



REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS ('ID') OF FUTURE LIFESTYLE FASHIONS LIMITED ON DRAFT COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION OF FUTURE TRENDZ LIMITED ('FTL') AND FUTURE SPECIALITY RETAIL LIMITED ('FSRL') WITH FUTURE LIFESTYLE FASHIONS LIMITED ('FLFL'/ 'THE COMPANY'), UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, APPROVED AT ITS MEETING HELD ON 09 DECEMBER 2021.

INDEPDENENT DIRECTORS PRESENT:

Mr. Shailesh Haribhakti
Ms. Sharada Sunder

1. Background:

A meeting of ID Committee of the Company was held on 09 December 2021, *inter-alia* to consider and recommend the proposed Composite Scheme of Arrangement and Amalgamation of Future Trendz Limited ("Transferor Company 1"/ "FTL") and Future Speciality Retail Limited ("Transferor Company 2"/ "FSRL") with Future Lifestyle Fashions Limited ("Transferee Company" / "FLFL") and their respective shareholders ("The Composite Scheme of Arrangement and Amalgamation"/ Scheme"), pursuant to Sections 230 to 232 read with Section 66 of the Companies Act, 2013 (the 'Act') and other applicable provisions of the Act.

The Scheme *inter-alia* provides for:

- i. Reduction of share capital of FSRL; and
- ii. Amalgamation of FTL and FSRL with FLFL and their respective shareholders ("The Composite Scheme of Amalgamation and Arrangement"/ Scheme");

The Equity Shares of the Company are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'). The Company will be filing the Scheme along with necessary information / documents with both the mentioned Stock Exchanges for their approval under regulation 37 of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This report of the ID Committee is made in order to comply with the requirements of the Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22 December 2020 issued by SEBI and other applicable circulars and regulations issued by SEBI (hereinafter referred to as 'the SEBI Circular'), after considering Draft Composite Scheme of Arrangement and Amalgamation.

2. Rationale of the Scheme/ Need for the Amalgamation:

- The salient features of the draft Scheme are as under:
 - a) The Scheme inter-alia provides for the matters stated above;
 - b) The Company owns the entire paid-up equity share capital of FTL alongwith its nominees. FTL owns the entire paid-up equity share capital of FSRL alongwith its nominees.
 - c) The Company is engaged in the business of retailing of fashion products through departmental and neighbor-hood stores under various formats across the country.
 - d) FSRL is engaged in the business of retailing Lee Cooper branded apparel, footwear and other accessories.
 - e) The Company has entered into a One Time Resolution ('OTR') with various lenders for restructuring of the debts due by it to the lenders. Amalgamation of FTL and FSRL is one of the conditions subject to which OTR has been agreed upon by the lenders.
 - f) Amalgamation of FTL and FSRL with the Company shall have the following benefits:
 - i. consolidation of the business operations of FTL, FSRL and the Company in a single entity;
 - ii. streamlining the operating structure; and
 - iii. 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.
- It was noted that no Valuation Report and Fairness Opinion have been obtained, as the Scheme provides for merger of FTL and FSRL (direct / indirect wholly owned subsidiaries of the Company) and there would not be any change in the shareholding pattern of the FLFL.
- Upon the coming into effect of the Scheme and with effect from the Appointed Date, FLFL shall account for the amalgamation in its books as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS) 103 or such other accounting principles as may be applicable or prescribed under the Act.
- The Appointed Date being the Effective Date as stated in the Scheme.

- Under Part III of the proposed Scheme and on the Scheme becoming effective, the FTL and FSRL shall stand dissolved without being wound up.

3. Effect of the Scheme on the Shareholders:

The ID committee has discussed and deliberated upon:

- (a) the Company has entered into a One Time Resolution ('OTR') with various lenders for restructuring of the debts due by it to the lenders. Amalgamation of FTL and FSRL is one of the conditions subject to which OTR has been agreed upon by the lenders.
- (b) the rationale, cost and expected benefits of the Scheme.
- (c) the Scheme is expected to consolidate the business operation of FTL and FSRL into FLFL to enhance business focus, improve synergies and focus on long term value creation, and to simplify the Corporate Structure.
- (d) There is no change in the shareholding pattern of the Company pursuant to the proposed Scheme, since no equity shares of FLFL would be issued under consideration for the aforesaid merger.

The ID Committee is of the opinion that the Scheme is not detrimental to the interests of the shareholders of the Company.

4. Recommendation of the ID Committee:

In the light of the aforesaid, the ID Committee after taking into consideration the terms of the draft Scheme, rationale and impact of the Scheme on the shareholders of the Company, recommends the draft Scheme to the Board of Directors, Stock Exchanges and SEBI for its approval.

**For and on behalf of the Committee of Independent Directors
of Future Lifestyle Fashions Limited**


Independent Director

Date: 9 December 2021
Place: Mumbai