

1 November, 2020

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

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

Scrip Code: 540064
Scrip Code of Debt: 958809, 958810 & 959518

Symbol: FRETAIL

Ref: Proposed Composite Scheme of Arrangement between 20 Future Group entities (including six equity listed entities of Group viz. Future Retail Limited, Future Lifestyle Fashions Limited, Future Consumer Limited, Future Supply Chain Solutions Limited, Future Market Networks Limited and Future Enterprises Limited) and Reliance Retail Ventures Limited and Reliance Retail and Fashion Lifestyle Limited ("Scheme")

Dear Sir,

With reference to the captioned Scheme, we wish to state as under on behalf of Future Retail Ltd. ("FRL") (Transferor Company No. 4):

1. As has been recently informed by Amazon.com NV Investment Holdings LLC ("**Amazon**") to BSE and NSE vide letter dated 28 October, 2020, an Emergency Arbitrator ("**EA**") nominated by the Singapore International Arbitration Center ("**SIAC**") has rendered an "Interim Award" dated 25 October 2020 (hereinafter "**EA Order**") in arbitration proceedings initiated by Amazon against individuals and entities forming part of the promoter group of FRL, as well as against FRL itself.
2. In relevant part, the EA Order "injuncts" FRL from "*taking any steps in furtherance of or in aid of*" the Board Resolution passed by the Board of Directors of FRL on 29 August 2020 authorizing FRL to carry out the transactions that are the subject matter of the captioned notice, "*including but not limited to filing or pursuing any application before any person, including regulatory bodies or agencies in India...*".
3. FRL is advised that an Emergency Arbitrator has no legal status under Part I of the Indian Arbitration and Conciliation Act 1996 and therefore, the proceedings before an "Emergency Arbitrator" are void and coram non-judice. The EA Order having been passed by an authority without jurisdiction is a nullity under Indian law. FRL's participation in the proceedings before the Emergency Arbitrator was expressly without prejudice to its jurisdictional objection and under protest. FRL only participated for the limited purpose of apprising the Emergency Arbitrator of the above factual and legal position.
4. Further, the EA Order was passed in arbitration proceedings initiated by Amazon by invoking an arbitration clause in a contract to which FRL is not a party. Instead the only parties to the arbitration agreement are Amazon and various promoters of FRL. FRL is not a party to the arbitration agreement and, as such, could not have been joined as a party to the arbitration proceedings before SIAC.

5. The EA Order accepts Amazon's contention that two separate shareholder agreement(s), one between Amazon and FRL's promoters (to which FRL is not a party) and another between FRL and its promoter (to which Amazon is not a party) constitute one single integrated transaction and that by such a composite transaction Amazon has an interest in and rights against FRL.
6. This contention raised by Amazon is entirely misconceived. In fact, if the two separate agreements were treated as a single integrated transaction by which Amazon obtained an interest in and rights against FRL, then in 2019, when the agreements were executed there would have been a change in control of FRL in favour of Amazon, requiring it to make an open offer to FRL's public shareholders in terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. No such open offer was made, thereby suggesting that there was no intent of Amazon to consider the two Agreements as a single integrated transaction at that point of time. Though this issue was raised by FRL before the Emergency Arbitrator, the EA Order appears to overlook this illegality by stating that Amazon has not attempted to assert control over FRL without appreciating that once the two agreements are conflated in law the protective, special and material rights granted thereunder would constitute a conferral of "control" in favour of Amazon. Given that the EA Order is premised on violation of SEBI Regulations it cannot and ought not to be accorded any sanctity by SEBI, NSE and BSE.
7. The EA Order is not enforceable under the provisions of the Arbitration and Conciliation Act, 1996 and is not binding on FRL. Any attempt on the part of Amazon to enforce the EA Order shall be resisted by FRL to the fullest extent available under Indian law. FRL is also in the process of taking appropriate legal action to protect its rights.
8. It is humbly submitted that BSE and NSE ought not to take cognizance of Amazon's letter or the EA Order, since: (i) FRL has complied with all the requirements of obtaining the requisite approval from Future Coupons Private Limited, as was required in the Shareholders Agreement executed by FRL with its Promoters; (ii) FRL is undergoing serious financial difficulties, particularly in light of the unprecedented impact of the COVID pandemic; (iii) the proposed scheme is the only way, it can come out of the situation; (iv) scheme is in the best interest of all stakeholders, that includes shareholders, financial institutions, vendors and suppliers, and more importantly employees, etc.; (v) any delay in the implementation of scheme will cause irreparable losses to all stakeholders; and (vi) scheme is pursuant to and in accordance with the provisions of section 230-232 of Companies Act, 2013, which is a self-contained code by itself providing the right to any company to proceed for a scheme of arrangement, with conditions, that may include alteration of rights and obligations of all shareholders, and thus the scheme will hold supremacy over contractual obligations, if any at all.
9. Consent for undertaking the captioned Scheme was accorded by the Board of Directors of FRL at a properly constituted meeting held on 29 August 2020. The said Board Resolution, as well as actions taken in pursuance of the same are consistent with the Articles of Association of FRL and remain valid and subsisting.
10. It is indisputable that the EA Order cannot restrain the exercise by the Stock Exchanges of the statutory powers vested in it under Regulation 37 of the SEBI (Listing Obligations and

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Disclosure Requirements) Regulations, 2015 (“LODR”). In any event, despite the fact that the EA was apprised of the filing of the captioned Scheme with the NSE and BSE, the EA Order (assuming without prejudice that the same has any legal effect) has not interdicted any steps already taken by FRL in pursuance of the said Board Resolution, including the filing of the captioned Scheme.

11. In its letter, Amazon has painted a picture that public shareholders of FRL are being misled. It is a bit rich for such an argument to be made from someone who is not even a shareholder in FRL. Evidently, Amazon’s letter is motivated by other considerations. It is submitted that SEBI regulations are very clear in terms of the information that needs to be disclosed when a listed company approves a scheme of arrangement, and FRL has complied with all SEBI requirements.
12. At best, Amazon’s claims are a contractual dispute between Amazon and the promoters of FRL, and Amazon has already initiated arbitration for the same. It is submitted that SEBI and the stock exchanges should consider the Scheme independently on its merits, and as per SEBI regulations. A contractual dispute between the promoters of FRL and Amazon cannot restrict or interfere with the authority of SEBI and the stock exchanges to approve the Scheme involving the listed entity. To be clear, the EA Order cannot and does not in any manner restrict SEBI or the stock exchanges from considering and approving the Scheme.
13. FRL therefore respectfully prays that BSE and NSE should continue to process our application for issuance of observation letter / no-objection letter permitting the captioned Scheme to be filed before the Hon’ble NCLT.
14. FRL remains ready and willing to expeditiously render any assistance called for by the stock exchanges and SEBI in this regard.
15. We once again submit that as per the Company, the aforesaid information is not material and accordingly, was not required by the Company to be disclosed under regulation 30(4), since the Company has already made disclosure about its stand about the EA order in its communication and disclosure dated 26 October 2020 to stock exchanges. It may also be noted that the decision about materiality has been taken by the Company based on information furnished by the FRL promoters and from the information available with the Company. However, honouring the directions of the regulators, we are submitting detailed response to the queries raised as given hereunder.

1) **Disclosure through BSE listing centre/ NEAPS system w.r.t. following:**

As mentioned above the event is not a material event, however, without prejudice to the same the details of the Arbitration are disclosed below.

a) Full details of the initiation of arbitration under Regulation 30 of LODR.

Notice of Arbitration has been issued by Amazon against Company and other promoter group persons in accordance with the Singapore International Arbitration Centre (“SIAC”) Rules for alleged violation of the provisions of the shareholders agreements. Further, as

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per SIAC Rules Amazon has filed an application seeking interim relief, inter alia, injunction the Respondents from giving effect to the Composite Scheme of Arrangement.

- b) Provide details of the litigation (and chain of events due to delayed disclosure), expected financial implications on the company and quantum of claims, if any made by another party.**

The litigation details, in which the Company has participated under protest and still await the decision of the SIAC to its jurisdictional objection, has been given in above paragraphs. Relevant chain of events is given hereunder with respect to the same.

Sr. No	Date	Particulars
1.	5 October 2020	Amazon filed Notice of Arbitration and also made an Application for Emergency Interim Relief under SIAC Rules
2.	5 October 2020	SIAC informed all parties for commencement of arbitration proceedings
3.	5 October 2020	SIAC Registrar appointed Emergency Arbitrator under SIAC Rules
4.	06 October 2020	FRL filed its Objection Letter objecting to the competence of the SIAC to administer an arbitration in terms of Rule 28.1 of the SIAC Rules and also contended that FRL is not a party to the Arbitration Agreement with Amazon
5.	16 October 2020	Arbitration proceedings conducted and concluded by the Emergency Arbitrator on Amazon's application on emergency reliefs
6.	25 October 2020	Emergency Arbitrator pronounced its award on Amazon's application for interim relief

As an alternative to its claim and injunctive reliefs against the scheme, Amazon has sought for damages amounting to INR 14,310,000,000 (Indian Rupees Fourteen Billion Three Hundred and Ten Million) alongwith interest being the amount invested by Amazon into Future Coupons Pvt. Ltd. It may be noted that even if such claim is approved by the Arbitration or at any other judicial forum, the same would be payable by Promoters and there would not be any financial impact on the Company.

- c) Please note that all directions of the arbitrator which impacts the company (directly or indirectly) are to be disclosed. It is observed that the company has in its disclosure has only stated the fact of an interim order, but not its impact. You are requested to provide details on the following:**

- i) Whether or not the interim order has an impact on the company?**

The proceedings against Company are not maintainable as Company is not a party/signatory to the arbitration agreement invoked by Amazon. Company's jurisdictional objections are pending determination with the SIAC Registrar. Further SIAC has appointed an Emergency Arbitrator, however, the Indian Law

does not recognize an Emergency Arbitrator. Accordingly, the Interim Order is unlikely to have an impact on the Company.

ii) List of all directions as per the interim order as far as it impacts the listed entity, directly or indirectly, along with the nature of impact and quantification of such impact.

By the Interim Award dated 25th October 2020 (Interim Award), the Emergency Arbitrator has granted ad-interim reliefs sought by the Claimant against the Respondents and directed as under:

- (a) Injunction against the respondents from taking steps in furtherance of the board resolution of Company dated 29 August 2020;
- (b) Injunction against the respondents from taking steps to complete the disputed transaction with Mukesh Dhirubhai Ambani group;
- (c) Injunction against respondent from disposing off Company's retail assets or shares held in Company by the promoters without written consent of the Claimant;
- (d) Injunction against Respondents from issuing securities of Company or securing financing from any restricted persons;
- (e) The Claimant has been asked to provide a cross-undertaking in damages.

It may be noted that the Interim Award would not have any impact until the Indian court permits execution thereof in view of the provisions of the Arbitration and Conciliation Act, 1996. Accordingly, the impact cannot be quantified at this stage.

iii) Steps taken by the company in relation to the order.

The Company is in process of initiating appropriate proceeding to protect its rights and seek necessary reliefs against in relation to the interim award which is not enforceable under Indian law.

d) Details of change in status of the proposed scheme of arrangement of the company pursuant to the interim order, any other material event under Regulation 30 of LODR.

There would not be any change in status of the proposed scheme until the Interim Order passed by the Emergency Arbitrator of SIAC is executed by the Indian court of appropriate jurisdiction.

e) Disclosure of interim order to ensure adequate and explicit disclosure to shareholders. If the same is not disclosed, reasons as to why the interim order should not be filed with as a material price sensitive information.

FRL has shared only the dispositive order of the Emergency Arbitrator since it is not a public document. Further a copy of the Interim Order is separately submitted to the stock exchanges and requested to maintain the confidentiality of the said Interim Order since the same is not a public document.

2) You are further requested to submit following to the exchange through response to this email after referring to the requirements of the provisions of September 09, 2015:

a) Reasons for non-disclosure of initial event of commencement of arbitration.

For the reasons mentioned above, the commencement of arbitration was not considered a material event for the Company and thus not disclosed.

b) Please provide reasons for not providing adequate and explicit disclosure as per Regulation 4(1)(e) which provide the details of the interim order to shareholders to make an informed decision in your disclosure dated October 26, 2020.

As per the SIAC Rules, all matters relating to the proceedings including the Award/Interim Award of Emergency Arbitrator are confidential and parties are not permitted to disclose the same. FRL has therefore shared only the dispositive order of the Emergency Arbitrator.

c) Copy of interim order, in case the same is not disclosed above.

FRL has shared only the dispositive order of the Emergency Arbitrator since it is not a public document. Further a copy of the Interim Order is separately submitted to the stock exchanges and requested to maintain the confidentiality of the said Interim Order since the same is not a public document.

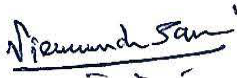
d) In case the disclosure as required under point 1 above is not made, provide the details required under point 1 above as a response to the trail email in order to examine the compliance of the company with Reg 4/30 of LODR and fair disclosure of UPSI.

Not applicable since the above information is being submitted in response to queries raised by the Exchange.

Thanking you,

Yours faithfully,

For **Future Retail Limited**



Virendra Samani
Company Secretary

CC:

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Singapore - 068 804