'Young and Restless' collection with its trend setter attitude presented edgy club wear, tuxedos and trousers with a sheen to them and stylish shirts with neon hints and slim fit 'shackets' (hooded shirts that have been cross with a jacket). The brand was the official style partner of the Bollywood film, Besharam starring the nation's heartthrob Ranbir Kapoor. The brand created and launched 'Besharam.IN', a collection inspired by the cool and 'bindass' look Ranbir sports in the movie.



SUBJECT TO CHANGE



INDIGO NATION

INDIGO NATION: 89 exclusive stores. Also available at Central, Brand Factory, Reliance Trends, Mega Mart

It's a MAN's WORLD...

On the premium formal wear side, **Urbana** offers a unique blend of innovation and craftsmanship. The brand stands for pure blend of outstanding innovation and exceptional craftsmanship. Each Urbana piece is a masterpiece in its own way because of its exceptional pioneering features. The brand offers a complete ensemble of suits, shirts, trousers and accessories that's a true reflection of sartorial style and finesse. The portfolio includes state of the art shirts with mother of pearl buttons, Gütermann thread, trine placket, Durawhite, zero crush and removable collar highlighting the craftsmanship of the brand.



URBANA

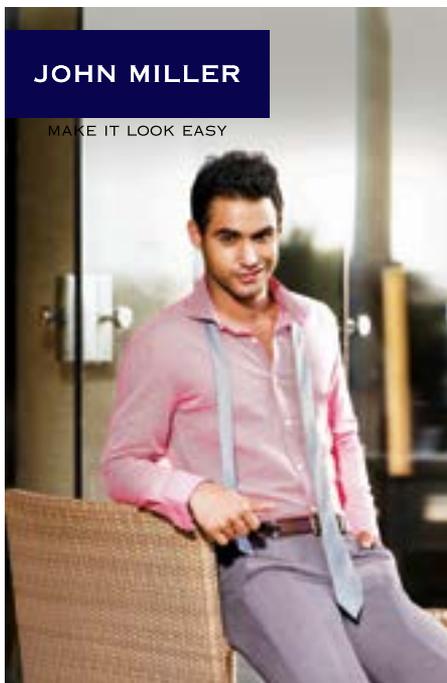
30 exclusive stores.
Also available at **Central,**
Brand Factory



TRU LINEN
— LOMBARD —

Lombard is positioned as a more serious formal wear brand that is positioned with the tagline, 'Where Real Power Rests'. Lombard which was present only in readymade apparel segment till now has now entered into premium range of suitings, shirtings, readymade and accessories. The brand aims to become a one-stop shop for the complete wardrobe solutions for men.

John Miller is a corporate fashion wear brand for all the young corporate achievers who wish to look their best in offices! The wide range of product range includes shirts, trousers to jackets. During the year, the brand introduced glitzy shirts with shiny hues, perfect options for the festive season. Odd sized shirts of 41 and 43 cms and trousers in sizes 31 and 33 cms were a special introduction this season.



JOHN MILLER

64 exclusive stores.

Also available at Central, Brand Factory, Pantaloons, Reliance Trends

Daniel Hechter brings French fashion with a creative twist of cosmopolitan flair. Fashion from Daniel Hechter conveys a lifestyle feeling, rendering the brand both authentic and appealing. The brand offers a complete lifestyle experience full of European tradition and French savoir vivre.

LOMBARD

Available at Central, Brand Factory

DANIEL HETCHER

16 exclusive stores.

Also available at Central, Brand Factory



“The company’s brands are now available across almost all leading online retailers as well and some of the brands including Indigo Nation, Jealous 21, Clarks, Planet Sports and others have their own e-commerce portal.”

The GOODLIFE

If music, sports or the outdoors is the elixir of your life, FLF has a complete set of brands to reflect your mood, taste and talent.

Fashion goes much beyond the ramp. On the field, **Converse**, with its wide range of Sneakers always offers fresh, peppy and vibrant extraordinary options. From Basketball Courts to Garage Bands to Art Studios, with more than

100 years of legacy Converse has established its presence everywhere. Its sneakers and clothes are designed for individuals all around the world who want to live creatively, optimistically and rebelliously.



CONVERSE: 25 exclusive stores. Also available at Central, Brand Factory, Planet Sports

Manchester United is a premium lifestyle sportswear launched in India in December 2011 through an exclusive licensing arrangement with Manchester United Football Club. The brand targets football enthusiast in India with an offering of jerseys, sweatshirts, backpacks and accessories.

FLF has also acquired the exclusive India license of the **Umbro** brand from Inconix Brand Group and of the **Champion** brand from Hanesbrands' Inc.

Globally Umbro builds an identity based on engaging consumers at points where football and culture collide. Football is the biggest shared culture in the world and with the FIFA World Cup in Brazil in June 2014, the brand will leverage the growing interest for the game amongst youngsters and adults.

While the apparel strategy is inclined towards giving a good assortment in lifestyle products category, complimented with a small but crisp performance line, the footwear strategy will focus on running, ably complemented with a very focused soccer line. Umbro pricing strategy is similar to Converse and way below its competitors, thus making it a very attractive proposition.



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FUTURE
LIFESTYLE
FASHIONS

EXCLUSIVE CLOTHING
AND ACCESSORIES

LIVE UNITED



MANCHESTER UNITED: 15 exclusive stores. Also available at Central, Brand Factory, Shopper's Stop

The GOODLIFE

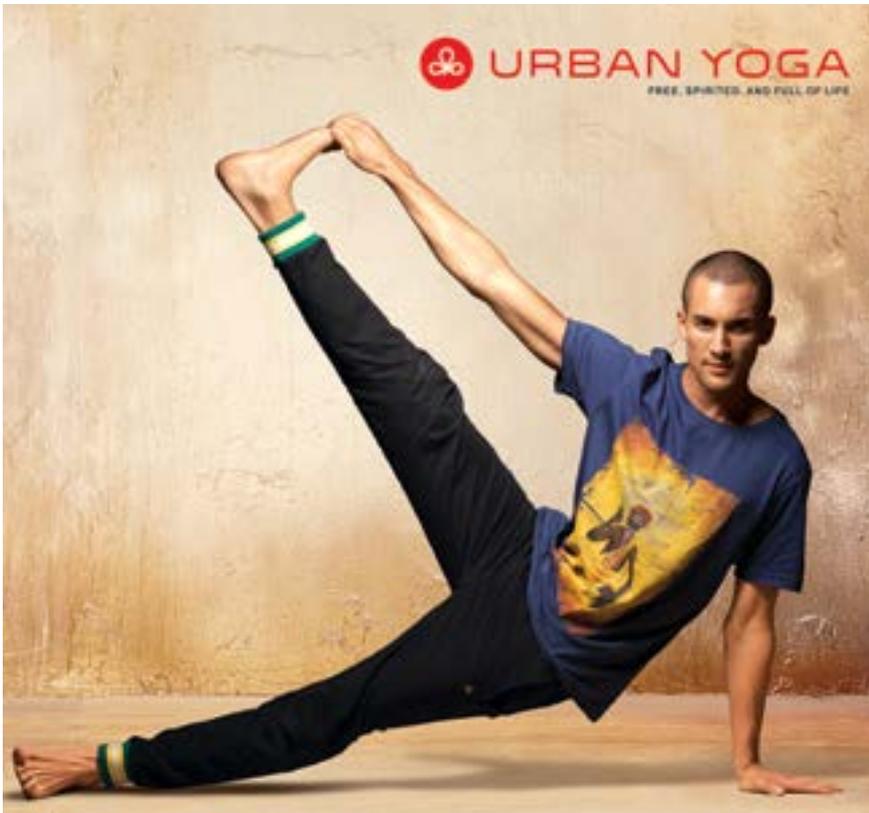
Champion also possess a rich heritage of over 90 years and is Hanesbrands' second largest brand with the namesake Hanes brand in first place. Champion in India is positioned as a sports lifestyle brand operating at entry price point category. It offers great value for money at affordable prices and targets the mass consumer. It targets fitness enthusiast, young athletes and college goers and those who believe in team work, plays the sport with right spirit.



There is a latent explorer in everyone waiting to be unleashed. **RIG** is a clothing brand that revels in this attitude and allows people to live that hidden side of themselves every day. RIG is positioned as utility clothing and has products for men, women and kids. RIG's clothing is unique in style and projects a different attitude from denims or formal wear. The range includes cargos, 3/4ths, skirts, shorts, t-shirts and shirts for men, women and kids.

RIG

Available at Central,
Brand Factory



Yoga is reinventing itself and **Urban Yoga** is briskly keeping pace with this trend with its range of fashionable apparels that are just right for either an intense workout session or as everyday wear. The portfolio includes eco-tees with eco inspired themes, Sandesh Tees with messages, yoga specialist designed to make yoga easy, Dry Fresh – performance wear. Urban Yoga makes yoga chic and stylish with flattering yoga clothes that move with the body and turns head at the same time.

URBAN YOGA

6 exclusive stores.
Also available in **Central,**
Brand Factory

UMM, an Italian brand of casual and denim wear inspired by underground music that travels into the alternate world of extreme imaginations and amplified experiences. UMM absorbs and translates these experiences into fashion for a new breed of youngsters who express their individuality through the lifestyle choices that they make.

UMM's 2014 wardrobe is a collection of stories rooted in Electronic Dance Music – from psychokinetic sounds to simply noisy to include rock-inspired at the other end of the spectrum. The collection is a mix and match of patterns, graphics, colors and fabrics – colorful, shiny, young and crazy that come together to create a hypnotic vision of an alternate world.



UMM
Available at **Central,**
Brand Factory

For HER

From India's most popular exclusive women's denim wear brand, Jealous 21 to a hot, new footwear brand that reflects glamour and sophistication, Ceriz to an entire line, Mohr that is being developed and curated by a celebrity designer every year, FLF's women's wear brands reflects the aspirations of the modern, bold Indian women.

Jealous 21, India's leading exclusive women's wear brand, revolutionized the jeans market for women by launching jeans that fits every body type of Indian women. Fit is the primary attribute that any woman looks for when she buys jeans. To get the perfect fitted jeans, the hip and waist size have to be correct. However jeans available in the market use a single hip to waist ratio. That was the real gap, which was addressed by Jealous 21 by introducing a unique concept of 3 hip sizes for every waist size. 'Hottie' for the slim Hips, 'Hour Glass' for the regular hips & 'Bootilicious' for the curvier hips. Matching an elaborate range of Hip-fit Jeans is an equally stunning range of tops & tees.



The brand recently launched its Club 21 range and an exclusive line of fashion accessories designed by the popular accessories brand Ayesha. Oozing with oomph, this brand is designed to infatuate today's young women. Over the years, the brand has successfully associated with fashion divas like Britney Spears and Kareena Kapoor, this year the brand became the fashion partner for Priyanka Chopra's latest international single, 'Exotic'.

JEALOUS 21

42 exclusive stores.

Also available at
Central,
Brand Factory,
Pantaloons, Mega Mart,
Reliance Trends



#hotnessneedsnorescuing

NOTHING FITS LIKE
JEALOUS 21

3 HIP SIZES FOR
EVERY WAIST SIZE

INTRODUCING



SCULLERZ



For HER...

The company has also extended **Scullers** brand into the women's wear and kids wear segment. Geometric printed satin scarves, classic checks and striped shirts for women were designed to make them look elegant and professional at the same time. An extension of Scullers reinterpreted for children, Scullers Kids is a range of clothing drenched in the sun and spirit of outdoors. For those between the years 3-12, these clothes are comfortable and yet hardy enough for the rough and tumble.

Woman today wants to look good every time and every where she goes. No one understands this better than **Mohr**, a premium women's wear brand, launched by FLF during the year.

MOHR encompasses all the different shades of a woman dressing and caters to all the different moods of her and gives her the perfect fit. From joyous to beautiful, Mohr makes a woman look poised in her every move.

MOHR is a beautiful mix of traditional Indian wear and the contemporary western dressing. The collections draw inspiration from far and wide. The range includes the beautiful Aztec prints, high-low hemlines, and traditional Indian motifs and patterns which are combined with western silhouette and form.

“An extension of Scullers reinterpreted for children, Scullers Kids is a range of clothing drenched in the sun and spirit of outdoors. For those between the years 3-12, these clothes are comfortable and yet hardy enough for the rough and tumble.”

Ceriz is the latest footwear brand that has been launched exclusively at Central. Its uber chic and trendy designs – often inspired from the color red and the Indian paisley form - ensure Central's customers are spoilt for choice. Eternally new, eternally fresh and effortlessly glamorous, Ceriz has footwear options for each and every day. The brand aims to please the ladies by celebrating their individuality and echoing their signature styles. The Ceriz woman is Indian and global, stylish and sensible, high fashion and street. Ceriz is now available in the cities of Pune, Mumbai, Bengaluru, Nagpur, Ahemdabad, Surat, Baroda, Kochi, Jaipur and Hyderabad and in the Central stores in these cities.

SCULLERS

77 exclusive stores.
Also available in
Central,
Brand Factory,
Mega Mart,
Reliance Trends

MOHR

16 exclusive stores.
Also available in
Central,
Brand Factory

INVESTING *in the* FUTURE

The Company's experience in brands and retail coupled with its extensive distribution network allows the Company to invest, mentor and reap benefits from brands being developed by promising entrepreneurs and designers in the country. Apart from 2 joint ventures with leading global companies in their space, the company has a growing portfolio of fast growing brands that are set to become the trend setters on the national scene.

Apart from developing the Company's own portfolio of brands, the Company has also been investing and nurturing a set of fast-growing brands backed by talented designers and entrepreneurs. Fashion brands in India and elsewhere in the world suffer from high mortality rates due to the high initial spends that is required in brand building, creating visibility and distribution. For a set of very carefully selected brands, FLF mentors, invests and partners with these brands providing them with the space and visibility they need across our stores, equity to invest in working capital and brand development and mentorship from the senior management team of FLF. The objective is to ride these brands past the mortality stage and turn them into national brands that can compete with the best global and domestic brands in this space. These brands also add more color and variety to the choice customers get within our retail formats.

While the divestiture of BIBA and AND brands to leading global private equity players for a net profit of ₹ 330 Crores proved the success of this concept, the company continues to build and develop this portfolio. In the next couple of years, the company is quite confident that many of the brands it has currently invested in can become as big as BIBA or AND, if not more.

In the apparel space, the company owns a 26.00% stake in Kolkata based men-wear brand, **Turtle**, a 27.50% stake in Mumbai-based women's fusion wear brand **Desi Belle**, a 22.70% stake in Mineral, a brand founded by noted fashion designer, Priyadarshini Rao and 63.34% stake in Bengaluru-based ethnic wear brand that is committed to fair trade, **MotherEarth**. The company also operates a joint venture with French brand, **Celio**.

“For a set of very carefully selected brands, FLF mentors, invests and partners with these brands providing them with the space and visibility they need across our stores, equity to invest in working capital and brand development and mentorship from the senior management team of FLF.”

In the footwear space, the company has picked up a 33.30% stake in **KFC Shoemaker**, the company behind the fast growing women’s footwear brand **Tresmode** and a 11.00% stake in Delhi-based footwear brand **Famoz**. The company also operates a joint venture with British footwear brand, **Clarks**.

In the handbags and accessories category, the company operates a joint venture with leading Indian luxury brand Hidesign that manufactures and sells **Holii**, a handbags and accessories brand inspired by Indian motifs and materials.

Turtle Limited established in 1993 is a leading men’s apparel wear company, with brands Turtle and London Bridge. Along with formals, casuals and party-wear, the portfolio also includes footwear, head-gear, bags and eye-wear. The brand is available



in over 400 cities, across over 1,400 MBOs and over 70 EBOs in India and also in UAE, Bahrain, Oman, Saudi Arabia, and Kuwait.

KFC Shoemaker owns and operates brands Tresmode and Solovoga. The company started its operations in March 2008, capitalizing on the promoter family’s deep understanding of the global footwear industry. The Company retails its products through a mix of 10 exclusive brand outlets and shop-in-shops across Central, Shoppers Stop, Lifestyle, Pantaloons and Reliance Footprint across India.



www.themineralife.com

mineral

INVESTING *in the* FUTURE

Mineral Fashions, established in October 2010, was founded by noted fashion designer Priyadarshini Rao and her husband, Jaydeep Shetty, a retail industry veteran. The couture brand “Priyadarshini Rao” is focused on the premium designer end of the market. Mineral operates 6 exclusive brand outlets and shop-in-shop formats with outlets in Central, Shoppers Stop, Lifestyle.

Re-Source World Exim was started in November 2010 by retail industry veteran, Sharmila Nadkarni and owns the **Desi Belle** brand. Eclat Lifestyle owns Famozi, positioned as a fast fashion footwear brand, having one of the highest style rotations in the footwear market in India. **Famozi** has been introduced in Central, Brand Factory, Reliance Footprints, Touristor, Ritu Wears, Delco, Shoe express, Shoetree, Inc5.

Indus Tree Crafts, established in 1994, is a social enterprise engaged in the business of manufacturing and retail of apparel, furniture, food, home décor, home linen and natural fiber made products under the brand “Mother Earth”. The Company sources its products from artisans, self help groups and small and mid size producer companies. The distribution network of the company includes 7 exclusive outlets and shop in shops at Central, Brand Factory, Hypercity, @Home, Homestop.

French menswear retailer, **Celio** is a powerful name, an international brand based on strong values associated with accessibility and generosity for fashion devoted exclusively to men. The brand offers a wide selection of casual wear and denim-wear and also has a chain of 30 EBOs in key cities across the country.



Holii brand was launched in 2009 as part of a joint venture partnership with Hidesign. Holii was born out of a desire to create a great Indian brand that reflects both the aesthetics of a sophisticated culture and the modernity and buzz of the most complex women in the world. Holli is available through 13 exclusive stores, including at major airports and at over 50 multi brand outlets. Clarks was launched in 2011 and offers range of branded boots, sandals and shoes for men and women. The brand already has 24 EBOs across the country.

BRAND.NEW

As company's department store network Central gears up for its 10th anniversary celebration in 2014, it is exploring ways to further strengthen the experiential shopping environment that it offers and enhance the partnerships it has with over 500 brands. These will help Central consolidate its leadership position in key markets like Bengaluru, Hyderabad and Pune and gain further traction in key cities across India.

Garnering more than 27 million footfalls at its stores and almost a million Facebook likes in its social media debut year, Central is focused on winning the hearts and minds of India's fashionistas. The Company's flagship retail format, Central is a chain of department stores located in central areas of large Indian metropolises and cities. Central's tagline BRAND.NEW is a perfect fit as the brand delivers the latest of fashion trends and it just keeps on getting better.

There are 25 Central stores in large cities like Mumbai, Bengaluru, Hyderabad, Pune, Ahmedabad and Gurgaon, as well as smaller cities like Baroda, Indore, Vizag and Surat. During the year, the format established its presence in cities Nagpur and Kochi. The company operates around 2.68 million square feet of retail space under this format.

These are large-format stores measuring anywhere between 60,000 square feet to 230,000 square feet and offering over 500 brands across every category including men-wear, casual wear, ethnic-wear, women-wear, kids wear, footwear, accessories, home products, health and beauty.

These stores, often located in standalone locations also have food-courts, restaurants, supermarkets and electronics superstores built within.



During the year, the format launched a campaign, 'Fashion That's New', showcasing apparel, footwear and accessories to add oomph to a woman's wardrobe. The Autumn Winter season featured Retro inspired theme of the finest apparel, footwear, sunglasses and ladies handbags. With the onset of festivals, Central offered an ethnic range inspired by Mughal, Egyptian and Oriental styles. The entire collection had rich embroidery work on brocade and silk Anarkalis and Kurtis of bright colors. The new range also offered a wide array of apparel and accessories across latest styles, fits, shades and fabrics. The collection also included 'The Biker' luxe denims for Men and Women with punk tees and shirts, biker boots and chunky belts.



LOVE of FASHION

Specialty retail formats, Planet Sports and aLL cater to niche clientele who are extremely loyal to these brands. While Planet Sports offers the best of global brands in sports and active wear, aLL offers the latest styles and trends to plus-size shoppers.

PLANET SPORTS

Planet Sports is India's leading multi-brand sportswear and sports goods chain with 47 stores. It acts as a one-stop destination for the latest global trends in the sports segment offering apparel, footwear, sports-wear, equipment and accessories. This format has a footprint across 24 cities, majorly concentrated around Tier I and Tier II cities.

During the year, the format expanded its network through 9 stores in cities including Jaipur, Chandigarh, Pune, Mumbai, Vadodara and Kanpur.

47 stores, 24 cities, 214,403 sq ft,
9 new stores



aLL

Launched in 2005, “aLL - A Little Larger” format has established itself in the niche plus-size clothing category. With the plus-size apparel market forecasted to grow by at least 15% in India, the plus size clothing is a huge opportunity across men and women categories. aLL houses a wide range of ready to wear fashionable western and ethnic wear and accessories that are otherwise not easily available for brand conscious plus-size customers. During the year, the format opened 13 stores across Bengaluru, Mumbai, Vadodara, Delhi, Chennai, Kanpur, Pune, Hubli, and Kolkata. Currently, the format is present in 16 cities across India through a network of 34 exclusive outlets. The format also operates through multi brand outlets including Central, Brand Factory and Pantaloons.

34 stores, 16 cities, 49,600 sq ft,
13 new stores



YOUNGISTAAN

In a country where the median age is 26 years, FLF has two retail networks that firmly focuses on the youth. IamIN the company's latest format focuses exclusively on youth fashion with casual wear and denims dominating the collection. Brand Factory on the other hand is a outlet store network offering the best brands at smart prices.

IamIN

'IamIN', a brand new concept of FLF. Full of life, colorful, fresh and energetic defines 'IamIN'. Targeted at the youth, each of the IamIN store features the company-owned brands' range in youth fashion, campus fashion and casual wear range. Stores are typically within 5000 to 8000 square feet and fit in well within popular, youth-focused malls. The concept positions itself as cool and attitude driven, urban in its outlook, and very casual in approach. The brand's tagline 'THE STYLE CLAN' refers to the young enthusiastic people who wish to add some flavor in their style statement. Currently, the company operates three stores in Mumbai, Nagpur and Bengaluru under this format.

3 stores, 3 cities, 22,770 sq ft,
3 new stores



BRAND FACTORY

Launched in 2006, Brand Factory is an outlet store, positioned as a stopover hub for graduating to lifestyle fashion. Brand Factory targets the cost-conscious aspirational youth segment aged 20-35. The format is the best place to pick up the most desirable brands at smart prices. This format also acts as a reverse logistics chain to Central. Brand Factory has 38 stores in 18 cities covering 1.28 million square feet. During the year, the format opened 13 stores spread across cities including Bengaluru, Asansol, Hubli, Kolkata, Kanpur, Raipur, Bhilai, Faridabad, Secundrabad and Hyderabad.

During the year, the format witnessed footfalls of over 9 million with over half a million followers on Facebook.

38 stores, 18 cities, 1.28 mn sq ft,
13 new stores



FLF *in* FIGURES

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Future Lifestyle Fashions (FLF) is created by consolidation of the lifestyle fashion businesses of Future Group. The Company's businesses have been designed to capture the trend of consumers getting more attuned to fashion and brand preferences. Through presence in three integrated areas: fashion brands, fashion distribution and investments in fast growing fashion companies, FLF is poised to capture the fast growing and evolving lifestyle fashion market in the country.

FLF has a portfolio of fashion brands covering the entire gamut of categories including formal mens wear, casual wear, active or sports wear, women's ethnic wear, women's denim wear, women's casual wear, footwear and accessories and are present across various price points. Further, the Company has exclusive manufacturing and marketing licenses for India for global brands. The portfolio of fashion brands are distributed through own retail chains, exclusive brand outlets (EBOs) and multi brand outlets (MBOs) across the country. The Company also operates national retail chains viz. Central, Brand Factory, IamIN, aLL and Planet Sports, that is spread across 4.48 million square feet of retail space. These chains are backed by strong sourcing network, in-house trend-spotting and design teams, coupled with robust logistics and warehousing network.

The Company also focuses on investing in fast growing fashion companies and building the portfolio of fashion brands. To further strengthen the fashion portfolio the Company has investments in companies, which owns/manages fashion brands like Turtle, Celio, Clarks, Mother Earth, Tresmode, Mineral, Desi Belle and Famozi.

OPERATIONAL OVERVIEW

FLF follows a vertically integrated business model encompassing trend spotting, brand building, product development, manufacturing and distribution. FLF keeps track of customer preference and emerging trends in the lifestyle fashion market. These trends lead to creation of new brands, products or offerings to meet the consumer needs. Based on consumer needs and business opportunity, FLF creates, develops and nurtures brands to make the product offering for lifestyle needs of consumer. The brand portfolio meets the needs of different customer segments in lifestyle fashion business.

At the end of the year, FLF operated through 4.48 million sq ft of retail space across its retail formats. The

Company undertook modest store expansion during the year adding around 0.79 million sq ft of space. Apart from own store network, the brands are also retailed through national multi-brand outlets and leading e-commerce sites. During the year, Indigo Nation and Jealous 21 further strengthened online presence through their exclusive online e-shops.

During the year, the Company completed the divestment of its stake in two fashion businesses BIBA and AND for ₹ 377 Crores. However, FLF continued to invest in fast growing fashion brands by acquiring stakes in brands - Mineral, Desi Belle and Famozi. FLF also launched two new brands exclusive to Central stores, Mohr, a premium women's wear brand and Ceriz, a trendy footwear brand.

FLF was awarded with the Best Performing Partner Award by Reliance Trends at Performance Awards 2014. Also Indigo Nation was awarded the Most Admired Men's Brand at Images Fashion Awards 2014.

CUSTOMER AND MARKETING OVERVIEW

The process of brand building includes activities like branding, in-store display and promotion, mass media communication through print, hoardings and electronic media, event sponsorships and associations. This creates mind share for the brand and market share follows.

FLF witnessed new product launches across its brand portfolio, Scullers extended its fashion line to Scullers Kids and Scullers Sport. Similarly, Jealous 21 extended its range to club wear and accessories. Central also launched a campaign, '*Fashion That's New*', showcasing apparel, footwear and accessories to add oomph to a woman's wardrobe.

In addition, FLF also carried out various customer engagement and promotional activities. Indigo Nation was the official style partner of 'Besharam' starring Ranbir Kapoor and Jealous 21 was associated with Priyanka Chopra's latest international single, 'Exotic'.

FLF stores are also part of "Payback" loyalty program under which customers can earn points against their purchases and redeem accumulated points at our as well as other Payback partner establishments.

COMPETITION

The Company operates in a competitive market

environment. The Company faces competition from other fashion brands and national retailers. Further, it faces competition from online retailers who market similar products. Additionally, we may face competition from international players if foreign participation in the retail sector is further liberalized.

The Company's vast experience in fashion, strong sourcing abilities, a strong portfolio of fashion brands and loyalty programs are expected to provide a fundamentally stronger position to face competition. FLF is also tapping into other multi-brand retailers and online channels to distribute its brands across India. The Company's fashion formats have established a strong presence across major metropolis and also expanding beyond the top 8 cities like Nagpur, Patna, Hubli, Kanpur among others.

HUMAN RESOURCE INITIATIVES

FLF employs around 6,800 employees located at head office, zonal offices, retail stores and EBOs across the country. The People Office takes care of acquisition, development and retention of right skills and talent in a way that best supports the accomplishment of the Company's goals and objectives. FLF believes in creating a culture and environment that allows its people resources to best utilize their skills, knowledge and leadership abilities and collectively excel in serving the customers. The Company runs a number of learning and development programs for employees at each level.

BUSINESS OUTLOOK

In the coming financial year, FLF will focus on investing substantially in growing its existing brand portfolio and aspire to make some of them into India's largest selling brands. Growth in the brand business will result from our own retail network, Central and exclusive brand outlets, along with expansion through national fashion retailers and the online space. The Company will also expand its EBO network to towns and cities in order to capture newer markets which are currently not serviced by multi-brand outlets. The brands will be continued to be nurtured by dedicated teams capturing trends, moods and aspirations of the customers. FLF will also launch and extend its brand portfolio to new fashion lines and categories, footwear and accessories, in order to capture larger consumer spending.

FLF plans to expand its retail network to newer cities and also penetrate existing cities. The Company will continue to partner with and grow new fashion categories leveraging its store network. With the improvement in

consumer sentiment and higher consumer spending, the Company expects to deliver higher same store sales growth along with higher operating margins. FLF will undertake various initiatives to increase footfalls, store productivity and consumer ticket size.

FLF will continue to explore opportunities to partner and invest in fast growing labels managed by designers and entrepreneurs.

RISKS AND THREATS

The state of external environment, including factors like interest rates, inflation, quick changes in fashion, growth in economic activity, job creation, consumer sentiments and consumption have been identified as key threats as well as opportunities for the Company. Increase of interest rates, inflation, quick changes in fashion, slowdown of economic activities in the country, changes in government policies, reduction in consumption can impact growth of the Company. However, the Company has identified each of the risks and ensured measures to mitigate such risks. These include deleveraging the balance sheet, deployment of dedicated teams to capture trends, moods and aspirations of the customers, widening the customer base to ensure consumption even in the case of slow down of economic environment, multiple format business to ensure that the Company remains in business even with changes in policies. The Company has also considered further equity expansion to increase financial capabilities and counter threats emerging out of financial dependence on external funds. In addition to the above, the management's efforts in increasing per store efficiency and improving product margin, will ensure better profitability for the Company and enable it to sustain in adverse scenarios.

The management team has set standards and policies for each of the identified risks and responsibility of management has also been defined to ensure that appropriate risk mitigating measures are implemented, if any identified threat / risk causes further concern. The risk register is reviewed periodically and appropriate risk mitigating measures are implemented for the new risks identified in the review and extensive use of technology is implemented to ensure minimization of risk of execution.

INTERNAL CONTROLS AND THEIR ADEQUACY

The Company has identified key external and internal risks associated with the operations as well as control process to mitigate such risks. Further, regular review

of identification of risks and control process to mitigate such identified risks ensures new evolved risks are identified well within time and appropriate control process to counter such risks is established. The Company also makes appropriate use of its ERP system, SAP, to put checks and controls to strengthen the internal control framework for financial reporting, organisation structure, authorities and procedures, which are also reviewed and validated by the external experts.

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

REVIEW OF FINANCIAL PERFORMANCE OF THE COMPANY FOR THE YEAR UNDER REVIEW

The financial performance of the Company for the year under review was not comparable to the previous financial year for the following reasons:

- a. There were no operations during the previous financial period.
- b. The operations of the Company commenced during the current financial year with effect from 29 May 2013, being the effective date of the Composite Scheme of Arrangement and Amalgamation through which demerged fashion business was vested in the Company.

SALES

During the financial year ended 31 March 2014, the Company's Sales and Other Operating Income was ₹ 2743.98 Crores. The Company had also recorded Same Store Sales growth of 10.44% for financial year ended 31 March 2014.

PROFIT BEFORE TAX

Profit before Tax (including exceptional items) of the Company for financial year ended 31 March 2014 stood at ₹ 34.24 Crores.

INTEREST

Interest & Financial charges outflow is ₹ 162.95 Crores for financial year ended 31 March 2014. The interest & financial charges cover for financial year ended March 2014 under review is 3.72 times.

NET PROFIT

Net Profit (including exceptional items) of the Company for financial year ended 31 March 2014 under review stood at ₹ 23.28 Crores.

DIVIDEND

The Company has proposed a dividend of ₹ 0.40 (20.00%) per Equity Share. The dividend would be payable on all Equity Shares of the Company.

CAPITAL EMPLOYED

The capital employed in the business was ₹ 2,847.10 Crores as at 31 March 2014. EBITDA return on capital employed during 2013-14 was 32.67%.

SURPLUS MANAGEMENT

The Company generated a cash profit of ₹ 412.17 Crores for financial year ended 31 March 2014. The balance amount, after cash outflow on account of proposed dividend, is ploughed back into the business to fund the growth. The growth of the Company has partly been funded by the cash generated from the business as well as from additional funds borrowed.

EQUITY SHARE CAPITAL

Equity share capital of the Company has been increased to ₹ 30.89 Crores during the financial year under review. The Equity Shares have been allotted pursuant to the Composite Scheme of Arrangement and Amalgamation.

NET DEBT-EQUITY

Net Debt-equity ratio of the Company was 1.20 as at 31 March 2014.

EARNINGS PER SHARE (EPS)

The Company's Basic and Diluted Earnings per Share (EPS) was ₹ 1.51 for financial year ended 31 March 2014.

CASH EARNINGS PER SHARE (CEPS)

The Company's Cash Earnings Per Share (CEPS) was ₹ 26.68 for the financial year ended 31 March 2014.

INVESTMENT

The Company's investment portfolio was ₹ 378.53 Crores for financial year ended 31 March 2014.

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the Second Annual Report together with the Audited Accounts for the financial year ended 31 March 2014.

FINANCIAL HIGHLIGHTS

The operating results of the Company for the Year/Period under review are as follows:

(₹ in Crores)

	Year ended March 2014	Period ended March 2013
Sales (Net of Taxes)	2660.81	-
Operating Income	83.17	-
Other Income	331.72	0.15
Total Income	3075.70	0.15
Profit/(Loss) before Depreciation & Tax	419.43	(0.33)
Less: Depreciation and Amortisation	385.19	-
Profit/(Loss) before Tax	34.24	(0.33)
Less: Provision for Taxation	10.96	0.01
Profit/(Loss) after Tax	23.28	(0.34)
Add: Loss brought forward from previous year	(0.34)	-
Add: Profit pursuant to Composite Scheme of Arrangement	4.05	-
Surplus/(Deficit) available for appropriation	26.99	(0.34)
APPROPRIATION		
Debenture Redemption Reserve	15.10	-
Transfer to General Reserve	2.33	-
Proposed Dividend	6.18	-
Provision for Dividend Tax	1.05	-
Balance carried to Balance Sheet	2.33	(0.34)

COMMENCEMENT OF OPERATIONS

The operations of the Company commenced pursuant to the Composite Scheme of Arrangement and Amalgamation (Scheme) between the Company and Indus-League Clothing Limited, Lee Cooper (India) Limited, Future Ventures India Limited (now Future Consumer Enterprise Limited), Pantaloon Retail (India) Limited (now Future Retail Limited) and their respective shareholders and creditors whereby fashion business of Future Retail Limited and Future Consumer Enterprise Limited was demerged and vested with the Company from the Appointed Date of 1 January 2013, as provided in the Scheme. The Scheme was sanctioned by the Hon'ble High Court of Judicature at Bombay on 10 May 2013 and the order of the High Court was filed by the Company with the Registrar of Companies, Maharashtra,

Mumbai on 29 May 2013 which is the effective date of the scheme.

REVIEW OF PERFORMANCE

Your Company reported revenue of ₹ 3,075.70 Crores during the financial year 2013-14 and registered a net profit of ₹ 23.28 Crores. This being first year of Company's operations, your directors are confident of further growth in the years to come.

Your Company operates through 25 Central, 38 Brand Factory, 34 aLL, 47 Planet Stores and 183 EBOs comprising of Daniel Hechter, Scullers, Indigo Nation, Manchester United, Jealous 21, John Miller, Mohr, Urbana, Urban Yoga, IamIN, Lee Cooper, Converse, Puma and Addidas.

The management has been reviewing the performance of various formats and projects better profitability in future through better performance of its various brands. Your Company is proposing to focus on the growth of its brands portfolio and expansion of the retail network by increasing its presence in new cities, which are at present not serviced by multi brand outlets. Further, the Company also proposes to expand its product offerings by adding new fashion lines and categories to capture higher fashion consumption of the customers. At the same time, the Company also aims to partner with high growth brands, increase the same store growth and improve its operating margins to deliver improved performance in the years to come.

ISSUE OF EQUITY SHARES

Pursuant to the Scheme, the Company issued and allotted 12,87,41,832 Equity Shares of ₹ 2/- each on 25 June 2013 to the shareholders of Future Retail Limited (Formerly known as Pantaloon Retail (India) Limited) and Future Consumer Enterprise Limited (Formerly known as Future Ventures India Limited) as under:

- One (1) fully paid Equity Share of ₹ 2/- each of Future Lifestyle Fashions Limited as fully paid up for every Three (3) Equity Shares held in Future Retail Limited
- One (1) fully paid Equity Share of ₹ 2/- each of Future Lifestyle Fashions Limited as fully paid up for every Three (3) Class B (Series 1) Shares held in Future Retail Limited
- One (1) fully paid Equity Share of ₹ 2/- each of Future Lifestyle Fashions Limited as fully paid up for every Thirty One (31) Equity Shares held in Future Consumer Enterprise Limited

Further, after the financial year, the Company issued 1,61,332 Equity Shares of the Company under Employees' Stock Option Scheme -2013, to the eligible employees of the Company who were transferred to the Company pursuant to the Scheme.

LISTING OF EQUITY SHARES OF THE COMPANY

Pursuant to the Scheme, the Equity Shares were proposed to be listed on the BSE Limited and National Stock Exchange of India Limited. The Company received Listing and trading approval from both the Stock Exchanges and trading in Equity Shares of the Company commenced from 1 October 2013.

REGISTRAR & SHARE TRANSFER AGENT

Your Company has appointed Link Intime India Private Limited, Mumbai as its Registrar & Share Transfer Agent.

INVESTMENTS

During the year under review, the Company has made strategic investment in the following entities:

Eclat Lifestyle Private Limited

The Company has acquired 11.00% stake in Eclat Lifestyle Private Limited, a company engaged in business of footwear under brand "Famozi" in India.

Resource World Exim Private Limited

The Company has acquired 27.50% stake in Resource World Exim Private Limited, a company engaged in indo-fusion women's fashion apparel business under the brand "Desi Belle" in India.

KFC Shoemaker Private Limited

The Company has acquired 33.30% stake in KFC Shoemaker Private Limited, a Company engaged in business of wholesale and retailing of footwear under the brand names 'Tresmode' & 'Solovoga'.

Mineral Fashions Private Limited

The Company has acquired 22.70% stake in Mineral Fashions Private Limited, a Company engaged in business of manufacturing & retailing of clothing & fashion accessories under the brand name "Mineral".

The Company holds all the above investments made during the year, together with investments already held in its books, as held for sale.

DIVESTMENTS

As part of its strategy to look for opportunity to make divestment of investments which provide appropriate valuation, during the year under review, the Company divested its stake of 25.80% and 22.86% in Biba Apparels Private Limited and And Designs India Limited respectively.

EMPLOYEES STOCK OPTIONS (ESOPs)

The Board of Directors of the Company in its meeting held on 14 August 2013 had, based on the approval and recommendation of the Nomination and Compensation Committee of the Directors of the Company approved

FLFL Employees Stock Option Scheme-2013 (“ESOS-2013”) in order to grant options to the eligible employees of Future Retail Limited (Formerly known as Pantaloon Retail (India) Limited), Future Value Retail Limited and Future Consumer Enterprise Limited (Formerly Known as Future Ventures India Limited) who were transferred to the Company pursuant to the Composite Scheme of Arrangement and Amalgamation as approved by the Hon’ble High Court of Judicature at Bombay on 10 May 2013 (“the Scheme”) and also in order to retain talent and compensate to such employees of the Company, who would be identified by the management and approved by the Nomination and Compensation Committee as eligible for such grants.

Accordingly, the Board in its meeting held on 31 October 2013, approved issue of 15,00,000 (Fifteen Lakhs) Options convertible into 15,00,000 (Fifteen

Lakhs) Equity Shares, of ₹ 2/- each, on the date(s) of the grant of Option(s) under ESOS – 2013 in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of shareholders under Section 81(1A) of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force. The shareholders of the Company at their Extraordinary General Meeting held on 16 December 2013 had approved the aforesaid issue of 15,00,000 (Fifteen Lakhs) Options convertible into 15,00,000 (Fifteen Lakhs) Equity Shares. The Nomination and Compensation Committee by its circular resolution passed on 17 January 2014 approved to issue 3,01,161 grants to the eligible employees of Future Retail Limited, Future Value Retail Limited and Future Consumer Enterprise Limited who were transferred to the Company pursuant to the Scheme.

A. Summary of Status of ESOPs Granted

The position of the existing scheme is summarized as under -

Sr. No.	Particulars	Details
1	Details of the Meeting*	Extra Ordinary General Meeting held on 16 December 2013**
2	Approved*	15,00,000
3	The Pricing Formula	₹ 10
4	Options Granted - under the Scheme of Demerger of fashion business of Future Retail Limited and Future Consumer Enterprise Limited to Future Lifestyle Fashions Limited *	3,01,161
5	Options Vested and Exercisable	2,64,777
6	Options Exercised	-
7	Options Cancelled	-
8	Options Lapsed	-
9	Total Number of Options in force *	3,01,161
10	Variation in terms of ESOP	Not Applicable
11	Total number of shares arising as a result of exercise of Options	-
12	Money realised by exercise of Options (₹ In Crores)	-

*Value for value exchange of Options under the Scheme of Demerger of fashion business of Future Retail Limited and Future Consumer Enterprise Limited in to Future Lifestyle Fashions Limited

** Original Grant approved in Future Retail Limited on 4 February 2013 for 25,00,000 Options and in Future Consumer Enterprise Limited on 10 August 2010 for 5,00,00,000 Options

B. Employee-wise details of Options granted during the financial year 2013-14 to:

(i) Senior Managerial Personnel

Name of the Employee	No of Options
Chandra Prakash Toshniwal	53,567
Kuldeep Sharma	8,570

(ii) Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year

Name of the Employee	No of Options granted
M Vishnu Prasad	53,567
Rajesh Seth	35,713
Arindam Guha	28,519
Vijaya Kumar N.	16,129
K Venkateshwar Rao	25,519
Chandra Prakash Toshniwal	53,567
Rachna Aggarwal	55,012

(iii) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

None

C Weighted average Fair Value of Options granted during the year whose

(a) Exercise price equals market price	-
(b) Exercise price is greater than market price	-
(c) Exercise price is less than market price*	78.47

*Value for value exchange of Options under the Scheme of Demerger, hence fair value has been revised for Options transferred from Future Retail Limited.

Weighted average Exercise price of options granted during the year whose

(a) Exercise price equals market price	-
(b) Exercise price is greater than market price	-
(c) Exercise price is less than market price*	10.00

*Value for value exchange of Options under the Scheme of Demerger, hence Exercise Price has been revised for Options transferred from Future Retail Limited.

D The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2011-12 is ₹ 1.09 Crores. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2011-12 would be ₹ 3.70 Crores. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro Forma Adjusted Net Income and Earning Per Share

Particulars	Units	2013-14
Net Income as reported	₹ in Crores	23.28
Add: Intrinsic Value Compensation Cost	₹ in Crores	1.93
Less: Fair Value Compensation Cost	₹ in Crores	2.19
Adjusted Pro Forma Net Income	₹ in Crores	23.02
Earning Per Share: Basic and Diluted		
As Reported	₹	1.51
Adjusted Pro Forma	₹	1.49

E Method and Assumptions used to estimate the fair value of Options granted during the year:

During the year, some Options have been transferred under the Scheme of Demerger of fashion business of Future Retail Limited and Future Consumer Enterprise Limited to Future Lifestyle Fashions Limited. The corporate action has been incorporated on value to value Exchange; hence the assumption used to estimate the fair value of Option is same as used by Future Retail Limited and Future Consumer Enterprise Limited.

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

The Assumptions used in the model are as follows:

Date of grant	17 January 2014
1. Risk Free Interest Rate	7.89%
2. Expected Life (Years)	1.59
3. Expected Volatility	65.02%
4. Dividend Yield	0.53%
5. Price of the underlying share in market at the time of the option grant (₹)	215.60

DIVIDEND

The Board of Directors of the Company has recommended a dividend of ₹ 0.40 (20%) per Equity Share for the financial year ended 31 March 2014. The said dividend shall be subject to the approval of the members at the ensuing Annual General Meeting.

The dividend, if approved by the shareholders at the Annual General Meeting, shall entail a payout of ₹ 7.23 Crores including Dividend Distribution Tax (DDT) of ₹ 1.05 Crores. The dividend is free of tax in the hands of the shareholders.

DEBENTURES

During the year under review, pursuant to the Scheme, Non-convertible Debentures Series-II & III aggregating to ₹ 450.00 Crores, were transferred from Future Retail Limited to the Company. After the close of financial year, the Company issued Non-Convertible Debentures Series-I amounting to ₹ 200.00 Crores.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

As on 31 March 2014, there were no deposits which were unclaimed and due for repayment.

CORPORATE GOVERNANCE

The Company has been following best Corporate

Governance practices and has taken adequate steps to ensure compliance with Listing Agreement as laid down by the Stock Exchanges.

The Report on Corporate Governance, together with the Auditors' Certificate as stipulated under Clause 49 of Listing Agreement forms part of the Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management discussion and analysis as required under Clause 49 of the Listing Agreement has been dealt with extensively as part of this Annual Report.

THE FUTURE

The Company plans to grow its existing brand portfolio and put all efforts towards making some of the brands as India's largest selling fashion brands. The management is also working to expand its retail network by increasing its penetration in the existing network to tap new customer categories as well as to reach newer cities to expand overall consumer base and at the same time focus on increasing profitability by improving margins and store efficiency as well as minimizing costs.

The Company would be taking all steps to expand retail network by expansion of its own format stores as well as reach other multi brand outlets as well as online space. The management would also ensure that dedicated teams continuously review various brands in light of the trends, moods and aspirations of the customers and appropriately position these brands to ensure growth. The teams would also be increasing Company's brands

portfolio as well as extend existing brands to newer categories to capture larger consumer spending. The Company will also continue to explore opportunities to partner and invest in fast growing labels managed by designers and entrepreneurs.

SUBSIDIARY COMPANIES & JOINT VENTURES

SUBSIDIARY COMPANIES

The Company has three subsidiaries as at the end of financial year 2013-14. As stated above, the investments in the subsidiaries are held for sale.

Indus-League Clothing Limited

Indus-League Clothing Limited ("ILCL") was incorporated on 25 November 1998 and is involved in the business of designing, manufacturing, marketing of readymade apparels and accessories. Your Company holds 3,48,28,227 Equity Shares in Indus-League Clothing Limited representing 100.00% of its paid up capital. During financial year 2013-14, ILCL earned net profit of ₹ 0.28 Crores.

Indus Tree Crafts Private Limited

Indus Tree Crafts Private Limited ("ITCPL") was incorporated on 23 December 1994 and is involved in the business of designing, creating, exporting, domestic retailing and distribution of a wide range of environmentally and socially sustainable products. Your Company holds 86,385 Equity Shares in Indus Tree Crafts Private Limited representing 63.34% of its paid up capital. During financial year 2013 -14, ITCPL registered income from operations amounting to ₹ 3.76 Crores and the net loss stood at ₹ 1.10 Crores.

Indus Tree Producer Transform Private Limited

Indus Tree Producer Transform Private Limited ("ITPTPL") was incorporated on 15 July 2010 and is involved in the business of designing, retailing, wholesale trading, exporting handicrafts, handloom, personal care and value added food items made by commodities. This includes garment, furniture, personal and home accessories, utility items, textiles, leather, natural fibre, stone wood glass rubber items as well as personal care such as soaps, shampoos, cosmetics and value added food such as staples, cereals, spices, tea, coffee, pickles, papads, juices, ready to eat and ready to prepare items. ITCPL holds 100% Share Capital in ITPTPL. ITPTPL is a step down subsidiary of your Company. During financial year

2013-14, ITPTPL registered income from operations amounting to ₹ 16.38 Crores and the net loss stood at ₹ 4.58 Crores.

JOINT VENTURES AND ASSOCIATES

Pursuant to the Scheme, the Company had received certain investments in some of the fashion brands. During the year, the Company also made certain strategic investments in fashion brands. As per the strategy of the Company to look for opportunity to make divestments of investments which provide appropriate valuation, all such investments are treated as held for sale in Company's books of accounts.

Holii Accessories Private Limited

Holii Accessories Private Limited ("Holii") was originally incorporated as "Purvi Mall Management Private Limited" on 22 February 2007. Subsequently, on 13 April 2009, its name was changed to Holii Accessories Private Limited. Holii is involved in the business of retailing fashion accessories such as leather handbags, wallets and other accessories. Your Company holds 35,00,000 Equity Shares in Holii representing 50.00% of its paid up capital.

Celio Future Fashion Limited

Celio Future Fashion Limited ("Celio") was incorporated on 5 May 2008. Celio is engaged in the business of single brand retailing of men's wear. Your Company holds 16,45,865 Equity Shares in Celio representing 35.00% of its paid up capital.

Clarks Future Footwear Limited

Clarks Future Footwear Limited ("Clarks") was incorporated on 9 August 2010. Clarks is engaged in the business of single brand wholesale and retailing of footwear under the brand name 'Clarks'. Your Company holds 1,90,00,000 Equity Shares in Clarks representing 50.00% of its paid up capital.

Turtle Limited

Turtle Limited ("Turtle") was incorporated on 19 August 1992. Turtle's business focuses on manufacturing and retailing of readymade garments. Your Company holds 15,60,000 Equity Shares in Turtle representing 26.00% of its paid up capital.

Resource World Exim Private Limited

Resource World Exim Private Limited ("RWEPL") was

incorporated on 4 November 2010. RWEPL is engaged in indo-fusion women's fashion apparel business under the brand "Desi Belle" in India. Your Company holds 3,37,161 Equity Shares in RWEPL representing 27.50% of its total paid up capital.

KFC Shoemaker Private Limited

KFC Shoemaker Private Limited ("KSPL") was incorporated on 28 March 2008. KSPL focuses on wholesale and retailing of footwear under the brand names 'Tresmode' & 'Solovoga'. Your Company holds 6,25,000 equity shares in KSPL representing 33.30% of its paid up capital.

Mineral Fashions Private Limited

Mineral Fashions Private Limited ("MFPL") was incorporated on 22 October 2010. MFPL focuses on manufacturing & retailing of clothing & fashion accessories under the brand name "Mineral". Your Company holds 7,71,605 equity shares in MFPL representing 22.70% of its paid up capital.

DIRECTORS

During the year under review, the Board inducted Mr. Rakesh Biyani, Mr. Shailesh Haribhakti and Dr. Darlie Koshy as Additional Directors of the Company on 10 June 2013. As per the provisions of Section 161 (1) of the Companies Act, 2013, they hold office till the date of the ensuing Annual General Meeting. Notice under Section 160 (1) of the Companies Act, 2013, in respect of each of them has been received from a member proposing their candidature for the office of director of the Company. The Board recommends their appointment. Mr. Rahul Mehta had been appointed as Additional Director of the Company on 19 May 2014 and holds office till the ensuing Annual General Meeting.

Mr. Sanjay Rathi and Mr. Deepak Tanna resigned as Director with effect from 10 June 2013. The Board does hereby record its deep sense of appreciation for their valuable contribution.

Mr. Kishore Biyani is liable to retire by rotation and being eligible, offers himself for re-appointment. Mr. Shailesh Haribhakti and Dr. Darlie Koshy, are proposed to be appointed as Independent Director for a term of five years at the ensuing Annual General Meeting. Additional information on directors recommended for appointment / reappointment, as required under Clause 49 of the Listing Agreement, is given as part of the notice.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby states and confirms that: -

- (i) in preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (ii) the accounting policies selected have been applied consistently and judgments made and estimates given are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31 March 2014 and the profit of the company for the year ended on that date;
- (iii) the proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis.

AUDITORS

M/s. NGS & Co. LLP, Chartered Accountants, Mumbai, hold office as Statutory Auditors upto the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, the term of the Auditor's appointment is of five consecutive years and therefore, Shareholders are requested to re-appoint them as Statutory Auditors to hold office for the remaining period of three years i.e. upto the conclusion of the fifth Annual General Meeting and to fix their remuneration. The observations made by the auditors are self-explanatory.

The Auditors have confirmed their eligibility and willingness to accept office, if appointed.

CONSOLIDATED FINANCIAL STATEMENTS

As the Company holds all its investments, including investment in subsidiary companies as held for sale, the financial statements have not been consolidated.

PARTICULARS OF EMPLOYEES

The statement containing particulars of employees as required under Section 217(2A) of the Companies Act,

1956 and the rules made thereunder forms part of this report, however, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to the shareholders excluding the aforesaid statement. Any shareholder interested in obtaining the copy of the said statement may write to the Company Secretary at the registered office of the Company.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

A Statement giving details of conservation of energy (in Form A) and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, in Annexure I is annexed and forms part of this report. However there is no expenditure on R&D, Technology absorption, adoption & innovation during the financial year under review. The Company being concentrating on the domestic consumption space do not have any specific exports initiatives to report to members.

AWARDS AND RECOGNITIONS

- The Company was awarded as **Best Performing Partner - Strategic Partnership** at Reliance Trends Performance Awards 2014.
- Indigo Nation was awarded as the **Most Admired Men's Brand** for its unique design concept at Images Fashion Awards 2014.

ACKNOWLEDGMENT

The Board thanks all its customers, bankers, investors, vendors and other stakeholders for the continued support and patronage during the previous year. The Board places on records its sincere appreciation to the employees of the Company whose efforts, hard work and dedication has enabled the Company to achieve the targets and recognitions.

For and on behalf of the Board of Directors,

Place: Mumbai
Date : 19 May 2014

Kishore Biyani
Managing Director

ANNEXURE I

A) CONSERVATION OF ENERGY

FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy

A) Power and fuel consumption (Manufacturing Facility)	For the Year Ended 31 March 2014	For the Period Ended 31 March 2013
(1) ELECTRICITY		
Purchased	N.A.	N.A.
Unit	N.A.	N.A.
Total amount (In ₹)	N.A.	N.A.
Rate/unit	N.A.	N.A.
(2) FURNACE OIL		
Quantity (K.Ltrs.)	N.A.	N.A.
Total amount (In ₹)	N.A.	N.A.
Average rate (₹ / Ltr.)	N.A.	N.A.
(3) HSD		
Quantity (K.Ltrs.)	N.A.	N.A.
Total amount	N.A.	N.A.
Average rate (₹ / Ltr.)	N.A.	N.A.

(₹ in Crores)

B) Foreign Exchange Earnings and Outgo	For the Year Ended 31 March 2014	For the Period Ended 31 March 2013
FOREIGN EXCHANGE OUTGO		
Traveling Expenses	0.22	-
Professional Charges	0.93	-
Advertisement Production	0.52	-
Interest Expense	0.01	-
Royalty	14.06	-
Raw Materials	0.18	-
Purchase of Merchandise	13.66	-
Capital Goods	0.38	-
Accessories & Others	0.31	-
FOREIGN EXCHANGE EARNING		
Earnings in Foreign Currency	19.42	-

CORPORATE GOVERNANCE REPORT

Corporate Governance indicates transparency, accountability and reliability of any organisation.

One of the core missions of your organisation is to achieve excellence in all spheres, be it profitability, growth in market share, superior quality of products and services to the satisfaction of the stakeholders through an efficient and effective code of governance.

We aim at providing fairness, clarity and transparency in all our dealings and increasing the value of all stakeholders of the Company.

The Corporate Governance Report of the Company for the year ended 31 March 2014

1. BOARD OF DIRECTORS

The composition of the Board as on 31 March 2014 is as follows:

Executive Promoter Director	-	1
Non Executive Promoter Director	-	1
Executive Non Promoter Director	-	1
Independent Non Executive Directors	-	2

The composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreement.

2. BOARD MEETINGS

During the financial year 2013-14, seven Board Meetings were held. These were held on 15 April 2013, 29 May 2013, 10 June 2013, 25 June 2013, 14 August 2013, 31 October 2013 and 03 February 2014.

Composition of the Board of Directors, their attendance in the Board Meetings and other particulars are as follows:

Name of the Director	Category	No. of Board Meetings attended during 2013-14	No. of other directorships in public companies as on 31 March 2014	Attendance in the last AGM	**No. of committee positions held in other public companies as on 31 March 2014	
					Chairman	Member
Mr. Kishore Biyani	Executive Promoter Director	4	8	Yes	1	2
Mr. Rakesh Biyani*	Non-Executive Promoter Director	3	11	N.A.	None	5
Mr. Chandra Prakash Toshniwal	Executive Non-Promoter Director	7	12	Yes	2	8
Mr. Shailesh Haribhakti*	Independent Non-Executive Director	5	11	N.A.	4	2
Dr. Darlie Koshy*	Independent Non-Executive Director	4	None	N.A.	None	None

Note:

* Appointed as additional Directors on the Board of the Company with effect from 10 June 2013

** Includes chairmanships/ memberships of only Audit Committee and Shareholders'/Investors' Grievance Committee.

Alternate directorships and directorships in private companies and foreign companies are excluded.

Names of directors and their shareholding in the Company as on 31 March 2014 are as follows:

Name of Director	Number of shares held
Mr. Kishore Biyani	333
Mr. Rakesh Biyani	333
Mr. Chandra Prakash Toshniwal	3666
Mr. Shailesh Haribhakti	62,800
Dr. Darlie Koshy	NIL

3. AUDIT COMMITTEE

The Audit Committee was formed in the year 2013 and the Committee comprises of two Independent Directors.

The composition of the Committee and the details of attendance at the Meetings are as follows:

Name of the Member	Category	Designation	No. of Meetings attended
Mr. Shailesh Haribhakti*	Independent Director	Chairman	3
Dr. Darlie Koshy*	Independent Director	Member	3
Mr. Chandra Prakash Toshniwal	Executive Director	Member	4
Mr. Sanjay Rathi#	Non-Executive Director	Member	1
Mr. Deepak Tanna#	Non-Executive Director	Member	1

Note: * Appointed on the Committee with effect from 10 June 2013

Resigned from the Committee with effect from 10 June 2013

The Committee's composition meets with the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Powers of the Audit Committee

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role and Scope of the Audit Committee

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by them;
- Reviewing with management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board of Directors report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Qualifications in the draft audit report.

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Meeting Details:

During the year four Audit Committee Meetings were held on 15 April 2013, 14 August 2013, 31 October 2013 and 03 February 2014.

4. NOMINATION AND REMUNERATION COMMITTEE

The erstwhile Nomination & Compensation Committee has been renamed as Nomination and Remuneration Committee with effect from 19 May 2014. The Nomination & Remuneration Committee of the Company consists of two Independent Directors.

The composition of the Committee and the details of attendance at the Meetings are as follows::

Name of the Member	Designation	No. of Meetings attended
Mr. Shailesh Haribhakti	Chairman	2
Dr. Darlie Koshy	Member	2
Mr. Rakesh Biyani	Member	1

During the year two meetings of the Committee were held on 10 June 2013 and 31 October 2013.

Role, Scope and Powers of the Nomination and Remuneration Committee

The role, scope and powers of the Committee, inter-alia, includes the following:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- To formulate criteria for evaluation of Independent Directors and the Board;
- To devise a policy on Board diversity;
- To Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- To establish and from time to time review the policy for ESOP and ESOS as well as issuance of SWEAT equity shares to the managerial personnel and recommend the grants to be made of options under ESOP / ESOS; and
- To review Company's remuneration and human resources policy.

Remuneration Policy:

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

The details of remuneration paid to the Directors during the financial year 2013-14 is as follows:

Name of the Director	Salary & Perquisites (₹)	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. Kishore Biyani	75,28,664	20,000	NIL	75,48,664
Mr. Rakesh Biyani	N.A.	90,000	NIL	90,000
Mr. Chandra Prakash Toshniwal	63,81,565	1,20,000	NIL	65,01,565
Mr. Shailesh Haribhakti	N.A.	2,00,000	NIL	2,00,000
Dr. Darlie Koshy	N.A.	1,90,000	NIL	1,90,000

Note 1: Mr. Kishore Biyani was appointed as a Managing Director of the Company with effect from 25 June 2013 and Mr. Chandra Prakash Toshniwal was appointed as an Executive Director with effect from 01 November 2013.

Note 2: The non-executive directors are paid sitting fees for attending meetings of the Board of Directors and/or Committees thereof. Additionally, at the Board meeting held on 19 May 2014, the Board of Directors has proposed to pay to non-executive directors, subject to receipt of necessary approvals, commission not exceeding 1% of net profits of the Company in a financial year (commencing from financial year 2013-14)

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The erstwhile Shareholders'/ Investors' Grievance Committee has been renamed as Stakeholders Relationship Committee with effect from 19 May 2014.

The composition of the Stakeholders Relationship Committee of the Company and details of attendance at the Meetings are as follows:

Name of the Member	Designation	No. of Meetings attended
Mr. Kishore Biyani	Member	2
Dr. Darlie Koshy	Chairman	2
Mr. Rakesh Biyani	Member	2

Compliance Officer: Mr. Kuldeep Sharma, Head-Legal & Company Secretary

During the year two meetings of the Committee were held on 31 October 2013 and 3 February 2014.

A total of 23 complaints were received during the period. All these complaints have been resolved to the satisfaction of complainants.

Scope and Powers of the Stakeholders Relationship Committee

- To determine on behalf of Board the Company's policy on serving the stakeholders in line with best corporate governance norms;
- To periodically review stakeholders' grievance mechanism of the Company;
- To review and redress stakeholders' grievances regarding allotment of securities, non receipt of dividend etc. and other allied matters;
- The Committee is authorised to:
 - i. Investigate any activity within its terms of reference;
 - ii. Seek any information from any employee of the Company;
 - iii. Obtain outside legal or independent professional advice. Such advisors may attend meetings as necessary; and
 - iv. Incur such reasonable expenditure, as it deems necessary.
- The Company Secretary acts as the Secretary to the Committee.

6. COMPLIANCE OFFICER

Mr. Kuldeep Sharma, Head-Legal & Company Secretary, is the Compliance Officer for complying with the requirements of Securities Laws and Listing Agreements with the Stock Exchanges in India.

7. GENERAL BODY MEETINGS

Annual General Meeting

The Company was incorporated on 30 May 2012 and its First Annual General Meeting (AGM) was held on Thursday, 09 May 2013 at 11:30 am at Future Retail Home Office, Tower C, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400083.

In the aforesaid AGM two Special Resolutions were passed in respect to the following matters:

- i. To advance loan or provide guarantee/ security to other bodies corporate including issuing guarantee of the company for providing securities for loans availed by the transferor companies under scheme of arrangement;
- ii. To alter articles of association of the Company.

Special Resolution passed through Postal Ballot:

No special resolution was passed through Postal Ballot during the Financial Year 2013-14.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

8. MEANS OF COMMUNICATION:

Financial Results

The Results of the Company are furnished to the Stock Exchanges on a periodic basis (quarterly, half yearly and annually) after the approval of the Board of Directors.

The results are normally published in “The Free Press Journal”- English Daily and “Nav Sakthi” - Marathi Newspaper within 48 hours after the approval by the Board.

The details of the financial results and shareholding pattern are hosted on the Company's website: www.futurelifestyle.in.

The Annual Report, Quarterly Results and Shareholding Pattern of the Company are also posted by the BSE and NSE on their website. Hard copies of certain documents and correspondence are also filed with the Stock Exchanges, where required.

9. CORPORATE FILING AND DISSEMINATION

All filing, disclosures and communications to Stock Exchanges are made electronically through their respective web portals. Dissemination of specific information/ disclosure is made by the Stock Exchanges on their respective websites.

10. GENERAL SHAREHOLDERS INFORMATION

10.1 Date, time and Venue of the 2nd Annual General Meeting:

Friday, 8 August 2014 at 10:30 a.m. at Fourth Floor, Rangswar, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai 400021

10.2 Financial Year

1 April to 31 March

10.3 Date of Book Closure

From Thursday, 7 August 2014 to Friday, 8 August 2014 (both days inclusive)

10.4 Dividend

The Board of the Directors of the Company has recommended a dividend of ₹ 0.40 (20%) per Equity Share. Dividend, if approved, at the ensuing Annual General Meeting, will be paid/credited on or after 14 August 2014 to those members whose name appear on the Company's Register of Members on Record Date.

10.5 Registered office:

“Knowledge House”, Shyam Nagar,
Off Jogeshwari-Vikhroli Link Road,
Jogeshwari (East), Mumbai – 400 060

10.6 Listing in Stock Exchanges

The Equity Shares of the Company are listed on the Following Stock Exchanges:

- BSE Limited
- National Stock Exchange of India Limited

Debt Securities

After the close of Financial Year 2013-14 the Non-Convertible Debentures (Series I), (Series II), (Series III) of the Company were listed on the Wholesale Debt Market (WDM) Segment of BSE Limited.

Debenture Trustees:

For Non-Convertible Debentures (Series I and Series III)

Allbank Finance Limited,

Allahabad Bank Building, 2nd Floor,

37, Mumbai Samachar Marg, Fort, Mumbai 400 023

Tel No: +91 22 2262 6283

Fax No: +91 22 2267 7552

For Non-convertible Debentures (Series II)

Centbank Financial Services Limited

15-16 Bajaj Bhavan, 1st Floor,

Opp Inox Multiplex, Nariman Point,

Mumbai – 400 021

Tel No: +91 22 2202 2788/ 2202 5018

Fax No: +91 22 2202 5043

10.7 Stock Code

Shares	ISIN No.	Stock Code	
		BSE	NSE
Equity	INE452O01016	536507	FLFL
11.50% Secured Non-Convertible Debentures (Series I)	INE452O07039	950223	-
11.50% Secured Non-Convertible Debentures (Series II)	INE452O07013	946822	-
11.50% Secured Non-Convertible Debentures (Series III)	INE45O07021	947433	-

10.8 Listing Fees

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

10.9 Stock Performance

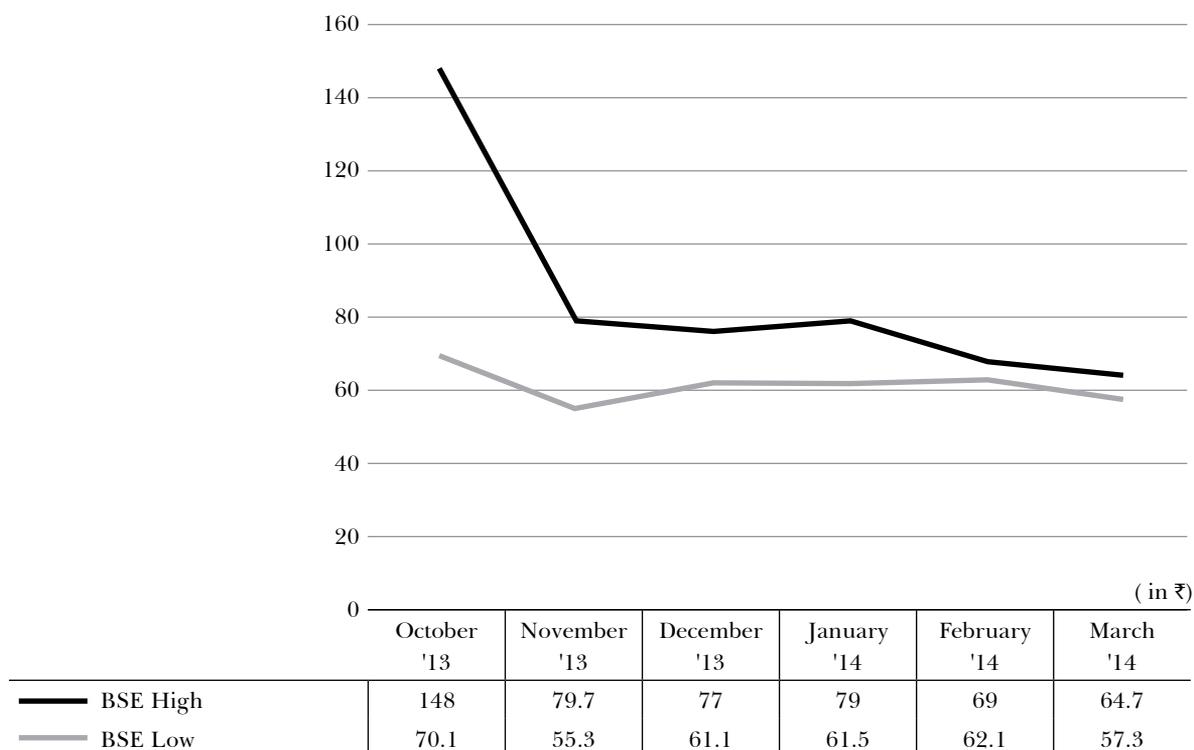
The performance of the stock in the BSE Limited & National Stock Exchange of India Limited for the year from 1 April 2013 to 31 March 2014 was as follows:

(in ₹)

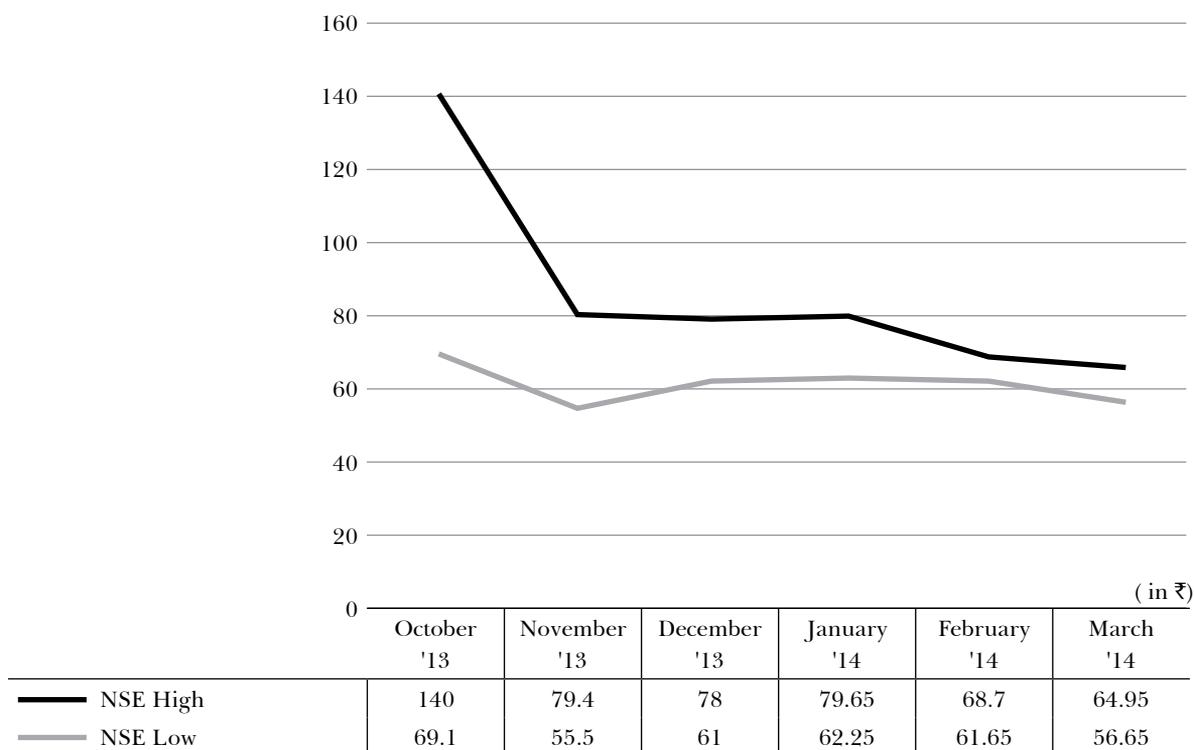
Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
April '13	N.A.	N.A.	N.A.	N.A.
May '13	N.A.	N.A.	N.A.	N.A.
June '13	N.A.	N.A.	N.A.	N.A.
July '13	N.A.	N.A.	N.A.	N.A.
August '13	N.A.	N.A.	N.A.	N.A.
September '13	N.A.	N.A.	N.A.	N.A.
October '13	148.00	70.10	140.00	69.10
November '13	79.70	55.30	79.40	55.50
December '13	77.00	61.10	78.00	61.00
January '14	79.00	61.50	79.65	62.25
February '14	69.00	62.10	68.70	61.65
March '14	64.70	57.30	64.95	56.65

*The shares of the Company were listed on BSE and NSE on 1 October 2013

Performance of Stock on BSE Limited (BSE)



Performance of Stock on National Stock Exchange of India Limited (NSE)



10.10 Dematerialisation of shares

99.63% of the Equity Shares of the Company have been dematerialised as on 31 March 2014. The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialise their shares with either of the Depositories.

Entire shareholding of Promoters is in dematerialised form.

Status of Dematerialisation as on 31 March 2014:

Particulars	No. of Shares	% of Total Capital
	Equity	Equity
National Securities Depository Limited	11,55,86,014	74.83
Central Depository Services (India) Limited	3,83,20,467	24.80
Total Dematerialised	15,39,06,481	99.63
Physical	5,66,750	0.37
Total	15,44,73,231	100.00

10.11 Share Transfer Agents

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compund, L B S Marg, Bhandup (West),
Mumbai – 400 078
Telephone No. : + 91 22 2596 3838
Fax No. : + 91 22 2594 6969
Email : maheshwari.patil@linkintime.co.in

10.12 Distribution of Shareholding of Equity Shares as on 31 March 2014

No. of Shares	No. of shareholders	%	No. of Shares	%
1-500	64,263	96.43	33,72,051	2.18
501-1000	1,205	1.81	8,31,190	0.54
1001-2000	431	0.65	6,28,115	0.41
2001-3000	145	0.22	3,57,677	0.23
3001-4000	123	0.18	4,09,701	0.26
4001-5000	89	0.13	4,06,819	0.26
5001-10000	126	0.19	9,10,495	0.59
10001-9999999999	261	0.39	14,75,57,183	95.52
Total	66,643	100.00	15,44,73,231	100.00

10.13 Categories of Shareholders as on 31 March 2014

Category	Equity	
	No. of Shares	% holding
Promoters and their Relatives	8,75,79,063	56.70
Mutual Funds	18,40,833	1.19
Banks, Financial Institutions	1,32,952	0.09
Venture Capital Funds	-	0.00
Insurance Companies	19,31,992	1.25
Foreign Institutional Investors	2,23,16,514	14.45
Non Resident Indians	2,91,064	0.19
Indian Companies	2,38,47,839	15.44
Indian Public	1,32,14,050	8.55
Directors & their Relatives	82,254	0.05
Clearing Members	1,84,971	0.12
Trust	30,51,699	1.98
Total	15,44,73,231	100.00

10.14 Internet access: www.futurelifestyle.in

The website of the Company contains all relevant information about the Company. The Annual Reports, Shareholding Pattern, Unaudited Quarterly Results and all other material information is hosted on this site.

10.15 Address for Correspondence

Investor Correspondence

For Securities held in Physical form

Share Transfer Agents:
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West),
Mumbai – 400 078
Telephone No. : +91 22 2596 3838
Fax No. : +91 22 2594 6969
Email : maheshwari.patil@linkintime.co.in

For Securities held in Demat Form

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

For any query on the Annual Report:

Mr. Kuldeep Sharma
Head-Legal & Company Secretary

Future Lifestyle Fashions Limited
Knowledge House, Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai 400060
Tel No: +91 22 3084 2336
Fax No: +91 22 3084 2502

11. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

FLF Code of Conduct for prevention of Insider Trading as approved by the Board of Directors, inter alia, prohibits purchase / sale of securities of the Company by Directors and certain employees while in possession of unpublished price sensitive information in relation to the Company. The same is available on the Company's website.

12. DISCLOSURES

- a) Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions with the Promoters, Directors etc. that may have potential conflict with the interests of the Company at large.
- b) There were no non compliances by the Company and no penalties, strictures imposed on the Company by Stock exchange or SEBI or any statutory authority, on any matter relating to the capital markets since incorporation of the Company.
- c) There was no pecuniary relationship or transactions of Non-executive Directors vis a vis the Company.
- d) The Company has complied with all mandatory requirements and adopted non mandatory requirements as mentioned hereunder.

Non-mandatory requirements:

1. **Shareholders' Rights:** Quarterly and half yearly financial results of the Company are furnished to the Stock Exchanges and are also published in the news papers and uploaded on website of the Company. Hence, half yearly results were not separately sent to shareholders. Significant events are also posted on the Company's website under the Investors Section. The complete Annual Report is sent to every shareholder of the Company.

2. **Audit qualifications:** There are no audit qualifications in the financial statement for the year 2013-14. Standard practices and procedures are in place to ensure unqualified financial statements.
3. **Training to Board Members:** The Board is equipped to perform its role of business assessment through inputs from time to time. Directors are fully briefed on all business related matters, risk assessment & minimising procedures and new initiatives.
4. **Mechanism for evaluating Non-executive Board Members:** The role of the Board of Directors is to provide direction and exercise control to ensure that the Company is managed in a manner that fulfills stakeholders' aspirations and social expectations. The Company is working on the mechanism and will be adopted in due course.
5. **Whistle Blower Policy:** The Company has adopted the code of conduct for Directors and Senior Management. Board has considered and deliberated on the whistle blower policy of the Company. The same would be implemented at appropriate time.
6. **Dividend intimation through e-mail:** In order to protect the environment and as a "Go Green" Initiative, The Company has taken initiative of sending intimation of dividend for FY 2013-14 by e-mail. Physical credit intimation will be sent to only those shareholders whose e-mail addresses are not registered with the Company and for the bounced e-mail cases. Shareholders are requested to register their e-mail addresses with Link Intime India Private Limited (for shares held in physical form) and with their Depository Participant (for shares held in electronic form) for receiving dividend credit intimation on e-mail.
7. **Green Initiative:** The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/11 dated 21 April 2011 and Circular No. 18/2011 dated 29 April 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report etc. through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

Members who hold shares in physical form and desire to receive documents in electronic mode are requested to provide their details (name, folio no. E-mail id) on the Company's e-mail address viz. investorrelations@futurelifestyle.in Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

8. **Corporate Governance Voluntary Guidelines 2009:** The Company's policies and practices embrace most of the elements of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs. The Company will be reviewing its Corporate Governance Parameters in the context of other recommendations under the Guidelines for appropriate adoption in keeping with the Company's unique business model.

AUDITORS REPORT ON CORPORATE GOVERNANCE

To
The Members of
Future Lifestyle Fashions Limited

We have examined the compliance of conditions of Corporate Governance by Future Lifestyle Fashions Limited for the financial year ended on March 31, 2014 as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us and the report of Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the provisions relating to Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material aspects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Ashok Trivedi
Partner
Membership No. 042472

Place: Mumbai
Date: May 19, 2014

DECLARATION ON COMPLIANCE OF CODE OF CONDUCT

I hereby confirm that:

Board members and Senior Management of the Company have affirmed compliance of the Code of Conduct laid down by the Board for the financial year 2013-14.

Place : Mumbai
Date : May 19, 2014

Kishore Biyani
Managing Director

INDEPENDENT AUDITORS REPORT

To
The Members of
Future Lifestyle Fashions Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of FUTURE LIFESTYLE FASHIONS LIMITED (“the Company”), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (“the Act”) read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. 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. In making those risk assessments, the auditor considers

internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014.
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the 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, 2003 (“the Order”), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

e) On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.

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

Ashok Trivedi
Partner
Membership No. 042472

Place: Mumbai
Date: May 19, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements section in our report of even date')

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company.
- 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/taken any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(iii) of the Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v. (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) None of the transactions made in pursuance of such contracts or arrangements exceeds Rupees five lacs in respect of any one party in the financial year.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- ix. (a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service-Tax, Custom Duty, Excise Duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases.
- (b) No undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income-Tax, Sales-Tax, Service Tax, Wealth Tax, Customs Duty, Excise Duty, cess and other material statutory dues applicable to the Company were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.

(c) Details of dues of Stamp duty which have not been deposited as at March 31, 2014 on account of dispute are given below.

Name of the Statute	Nature of the dues	Amount (₹ In Crores)	Period to which the amount relates	Forum where dispute is pending
The Indian Stamp Act, 1899	Stamp Duty	1.55	FY : 2008-09	Chief Controlling Revenue Authority, Ghaziabad, U.P

- x. The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty percent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
- xi. Based on our audit procedures and as per the information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of dues to bank, financial institutions and debenture holders.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, and according to the information and explanations given to us, the Company is not a Chit fund or Nidhi or Mutual Benefit Fund or Society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank, the terms and conditions whereof in our

opinion are not prima-facie prejudicial to the interest of the Company.

- xvi. In our opinion and according to the explanations given to us, term loans obtained have been applied for the purpose for which they were obtained. In case of term loans taken over under the scheme of arrangement described under Note 37 to the financial statements and outstanding during the year, as explained to us, the demerged Company had utilised the said loans in the earlier years.
- xvii. In our opinion and according to the information and explanations given to us and on overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that funds raised on short-term basis have, prima-facie, not been used during the year for long term investment.
- xviii. The Company has not made any preferential allotments of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any secured debentures during the year. In case of debentures taken over under the scheme of arrangement described under Note 37 to the financial statements, security was created in the earlier years.
- xx. The Company has not raised any money from public issues during the year.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company was noticed or reported during the year, although there were some instances of fraud on the Company noticed by the Management, the amounts whereof were not material in the context of the size of the Company and the nature of its business and the amounts were adequately provided for.

For NGS & Co. LLP

Chartered Accountants

Firm Registration No. 119850W

Ashok Trivedi

Partner

Place: Mumbai

Date: May 19, 2014

Membership No. 042472

BALANCE SHEET

AS AT MARCH 31, 2014

(₹ in Crores)

	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	30.89	5.14
Reserves and Surplus	3	1,260.43	(0.34)
		1,291.32	4.80
Non-Current Liabilities			
Long-Term Borrowings	4	1,264.03	-
Deferred Tax Liabilities (Net)	5	64.49	-
Other Long-Term Liabilities	6	251.78	-
Long-Term Provisions	7	5.48	-
		1,585.78	-
Current Liabilities			
Short-Term Borrowings	8	77.89	-
Trade Payables	9	834.81	-
Other Current Liabilities	10	142.27	0.01
Short-Term Provisions	11	8.26	-
		1,063.23	0.01
TOTAL		3,940.33	4.81
ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		1,098.43	-
Intangible Assets		51.43	-
Capital Work-in-Progress		189.54	-
Long-Term Loans and Advances	13	328.92	0.00
		1,668.32	0.00
Current Assets			
Current Investments	14	378.53	-
Inventories	15	1,023.97	-
Trade Receivables	16	263.20	-
Cash and Bank Balances	17	271.08	0.17
Short-Term Loans and Advances	18	266.93	4.50
Other Current Assets	19	68.30	0.14
		2,272.01	4.81
TOTAL		3,940.33	4.81
The accompanying notes are an integral part of these financial statements	1-50		

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

C. P. Toshniwal
Executive Director &
Chief Financial Officer

Ashok Trivedi
Partner
Membership No. 042472
Place: Mumbai
Date: May 19, 2014

Dr. Darlie Koshy
Director

Kuldeep Sharma
Head - Legal &
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2014

		(₹ in Crores)	
	Note	2013-2014	2012-2013
INCOME			
Revenue from Operations	20	2,743.98	-
Other Income	21	331.72	0.15
Total Revenue		3,075.70	0.15
EXPENSES			
Cost of Materials Consumed		65.71	-
Purchases of Stock-in-Trade		1,678.49	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	(47.16)	-
Employee Benefits Expense	23	129.09	-
Finance Costs	24	162.95	-
Depreciation and Amortization Expense	12	385.19	-
Other Expenses	25	661.51	0.48
Total Expenses		3,035.78	0.48
Profit / (Loss) Before Exceptional Item and Tax		39.92	(0.33)
Exceptional Item (Refer Note No. 47)		5.68	-
Profit / (Loss) Before Tax		34.24	(0.33)
Tax Expense	36	10.96	0.01
Profit / (Loss) After Tax For The Year/Period		23.28	(0.34)
Earnings Per Equity Share of Face Value of ₹ 2/- each			
Basic and Diluted		1.51	(0.30)
The accompanying notes are an integral part of these financial statements	1-50		

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

C. P. Toshniwal
Executive Director &
Chief Financial Officer

Ashok Trivedi
Partner
Membership No. 042472
Place: Mumbai
Date: May 19, 2014

Dr. Darlie Koshy
Director

Kuldeep Sharma
Head - Legal &
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under the Companies Act 1956 (“the Act”) read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 1956 (to the extent applicable) and Companies Act, 2013 (to the extent notified).

B. Use of Estimates

Preparation of Financial Statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

C. Tangible Fixed Assets and Depreciation

Tangible Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on straight line basis over their estimated useful life as detailed below

Assets	Estimated Useful Life
Computers	6 Years
Furniture, Fixtures and Other Fittings	10 Years
Leasehold Improvements	3 Years
Office Equipments	5 Years
Plant and Equipments	15 Years
Vehicles	8 Years

Fixed Assets costing ₹ 5000/- or less are fully depreciated in the year of acquisition. Depreciation on the Fixed Assets added/dropped off/ discarded during the period is provided on pro-rata basis with reference to the month of addition/disposal/discarding.

D. Intangible Fixed Assets and Amortisation

Intangible Fixed Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible Fixed Assets are amortised on straight line basis over their estimated useful life as detailed below;

Assets	Estimated Useful Life
Computer Software	6 Years
License Rights	Over the Period of License

E. Investments

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

F. Inventories

Raw Materials, Components, Stores and Spares and Packing Material are valued at lower of cost and net realizable value.

Work-in-Progress, Finished Goods and Stock-in-Trade are valued at lower of cost and net realizable value. Finished Goods and Work-in-Progress include cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

G. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the prevailing rates of exchange on the date of transaction. Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the Balance Sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the Statement of Profit and Loss. Exchange differences on forward contracts entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium/Discount on foreign exchange contracts are recognised as an expense/income over the life of the contract.

H. Borrowing Costs

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

I. Revenue Recognition

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

J. Retirement and Other Employee Benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the period in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the period in which the employee has rendered services. The expense is recognized at the present of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

K. Taxation

Tax Expense includes provision for current tax and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted as at the Balance Sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

L. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the notes to the Financial Statements. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

M. Impairment of Assets

An asset is considered as impaired in accordance with Accounting Standard 28 on “Impairment of Assets”. When at the Balance Sheet date, there are indications of impairment and the carrying amount of the asset or where applicable of the cash generating unit to which the asset belongs exceeds its recoverable amount (i.e. the higher of the asset’s net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

N. Operating Leases

Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as operating leases and lease rental thereof are charged to the Statement of Profit and Loss as per the terms of agreement which is representative of the time pattern of the user’s benefit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

2. Share Capital

	As at March 31, 2014		As at March 31, 2013	
	Number	(₹ in Crores)	Number	(₹ in Crores)
Authorised Share Capital				
Equity Shares of ₹ 2/- each	25,00,00,000	50.00	25,00,00,000	50.00
	25,00,00,000	50.00	25,00,00,000	50.00
Issued, Subscribed and Paid Up Capital				
Equity Shares of ₹ 2/- each	15,44,73,231	30.89	2,57,31,399	5.14
	15,44,73,231	30.89	2,57,31,399	5.14

(i) Reconciliation of number of shares

Equity Share of ₹ 2/- each

Particulars	Equity Shares	
	As at March 31, 2014	As at March 31, 2013
	Number	Number
At the beginning of the year	2,57,31,399	-
Add : Issue of fresh shares	12,87,41,832	2,57,31,399
At the end of the year	15,44,73,231	2,57,31,399

(ii) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share.

The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders 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.

(iii) Details of equity shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Future Retail Limited {formerly known as Pantaloon Retail (India) Limited}	3,05,70,108	19.79	2,57,31,399	100.00
Future Corporate Resources Limited	2,95,48,009	19.13	-	-
PIL Industries Limited	1,09,64,652	7.10	-	-
ARISAIG Partners (Asia) PTE Limited A/c Arisaig India Fund Limited	1,10,35,460	7.14	-	-
Bennett Coleman and Company Limited	81,12,748	5.25	-	-

(iv) Shares allotted as fully paid up without payment received in cash (during 5 years preceding March 31, 2014)

12,87,41,832 Equity Shares of ₹ 2 each fully paid-up pursuant to Composite Scheme of Arrangement and Amalgamation. (Refer Note No. 37)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- (v) The Company has reserved issuance of 15,00,000 (2013 : Nil) Equity Shares of ₹ 2/- each for offering to eligible employees of the Company under FLFL Employees Stock Option Scheme-2013 (ESOS-2013). During the Financial Year 2013-14, Company has granted 3,01,161 (2013: Nil) Options to eligible employees of Future Retail Limited (Formerly known as Pantaloon Retail (India) Limited) and Future Consumer Enterprise Limited (Formerly known as Future Ventures India Limited) transferred to the Company pursuant to the Composite Scheme of Arrangement and Amalgamation at exercise price of ₹ 10/- per Option plus all applicable taxes, as may be levied in this regard on the Company. Out of the Options granted, 2,64,777 Options were vested on March 31, 2014. Of the remaining Options, 9,008 Options would be vested on November 9, 2014, 12,736 Options would be vested on February 14, 2015 and 14,640 Options would be vested on November 9, 2015.

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
3 Reserve and Surplus		
Capital Reserve		
Opening Balance	-	-
Add: Pursuant to Composite Scheme of Arrangement (Refer Note No. 37)	1,169.99	-
	1,169.99	-
Debenture Redemption Reserve		
Opening Balance	-	-
Add: Pursuant to Composite Scheme of Arrangement (Refer Note No. 37)	68.75	-
Add: Transfer from Statement of Profit and Loss	15.10	-
	83.85	-
Share Options Outstanding Account (Refer Note No. 46)	1.93	-
	1.93	-
General Reserve		
Opening Balance	-	-
Add: Transfer from Statement of Profit and Loss	2.33	-
	2.33	-
Statement of Profit and Loss		
Opening Balance	(0.34)	-
Add: Pursuant to Composite Scheme of Arrangement (Refer Note No. 37)	4.05	-
Add: Profit / (Loss) for the Year/Period	23.28	(0.34)
Less: Appropriation		
Transfer to Debenture Redemption Reserve	15.10	-
Transfer to General Reserve	2.33	-
Proposed Dividend on Equity Share	6.18	-
Tax on Dividend	1.05	-
	2.33	(0.34)
	1,260.43	(0.34)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
4 Long-Term Borrowings		
Secured		
Non-Convertible Debentures	450.00	-
Term Loans from Banks	814.03	-
	1,264.03	-
a) Non-Convertible Debentures (NCDs)		
NCDs are secured by pari-passu first charge on immovable and movable fixed assets of the Company, carries coupon rate of 11.50% per annum and are redeemable at par, ₹ 125.00 Crores in FY 2015-16, ₹ 225.00 Crores in 2016-17 and ₹ 100.00 Crores in 2017-18.		
b) Term Loan from Banks		
i) Term Loans of ₹ 225.92 Crores are secured by (a) First pari-passu charge on fixed assets of the Company. (b) First charge on future credit/debit card receivables of "Central Format" through escrow mechanism of the company. (c) Personal guarantee of Director.		
ii) Term Loans of ₹ 124.13 Crores are secured by (a) Residual Charge on fixed assets and current assets of the Company. (b) First charge on future credit/debit card receivables of "Central Format" through escrow mechanism of the Company. (c) Personal guarantee of Director.		
iii) Term Loans of ₹ 377.84 Crores are secured by first pari-passu charge on fixed assets (movable and immovable) both present and future of the company.		
iv) Term Loans of ₹ 50.00 Crores are secured by (a) First pari-passu charge on fixed assets (movable and immovable) both present and future of the company. (b) Personal guarantee of Director.		
v) Term Loans of ₹ 50.00 Crores are secured by (a) Residual charge on fixed assets (movable and immovable) and current assets both present and future of the Company (b) Personal guarantee of Director.		
vi) Term Loans are repayable as follows: ₹ 61.39 Crores in FY 2015-16, ₹ 126.05 Crores in FY 2016-17, ₹ 175.57 Crores in FY2017-18, ₹ 189.18 Crores in FY 2018-19 and ₹ 141.75 Crores in FY 2019-20 and ₹ 120.09 Crores in FY 2020-21.		
vii) Weighted average rate of interest on the Term Loans is 12.13 %		
5 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
On Fixed Assets	67.34	-
Deferred Tax Assets		
Disallowances under Income Tax Act/Carry Forward of Business Losses and Unabsorbed Depreciation	2.85	-
	64.49	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
6 Other Long-Term Liabilities		
Security Deposits	51.78	-
Debenture Application Money	200.00	-
	251.78	-
7 Long-Term Provisions		
Provision for Employee Benefits	5.48	-
	5.48	-
8 Short-Term Borrowings		
Secured		
Term Loans from Banks	50.00	-
Working Capital Loans from Banks	27.89	-
	77.89	-
i) Term loans are secured by (a) Residual charge on fixed assets (movable and immovable properties) and current assets both present and future of the Company (b) Personal guarantee of director.		
ii) Working capital loans are secured by (a) First pari-passu charge on current assets (excluding credit/debit card receivables) (b) Second pari-passu charge on the fixed assets.		
9 Trade Payables		
Trade Payables (Refer Note No. 35)	834.81	-
	834.81	-
10 Other Current Liabilities		
Current Maturities of Long-Term Borrowings	13.86	-
Interest Accrued but Not Due on Borrowings	43.20	-
Other Payables*	85.21	0.01
	142.27	0.01
*Includes capital creditors, statutory dues and others.		
11 Short-Term Provisions		
Provision for Employee Benefits	1.03	-
Proposed Dividend	6.18	-
Tax on Dividend	1.05	-
	8.26	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

12. Fixed Assets

Particulars	GROSS BLOCK			DEPRECIATION / AMORTIZATION			NET BLOCK					
	As at April 1, 2013	Pursuant to Scheme of Arrangement	Additions	Deductions	As at March 31, 2014	Up to March 31, 2013	Pursuant to Scheme of Arrangement	Adjustment for the year	For the Year	Up to March 31, 2014	As at March 31, 2014	As at March 31, 2013
a). Tangible Assets												
Freehold Land	-	0.02	-	-	0.02	-	-	-	-	-	0.02	-
Leasehold Improvements	-	322.36	66.95	8.63	380.68	-	9.18	0.45	260.80	269.53	111.15	-
Plant & Equipments	-	133.27	24.96	0.08	158.15	-	1.74	0.00	13.39	15.13	143.02	-
Office Equipments	-	9.08	2.18	0.07	11.19	-	0.13	0.00	4.67	4.80	6.39	-
Computers	-	18.88	17.82	0.10	36.60	-	0.83	0.01	4.54	5.36	31.24	-
Furniture, Fixtures and Other Fittings	-	647.07	271.75	11.35	907.47	-	10.69	6.20	96.51	101.00	806.47	-
Vehicles	-	0.02	0.12	-	0.14	-	0.00	-	0.00	0.00	0.14	-
Total	-	1,130.70	383.78	20.23	1,494.25	-	22.57	6.66	379.91	395.82	1,098.43	-
b). Intangible Assets												
Computer Software	-	4.13	5.72	0.00	9.85	-	0.18	0.00	0.87	1.05	8.80	-
License Rights	-	48.28	-	-	48.28	-	1.24	-	4.41	5.65	42.63	-
Total	-	52.41	5.72	0.00	58.13	-	1.42	0.00	5.28	6.70	51.43	-
Grand Total	-	1,183.11	389.50	20.23	1,552.38	-	23.99	6.66	385.19	402.52	1,149.86	-
Previous Year	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
13 Long-Term Loans and Advances		
(Unsecured, Considered Good)		
Capital Advances	108.37	-
Deposits to		
Related Parties	85.50	-
Others	135.05	0.00
	328.92	0.00
14 Current Investments		
Trade Investments fully paid up of ₹ 10/- each unless otherwise stated		
Unquoted		
Equity		
Subsidiaries		
3,48,28,227 Indus-League Clothing Limited Face Value of ₹ 1/- each	89.28	-
86,385 Indus Tree Crafts Private Limited Face Value of ₹ 100/- each	14.95	-
Associates		
6,25,000 KFC Shoemaker Private Limited	10.00	-
3,37,161 Resource World Exim Private Limited	3.50	-
7,71,605 Mineral Fashions Private Limited	5.00	-
15,60,000 Turtle Limited	112.51	-
Joint Ventures		
35,00,000 Holii Accessories Private Limited	5.75	-
16,45,865 Celio Future Fashion Limited	71.62	-
1,90,00,000 Clarks Future Footwear Limited	26.54	-
Others		
2,967 Biba Apparels Private Limited Face Value of ₹ 100/- each	0.95	-
88,000 ECLAT Lifestyle Private Limited	0.55	-
49,99,999 Edmon Trading Private Limited	0.50	-
6,09,197 SSIPL Retail Limited	35.37	-
Compulsory Convertible Preference Shares		
2,00,000 Indus Tree Crafts Private Limited Face Value of ₹ 100/- each	2.00	-
In Government and Other Securities		
Unquoted		
National Saving Certificates (Deposited with Sales Tax Authorities)	0.01	-
Aggregate Value of Unquoted Investments	378.53	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Crores)

	As at March 31, 2014	As at March 31, 2013
15 Inventories		
Raw-Materials	5.38	-
Work-in-Progress	4.33	-
Stock-in-Trade (Goods-in-Transit of ₹ 35.64 Crores)	981.46	-
Finished Goods	32.80	-
	1,023.97	-
16 Trade Receivables		
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	18.75	-
Considered Doubtful	2.28	-
	21.03	-
Less: Provision for Doubtful Debts	2.28	-
	18.75	
Other Debts, Considered Good	244.45	-
	263.20	-
17 Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks	260.56	0.17
Cheques on Hand	0.09	-
Cash on Hand	10.39	-
Other Bank Balances		
Deposit Accounts with original maturity of more than twelve months	0.04	-
	271.08	0.17
18 Short-Term Loans and Advances (Unsecured, Considered Good)		
Loans and Advances to		
Related Parties	130.64	4.50
Others*	136.29	-
	266.93	4.50
*Includes balances with government authorities, advance to suppliers, prepaid expenses etc		
19 Other Current Assets		
Interest Receivable	0.01	0.14
Insurance Claim Receivable	68.29	-
	68.30	0.14

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Crores)

	2013-2014	2012-2013
20 Revenue from Operations		
Sale of Products	2,824.30	-
Less: Vat, Sales Tax	163.49	-
Other Operating Revenues	83.17	-
	2,743.98	-
21 Other Income		
Interest Income	1.47	0.15
Dividend Income on Current Investment	0.22	-
Gain on Sale of Investments	329.50	-
Miscellaneous Income	0.53	-
	331.72	0.15
22 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Inventories / Inventories taken over Pursuant to Composite Scheme of Arrangement (Refer Note No 37)		
Finished Goods	30.34	-
Work-in-Progress	9.46	-
Stock-in-Trade	931.63	-
Closing Inventories		
Finished Goods	32.80	-
Work-in-Progress	4.33	-
Stock-in-Trade	981.46	-
	(47.16)	-
23 Employee Benefits Expense		
Salaries and Wages	117.03	-
Expense on Employee Stock Option Scheme (Refer Note No. 46)	1.93	-
Contribution to Provident and Other Funds	6.82	-
Staff Welfare Expense	3.31	-
	129.09	-
24 Finance Costs		
Interest Expense	154.39	-
Other Borrowing Costs	8.56	-
	162.95	-
25 Other Expenses		
Power and Fuel	77.76	-
Repairs and Maintenance		
Buildings	11.33	-
Others	5.11	-
Insurance	3.04	-
Rates and Taxes	6.63	0.10
Rent	291.89	-
Advertisement and Marketing	90.48	0.00
Loss on Disposal/Discarded of Fixed Assets (Net)	12.67	-
Provision for Doubtful Debts	2.28	-
Bad Debts Written Off	0.56	-
Miscellaneous Expenses	159.76	0.38
	661.51	0.48

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

26 EMPLOYEE BENEFITS PLANS

A. Change In Present Value of Obligation

(₹ in Crores)

Particulars	Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2013-14	2012-13	2013-14	2012-13
Present Value of the Obligation Transferred Under Composite Scheme of Arrangement	2.63	-	1.18	-
Interest Cost	0.21	-	0.09	-
Current Service Cost	1.30	-	0.78	-
Benefits Paid	(0.53)	-	(1.68)	-
Actuarial loss on Obligations	0.36	-	2.17	-
Present Value of the Obligation at the End of Year	3.97	-	2.54	-

B. Amount Recognised in the Balance Sheet

(₹ in Crores)

Particulars	Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2013-14	2012-13	2013-14	2012-13
Present Value of the Obligation	3.97	-	2.54	-
Un-funded Liability	3.97	-	2.54	-
Unrecognized actuarial gains/ losses	-	-	-	-
Un-funded liability recognized in Balance Sheet	3.97	-	2.54	-

C. Amount Recognised in the Statement of Profit and Loss

(₹ in Crores)

Particulars	Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2013-14	2012-13	2013-14	2012-13
Interest Cost	0.21	-	0.09	-
Current Service Cost	1.30	-	0.78	-
Actuarial loss on obligations	0.36	-	2.17	-
Total expense recognised in the Statement of Profit and Loss	1.87	-	3.04	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

D. Reconciliation of Balance Sheet

(₹ in Crores)

Particulars	Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2013-14	2012-13	2013-14	2012-13
Present Value of the Obligation Transferred Under Composite Scheme of Arrangement	2.63	-	1.18	-
Total expense recognised in the Statement of Profit and Loss	1.87	-	3.04	-
Benefit paid during the year	(0.53)	-	(1.68)	-
Present Value of the Obligation at the End of Year	3.97	-	2.54	-

E. The Assumptions used to Determine the Benefit Obligations are as follows

Particulars	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%
Expected Rate of increase in compensation levels	5.00%	5.00%
Expected Rate of return on plan Assets	N.A.	N.A.

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

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 ₹ 391.24 Crores (2013: ₹ Nil). The Lease Rent payable not later than one year is ₹ 162.50 Crores (2013: ₹ Nil), payable later than one year but not later than five year is ₹ 224.64 Crores (2013: ₹ Nil) and payable later than five years is ₹ 4.10 Crores (2013: ₹ Nil)

28 CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 17.64 Crores (2013: ₹ Nil).

29 BORROWING COST

The borrowing cost capitalized during the year ended March 31, 2014 was ₹ 10.88 Crores (2013: ₹ Nil).

30 CONTINGENT LIABILITIES

(₹ in Crores)

Particulars	2013-14	2012-13
A. Claims against the Company not acknowledged as debts	4.24	-
B. Corporate Guarantees given	5.00	-
C. Guarantees given by the bank on behalf of the Company	0.31	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

31 RELATED PARTY DISCLOSURES

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

A. List of Related Parties

a. Holding Company

- i. Future Retail Limited (till June 24, 2013)

b. Subsidiary Companies

- i. Indus-League Clothing Limited (w.e.f. May 29, 2013)
- ii. Indus Tree Crafts Private Limited (w.e.f. May 29, 2013)
- iii. Indus Tree Producer Transform Private Limited (w.e.f. May 29, 2013)

c. Fellow Subsidiary Companies

- i. Future Supply Chain Solutions Limited (till June 24, 2013)
- ii. Future Value Retail Limited (till June 24, 2013)
- iii. Future Media (India) Limited (till June 24, 2013)

d. Associate Companies

- i. Biba Apparels Private Limited (till September 19, 2013)
- ii. And Designs India Limited (till November 12, 2013)
- iii. Resource World Exim Private Limited (w.e.f. January 03, 2014)
- iv. Mineral Fashions Private Limited (w.e.f. March 10, 2014)
- v. KFC Shoemaker Private Limited (w.e.f. March 01, 2014)
- vi. Turtle Limited (w.e.f. May 29, 2013)

e. Joint Ventures

- i. Holii Accessories Private Limited (w.e.f. May 29, 2013)
- ii. Clarks Future Footwear Limited (w.e.f. May 29, 2013)
- iii. Celio Future Fashion Limited (w.e.f. May 29, 2013)

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

- i. Future Human Development Limited (w.e.f. June 25, 2013)
- ii. nuFuture Digital (India) Limited (w.e.f. June 25, 2013)
- iii. Retail Light Techniques India Limited (Formerly known as Asian Retail Lighting Limited) (w.e.f. June 25, 2013)
- iv. nuFuture Haribhakti Business Services Limited (w.e.f. June 25, 2013)
- v. Bansi Mall Management Company Private Limited (w.e.f. June 25, 2013)
- vi. Iskrupa Mall Management Company Private Limited (w.e.f. June 25, 2013)
- vii. Future Ideas Company Limited (w.e.f. June 25, 2013)
- viii. Future Corporate Resources Limited (w.e.f. June 25, 2013)
- ix. Future Retail Limited (w.e.f. June 25, 2013)

g. Key Management Personnel

- i. Mr. Kishore Biyani- Managing Director (w.e.f. June 25, 2013);
- ii. Mr. Chandra Prakash Toshniwal- Executive Director & Chief Financial Officer (w.e.f. November 1, 2013)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

B. Transaction with Related Parties

Nature of Transactions	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates / Joint Ventures	Key Management Personnel Exercise Significant Influence	Key Management Personnel
Revenue from Operations	1.70 (-)	0.03 (-)	26.03 (-)	0.80 (-)	13.21 (-)	- (-)
Purchase of Goods and Services	- (-)	- (-)	5.72 (-)	36.77 (-)	84.73 (-)	- (-)
Purchase of Fixed Assets	- (-)	- (-)	- (-)	- (-)	3.35 (-)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	- (-)	- (-)	2.64* (-)
Investments Made	- (-)	14.60 (-)	- (-)	- (-)	- (-)	- (-)
Loans and Advances Given	- (-)	3.60 (-)	- (-)	0.25 (-)	- (-)	- (-)
Deposits Received	- (-)	- (-)	- (-)	0.44 (-)	- (-)	- (-)
Outstanding Balances as on March 31, 2014	- (-)	3.81 (-)	- (-)	0.02 (-)	349.87 (-)	- (-)
Receivable	-	2.63	-	31.65	26.51	-
Payable	(-)	(-)	(-)	(-)	(-)	(-)

* Subject to approval from Central Government

C. Significant Related Party Transaction

- Revenue from Operations includes Indus Tree Crafts Private Limited ₹ 0.01 Crores (2013: ₹ Nil), Indus Tree Producer Transform Private Limited ₹ 0.02 Crores (2013: ₹ Nil), Future Value Retail Limited ₹ 24.35 Crores (2013: ₹ Nil), And Designs India Limited ₹ 0.25 Crores (2013: ₹ Nil), Biba Apparels Private Limited ₹ 0.13 Crores (2013: ₹ Nil), Turtle Limited ₹ 0.38 Crores (2013: ₹ Nil), Future Retail Limited ₹ 13.05 Crores (2013: ₹ Nil)
- Purchases of Goods and Services includes Future Supply Chain Solutions Limited ₹ 4.47 Crores (2013 : ₹ Nil), Future Media (India) Limited ₹ 1.23 Crores (2013: ₹ Nil), And Designs India Limited ₹ 6.15 Crores (2013 : ₹ Nil), Biba Apparels Private Limited ₹ 6.28 Crores (2013 : ₹ Nil), Turtle Limited ₹ 17.99 Crores (2013 : ₹ Nil) , Celio Future Fashion Limited ₹ 3.97 Crores (2013 : ₹ Nil), Future Corporate Resources Limited ₹ 27.03 Crores (2013 : ₹ Nil), nuFuture Digital (India) Limited ₹ 29.06 Crores (2013 : ₹ Nil), Bansi Mall Management Company Private Limited ₹ 12.20 Crores (2013 : ₹ Nil), Iskrupa Mall Management Company Private Limited ₹ 8.88 Crores (2013 : ₹ Nil)
- Purchase of Fixed Assets includes Retail Light Techniques India Limited ₹ 3.35 Crores (2013: ₹ Nil).
- Investment Made includes Indus-League Clothing Limited ₹ 12.60 Crores (2013: ₹ Nil), Indus Tree Crafts Private Limited ₹ 2.00 Crores (2013: ₹ Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- e. Loans and Advances Given Includes Indus Tree Crafts Private Limited ₹ 3.60 Crores (2013: ₹ Nil), Holii Accessories Private Limited ₹ 0.25 Crores (2013: ₹ Nil).
- f. Deposit Received includes Mineral Fashions Private Limited ₹ 0.11 Crores (2013: ₹ Nil), Turtle Limited ₹ 0.17 Crores (2013: ₹ Nil)

D. Joint Venture Information

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

Details of Joint Venture Interest

S. No.	Name of the Company	Description of Interest	Country of Incorporation	Percentage of Interest as on 31.03.2014
1	Holii Accessories Private Limited (w.e.f. May 29, 2013)	Equity	India	50.00%
2	Clarks Future Footwear Limited (w.e.f. May 29, 2013)	Equity	India	50.00%
3	Celio Future Fashion Limited (w.e.f. May 29, 2013)	Equity	India	35.00%

Company's Interest in the Joint Ventures

(₹ in Crores)

S. No.	Name of the Company	As on	Assets	Liabilities	For the Year Ended on	Income	Expenditure
1	Holii Accessories Private Limited	31.03.2014	3.23	1.91	31.03.2014	3.41	4.36
2	Clarks Future Footwear Limited	31.03.2014	46.74	51.97	31.03.2014	56.17	68.37
3	Celio Future Fashion Limited	31.03.2014	25.58	19.68	31.03.2014	0.25	0.36

32 PAYMENT TO AUDITORS (INCLUSIVE OF SERVICE TAX)

(₹ in Crores)

Particulars	2013-14	2012-13
Statutory Audit Fees	0.54	0.00
Other Services	0.03	-
Total	0.57	0.00

33 EARNING PER SHARE

Basic and Diluted Earnings per Share (EPS) is computed in accordance with Accounting Standard (AS-20) on "Earning per Share"

Particulars	UNITS	2013-14	2012-13
Profit/(Loss) after tax	₹ in Crores	23.28	(0.34)
The Weighted average number of Equity Shares for Basic and Diluted EPS	No. in Crores	15.45	1.12
Earnings per Equity Share (Basic & Diluted)	₹	1.51	(0.30)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

34 SEGMENT REPORTING

The Company is primarily engaged in the business of retail trade, which in terms of Accounting Standard 17 notified under the Companies (Accounting Standards) Rules, 2006 (as amended) "Segment Reporting" constitutes a single reporting segment.

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

36 TAX EXPENSE

The Tax Expense for the Year/Period Comprises of

Particulars	(₹ in Crores)	
	Year Ended March 31, 2014	Period Ended March 31, 2013
Current Tax	7.26	0.01
Deferred Tax	3.70	-
Total	10.96	0.01

37 COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

- a. Pursuant to the Composite Scheme of Arrangement and Amalgamation ("Fashion Demerger Scheme") between Indus-League Clothing Limited ("ILCL"), Lee Cooper (India) Limited ("LEE"), Future Consumer Enterprise Limited (formerly known as Future Ventures India Limited) ("FCEL"), Future Retail Limited (formerly known as Pantaloon Retail (India) Limited) ("FRL"), the Company and their respective shareholders and creditors ("Fashion Demerger Scheme") and subsequently sanctioned by the Hon'ble High Court of Bombay, vide its order dated May 10, 2013, demerged undertakings have been transferred by way of demerger to the Company on a going concern basis with effect from the appointed date of the Scheme, i.e., January 01, 2013. The effective date of the Scheme as approved by the High Court of Bombay is May 29, 2013. The Scheme is operative from the appointed date, i.e., January 01, 2013.
- b. Pursuant to the Scheme 12, 87, 41,832 Equity Shares of ₹ 2/- each were allotted to the share holders of FRL and FCEL on June 25, 2013
- c. In terms of the Scheme, all assets and liabilities of the demerged undertaking have been transferred and stand vested with the Company with effect from the appointed date, i.e., January 01, 2013, at their respective book values as on that date.
- d. An amount of ₹ 68.75 Crores standing to the credit of Debenture Redemption Reserve (DRR) has been transferred and recognised pursuant to Composite Scheme of Arrangement and Amalgamation for transfer of fashion business from FRL and FCEL as DRR in the books of FLFL, since the represents an obligation pertaining to the fashion business. The same pertains to the debenture of ₹ 450.00 Crores transferred to FLFL from FRL as a part of the said Scheme. The capital reserve arising pursuant to the Scheme has been computed after giving effect to the said DRR.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

38 VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

(₹ in Crores)

Particulars	Year Ended March 31, 2014		Period Ended March 31, 2013	
	Value	%	Value	%
Fabrics and Other Accessories				
- Imported	0.49	0.75	-	-
- Indigenous	65.22	99.25	-	-
Total	65.71	100.00	-	-

39 PURCHASE OF STOCK-IN-TRADE

(₹ in Crores)

Particulars	Year Ended March 31, 2014	Period Ended March 31, 2013
Apparel	1301.52	-
Non-Apparel	376.97	-
Total	1678.49	-

40 DETAILS OF SALES VALUE OF GOODS

(₹ in Crores)

Particulars	Year Ended March 31, 2014	Period Ended March 31, 2013
Apparel	2145.94	-
Non-Apparel	514.87	-
Total	2660.81	-

41 PARTICULARS OF RAW MATERIALS CONSUMED

(₹ in Crores)

Particulars	Year Ended March 31, 2014	Period Ended March 31, 2013
Fabric And Accessories	65.71	-
Total	65.71	-

42 VALUE OF IMPORTS ON CIF BASIS

(₹ in Crores)

Particulars	Year Ended March 31, 2014	Period Ended March 31, 2013
Raw Materials	0.18	-
Purchase of Merchandise	13.66	-
Capital Goods	0.38	-
Accessories & Others	0.31	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

43 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in Crores)

Particulars	Year Ended March 31, 2014	Period Ended March 31, 2013
Traveling Expenses	0.22	-
Professional Charges	0.93	-
Advertisement Production	0.52	-
Interest Expense	0.01	-
Royalty	14.06	-

44 EARNING IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in Crores)

Particulars	Year Ended March 31, 2014	Period Ended March 31, 2013
Sales of Products (On FOB Basis)*	19.42	-

*Includes ₹ 18.50 Crores (2013 ₹ Nil) being indirect foreign exchange earnings during the period through credit cards, as certified by the bankers.

45 DERIVATIVES

A. Hedged Foreign Currency Contracts

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivatives instruments for trading and speculative purposes.

The Following are the outstanding forward contracts entered into by the Company as at March 31, 2014

Particulars	2013-14	2012-13
Number of Contracts	04	-
Type	Buy	-
Foreign Currency (\$ In Crores)	0.03	-
INR Equivalent (₹ In Crores)	2.04	-

B. Unhedged Foreign Currency Exposure

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below

Particulars	2013-14	2012-13
Payable for Purchase of Merchandise		
Foreign Currency (\$ In Crores)	0.06	-
INR Equivalent (₹ In Crores)	3.51	-

46. EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Board of Directors of the Company in its meeting held on August 14, 2013 had, based on the approval and recommendation of the Nomination and Compensation Committee of the Directors of the Company approved FLF Employees Stock Option Scheme-2013 ("ESOS-2013") in order to grant options to the eligible employees of Future Retail Limited (Formerly known as Pantaloon Retail (India) Limited), Future Value Retail Limited and Future Consumer Enterprise Limited (Formerly known as Future Ventures India Limited) who were transferred

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

to the Company pursuant to the Composite Scheme of Arrangement and Amalgamation as approved by the Hon'ble High Court of Judicature at Bombay on May 10, 2013 ("the Scheme") and also in order to retain talent and compensate to such employees of the Company, who would be identified by the management and approved by the Nomination and Compensation Committee as eligible for such grants.

Accordingly, the Board in its meeting held on October 31, 2013, approved issue of 15,00,000 (Fifteen Lakh) Options convertible into 15,00,000 (Fifteen Lakh) Equity Shares, of ₹ 2/- each, on the date(s) of the grant of Option(s) under ESOS – 2013 in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of shareholders under Section 81(1A) of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force. The shareholders of the Company at their Extraordinary General Meeting held on December 16, 2013 had approved the aforesaid issue of 15,00,000 (Fifteen Lakh) Options convertible into 15,00,000 (Fifteen Lakh) Equity Shares. The Nomination and Compensation Committee by its circular resolution passed on January 17, 2014 approved to issue 3,01,161 grants to the eligible employees of Future Retail Limited, Future Value Retail Limited and Future Consumer Enterprise Limited who were transferred to the Company pursuant to the Scheme

A. Summary of Status of ESOS Granted

Sr. No.	Particulars	Details
1	Details of the Meeting*	Extra Ordinary General Meeting held on December 16, 2013**
2	Approved*	15,00,000
3	The Pricing Formula	₹ 10
4	Options Granted - under the Scheme of Demerger of fashion business of Future Retail Limited and Future Consumer Enterprise Limited to Future Lifestyle Fashions Limited *	3,01,161
5	Options Vested and Exercisable	2,64,777
6	Options Exercised	-
7	Options Cancelled	-
8	Options Lapsed	-
9	Total Number of Options in force *	3,01,161
10	Variation in terms of ESOS	Not Applicable
11	Total number of shares arising as a result of exercise of options	-
12	Money realised by exercise of Options (₹ In Crores)	-

*Value for value exchange of Options under the Scheme of Demerger of fashion business of Future Retail Limited and Future Consumer Enterprise Limited in to Future Lifestyle Fashions Limited

** Original Grant approved in Future Retail Limited on February 04, 2013 for 25,00,000 Options and in Future Consumer Enterprise Limited on August 10, 2010 for 5,00,00,000 Options

B. Weighted average Fair Value of Options granted during the year whose

(a) Exercise price equals market price	-
(b) Exercise price is greater than market price	-
(c) Exercise price is less than market price*	78.47

*Value for value exchange of options under the Scheme of Demerger, hence fair value has been revised for Options transferred from Future Retail Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Weighted average Exercise price of options granted during the year whose

(a) Exercise price equals market price	-
(b) Exercise price is greater than market price	-
(c) Exercise price is less than market price*	10.00

*Value for value exchange of Options under the Scheme of Demerger, hence Exercise Price has been revised for Options transferred from Future Retail Limited.

- C. The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2011-12 is ₹ 1.09 Crores. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the Financial Statements for the year 2011-12 would be ₹ 3.70 Crores. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro Forma Adjusted Net Income and Earning Per Share

Particulars	Units	2013-14
Net Income as reported	₹ in Crores	23.28
Add: Intrinsic Value Compensation Cost	₹ in Crores	1.93
Less: Fair Value Compensation Cost	₹ in Crores	2.19
Adjusted Pro Forma Net Income	₹ in Crores	23.02
Earning Per Share: Basic and Diluted		
As Reported	₹	1.51
Adjusted Pro Forma	₹	1.49

D. Method and Assumptions used to estimate the fair value of options granted during the year

During the year, some options has been transferred under the Scheme of Demerger of fashion business of Future Retail Limited and Future Consumer Enterprise Limited to Future Lifestyle Fashions Limited. The corporate action has been incorporated on Value-to value Exchange; hence the assumption used to estimate the fair value of Option is same as used by Future Retail Limited and Future Consumer Enterprise Limited.

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

The Assumptions used in the model are as follows

Date of grant	January 17, 2014
1. Risk Free Interest Rate	7.89%
2. Expected Life	1.59
3. Expected Volatility	65.02%
4. Dividend Yield	0.53%
5. Price of the underlying share in market at the time of the Option grant (₹)*	215.60

47. The Company's inventories were destroyed in a fire, on January 30, 2014 at its warehouse situated at Kasaba Hobli, Bangalore. The Company has lodged the claim with the insurance company and, the assessment by the insurance company is under process. The Company is adequately insured and has booked a receivable of ₹ 67.97 Crores from the insurance company in respect of the inventory destroyed. The net loss of ₹ 5.68 Crores on this account has been disclosed as an exceptional item.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

48. DISCLOSURE AS PER CLAUSE 32 OF LISTING AGREEMENT

(₹ in Crores)

Loans and Advance in the nature of Loans given to Subsidiary (Including Interest Accrued)	Balance as on March 31,2014	Balance as on March 31,2013	Maximum Amount due at any time during the year ended on March 31,2014	Maximum Amount due at any time during the year ended on March 31,2013
Indus Tree Crafts Private Limited	3.76	-	3.81	-

49. For the Year Ended March 31, 2014 the Board of Directors of the Company have recommended dividend of ₹ 0.40 Per Share (2013: ₹ Nil) to Equity Shareholders and aggregating to ₹ 7.23 Crores (2013: ₹ Nil) including Dividend Distribution Tax.

50. Previous Period Figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok Trivedi
Partner
Membership No. 042472
Place: Mumbai
Date: May 19, 2014

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairman

Dr. Darlie Koshy
Director

Kishore Biyani
Managing Director

Kuldeep Sharma
Head - Legal &
Company Secretary

C. P. Toshniwal
Executive Director &
Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

	(₹ in Crores)	
	2013-14	2012-13
A Cash Flow from Operating Activities		
Net Profit/(Loss) Before Tax	34.24	(0.33)
Adjustments :		
Depreciation and Amortization Expense	385.19	-
Finance Costs	162.95	-
Profit on Sale of Investments	(329.50)	-
Loss on Disposal/Discarded of Fixed Assets (Net)	12.67	-
Expense on Employee Stock Option Scheme (Refer Note No. 46)	1.93	-
Dividend Income	(0.22)	-
Bad Debts Written Off	0.56	-
Interest Income	(1.47)	(0.15)
Operating profit before working capital changes	266.35	(0.48)
Adjusted for:		
Trade Receivables	(331.36)	-
Loans and Advances and Other Assets	(591.35)	(4.65)
Inventories	(1,023.97)	-
Trade Payables, Other Liabilities and Provisions	1,099.85	0.02
Cash Generated from Operations	(846.83)	(4.63)
Tax Paid	(12.49)	(0.02)
Net Cash From Operating Activities	(592.97)	(5.13)
B Cash Flow From Investing Activities		
Purchase of Fixed Assets	(1,737.26)	-
Sale of Fixed Assets	0.90	-
Purchase of Investments	(425.81)	-
Sale of Investments	376.85	-
Interest Received	1.47	0.15
Dividend Received	0.22	-
Net Cash (Used In) / Provided By Investing Activities	(1,783.63)	0.15
C Cash Flow From Financing Activities		
Proceeds from Issue of Shares	-	5.15
Proceeds from Borrowings	1,541.91	-
Interest Paid	(162.95)	-
Net Cash Provided by Financing Activities	1,378.96	5.15
D On Composite Scheme of Arrangement (Refer Note No. 37)	1,268.55	-
Net Increase in Cash & Cash Equivalents (A+B+C+D)	270.91	0.17
Net Increase in Cash & Cash Equivalents	270.91	0.17
Cash & Cash Equivalents (Opening Balances)	0.17	-
Cash & Cash Equivalents (Closing Balances)	271.08	0.17

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

C. P. Toshniwal
Executive Director &
Chief Financial Officer

Ashok Trivedi
Partner
Membership No. 042472
Place: Mumbai
Date: May 19, 2014

Dr. Darlie Koshy
Director

Kuldeep Sharma
Head - Legal &
Company Secretary

**STATEMENT PURSUANT TO SECTION 212
OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARIES COMPANIES AS ON MARCH 31, 2014**

S.No.	Name of the Subsidiary Companies	Year Ended on	Extent of the Holding Companies Interest(%)	Net aggregate amount of the Profit/ (Loss) of the Subsidiary, so far as it concerns the members of the Holding Company (₹ in Crores)				Dealt with in the holding Company's Account			
				Not Dealt with in the holding Company's Account				For the Financial Year of the subsidiary	For the previous financial years since they became subsidiary	For the Financial Year of the subsidiary	For the previous financial years since they became subsidiary
				Profit After Taxation	For the Financial Year of the subsidiary	B/F Profit	For the previous financial years since they became subsidiary				
1	Indus-League Clothing Limited	March 31, 2014	100.00%	0.28	0.28	(11.37)	(11.37)	-	-		
2	Indus Tree Crafts Private Limited #	March 31, 2014	63.34%	(1.10)	(0.70)	(11.39)	(7.21)	-	-		
3	Indus Tree Producer Transform Private Limited \$#	March 31, 2014	100.00%	(4.58)	(4.58)	(5.47)	(5.47)	-	-		

\$ Subsidiary of Indus Tree Crafts Private Limited

Considered as per Management Accounts

ADDENDUM TO THE ANNUAL REPORT OF FUTURE LIFESTYLE FASHIONS LIMITED FOR THE YEAR ENDED MARCH 31, 2014, PURSUANT TO THE DIRECTION GIVEN BY THE CENTRAL GOVERNMENT OF INDIA VIDE APPROVAL LETTER NO. 47/528/208-CL-III DTD. 22/08/2008 DIRECTING THE COMPANY TO GIVE FOLLOWING INFORMATION IN THE ANNUAL REPORT WHILE GRANTING APPROVAL UNDER SECTION 212(8) OF THE COMPANIES ACT 1956.

STATEMENT CONTAINING FINANCIAL DETAILS OF SUBSIDIARIES OF FUTURE LIFESTYLE FASHIONS LIMITED

(₹ in Crores)

S. No.	Name of the Subsidiary Companies	Capital	Reserves	Total Assets	Total Liabilities	Investment (excluding investments in subsidiaries)	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
1	Indus-League Clothing Limited	3.48	86.03	89.51	89.51	-	-	0.28	-	0.28	-
2	Indus Tree Crafts Private Limited#	12.35	3.14	25.93	25.93	0.00	3.76	(1.10)	-	(1.10)	-
3	Indus Tree Producer Transform Private Limited \$#	0.69	(10.05)	19.00	19.00	-	16.38	(4.58)	-	(4.58)	-

Note: Turnover excludes Other Income

\$ Subsidiary of Indus Tree Crafts Private Limited

Considered as per Management Accounts



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FUTURE
LIFESTYLE
FASHIONS

**41 MILLION NEW PINCHES IN A YEAR.
OVER 25 BRANDS. ONE COMPANY.**



**Registered Office and
Corporate Office:**

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This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.