

Ref: FLFL/Reg 30/2019-20

31 July 2020

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
Exchange Plaza,
Bandra- Kurla Complex, Bandra (East)
Mumbai- 400 051

Scrip Code: 536507
Debt – Scrip Code: 957150

Scrip Code: FLFL

Dear Sir/Madam,

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub.: Disclosure with respect to COVID-19

Furtherance to our letter dated March 22, 2020 and pursuant to above referred regulations read with advisory circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 issued by the Securities and Exchange Board of India, we submit herewith the following information:

1. Impact of the COVID-19 pandemic on the business

As we are aware that the Central Government, in the wake of novel coronavirus (COVID-19) outbreak and to restrict the spread of it, had implemented nationwide lockdown for initial 21 days, from the last week of March 2020. The Central Government, considering the severity of this pandemic, has further extended the period of lockdown for three times till May 31, 2020 (lockdown), which was followed by Unlock with very few relaxations depending on green, orange and red Zones, as demarcated by the Governments, as well as restrictions / lockdowns imposed by respective State Governments.

During the Lockdowns, all the Company's fashion retail stores ("Central", "Brand Factory", "aLL" and other exclusive brand stores) have been temporarily shut down, as per the advisory issued by the respective local authorities /State / central Governments. All Employees were advised to work from their residence since commencement of lockdown period.

The business of the Company was adversely affected by temporarily shut down of stores.

2. Ability to maintain operations including the factories/ units/ office spaces functioning and closed down

The lockdown associated with the pandemic situation had severely impacted the Company's operational capabilities, as all the Retail stores were shut, during the lockdown.

However, during this period the Company had launched a digital-led innovative 'Shop at your Door' for Central and strengthened its BrandFactoryOnline.in, aLLOnlineStore.in and other ecommerce platforms that helped cater to customers' requirements. While the Company continues to strengthen its digital platforms, such initiatives have increased its ability to engage and service customer demand across the country. The Company was working closely with local government and health officials and adhering to their suggestions and advice on reopening the remaining stores.

During the lockdown period, all employees were advised and facilitated to work from their residence since commencement of lockdown period, following the broader guidelines issued by the Company to enable them to effectively manage work from home. During that period, the Company focused on Training and Development of the existing workforce, with online training programmes for upgradation and capacity building to ensure that they would be ready to service customers, once normalcy returned.

3. Schedule of restarting the operations

The Management have intensively worked towards the reopening of business and carrying out operation post COVID-19 lockdown as "New Normal" criteria. It has laid down the roadmap for new normal with a strong focus on safeguarding the health and safety of its employees, customers and communities it serves. A detailed Standard Operating Procedure (SOP) has been prepared, keeping in mind the safety of all stake holders viz., Customers/ Employees/ Trainees/ Suppliers/ Contract Works/ Consultants/ Visitors and to feel them that the Company stores are adequately safe and secure place to shop and work. The store teams also interacted with the Customers and sought their expectation on safe shopping and accordingly, COVID-19 compliant infrastructure was kept ready for reopening of stores, once lockdown would be lifted. Stores' employees were imparted safety training to enable them to be ready to quickly resume to work.

4. Steps taken to ensure smooth functioning of operations

The Company would like to place on record that 59 (out of total 104) Brand Factory stores, 20 (out of total 47) Central stores and 96 (out of total 198) EBOs are now open

to customers and operational within the COVID-19 precautionary guidelines issued by the Competent Authority. Apart from this, the Company also has wide presence of its key fashion brands in 860 doors (out of around 1396 doors of retail formats operated by other than group), which are now operational.

It was felt that the fashion retail business would be more impacted due to lack of disposable income. To facilitate the customers, the management had approached certain banks to extend interest free / easy instalments finance facility towards shopping to the Company's customers. It was also envisaged that in the changing scenario, the customers may prefer online shopping. Considering the said preference, the Company have accelerated the Brand Factory online business and efforts have also been initiated to list the Central and Brand Factory on Amazon platform.

The Company has taken all safety and health measures in line with WHO and guidelines issued by Competent Authority to curb spreading of COVID-19 at all its office and business locations, which inter alia include requisite screening before entering the premises, availability of sanitizer products for all people visiting the premises, compulsory use of face masks, closure of canteen within the premises, etc.

5. Impact of pandemic on capital and financial resources, profitability, liquidity position, ability to serve debt, assets and internal financial reporting and controls, supply chain and demand for services

As we are aware that the fashion retail business would be more impacted due to drops in footfalls, de-growth of revenue, lack of disposable income and discretionary spending by the Customer. Considering the impact on revenue, it was imperative that the Company reviews and quickly addresses each and every cost and reduce / optimise it as far as possible. The Management alongwith the experts/professionals, has formulated a strategy for renegotiation of rental cost and identified key drivers for rigorous reduction of operating cost, personnel cost and other major cost, to optimize the cost commensurate with the operations, post COVID-19.

It is envisaged that the business of the Company would be gradually picked up and reach to normal in due course in time. Due to temporarily shut down of all Stores during lockdown, liquidity position was affected, accordingly, the Company has applied to all the lenders for moratorium of credit facilities, as per guidelines issued by the Reserve Bank of India. Further, the Company had also approached its lessors to reduce / waive rents payable for period after March, 2020, in order to save on lease rental cost.

Considering the uncertainty created coupled with the nature, condition and duration of this pandemic, the impact assessment on the Company's financial and operational

parameters would continuously be made and would adequately be disclosed, as may be applicable.

6. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business

Each party analysed the current situation and mutually realised to redefine / renegotiate the terms, which are adversely affected or unreasonable to adhere it by each party.

7. Other relevant material updates about the business

None.

The present status update, as given above, is based on the current analysis of the situation by the Management. However, the uncertainty created by this pandemic and consequent lockdown and disruption were unforeseen and beyond the control of the entities. The Company's actual results, performance or achievements or impact could thus differ materially from those projected / envisaged herein. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The present report has been prepared based on the guidelines issued by the SEBI vide circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020. The Company assumes no responsibility to further amend, modify or revise any further status update on this matter, on the basis of any subsequent developments, information or events.

Kindly take the above information on your records.

Yours faithfully,

For **Future Lifestyle Fashions Limited**



Vishnuprasad M
Managing Director