



**Investor Update – Q3 FY14
(October – December 2013)**



Growth and Expansion

- Opened 18 Exclusive Brand Outlets (EBOs) expanding presence in new cities including Vijayanagaram, Ranchi, Anand, Aurangabad and Lucknow
- Launched exclusive outlets for Manchester United and John Miller at Mumbai and Ahmedabad airports respectively
- Sales through e-Commerce channel is clocking around ₹50 lacs per month for apparel brands

Innovation

- Daniel Hechter launched a limited edition of 75 exclusive shirts from the La Premiere collection crafted with high quality fabric
- Indigo Nation launched the 'Young and Restless' collection with its edgy club wear, tuxedos, stylish shirts with neon hints and slim fit 'shackets'
- John Millers' new range of everyday corporate wear super crease shirts which remain sharp even after numerous washes
 - Brand also introduced glitzy shirts for this festive season and odd sized shirts in sizes like 39 and 43 and trousers this season

Other Highlights and Awards

- Jealous 21, women's wear brand that pioneered hip fit jeans, has become the fashion partner for Priyanka Chopra's latest international single, 'Exotic'
- FLF Brands awarded "**Best Performing Partner – Strategic Partnership**" at **Reliance Trends Performance Awards 2014**
- Indigo Nation was awarded the **Most Admired Men's Brand** for its unique design concept at **Images Fashion Awards 2014**



International Brands Launched

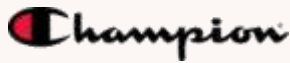


FLF has acquired the exclusive India license of the Umbro brand from Iconix Brand Group. Umbro, a British sportswear and football brand now available in 90 countries, was founded in 1924 and is based in Manchester. The company became a subsidiary of Iconix Brand Group in 2012.

Globally Umbro builds an identity based on engaging consumers at points where football & 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. The brand will also launch a number of accessories like bag-packs, caps and socks. Umbro pricing strategy will be similar to Converse and way below its competitors like Adidas and Nike, thus making it a very attractive proposition.

Umbro is being retailed through the group's retail formats, Central and Planet Sports along with setting up its own EBO network. It will be also be distributed to other multi-brand outlets and other modern retail chain. The brand startegy will focus on "Attract customers – Engage followers – Amplify Fans."



FLF has acquired the exclusive India license of the brand Champion from owner HanesBrands Inc. Champion also possess a rich heritage of over 90 years and is HanesBrands' second largest brand with the namesake Hanes brand in first place.

The Champion brand is born out of the notion that sport creates camaraderie, builds character, is a part of life, and that a true champion plays and excels for the love of sport. Champion in India will be positioned as a sports lifestyle brand operating at entry price point category. It will offer great value for money at affordable prices and will target the mass consumer. It will target fitness enthusiast, young athletes and college goers and those who believe in team work, plays the sport with right spirit.

Along with a special focus on performance apparel, it will also offer men's and women's sportswear apparel and will be retailed through the company's retail networks, Central, Brand Factory and Planet Sports.



Retail Presence:

- Operates 4.43 million square feet of retail space across fashion formats
 - Added ~0.44 million sq ft of gross space during the quarter

New Store Openings:

- Opened the first Central store in Nagpur with retail space of ~96,000 sq ft
- Brand Factory entered new markets of Raipur, Bhilai, Faridabad and Secunderabad.
 - Also strengthened its position in existing markets by adding two stores in Bengaluru - taking the total to 8 stores and opening its 7th Hyderabad store
- aLL expanded its presence in Vadodara, Chennai, Pune; and launched its first store in Kanpur
- Planet Sports opened stores its 8th Mumbai store and 2nd Vadodara store

Other Highlights

- With the focus on the ceremonial wear category Central introduced the concept of a wedding registry
 - A wedding affair service desk manned by trained consultants will offer personalized services to customers and recommend various options across all key categories



Nagpur Central



Ceremonial Wear

Growing pan – India footprint across formats



| Store Network as of 31st December 2013 | | |
|--|-------------|-------------------------|
| Format | # of stores | Retail space (mn sq ft) |
| Central | 24 | 2.64 |
| Brand Factory | 38 | 1.28 |
| Planet Sports | 46 | 0.22 |
| aLL | 30 | 0.04 |
| EBOs and Others | 185 | 0.25 |
| Grand Total | 323 | 4.43 |

| Stores Opened During the quarter | | | |
|----------------------------------|-----------------|---------|--------------|
| Format | Date of opening | Sq. Ft. | Location |
| Central | 1-Nov-13 | 96,191 | Nagpur |
| Brand Factory | 31-Oct-13 | 21,263 | Kanpur |
| | 1-Dec-13 | 21,338 | Raipur |
| | 1-Dec-13 | 13,970 | Bhilai |
| | 1-Dec-13 | 24,996 | Faridabad |
| | 1-Dec-13 | 62,233 | Secunderabad |
| | 1-Dec-13 | 53,570 | Hyderabad |
| | 1-Dec-13 | 33,000 | Raipur |
| | 1-Dec-13 | 33,000 | Bengaluru |
| | 1-Dec-13 | 54,714 | Bengaluru |
| Planet Sports | 27-Oct-13 | 3,617 | Vadodara |
| | 1-Nov-13 | 1,681 | Mumbai |
| aLL | 5-Oct-13 | 620 | Vadodara |
| | 1-Nov-13 | 1,981 | Chennai |
| | 10-Nov-13 | 609 | Kanpur |
| | 27-Dec-13 | 1,351 | Pune |

During the quarter added ~0.44 mn sq ft resulting in a total of 4.43 mn sq ft of retail space

Financial Highlights

- Central posted same-store sales growth (SSG) of 8%, while entire retail business posted a SSG of 7.3% largely due to inconsistent sales post the Diwali period
- This quarter being the full-price quarter reported gross margins of 39.7%, an expansion of 295 basis points compared to 36.8% in the September 2013 quarter
- During the quarter, the company witnessed higher operating cost as majority of the new stores opened were towards the quarter end

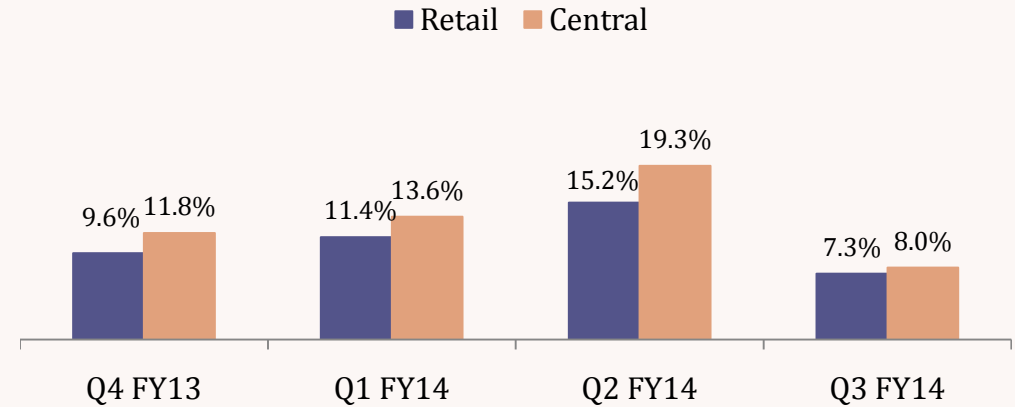
CARE Ratings:

- Long Term Loans rating were revised from A to A+
- Short Term Loans ratings were re-affirmed at A1

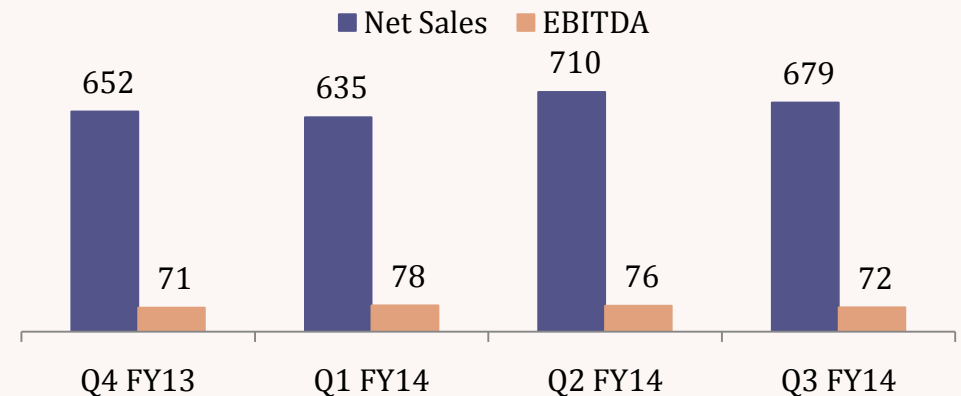
Divestments - AND

- The Group had first acquired a 15.5% stake in AND Designs in 2008, which was gradually increased to 22.9% in 2011.
 - Total investment of approx ₹6 cr.
- From 2008 till 2013, the company grew at a CAGR of 62% with the EBITDA margins expanding from 12% in 2008 to 20% in 2013
- During the quarter, the company divested its 22.89% stake in AND Designs in favor of a leading PE fund.
- Exited at 15X FY 14 EBITDA and at 24x investment value
- The total proceeds from the sale was approx ₹145 cr.

SSGs (%)



Net Sales and EBITDA (₹cr)



| Income Statement | Quarter ended (₹ cr.) | | | |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | Q3 FY14 Oct-Dec '13 | Q2 FY14 Jul-Sep '13 | Q1 FY14 Apr-Jun '13 | Q4 FY13 Jan-Mar '13 |
| Net Sales | 659 | 690 | 611 | 630 |
| Other Operating Income | 20 | 20 | 24 | 22 |
| Total Income from Operations | 679 | 710 | 635 | 652 |
| COGS | 409 | 449 | 392 | 412 |
| Gross Profit | 270 | 261 | 244 | 240 |
| Gross Margin % | 39.7% | 36.8% | 38.3% | 36.9% |
| Employee Benefits Expense | 34 | 30 | 27 | 26 |
| Rent including Lease Rental | 75 | 71 | 67 | 67 |
| Other Expenditures | 89 | 84 | 73 | 78 |
| Total Expenditure | 198 | 186 | 167 | 170 |
| Other Income | 0 | 1 | 1 | 1 |
| EBITDA | 72 | 76 | 78 | 71 |
| EBITDA Margin % | 10.6% | 10.8% | 12.2% | 10.9% |
| Depreciation | 29 | 27 | 27 | 24 |
| EBIT | 43 | 49 | 51 | 47 |
| Finance Costs | 42 | 42 | 40 | 42 |
| PBT | 1 | 7 | 11 | 5 |
| Exceptional Items | 139 | 155 | 0 | 0 |
| Tax expense | 47 | 52 | 4 | 2 |
| Net profit | 93 | 109 | 8 | 4 |

Gross Margin:

- Expansion by 295 bps sequentially due to full price quarter

Operating Cost:

- Increased by around 300 bps as majority of the new stores were opened towards to quarter end

CARE Ratings:



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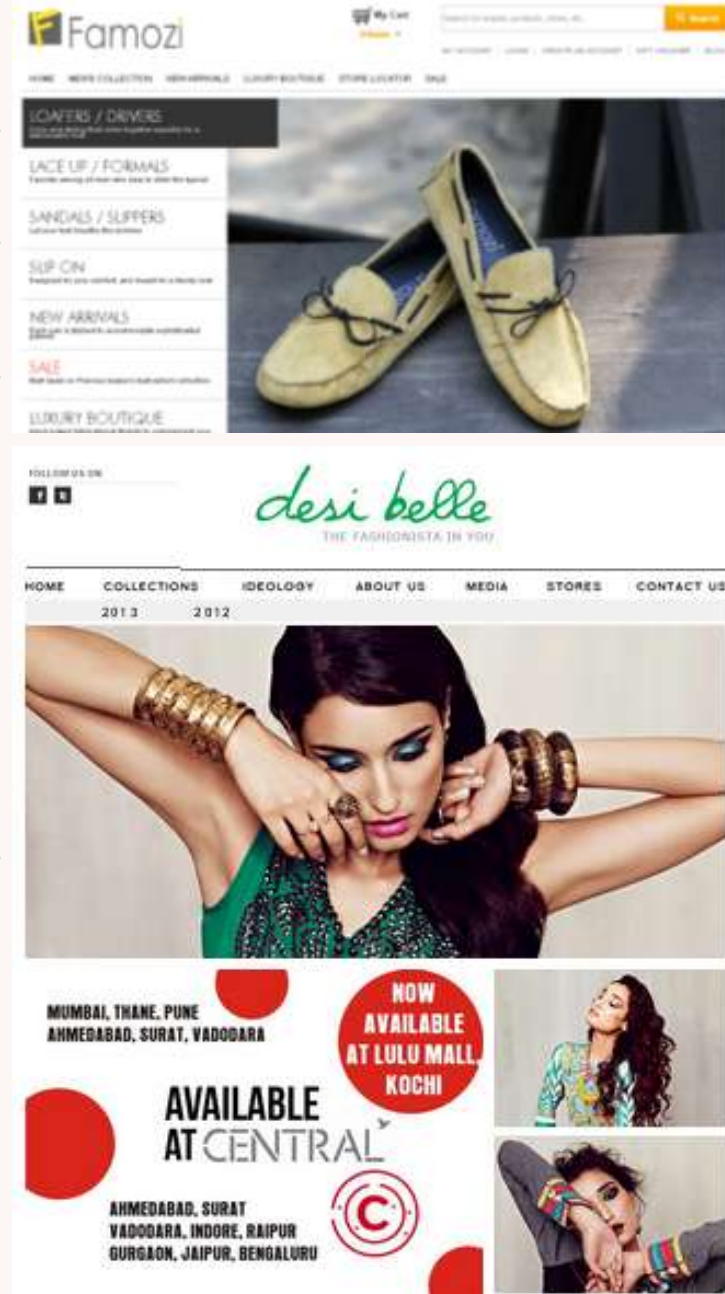
Note: Standalone results do not include investee companies – Turtle, Clarks, Celio, Holii, Mineral, Famozi, Tresmode etc.

Year ending for FLFL will be 31st March.

Exceptional item for the December 2013 quarter represents profit from the sale of stake in AND Designs.

Expanding brand portfolio in women wear and footwear..

| | | |
|-----------------------------|---|--|
| Brand |  |  |
| Relationship | <ul style="list-style-type: none"> Acquired 27.5% | <ul style="list-style-type: none"> Acquired 11% stake |
| Category | <ul style="list-style-type: none"> Indo-fusion women's fashion apparel | <ul style="list-style-type: none"> Footwear |
| Distribution | <ul style="list-style-type: none"> Stores across Mumbai, Pune, Bangalore, Ahmadabad, Surat, Jaipur, Indore, Raipur, Gurgaon, Vadodara and Kerala Strong online presence | <ul style="list-style-type: none"> Largely retailed through its online platform but has now adopted a hybrid model by launching its range through other retailers Currently available in Singapore, Dubai and other Middle Eastern countries and brand will launch in Malaysia, Pakistan and England |
| Rationale / Comments | <ul style="list-style-type: none"> Objective is to expand and enhance FLFL's portfolio in affordable Indo-fusion wear for women | <ul style="list-style-type: none"> Focus on expanding its presence in the footwear category Expands footwear portfolio which currently includes Clarks and Tresmode |



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