

FUTURE LIFESTYLE FASHIONS LIMITED

CIN: U52100MH2012PLC231654

Regd. Off.: 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 Website: www.futurelifestyle.in; E-mail : investorrelations@futurelifestyle.in

NOTICE

Notice is hereby given that an Extraordinary General Meeting of the members of Future Lifestyle Fashions Limited will be held on Friday, 7 November 2014 at 10:30 am at Enlightenment, Second Floor, Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400060, to transact the following business:

Special Business:

Item No. 1

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the stock exchanges where the equity shares of the Company are listed, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the **“SEBI Regulations”**) and subject to all other applicable laws, rules, regulations, circulars and guidelines and subject to such approvals, permissions, sanctions and consents as may be necessary and required under the applicable laws, rules, regulations, circulars and guidelines and on such terms and conditions (including any alterations, modifications, corrections, changes and variations, if any, that may be stipulated under such approvals, permissions, sanctions, and consents as the case may be) which may be accepted by the Board of Directors of the Company (herein referred to as **“Board”** which term shall include any duly constituted and authorized committee thereof to exercise its powers under this resolution) and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, from time to time, in one or more tranches, up to an aggregate of 1,59,34,065 (One Crore Fifty Nine Lakh Thirty Four Thousand Sixty Five) equity shares of face value of Rs. 2/- (Rupees Two only) each at a price of Rs. 91/- (Rupees Ninety One only) per equity share (including a premium of Rs.89/- (Rupees Eighty Nine only) per equity share) aggregating to Rs. 144,99,99,915/- (Rupees One Hundred Forty Four Crore Ninety Nine Lakh Ninety Nine Thousand Nine Hundred Fifteen only) (hereinafter referred to as **“Issue Shares”**), to Ryka Commercial Ventures Private Limited (hereinafter referred to as **“Investor 1”**) on a preferential basis.

RESOLVED FURTHER THAT the Issue Shares being offered, issued and allotted to the Investor 1 by way of a preferential issue shall *inter alia* be subject to the following:

- (i) The Issue Shares to be offered, issued and allotted to the Investor 1 shall be in dematerialised form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- (ii) The Issue Shares to be offered, issued and allotted shall rank *pari passu* with the existing equity shares of the Company in all respects including as to dividend;
- (iii) The “Relevant Date” for the offer, issue and allotment of the Issue Shares by way of a preferential issue, as per the SEBI Regulations, for the determination of minimum price for the issue of the Issue Shares is Wednesday, 8 October 2014, being 30 days prior to the date of this Extraordinary General Meeting;
- (iv) The Issue Shares to be offered, issued and allotted shall be subject to lock-in as provided under the provisions of SEBI Regulations; and
- (v) The Issue Shares so offered, issued and allotted will be listed subject to the receipt of necessary regulatory permissions and approvals.

RESOLVED FURTHER THAT subject to the provisions of SEBI Regulations and other applicable laws, the Board be and is hereby authorized to decide and approve terms and conditions of the offer, issue and allotment of the Issue Shares and vary, modify or alter any relevant terms and conditions, including size of the preferential issue to the Investor, as it may deem expedient.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to issue clarifications on the offer, issue and allotment of the Issue Shares, to execute all such writings and instruments and enter into arrangement/ agreements as the Board may in its absolute discretion deem necessary or desirable for purposes of this resolution, to settle all questions, difficulties or doubts that may arise

in regard to the offer, issue and allotment of the Issue Shares and utilisation of proceeds of the Issue Shares, take all others steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing in the best interests of the Company and its shareholders.

RESOLVED FURTHER THAT the Board be and is hereby also authorised to delegate all or any of its powers to any officer(s) or authorized signatory(ies) of the Company to give effect to this resolution including execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any merchant bankers or other professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.”

Item No. 2

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the stock exchanges where the equity shares of the Company are listed, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“**SEBI Regulations**”) and subject to all other applicable laws, rules, regulations, circulars and guidelines and subject to such approvals, permissions, sanctions and consents as may be necessary and required under the applicable laws, rules, regulations, circulars and guidelines and on such terms and conditions (including any alterations, modifications, corrections, changes and variations, if any, that may be stipulated under such approvals, permissions, sanctions, and consents as the case may be) which may be accepted by the Board of Directors of the Company (herein referred to as “**Board**” which term shall include any duly constituted and authorized committee thereof to exercise its powers under the resolutions) and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, from time to time, in one or more tranches, on a preferential basis upto an aggregate of 32,96,700 (Thirty Two Lakh Ninety Six Thousand Seven Hundred) compulsorily convertible debentures of face value of Rs. 91/- (Rupees Ninety One only) each at par aggregating to Rs. 29,99,99,700 (Rupees Twenty Nine Crore Ninety Nine Lakh Ninety Nine Thousand Seven Hundred only) (hereinafter referred to as “**CCDs**”), with each CCD convertible into 1 (One) equity share at a conversion price of Rs. 91/- (Rupees Ninety One only) per equity share (hereinafter referred to as “**CCD Shares**”), to Arlette Infrastructure Private Limited (hereinafter referred to as the “**Investor 2**”).

RESOLVED FURTHER THAT the Board is hereby authorised to offer, issue and allot requisite number of CCD Shares to the holders of CCDs upon conversion.

RESOLVED FURTHER THAT the CCDs being offered, issued and allotted to Investor 2 by way of a preferential issue shall *inter alia* be subject to the following:

- (i) The CCD Shares to be issued and allotted to Investor 2 shall be in dematerialised form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company. CCDs to be offered, issued and allotted to Investor 2 shall be either in physical form or in dematerialised form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- (ii) The CCD Shares shall rank *pari passu* with the existing equity shares of the Company in all respects including as to dividend;
- (iii) The “Relevant Date” for the offer, issue and allotment of CCDs by way of a preferential issue, as per the SEBI Regulations, for the determination of the minimum price for the issue of the CCDs and CCD Shares is Wednesday, 8 October 2014, being 30 days prior to the date of this Extraordinary General Meeting;
- (iv) The CCDs and CCD Shares to be offered, issued and allotted shall be subject to lock-in as provided under the provisions of SEBI Regulations;
- (v) Each CCD shall be automatically and compulsorily converted into one CCD Share on 1 April 2015, which would be within a period of 18 (eighteen) months from the date of their allotment; and
- (vi) CCD Shares will be listed subject to the receipt of the necessary regulatory permissions and approvals.

RESOLVED FURTHER THAT subject to the provisions of SEBI Regulations and other applicable laws, the Board be and is hereby authorized to decide and approve terms and conditions of the issue of the CCDs including the time, mode and manner of conversion of CCDs into CCD Shares and to vary, modify or alter any of the terms and conditions, including size of the preferential issue to Investor 2, as it may deem expedient.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or

desirable for such purpose, including without limitation to issue clarifications on the offer, issue and allotment of CCDs and conversion of CCDs into CCD Shares, to execute all such writings and instruments and enter into arrangement/ agreements as the Board may in its absolute discretion deem necessary or desirable for purposes of this resolution, to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of CCDs, conversion of CCDs into CCD Shares and utilisation of proceeds of CCDs, take all others steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing in the best interests of the Company and its shareholders.

RESOLVED FURTHER THAT the Board be and is hereby also authorised to delegate all or any of its powers to any officer(s) or authorized signatory(ies) of the Company to give effect to this resolution including execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any merchant bankers or other professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.”

Item No. 3

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** further to the resolution passed by the Members at their meeting held on 16 December 2013 and pursuant to the provisions of Section 196,197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification from time to time or any re-enactment thereof for the time being in force) (the “**Act**”) read with Schedule V to the said Act and subject to the approval of the Central Government and such other authorities as may be necessary, consent of the Members of the Company be and is hereby accorded for payment of remuneration of Rs. 2,23,20,000/- per annum (including commission up to 5% of Net Profits of the Company, subject to maximum of Rs. 1,25,00,000/- per annum, payable for financial year in which adequate profit is earned), to Mr. Kishore Biyani (holding DIN 00005740), as Managing Director of the Company with effect from 1 April 2014, for remainder of duration of appointment up to 24 June 2016.

RESOLVED FURTHER THAT in the event in any financial year during the tenure of the Managing Director, the Company does not earn any profits or earns inadequate profits as contemplated under the applicable provisions of the Act, read with Schedule V of the Act, the Company may pay to the Managing Director, the above remuneration excluding commission amount payable on profits earned as the minimum remuneration by way of salary and allowances as specified above and subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and is hereby authorised to make application for waiver of excess remuneration paid to Mr. Kishore Biyani during the period from 25th June, 2013 to 31 March 2014, if any, or such other application as may be necessary to Statutory Authority for waiver of the excess remuneration, if any, paid to Mr. Kishore Biyani during the period from 25 June 2013 to 31 March 2014.

RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and is hereby also authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits as specified under the relevant provisions of the Companies Act, 2013 and/ or as approved by the Central Government or such other competent authority.”

Item No. 4

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** further to and in partial modification to the resolution passed by the Members at their meeting held on 16 December 2013 and pursuant to the provisions of Section 196,197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification from time to time or any re-enactment thereof for the time being in force) (the “**Act**”) read with Schedule V to the said Act and subject to the approval of the Central Government and such other authorities as may be necessary, consent of the Members of the Company be and is hereby accorded for payment of remuneration, including allowances, perquisites and variable bonus based on the performance, to Mr. C. P. Toshniwal (holding DIN 00036303) as Executive Director and Chief Financial Officer of the Company in the scale of Rs. 1,70,00,000/- to Rs. 2,10,00,000/- per annum with effect from 1 April 2014, till 31 October 2016.

RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits as specified under the relevant provisions of the Companies Act, 2013 and/ or as approved by the Central Government or such other competent authority.

RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and is hereby also authorised to make the waiver application or such other application as may be necessary to Statutory Authority for the excess remuneration, if any, paid to Mr. C.P. Toshniwal during the period from 1 November 2013 to 31 October 2016.

RESOLVED FURTHER THAT in the event in any financial year during the tenure of the Executive Director and Chief Financial Officer, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V to the Companies Act, 2013, the Company may pay to the Executive Director and Chief Financial Officer, the above remuneration as the minimum remuneration by way of salary and allowances as specified above and subject to receipt of the requisite approvals, if any.”

**By order of the Board of Directors
For Future Lifestyle Fashions Limited**

**Mumbai,
8 October 2014**

**Kuldeep Sharma
Head-Legal & Company Secretary**

Registered office:

Knowledge House, Shyam Nagar,
Off Jogeshwari-Vikhroli Link Road,
Jogeshwari (East), Mumbai 400060.

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NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed signed and stamped not less than forty eight hours before the commencement of the Meeting. A proxy form is sent herewith. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority, as applicable.

During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of prior notice in writing is given to the Company.

2. The Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto and forms part of the notice.
3. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your Depository Participant to enable us to send you necessary communication via email.
4. Electronic copy of the Notice of the aforesaid Extraordinary General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the aforesaid Extraordinary General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent by speed post.
5. Members may also note that the Notice of the aforesaid Extraordinary General Meeting will also be available on the Company's website www.futurelifestyle.in for their download.

6. **VOTING THROUGH ELECTRONIC MEANS**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Extraordinary General Meeting (EGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
- (i) Open email and open PDF file viz; "Future Lifestyle Fashions Ltd e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/ PIN for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
 - (iii) Click on Shareholder - Login.
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" of Future Lifestyle Fashions Limited.
 - (viii) Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant board resolution/ authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sanjayrd65@yahoo.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of EGM [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy] :
- (i) Initial password is provided at the bottom of the Attendance Slip for the EGM
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsd.com.
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on Wednesday, 29 October 2014 (9:00 am) and ends on Friday, 31 October 2014 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 03 October 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 03 October 2014.
- VII. Mr. Sanjay Dholakia, Practicing Company Secretary (Membership No. 2655 Certificate of Practice No. 1798) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Board of Directors of the Company.
- IX. The Results shall be declared on or after the EGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.futurelifestyle.in and on the website of NSDL within two (2) days of passing of the resolutions at the EGM of the Company and communicated to BSE Limited and National Stock Exchange of India Limited.

7. Members are requested to send all communications relating to shares to Company's Registrar & Share Transfer Agent (R & T Agent) at the following address:

LINKINTIME INDIA PRIVATE LIMITED
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (West), Mumbai 400078
 Phone No. (022) 25963838 Fax No. 022 – 25946969
 email : rnt.helpdesk@linkintime.co.in

8. Members/ Proxies are requested to bring the attendance slips duly filled in to the Meeting.

9. All documents referred to in the accompanying Notice and the Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days between Monday and Friday of every week, up to and including the date of the Extraordinary General Meeting of the Company.

**By order of the Board of Directors
For Future Lifestyle Fashions Limited**

**Mumbai,
8 October 2014**

**Kuldeep Sharma
Head-Legal & Company Secretary**

Registered office:

Knowledge House, Shyam Nagar,
Off Jogeshwari-Vikhroli Link Road,
Jogeshwari (East), Mumbai 400060.

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Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out the material facts concerning each item of special business to be transacted at a General Meeting to be held on Friday, 7 November 2014

Item No.1 & 2

BRIEF NOTE ON COMPANY OPERATIONS AND JUSTIFICATION FOR ISSUE

Your Company has a proven track record of developing strong brands in the lifestyle fashion space as well as distribution and retailing through department stores, specialty and exclusive brand stores and outlet malls. The fresh investment in the Company will further help in growth and investments in developing its portfolio of brands and expansion of its retail network. The equity infusion will also strengthen the Company's balance sheet and reduce interest costs for the Company. It is therefore proposed to raise funds through preferential issue of 1,59,34,065 Equity Shares to Ryka Commercial Ventures Private Limited (“Investor 1”), being a company forming part of the Promoter Group and 32,96,700 Compulsorily Convertible Debentures (“CCDs”) to Arlette Infrastructure Private Limited (“Investor 2”), also a company forming part of the Promoter Group.

Salient features of the preferential issue are as under:

- Allotment of the Issue Shares to Ryka Commercial Ventures Private Limited as the Investor 1 (hereinafter referred as “Issue Shares”) would be made at a price of Rs.91/- (Rupees Ninety One only) per equity share comprising Rs. 2/- (Rupees Two only) towards the face value of each equity share and Rs.89/- (Rupees Eighty Nine only) towards securities premium per equity share. The total issue size assuming allotment of 1,59,34,065 (One Crore Fifty Nine Lakh Thirty Four Thousand Sixty Five only) equity shares is Rs. 144,99,99,915 (Rupees One Hundred Forty Four Crore Ninety Nine Lakh Ninety Nine Thousand Nine Hundred Fifteen only).
- Allotment of CCDs to Arlette Infrastructure Private Limited as Investor 2 would be made at its face value of Rs. 91/- per CCD. Each CCD is convertible into 1 (One) equity share of the Company [being the CCD Shares of face value of Rs. 2/- (Rupees Two Only)], at a fixed conversion price of Rs. 91/- (Rupees Ninety One only) per CCD Share. The total issue size assuming allotment of 32,96,700 (Thirty Two Lakh Ninety Six Thousand Seven Hundred) CCDs converting into 32,96,700 (Thirty Two Lakh Ninety Six Thousand Seven Hundred) equity shares is Rs. 29,99,99,700 (Rupees Twenty Nine Crore Ninety Nine Lakh Ninety Nine Thousand Seven Hundred only).
- The “Relevant Date” as per SEBI Regulations for determining the minimum price for the offer, issue and allotment of the Issue Shares is Wednesday, 8 October 2014, being 30 days prior to the date of this Extraordinary General Meeting. The same “Relevant Date” has also been considered for determining the minimum conversion price for conversion of the CCDs into the CCD Shares.
- The minimum price as per the SEBI pricing formula for preferential issue is Rs. 90.72 (Rupees Ninety and Paise Seventy Two only), being higher of (a) the average of the high and low of the closing prices at the National Stock Exchange of India Limited for 26 weeks prior to the relevant date viz. Rs.90.72 (Rupees Ninety and Paise Seventy Two only), and (b) the average of the high and low of the closing prices at the National Stock Exchange of India Limited for 2 weeks prior to the relevant date viz. Rs.87.51 (Rupees Eighty Seven and Paise Fifty One only). The price at which Issue Shares are proposed to be allotted and the price at which the CCDs are proposed to be converted into CCD Shares is higher than this minimum price.
- The price of the Issue Shares to be allotted to Investor 1 and the conversion price of the CCD Shares to be allotted upon conversion of the CCDs to Investor 2 have been arrived at based on the minimum floor price determined under the SEBI Regulations and an additional premium agreed to between the Company and the Investor 1 (for the Issue Shares 1) and the Company and Investor 2 (for the CCD Shares).

- No report of registered valuer is required for the offer, issue and allotment of the Issue Shares and the offer, issue and allotment of CCD Shares pursuant to conversion of the CCDs under the provisions of first proviso to Rule 13(1) of the Companies (Share Capital and Debenture) Rules, 2014.
- The CCDs shall be converted into 32,96,700 (Thirty Two Lakh Ninety Six Thousand Seven Hundred only) equity shares of the Company on April 1 2015, which would be within a period of 18 (eighteen) months from the date of their allotment.
- The entire amount payable on the Issue Shares and the CCDs shall be received by the Company prior to allotment.
- Post allotment of the Issue Shares, the increase in equity share capital would be Rs.3,18,68,130/- (Rupees Three Crore Eighteen Lakh Sixty Eight Thousand One Hundred Thirty only) and the increase in securities premium, would be Rs 141,81,31,785/- (Rupees One Hundred Forty One Crore Eighty One Lakh Thirty One Thousand Seven Hundred Eighty Five only).
- Post conversion of the CCDs (assuming full conversion), the increase in equity share capital would be Rs.65,93,400/- (Rupees Sixty Five Lakh Ninety Three Thousand Four Hundred only) and the increase in securities premium, would be Rs 29,34,06,300/- (Rupees Twenty Nine Crore Thirty Four Lakh Six Thousand Three Hundred only).
- This is the second preferential issue of securities by the Company in this year. The Company has allotted 1,55,27,950 equity shares to PI Opportunities Fund-I on preferential basis. Further, during the year, the Company has allotted 2,64,777 equity shares to eligible employees upon their exercise of option under Employees Stock Option Scheme 2013.

Disclosures as required under Regulation 73 of the SEBI ICDR Regulations for the purpose of allotment of Equity Shares on preferential basis:

The object/s of the issue through preferential offer	Amount not exceeding 25 % of the preferential issue would be used for general corporate purposes and the balance shall be utilized for repayment of debt.	
Intention of Promoters / Directors / Key Management persons to subscribe to the preferential offer	The offer, issue and allotment of the Issue Shares to Ryka Commercial Ventures Private Limited and Issue CCDs to Arlette Infrastructure Private Limited, both of which forms part of the "Promoter Group" of the Company.	
Shareholding pattern before and after the Preferential issue	As given below	
Proposed time within which the preferential issue shall be completed	The allotment of the Issue Shares and Issue of CCDs by way of preferential issue will be completed within a period of 15 days from the date of passing of the above-referred special resolutions through Postal Ballot or 15 days from the date of receipt of necessary regulatory approvals, if any, whichever is later or within such further period as may be prescribed or allowed by the SEBI, stock exchange(s) or other concerned authorities	
The identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and /or who ultimately control proposed allottees and the percentage of the post preferential issue capital that may be held by them on fully diluted basis	Identity of the Allottees	% of post preferential issue capital
	FOR BOTH THE PROPOSED ALLOTTEES: Kishore Biyani, Vijay Biyani, Rakesh Biyani, Anil Biyani, Sunil Biyani, Gopikishan Biyani, Laxminarayan Biyani and Sangeeta Biyani	57.08%
Change in control, if any, in the Company consequent to the preferential issue	There will be no change in control of the Company upon the allotment of the Issue Shares and CCDs Shares.	

Lock-in period:

The Issue Shares to be offered, issued and allotted to Investor 1 & CCDs Shares to be offered, issued and allotted to Investor 2 shall be subject to Lock-in as provided under the provisions of SEBI Regulations.

Listing:

The Company will make an application to the stock exchanges at which the existing shares are listed, for listing of the Issue Shares and CCD Shares. Such Issue Shares and CCD Shares, once allotted, will rank *pari passu* with the existing equity shares of the Company in all respects, including dividend.

Shareholding pattern before and after the proposed issue is as follows:

Sr. No.	Category	Pre-issue Equity Shareholding		After allotment of Issue Shares		After Allotment of CCD Shares	
		Number of Shares	Percentage of holding	Number of Shares	Percentage of holding	Number of Shares	Percentage of holding
A	Promoters' Holding						
1	Indian Promoters (including Persons acting in concert)	84647311	49.72	84647311	45.46	84647311	44.67
	Acquirers:						
	1. Ryka Commercial Ventures Private Ltd.	4229319	2.48	20163384	10.83	20163384	10.64
	2. Arlette Infrastructure Private Limited	55664	0.033	55664	0.030	3352364	1.77
	Sub-Total	88932294	52.23	104866359	56.32	108163059	57.08
B1	Non-Promoters' Holding						
a.	Insurance Companies	1872459	1.10	1872459	1.00	1872459	0.99
b.	Mutual Funds	1183059	0.69	1183059	0.64	1183059	0.62
c.	Banks, Financial Institutions, (Central Govt. State Govt. Institutions / Non-Government Institutions)	170529	0.10	170529	0.09	170529	0.09
d.	Foreign Institutional Investors (FIIs)	16647472	9.78	16647472	8.94	16647472	8.79
E	Venture Capital Funds	15527950	9.12	15527950	8.34	15527950	8.19
	Sub-Total	35401469	20.79	35401469	19.01	35401469	18.68
B2	Others						
a.	Private Corporate Bodies	8578016	5.04	8578016	4.61	8578016	4.53
b.	Public	36544246	21.46	36544246	19.63	36544246	19.28
c.	Non Resident Indians	322121	0.19	322121	0.17	322121	0.17
d.	Any other – Clearing Members	487812	0.29	487812	0.26	487812	0.26
	Sub-Total	45932195	26.98	45932195	24.67	45932195	24.24
	Grand Total	170265958	100.00	186200023	100.00	189496723	100.00

The certificate issued by NGS & Co. LLP, Chartered Accountants, Statutory Auditors of the Company as to the pricing of the Issue Shares and Issue CCDs, in this preferential issue and certifying that this preferential issue is being made in accordance with the requirements contained in Chapter VII of the SEBI Regulations, will be placed before the shareholders at the meeting and will be kept open for inspection in the manner indicated in Note 9 above.

As it is proposed to issue equity shares and convertible securities of the Company on a preferential basis, it is required to be approved by the shareholders by way of a special resolution pursuant to the provisions of Section 62 of the Companies Act, 2013, rules thereunder and Chapter VII of the SEBI Regulations.

The directors recommend the resolution in Item Nos. 1 & 2 above for approval and adoption.

Mr. Kishore Biyani, Managing Director and Mr. Rakesh Biyani, Director of the Company, together with their relatives shall be deemed to be concerned or interested in the proposed Resolutions in Item No. 1 & 2, by reason of their being part of the promoter group which also includes Ryka Commercial Ventures Private Limited and Arlette Infrastructure Private Limited. Apart from the above, no other Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, shall be deemed to be concerned or interested in the proposed Resolutions in Item No. 1 & 2, except to the extent of shares held by any of them in the Company.

ITEM NO.3

The Nomination and Remuneration Committee, in its meeting held on 10 June 2013 recommended and the Board of Directors, in its meeting held on 25 June 2013, approved the appointment of Mr Kishore Biyani (holding DIN 00005740), as Managing Director of the Company for a period of 3 years at a remuneration of Rs. 2,23,20,000/- per annum, including commission upto 5% of Net profit of the Company, subject to maximum of Rs.1,25,00,000/- per annum, payable for financial year in which adequate profit is earned, subject to the approval of the shareholders in general meeting. The shareholders of the Company, in their meeting held on 16 December 2013, approved the appointment of and payment of remuneration to Mr. Kishore Biyani as Managing Director as above.

On application made by the Company to the Central Government seeking its approval for the appointment and payment of remuneration as above, the Central Government, while approving the appointment of Mr Kishore Biyani for a period from 25 June 2013 to 24 June 2016, conveyed its approval for payment of remuneration payable to him, subject to limits specified in its

letter dated 17 September 2014, only for a period from 25 June 2013 to 31 March 2014. Accordingly, the Company understands that since the said application was made pursuant to the provisions of the Companies Act, 1956, the said approval has also been granted pursuant to the provisions of Companies Act, 1956 upto 31 March 2014. It is now proposed to make a fresh application to the Central Government seeking its approval for payment of remuneration to Mr. Kishore Biyani as above for the remainder of his tenure namely from 1 April 2014 till 24 June 2016 and matters incidental thereto, under the provisions of Companies Act, 2013. Approval of members is also sought for making waiver application or such other application as may be necessary to statutory authority if the Central Government approves payment of lesser remuneration than as approved by the Shareholders in their meeting held on 16 December 2013.

Disclosure as required under Schedule V to the Companies Act, 2013 is given hereunder.

Mr. Kishore Biyani is the Promoter of the Company and founder and CEO of Future Group. He is considered as a pioneer of modern retail in India. He has led the Group's foray into organized retail with the opening of the Pantaloons Stores, Big Bazaar, Food Bazaar, Central, Home Town and many other formats in fashion and accessories, and consumption of fast moving goods. His efforts also brought the evolution of the Group in the areas of Retail, Brands, Space, Capital, Logistics, Insurance and Media. He has been regularly ranked among India's most admired CEOs. He is the author of the book 'It Happened in India'. He has won numerous awards from government bodies and the private sector associations in India and abroad and is on the board of a number of bodies, including the National Innovation Foundation in India and the New York Fashion Board.

With his vast experience in retail sector, the Board of Directors considered it to be desirable to approve payment of remuneration to him for period from 1 April 2014 to 24 June 2016, as required under the provisions of Companies Act, 2013. The members may note that the appointment as well as payment of remuneration was approved by the Board based on industry standards, responsibilities handled by the Managing Director of the Company. However, as the Company has commenced operations from the year 2013-2014, and being in first year of its operations the profits are inadequate for payment of approved managerial remuneration and hence same needs to be approved for the financial period 2014-15 onwards pursuant to the applicable provisions of the Companies Act, 2013 and rules made there under.

Approval of the shareholders is sought for payment of remuneration to Mr Kishore Biyani as Managing Director of the Company for a period from 1 April 2014 to 24 June 2016 under the provisions of Companies Act, 2013.

Mr. Kishore Biyani and his relatives shall be deemed to be concerned or interested in the resolution to the extent of remuneration payable to Mr. Kishore Biyani under the resolution. No other Directors, Key Managerial Personnel or their relatives are concerned or interested in the resolution.

The Board of Directors recommends the relevant resolution for your consideration and approval as a Special Resolution.

ITEM NO.4

The Nomination and Remuneration Committee, in its meeting held on 31 October 2013, recommended and the Board of Directors, in its meeting held on the same day, approved the appointment of Mr C. P. Toshniwal (holding DIN 00036303), as Executive Director and Chief Financial Officer of the Company for a period of 3 years with effect from 1 November 2013 on remuneration in the scale of Rs. 1,70,00,000/- to Rs. 2,10,00,000/- per annum, subject to the approval of the shareholders in general meeting. The shareholders of the Company, in their meeting held on 16 December 2013, approved the appointment of and payment of remuneration to Mr. C.P. Toshniwal as Executive Director and Chief Financial Officer as above. The Company has already made an application to the Central Government seeking its approval for appointment of and payment of remuneration to Mr. C.P. Toshniwal as above and the said application is pending for approval.

Further, the Nomination and Remuneration Committee, in its meeting held on 8 October 2014, recommended and the Board of Directors in its meeting held on the same day, approved revision in remuneration payable to Mr. C. P. Toshniwal with effect from 1 November 2014 from Rs. 1,83,25,460 to Rs.1,90,87,355 per annum which is within the scale as was approved by the shareholders in their meeting held on 16 December 2013 for the remainder of his tenure i.e. up to 31 October 2016, subject to approval of shareholders in general meeting as per applicable provisions of the Companies Act, 2013.

The Company expects that, on the lines of approval received on its application made in respect of Mr. Kishore Biyani, the approval of the Central Government to the payment of remuneration to Mr. C. P. Toshniwal as Executive Director and Chief Financial Officer could be received only under the provisions of Companies Act, 1956 for the period upto 31 March 2014 and the Company might be required to make a fresh application to the Central Government under the provisions of Companies Act, 2013 in respect of payment of remuneration for a period from 1 April 2014 to 31 October 2016. Accordingly, it is now proposed to seek approval of shareholders to the payment of remuneration from 1 April 2014 upto 31 October 2014 and revised remuneration from 1 November 2014 upto 31 October 2016 to Mr. C. P. Toshniwal and make, if required, a fresh application to the Central Government seeking its approval for payment of remuneration/revised remuneration to Mr. C. P. Toshniwal as mentioned in the proposed resolution for a period from 1 April 2014 till 31 October 2016, under the provisions of Companies Act, 2013.

Mr. C. P. Toshniwal, aged 48 years, was Chief Financial Officer of Future Retail Limited and was appointed as Executive Director & Chief Financial Officer of the Company for a period of three years with effect from 1 November 2013. He is a qualified Chartered Accountant and Company Secretary. He possess nearly 25 years of experience in finance and taxation. He is a

member of the CII National Committee on Accounting Standards. He has been awarded the Best CFO Award-2011 by the Institute of Chartered Accountants of India. He is also holding position as Chairman of Finance Committee of Retailer Association of India. He has represented Retail Industry on various topics of public interest in different forums. He has strong domain knowledge of Indian Retail Industry with good understanding of information technology systems and proven ability in setting up systems and procedures for robust management accounting. He is having rich experience in the field of Corporate and Strategic Planning, Financial Planning & restructuring, Risk Management System and process implementation, mergers & amalgamations, takeover of business enterprises, raising capital through innovative financial products, and a very good leader with strong relationship with stakeholders and employees. He has also been awarded "CFO100 Roll of Honour" by CFO India for his extraordinary performance as senior finance leader in Retail Industry.

With his rich experience in the fashion and retail business, he would be a valuable asset for the Company in his role as a Executive Director & Chief Financial Officer. The revision in his remuneration has been recommended by the Nomination and Remuneration Committee and approved by the Board of Directors based on industry standards & responsibilities handled by the Executive Director & Chief Financial Officer of the Company and the Board of Directors recommends the above resolution for your consideration and approval as a Special Resolution under the provisions of Companies Act, 2013.

Disclosure as required under Schedule V to the Companies Act, 2013 is given hereunder.

Approval of the shareholders is sought for payment of remuneration from 1 April 2014 upto 31 October 2014 and revised remuneration from 1 November 2014 upto 31 October 2016 to Mr C. P. Toshniwal as Executive Director and Chief Financial Officer of the Company.

None of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the resolution. Mr. C. P. Toshniwal and his relatives shall be deemed to be concerned or interested in the resolution to the extent of remuneration payable to Mr. C. P. Toshniwal under the resolution.

The Board of Directors recommends the relevant resolution for your consideration and approval as a Special Resolution.

Specific Information as required under Schedule V of the Companies Act, 2013 is given hereunder in respect of Item No. 3 & 4;

I. General Information :

1) Nature of Industry

The Company is an integrated fashion company with presence across key segments within the fashion industry including trend spotting, brand building, product development, manufacturing and distribution.

2) Date or expected date of Commercial Production

The Company has already commenced the business activities with effect from 29 May 2013 viz. the Effective Date of Composite Scheme of Arrangement and Amalgamation by virtue of which Fashion undertakings of two Companies was demerged and vested in the Company.

3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

N.A.

4) Financial performance of the Company based on the given indicators:

Particulars	For the year ended 31/03/2014 (Rs. in Crores)	For the year ended 31/03/2013 (Rs. in Crores)
Paid up capital	30.89	5.14
Turnover	2743.98	-
Net Profit/ (Loss) after taxation	23.28	(0.34)

The Company was incorporated on 30 May, 2012

5) Foreign Investments or collaborations, if any:

There is no direct foreign investment in the Company except to the extent shares held by the foreign institutional investors acquired through secondary market and/or under the Composite Scheme of Arrangement and Amalgamation approved by the Bombay High Court.

There is no foreign collaboration in the Company.

ii. **Information about Appointees**

	Mr. Kishore Biyani	Mr. C. P. Toshniwal
Background details	Mr. Kishore Biyani is founder and CEO of Future Group. He is considered as a pioneer of modern retail in India. He has led the Group's foray into organized retail with the opening of the Pantaloons Stores, Big Bazaar, Food Bazaar, Central, Home Town and many other formats in fashion and accessories, and consumption of fast moving goods. His efforts also brought the evolution of the Group in the areas of Retail, Brands, Space, Capital, Logistics, Insurance and Media	Mr. C P Toshniwal was Chief Financial Officer of Future Retail Limited. He is a qualified Chartered Accountant and Company Secretary. He possess nearly 25 years of experience in finance and taxation. He is a member of the CII National Committee on Accounting Standards.
Past remuneration (As this is first appointment in the Company, remuneration paid at present is shown as past remuneration)	Rs. 2,23,20,000/-	Rs. 1,83,25,460/-
Recognition or awards	Mr. Kishore Biyani has won numerous awards from government bodies and the private sector in India and abroad and is on the board of a number of bodies, including the National Innovation Foundation in India and the New York Fashion Board.	He has been awarded the Best CFO Award-2011 by the Institute of Chartered Accountants of India. He has also been awarded "CFO100 Roll of Honour" by CFO India for his extraordinary performance as senior finance leader in Retail Industry.
Job profile and his suitability	<p>Mr. Kishore Biyani has been entrusted with substantial powers of management and shall, subject to the supervision of the Board of Directors, carry out such duties as may be entrusted by the Board of Directors and exercise such powers as are delegated to him by the Board of Directors from time to time.</p> <p>The Future Group led by Mr. Kishore Biyani, has successfully demonstrated the ability to identify, incubate and grow various consumption-led businesses in India and the Company expects to derive benefits from strategic relationship with it.</p>	<p>Mr. C. P. Toshniwal has been entrusted with substantial powers of management and shall, subject to the supervision of the Board of Directors, be responsible for the organization's consistent achievement of its mission and financial objectives, provide leadership in developing organizational and financial plans with the Board of Directors, carry out plans and policies authorized by the Board.</p> <p>He has strong domain knowledge of Indian Retail Industry with good understanding of information technology systems and proven ability in setting up systems and procedures for robust management accounting. He is having rich experience in the field of Corporate and Strategic Planning, Financial Planning & Restructuring, Risk Management System and process implementation, mergers & amalgamations, takeover of business enterprises, raising capital through innovative financial products, and a very good leader with strong relationship with stakeholders and employees.</p>
Remuneration proposed	Proposed remuneration is Rs. 2,23,20,000/- per annum (including commission up to 5% of Net Profits of the Company, subject to maximum of Rs. 1,25,00,000/- per annum, payable for financial year in which adequate profit is earned). In case for any year commission not paid, his remuneration will be Rs. 98,20,000/-	Proposed remuneration, including allowances, perquisites and variable bonus based on the performance is in the scale of Rs. 1,70,00,000/- to Rs. 2,10,00,000/- per annum. As approved by the Board based recommendation of the Nomination and Remuneration Committee, the revised remuneration approved is

<p>Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)</p>	<p>During last decade, the Indian economy has seen increased spending on consumer goods and various lifestyle products. This had led to give rise to the organised retailer in order to meet the consumer demand and business competition. The size of the retail industry in India has increased manifold during the past several years reaching to multi billions in terms of sales and revenues. With increased size and turnover, it is also imperative for any retail company to have highly experienced professionals having specialized knowledge and skills to understand and project the market trend, consumer behavior, consumption pattern and many relevant indicators for better product mix. Hence, the Board of Directors considers that the remuneration proposed to him is justified commensurate with other organisations of the similar type, size and nature in the retail industry.</p>	<p>Rs.1,90,87,355/- with further authority to the Board to increase the remuneration within the overall remuneration scale as approved by the shareholders.</p> <p>The size of the retail industry in India has increased manifold during the past several years reaching to multi billions in terms of sales and revenues. With increased size and turnover, it is also imperative for any retail company to have highly experienced professionals having specialized knowledge and expertise for appropriate fund allocation, optimum utilization of various resources in the business.</p>
<p>Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any</p>	<p>The Promoter Group of the Company of which Mr. Kishore Biyani is part, holds 52.23% of the total equity shares of the Company. Mr. Kishore Biyani has no relationship with any other managerial personnel of the Company.</p>	<p>Hence, the Board of Directors considers that the remuneration proposed to him is justified commensurate with other organisations of the similar type, size and nature in the retail industry.</p>

I. Other information

(1) Reasons of loss or inadequate profits:

The Company was incorporated on 30 May 2012 and its operations commenced with effective 29 May 2013, being the Effective Date of Composite Scheme of Arrangement and Amalgamation through which the demerged fashion undertakings were vested in the Company. While the profit before tax and net profit, including exceptional items, of the Company for financial year ended 31 March 2014 stood at Rs. 34.24 crore and Rs.23.28 crore respectively, the same was inadequate as calculated under the provisions of Companies Act, 2013. The FY 2013-14 being first year of operations, the Company's profitability was impacted among other factors mainly by high cost of funds employed as well as lower inventory to turnover ratio.

(2) Steps taken or proposed to be taken for improvement:

The Company has considered reducing its high cost debts and thereby reducing the finance cost considerably and same will improve profitability. Further to increase the inventory to turnover ratio, the Company has been reviewing the performance of various formats and projects better profitability in future through better performance of its various brands. Further, the 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. 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

(3) Expected increase in productivity and profits in measurable terms

The Company expects that with various steps proposed to be taken as above, coupled with its proposal to partner with high growth brands, it will be able to achieve considerable increase in the same store growth and improve its operating margins to deliver improved performance in the years to come. Further reduction in finance cost together with expected increase in consumption level due to revival of economy, would ensure that the Company would be able to achieve adequacy in profit to enable it to make payment of managerial remuneration in the financial year 2014-15 itself.

**By order of the Board of Directors
For Future Lifestyle Fashions Limited**

**Mumbai,
8 October 2014**

**Kuldeep Sharma
Head-Legal & Company Secretary**

Registered office:

Knowledge House, Shyam Nagar,
Off Jogeshwari-Vikhroli Link Road,
Jogeshwari (East), Mumbai 400060.

CIN – U52100MH2012PLC231654