



COMPETITION COMMISSION OF INDIA

(Combination Registration No.C-2017/01/476)



Fair Competition
For Greater Good

16th March, 2017

Notice under Section 6 (2) of the Competition Act, 2002 jointly given by FSRPL CCPS Trust acting through its trustee, Beacon Trusteeship Limited and Future Lifestyle Fashions Limited

Coram:

Devender Kumar Sikri
Chairperson

S.L. Bunker
Member

Sudhir Mital
Member

Augustine Peter
Member

U. C. Nahta
Member

G.P. Mittal
Member

Legal Representatives of the parties: Trilegal

Order under Section 31(1) of the Competition Act, 2002

1. On 20th January 2017, the Competition Commission of India (“**Commission**”) received a notice jointly given by FSRPL CCPS Trust (“**Trust**”) (acting through its trustee, Beacon Trusteeship Limited (“**Beacon**”)) and Future Lifestyle Fashions Limited (“**FLFL**”) under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”). The notice has been filed pursuant to an Investment Agreement dated 05.01.2017 entered, *inter alia* between FLFL, Future Speciality Retail Limited (“**FSRL**”) and Beacon (hereinafter FSRPL CCPS Trust and FLFL are collectively referred as **Parties**”).



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2. The proposed combination relates to acquisition of Compulsorily Convertible Preference Shares in FSRL (convertible to a 26% stake on a fully diluted basis) by Beacon, which will be subsequent to transfer by FLFL of a section of its apparel marketing business operated under the brand name 'Lee Cooper' ("**Lee Cooper Business**") to FSRL ("**Proposed Combination**").
3. As stated in the notice, FLFL will transfer the Lee Cooper Business to its indirect wholly owned subsidiary FSRL. The Trustee (on behalf of the Trust) will invest in FSRL by: (i) subscribing to 600 CCPS issued by FSRL, for an aggregate subscription amount of INR 150 crores ("**Subscription CCPS**"); (ii) purchasing 400 CCPS of FSRL from FLFL ("**Purchase Securities**"), for a total consideration of INR 100 crores from FLFL; and (iii) acquiring 100 fully paid up equity shares of FSRL for a total consideration of INR 1000. (Subscription CCPS and Purchase Securities are together referred as the "**Investor CCPS**".) The Investor CCPS shall convert into such number of equity shares, which shall constitute 26% of the equity share capital of FSRL on a fully diluted basis.
4. It has been stated in the notice that Beacon is engaged in providing trusteeship services viz., debenture/ bond trusteeship, security trusteeship, safekeeping, securitization, management of special purpose vehicles, managing trusts and allied services. It has been further stated that the Trust has been established for the purpose of the Proposed Combination for receiving contributions and investing the same in specified securities. The Beneficiaries of the Trust are Barclays Bank PLC, India Branch ("**Barclays India**"), Nomura Capital (India) Private Limited ("**NCIPL**") and Adani Capital Private Ltd. ("**ACPL**") (hereinafter Barclays India, NCIPL and ACPL are collectively referred as "**Beneficiaries**").
5. Barclays India is stated to be a branch office of Barclays Bank PLC and provides corporate & investment banking, wealth management and retail deposit products. ACPL is registered as a Non-banking Finance Company which is engaged in the business of lending and making investments in the form of loans and subscription to/purchase of financial assets. NCIPL is registered as a Non-banking Finance Company and *inter alia* undertakes fund based activities, primarily lending and borrowing.



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6. FLFL is stated to be public company incorporated in India engaged in clothing, footwear and leather articles in specialized stores. It has an exclusive long term license for the manufacture, procurement, marketing, promotion, retailing and sale of 'Lee Cooper' branded products in the Indian sub-continent for all product categories except footwear, watches and fragrances. It is engaged in distribution of 'Lee Cooper' branded products only in India through FLFL stores including 'Central', 'Brand Factory' and exclusive outlets. FSRL is a wholly owned subsidiary of Future Trendz Limited ("FTL"), which is a wholly owned subsidiary of FLFL.
7. The Commission observed there is no horizontal overlap as the Parties do not produce/ provide similar or identical or substitutable products or services either directly or indirectly in India. Also, the Parties are not engaged in any activity relating to the production, supply, distribution, storage sale and services or trade in products or provision of services which is at different stages or levels of the production chain.
8. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and on basis of the assessment of the proposed combination, the Commission is of the opinion that the proposed combination is not likely to have appreciable adverse effect on competition in India and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.
9. This order shall stand revoked if, at any time, the information provided by the parties is found to be incorrect.
10. The information provided by the parties is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
11. The Secretary is directed to communicate to the parties accordingly.