

20 September 2021

To,
Dept. of Corporate Services (CRD)
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

To,
Listing Department,
The National Stock Exchange of India Limited
Bandra Kurla Complex,
Bandra East,
Mumbai – 400 051

Scrip Code: 536507
Scrip of Debt: 957150

Symbol: FLFL

Dear Sir / Madam,

Sub.: Outcome of the Board Meeting held on 20 September 2021

Ref.: Intimation under Regulation 30 and other applicable regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”)

We would like to inform you that the Board of Directors (“Board”) at its meeting held today, has *inter-alia* considered and approved the following:

Composite Scheme of Arrangement and Amalgamation of Future Trendz Limited and Future Speciality Retail Limited with the Company

As part of implementation of the conditions prescribed under the One-time Restructuring (“OTR”) of financial debts of the Company as agreed with the financial lenders and the Company, the Board of Directors (“Board”) at its meeting held today *inter alia* considered and approved the Composite Scheme of Arrangement and Amalgamation between Future Trendz Limited (wholly owned subsidiary, “FTL”), Future Speciality Retail Limited (step down wholly owned subsidiary, “FSRL”) and Future Lifestyle Fashions Limited (“FLFL”, “the Company”) and their respective shareholders (“the Scheme”) under Sections 230-232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

Pursuant to the Scheme, no consideration shall be discharged by FLFL to the equity shareholders of FTL and FSRL since the entire 100% paid-up equity share capital of FTL and FSRL are directly / indirectly held by FLFL. The Scheme *inter-alia* provides for reduction in the paid-up share capital of FSRL with respect to preference capital against issuance of non-convertible debentures and amalgamation of FTL and FSRL with the Company.

The Scheme would be subject to approval of the National Company Law Tribunal, Stock Exchanges, Securities and Exchange Board of India and various statutory approvals,

including those from the shareholders and the lenders / creditors of the companies involved in the Scheme and other applicable contractual obligations.

The Board also authorised the Committee of Directors to take necessary actions for completing the requirements in this regard and to do all acts and deeds as may be necessary.

The detail as required under “the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015 is also enclosed herewith as Annexure A.

We would also like to inform you that the Board at the said meeting has *inter-alia* also noted the following:

a. Update on Future Speciality Retail Limited, material subsidiary

Future Speciality Retail Limited (FSRL), the Company’s material subsidiary, had received notices for termination of agreements for use of Brand “Lee Cooper” for apparel and footwear, from the license owner upon occurrence of event of default due to financial impact amid COVID-19 pandemic. The license owner denied the request of FSRL to restore the license and subsequently, terminated the aforesaid license agreements.

FSRL, in turn, has negotiated with present licensee to continue to have distribution rights for the Indian territory to distribute products under the Brand “Lee Cooper” through its owned and third-party (excluding licensee) offline stores including department retail stores, multi brand stores, Shop in Shop stores, hypermarkets, national footwear chain (“Retail storers”) and operation and sale through its owned and third-party (excluding licensee) e-commerce website and marketplace. The Management observed that all adequate steps are being taken to restore the equivalent size and scale of business and re-align its operations under the proposed distribution rights. The Management envisaged that it would not have any significant impact on the business operations of FSRL and in turn on the Company.

b. Update on Clarks Future Footwear Private Limited – Joint Venture company

The Company and FLFL Lifestyle Brands Limited (an associate company, “FLBL”) alongwith C&J Clark International Limited (“CJCIL”) has a (50:50) Joint Venture in the name of Clarks Future Footwear Private Limited (“Clarks India”), wherein, the Company holds 1% and FLBL holds 49% of the capital of Clarks India.

In view of the urgent fund requirements by the Clarks India, Clarks India had proposed to raise funds by way of issue of fresh securities.

In the current circumstances and due to OTR obligations/restrictions, FLFL and FLBL were unable to make the fresh investments in the Clarks India. In order to ensure the continuity of

business of Clarks India, the proposed securities of Clarks India would be offered and issued to other parties, as mutually agreed between the JV partners and subject to the requisite regulatory approvals. Post issue of proposed securities by Clarks India, the equity stake held by FLFL and FLBL would be diluted from 50% to 24% of diluted equity capital of Clarks India.

c. Update on demand notices received from Catalyst Trusteeship Limited

The Company had granted an exclusive, perpetual, irrevocable and worldwide license of its owned premium brands “Scullers”, “Urban Yoga” and “Urbana” to DSK Media Private Limited (DSK Media). Under this license, DSK Media is able to distribute and sell products under these brands through non-Future Group distribution channels. Presently, the Company holds 5% and Futurefone Limited (FFL, Promoters’ entity) holds 95% of the equity capital of DSK Media. FFL had raised an amount of Rs.350 crore by way of issue of Non-Convertible Bonds to bond holders, inter-alia secured by the equity investments held by FFL in DSK Media and personal guarantee by its promoter. Catalyst Trusteeship Limited is acting as Trustee (‘Trustee’) for the benefit of bond holders.

In order to protect the owned brand rights granted to DSK Media, the Company alongwith the other parties had also entered into an Option cum Indemnity Agreement on January 30, 2020 (the ‘Agreement’) in relation to the above transactions, which *inter-alia* defined an option cum indemnity obligations of the Company, to be exercised on failure of other entities to perform their obligations under the said Agreement.

On occurrence of event of defaults, the Trustee had issued two separate demand notices on behalf of the bond holders, seeking payment of alleged indemnity from other entities and also from the Company. The Company and other notice entities are in discussion with the ultimate bond holders to make the proposal and arrive at an amicable resolution with the bond holders. The Company is taking all necessary steps under the legal advice.

Kindly take the same on records and acknowledge receipt.

Thanking you,

Yours faithfully,

for **Future Lifestyle Fashions Limited**



Sanjay Kumar Mutha
Chief Legal & Company Secretary

Encl: as above

Annexure A

Sr. No.	Particulars	Details
1.	Name of the entity(ies) forming part of the amalgamation / merger, details in brief such as, size, turnover etc.	<p><u>Transferor Companies</u></p> <p><u>Future Trendz Limited ('FTL')</u></p> <ul style="list-style-type: none"> •FTL is a wholly owned subsidiary of the Company. The entire issued, subscribed and paid-up share capital of FTL is owned by the Company alongwith its nominees. •FTL owns the entire issued, subscribed and paid-up equity share capital of Future Speciality Retail Limited ('FSRL'). •Turnover for FY 20-21 – Nil •Size / Net worth as at March 31, 2021– Rs. 0.28 crore <p><u>Future Speciality Retail Limited ('FSRL')</u></p> <ul style="list-style-type: none"> •FSRL is a subsidiary of FTL. The entire issued, subscribed and paid up equity share capital of FSRL is owned by FTL alongwith its nominees. •FSRL is engaged in the business of retailing and distribution of “Lee Cooper” branded apparel, footwear and other accessories across all permitted distribution channels in India and the permitted territory. •Turnover for FY 20-21 – Rs. 151.73 crore •Size / Net worth as at March 31, 2021 – Rs. 150.40 crore <p><u>Transferee Company</u></p> <p><u>Future Lifestyle Fashions Limited ('FLFL')</u></p> <ul style="list-style-type: none"> •FLFL is engaged in the business of retailing of fashion products through departmental and neighborhood stores under various formats across the country. •Turnover for FY 20-21 – Rs. 2160.52 crore •Size / Net worth as at March 31, 2021 – Rs. 311.15 crore
2.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at arm's length?	Yes. The transaction contemplated in the proposed Scheme are at arms' length basis.

Sr. No.	Particulars	Details
3.	Area of business of the entity(ies)	<ul style="list-style-type: none"> ●FSRL is engaged in the business of retailing and distribution of “Lee Cooper” branded apparel, footwear and other accessories across all permitted distribution channels in India and the permitted territory. ●FTL holds the entire issued, subscribed and paid up equity share capital of FSRL. ●FLFL is engaged in the business of retailing of fashion products through departmental and neighborhood stores under various formats across the country.
4.	Rationale for amalgamation / merger	<p>The Company has entered into One Time Resolution (‘OTR’) with various lenders for restructuring of its financial debts. Amalgamation of FTL and FSRL with the Company is proposed as part of the implementation of one of the conditions of the OTR which has been agreed upon with the financial lenders of the Company.</p> <p>Further, amalgamation of FTL and FSRL with FLFL shall have the following benefits:</p> <ul style="list-style-type: none"> ●consolidation of the business operations of FTL, FSRL and FLFL in a single entity; ●streamlining the operating structure; and ●synergies expected to bring in cost savings in the marketing, selling and distribution expenses as well as give benefits of the economies of scale to the Company.
5.	Brief details of change in shareholding pattern (if any) of listed entity	There is no change in the shareholding pattern of the Company under the proposed Scheme.
