

RACHIKA TRADING LIMITED

Formerly Known as Rachika Trading Private Limited)

(VK Kalyani Commercial, No.22, Sankey Road, High Grounds, Bengaluru- 560 020, India

Date: 10 December, 2019

FORM NO. PAS 4

PART - A

PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[See rule 14(3) of Companies (Prospectus and Allotment of Securities) Rules, 2014]

1. GENERAL INFORMATION:

(i)	Name, address, website and other contact details of the company indicating both registered office and corporate office	Name: Rachika Trading Limited Registered Office: "Knowledge House", Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai - 400 060. Phone: 022 66442200 Corporate Office: No.22, Sankey Road, High Grounds, Bangalore - 560020 Email: cs@futurelifestyle.in CIN: U51101MH2014PTC254277
(ii)	Date of incorporation of the company	13/03/2014
(iii)	Business carried on by the company	To carry on the business in India and abroad as Traders, Distributors, Dealers, Wholesaler, Retailers, Exporter, Importer, Brokers, Stockiest & Commission agent, Agency business, Selling & Marketing Business, of Agricultural, Commercial, Industrial products, Household, Domestic, Automobiles, Farms and Forest product, Food product, Leather & Leather Products, Rubber and rubber product, Petroleum and Petroleum Products, Engineering product goods, Plant & Machinery, Equipment, Apparatus and other Gadgets, Appliances, Accessories, Spare parts, Computer Hardware, Software, all type of Dyes & Chemicals, Minerals, Pharmaceutical, Wool, Silk Yarn, Fibers, Garments, Textiles, Paper & all kind of Boards, Tea, Timber Products, Rubber, Plastics, Footwears, Marbles, Granites, Cement and Ceramic Tiles, Pesticides, Glass & Glassware, Tyres & Tubes, Cement, Fertilizers, Iron & Steel, Copper, Gold, Silver, Diamonds, Precious Stones and Jewellery, Currency, Ferrous & Non Ferrous Metals, Electronic toys, Games, Batteries, Button Cells, Telephones & Sim-cards, Gas Lighters, Calculating Machines, Electronic Organizers, Computer Floppy Diskettes, Audio Video tapes, Compact Discs, T.V. Software, Film and TV Serials, e-commerce, Tele Marketing and internet portals or any other

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		merchandise and commodity. The Company shall undertake not to carry on any scheme/ activity which is prohibited under the act, " The Prize Chits & Money Circulation Scheme (Banning) Act, 1978
(iv)	Brief particulars of the management of the company	The Company is managed under the supervision of Board of Directors with functional heads overseeing day to day operations.
(v)	Names, addresses, DIN and occupations of the directors;	<p>Saurabh Bhudolia Address: Lodha Casa Ultima Flat No. 2505, B-wing, Behind Jupiter Hospital, Majiwada, Thane (West), Mumbai 400607 DIN: 07748251 Occupation: Service</p> <p>Vijai Singh Dugar Address: B/605, Oberoi Park View, Thakur Village, Near Thakur Cinema, Kandivali East. Mumbai 400101 DIN: 06463399 Occupation: Service</p> <p>Rohit Dalmia Address: A-503, Praneel Apartment, Near Tilak Complex, New Link Road, Ekar Road, Borivali (W), Mumbai 400103 DIN: 07208484 Occupation: Service</p>
(vi)	Management's perception of risk factors;	<p>Risks Relating to the Company's Business: The Company is in the business of design, manufacture and marketing of readymade apparels and accessories under the brand "GIOVANI" and the Company's business may be affected due to changing needs and lifestyle of people in general. However, your management is confident of addressing such situation as the Company is continuously thriving to study the lifestyle of people and customize its product range according to market trend.</p> <p>Risks Relating to the OCDs: Repayment is subject to the credit risk of the issuer. Potential Investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the OCDs is subject to the credit risk of the issuer. Potential Investors assume the risk that the Issuer will not be able to satisfy their obligations under the OCDs. in the event that bankruptcy</p>

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		proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the OCDs may not be made or may be substantially reduced or delayed. Risks Relating to the Equity Shares: Equity Shares have the general risk of capital and do not offer guaranteed return.
(vii)	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –	Not Applicable
	i) statutory dues;	NIL
	ii) debentures and interest thereon;	NIL
	iii) deposits and interest thereon;	NIL
	iv) loan from any bank or financial institution and interest thereon.	NIL
(viii)	Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process;	Saurabh Bhudolia Director Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060. Phone: 022 66442200 E-mail: cs@futurelifestyle.in
(ix)	Any default in Annual Filing of the Company under the Companies Act, 2013 or the rules made thereunder.	No.

2. PARTICULARS OF THE OFFER

(i)	Financial position of the Company for the last 3 financial years;	Please refer Annexure-A
(ii)	Date of passing of board resolution;	02 November, 2019
(iii)	Date of passing of resolution in the General Meeting, authorizing the offer of securities;	09 December, 2019
(iv)	Kinds of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be offered;	Optionally Convertible Debentures ("OCDs")
(v)	Price at which the security is being offered including the premium, if any, alongwith justification of the price;	1,10,00,000 OCDs of face value Rs. 10/- each
(vi)	Name and address of the valuer who performed valuation of the security offered; and basis on which the price has been arrived at along with	The price of the resultant shares to be issued pursuant to conversion of such OCDs shall be determined at the time conversion, in

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	report of the registered valuer;	terms of the Companies Act, 2013 and Rules made thereunder.	
(vii)	Relevant date with reference to which the price has been arrived at; [Relevant Date means a date atleast thirty days prior to the date on which the general meeting of the Company is scheduled to be held]	Please refer para (vi) above.	
(viii)	The class or classes of persons to whom the allotment is proposed to be made;	The OCDs are proposed to be Issued to FLFL Lifestyle Brands Limited.	
(ix)	Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) [not required in case of non-convertible debentures];	FLFL Lifestyle Brands Limited, Promoter Company has conveyed its intention to subscribe to the proposed issue of the Company.	
(x)	The proposed time within which the allotment shall be completed;	The allotment of OCDs shall be made within a period of 12 months from the date of passing the proposed special resolution by Members.	
(xi)	The names of the proposed allottees and the percentage of post private placement capital that may be held by them [not required in case of issue of non-convertible debentures];	Identity of the Allottee	% of post preferential issue capital (Equity Share)
		FLFL Lifestyle Brands Limited	96.00%
(xii)	The change in control, if any, in the company that would occur consequent to the private placement;	There would be no change in management of the Company.	
(xiii)	The number of persons to whom allotment on preferential basis/private placement/ right issue has already been made during the year, in terms of number of securities as well as price;	Not Applicable	
(xiv)	The justification of allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer;	Not Applicable	
(xv)	Amount which the Company intends to raise by way of securities;	Rs.11,00,00,000/- (Rupees Eleven Crore only)	
(xvi)	Terms of raising of securities: Duration, if applicable, Rate of dividend or rate of interest, mode of payment and repayment;	<p>The following are the terms and conditions (Terms and Conditions) of the OCDs which shall govern the OCDs:</p> <p>1. Tenure of OCDs would be a period commencing from the date of allotment upto 31 March 2024 or such revision or extension as may be mutually agreed by</p>	

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		<p>the Board and OCDs holders from the date of allotment (Tenure). The OCDs are, at the option of the Company or OCDs holders, convertible into equity shares of the Company during the period commencing from 30 days prior to the end of tenure. Each OCDs shall be converted into such number of equity shares of Rs. 10/- each at the higher of: (a) Fair Market Value determined as on the date of the conversion; or (b) Rs. 10/- per equity share (being the Face Value of the equity shares) and outstanding OCDs, if any, be redeemed at the end of Tenure, if the holder does not exercise the conversion option.</p> <p>2. The OCDs shall be zero coupon OCDs and no interest shall be payable on the OCDs.</p>
(xvii)	Proposed time schedule for which the offer letter is valid;	<p>Offer Date: 10 December, 2019 Closing Date: 25 December, 2019</p> <p>The offer will be deemed to be closed in case of full subscription received before the closing date.</p>
(xviii)	Purposes and objects of the offer;	To meet long term fund requirements, expansion plans, business activities and for general corporate purpose.
(xix)	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects;	FLFL Lifestyle Brands Limited has conveyed its intention to subscribe 1,10,00,000 OCDs of face value Rs. 10/- each
(xx)	Principle terms of assets charged as security, if applicable;	None
(xxi)	The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations;	None
(xxii)	The pre and post issue shareholding pattern of the company in the following format:	As provided herein below

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Sr. No.	Category	Pre Issue		Post Issue	
		Number of Equity Shares held	% of holding	Number of Equity Shares held	% of holding
A	Promoters' Holding:				
	Indian:				
	Individual	6	0.00%	6	0.00%
	Body Corporate:				
	FLFL Lifestyle Brands Limited	23,999,994	96.00%	23,999,994	96.00%
	Sub-Total	24,000,000	96.00%	24,000,000	96.00%
2	Foreign Promoters	0	0.00%	0	0.00%
	Sub-Total (A)	24,000,000	96.00%	24,000,000	96.00%
B	Non- Promoters' holding:				
1	Institutional investors:				
	Body Corporate	0	0.00%	0	0.00%
2	Non- Institution:	0	0.00%	0	0.00%
	Private Corporate Bodies	0	0.00%	0	0.00%
	Directors & Relatives	0	0.00%	0	0.00%
	Indian Public:	0	0.00%	0	0.00%
	Others (including NRIs)	1,000,000	04.00%	1,000,000	04.00%
	Sub-Total (B)	1,000,000	04.00%	1,000,000	04.00%
	Grand Total	25,000,000	100.00%	25,000,000	100.00%

Note:

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The proposed OCDs are issued with an option to convert into Equity Shares at a valuation to be carried out at the time of conversion of such OCDs. The Post-issue shareholding does not include the number of resultant shares, which is contingent upon the conversion of proposed OCDs, by FLBL.

3. MODE OF PAYMENT FOR SUBSCRIPTION:

- NEFT/RTGS

4. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.

i.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons;	No
ii.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the issue of the private placement offer cum application letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed;	None
iii.	Remuneration of directors (during the current year and last three financial years);	Nil
iv.	Related party transactions entered during the last three financial years immediately preceding the year of issue of private placement offer cum application letter including with regard to loans made or, guarantees given or securities provided;	Please refer Annexure - B
v.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of issue of private placement offer cum application letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark;	None
vi.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of issue of private placement offer cum application letter in the case of company and all of its subsidiaries, and if there were any prosecutions filed (whether pending or not) fines imposed,	There was no such inquiry, inspections or investigations initiated or conducted under the Companies Act.

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	compounding of offences in the last three years immediately preceding the year of private placement offer cum application letter and if so, section-wise details thereof for the company and all of its subsidiaries	
vii.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company	None

5. FINANCIAL POSITION OF THE COMPANY

a.	The capital structure of the company in the following manner in a tabular form-								
i.	(i)	a. the authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	The Authorized Share Capital of the Company is Rs. 31,00,00,000/- (Rupees Thirty One Crore Only) divided into 3,10,00,000 (Three Crore Ten Lakh) Equity Shares of Rs. 10/- (Rupees Ten) each. Issued, subscribed and Paid up capital: Rs. 25,00,00,000/- divided into 2,50,00,000 Equity Shares of Rs.10/- each.						
		b. size of the present offer;	1,10,00,000 OCDs of face value Rs. 10/- each						
		c. paid up capital							
		(i) after the offer;	Rs. 25,00,00,000/-						
		(ii) after conversion of convertible instruments (if applicable)	The price of the resultant shares to be issued pursuant to conversion of such OCDs shall be determined at the time conversion, in terms of the Companies Act, 2013 and Rules made thereunder.						
		d. Share Premium account (before and after the offer)	Before offer: NIL After offer: NIL						
ii.	(ii) The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration. Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of private placement offer cum application letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case;								
			Sl. No.	Date of allotment	Nature	No. of shares	Face value (Rs.)	Consideration (Including premium) (Rs.)	Form of consideration
			1	Since	Subscription to	10,000	10	1,00,000	Cash

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	Incorporation	Memorandum of Association				
2	19 th September, 2014	Equity Shares without Differential Rights	49,90,000	10	4,99,00,000	Cash
3	01 st November, 2015	Equity Shares without Differential Rights	2,00,00,000	10	20,00,00,000	Cash
			2,50,00,000		25,00,00,000	
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of private placement offer cum application letter;		2016-17: Profit/Loss before/after Tax (Rs.159,088,000/-) 2017-18: Profit/Loss before/after Tax: (Rs.939,00,000/-) 2018-19: Profit/Loss before/after Tax: (Rs.70,614,000/-)			
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)		N.A.			
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of private placement offer cum application letter;		Please refer Annexure-A			
e.	Audited Cash Flow Statement for the three years immediately preceding the date of issue of private placement offer cum application letter;		Please refer Annexure-A			
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company		N.A.			

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