

**COMPOSITE SCHEME OF ARRANGEMENT
BETWEEN
FUTURE RETAIL LIMITED ('FRL' OR 'FIRST DEMERGED COMPANY')
AND
BLUEROCK ESERVICES PRIVATE LIMITED ('BSPL' OR 'SECOND DEMERGED
COMPANY')
AND
PRAXIS HOME RETAIL LIMITED ('PHRL' OR 'RESULTING COMPANY')
AND
THEIR RESPECTIVE SHAREHOLDERS**

(Under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013)

(A) PREAMBLE

This Composite Scheme of Arrangement is presented under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 for demerger of the Home Retail Business Undertaking (*defined hereinafter*) of Future Retail Limited ('FRL') and demerger of the e-Commerce Home Retail Business Undertaking (*defined hereinafter*) of Bluerock eServices Private Limited ('BSPL') into Praxis Home Retail Limited ('PHRL'). This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(B) RATIONALE FOR THE SCHEME

1. FRL currently operates multiple retail formats in the Indian consumer market under different brand names including: Big Bazaar; fbb; Food Bazaar; easyday, Foodhall; Home Town and eZone. Home Retail Business of FRL is carried on through HomeTown stores operated by FRL.
2. BSPL is inter-alia engaged in the business of operating a web portal for online sale of furniture & furnishing products (viz; www.fabfurnish.com) and providing services for operation & maintenance of IT enabled platforms.
3. Demerger of the Home Retail Business Undertaking from FRL and demerger of the e-Commerce Home Retail Business Undertaking from BSPL into PHRL shall have the following benefits:



- (a) spin off specialty retail business and focusing on large format and small format pure retail businesses from FRL;
- (b) consolidation of offline and online Home Retail Business under a single entity;
- (c) attribution of appropriate risk and valuation to the respective businesses based on risk-return profile and cash flows;
- (d) more focused leadership and dedicated management; and
- (e) greater visibility on the performance of Home Retail Business and e-Commerce Home Retail Business.

(C) Parts of the Scheme:

This Scheme (*as defined hereinafter*) is divided into the following parts:

- (i) **PART I** deals with the definitions and share capital;
- (ii) **PART II** deals with the transfer and vesting of the Home Retail Business Undertaking of FRL into PHRL;
- (iii) **PART III** deals with the transfer and vesting of the e-Commerce Home Retail Business Undertaking of BSPL into PHRL;
- (iv) **PART IV** deals with cancellation and reduction of share capital of PHRL; and
- (v) **PART V** deals with general terms and conditions applicable to this Scheme.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 **“Act”** means the Companies Act, 1956 and / or the Companies Act, 2013 (as the case may be and to the extent applicable) as in force from time to time (including any statutory modifications(s) or re-enactment(s) thereof) and rules and regulations made



thereunder, for the time being in force, and which may relate or are applicable to the arrangement.

- 1.2 **“Applicable Law”** means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/or jurisdiction, (b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or governmental approvals of, or agreements with, any governmental authority or recognized stock exchange, and (c) international treaties, conventions and protocols, as may be in force from time to time;
- 1.3 **“1st Appointed Date”** means commencement of business on August 1, 2017 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authority as may be applicable;
- 1.4 **“2nd Appointed Date”** means commencement of business on April 15, 2016 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authority as may be applicable;
- 1.5 **“BSPL”** means Bluerock eServices Private Limited a company incorporated under the Companies Act, 1956, and having its registered office at 521, III Floor, Udyog Vihar Phase III, Gurgaon, Haryana – 122 106;
- 1.6 **“Board”** means the Board of Directors of FRL, BSPL and PHRL or any Committee of Directors constituted or appointed and authorized to take any decision for the implementation of this Scheme on behalf of such Board of Directors;
- 1.7 **“Effective Date” or “coming into effect of this Scheme” or “upon the Scheme becoming effective”** means the last of the dates on which the certified copy of the Order of the National Company Law Tribunal sanctioning the Composite Scheme of Arrangement is filed by FRL, BSPL and PHRL with the concerned Registrar of Companies;
- 1.8 **“e-Commerce Home Retail Business Undertaking”** means the business of BSPL comprising of the operation of web portal for online sale of furniture & furnishing products (viz; www.fabfurnish.com), on a going concern basis and includes without limitation:
- (i) All assets and liabilities (excluding assets and liabilities pertaining to Remaining Business of BSPL as defined in Clause 1.15 below) pertaining to the the e-Commerce Home Retail Business Undertaking including but not limited to intellectual property rights, inventories, stock-in-trade or stock-in-transit and merchandising including raw materials, supplies, finished goods, wrapping supply and packaging items, all earnest moneys and / or security deposits,



cash and bank balances, advances, receivables, together with all present and future liabilities (including contingent liabilities) appertaining or relating thereto;

- (ii) Without prejudice to the provisions of sub-Clause (i) above, the e-Commerce Home Retail Business Undertaking of BSPL shall include all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets in connection with or pertaining or relating to the e-Commerce Home Retail Business Undertaking of BSPL such as goodwill, customer lists, customer connects, licenses, permits, quotas, registrations, agreements, contracts, arrangements, privileges or all other rights including tax deferrals and tax credits and other benefits, incentives, tenancy rights, if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relating to the e-Commerce Home Retail Business Undertaking of BSPL and all deposits and / or moneys paid or received by BSPL in connection with or pertaining or relating to the e-Commerce Home Retail Business Undertaking and all statutory licences, permissions, approvals or consents to carry on the operations of the e-Commerce Home Retail Business Undertaking of BSPL;

For the purpose of this Scheme, it is clarified that liabilities pertaining to the e-Commerce Home Retail Business Undertaking of BSPL include:

- (a) The liabilities, which arise out of the activities or operations of the e-Commerce Home Retail Business Undertaking of BSPL;
- (b) Specific loans and borrowings raised, incurred and / or utilized solely for the activities or operation of the e-Commerce Home Retail Business Undertaking of BSPL; and
- (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relating to the e-Commerce Home Retail Business of BSPL, being the amounts of general or multipurpose borrowings of BSPL shall be allocated to the e-Commerce Home Retail Business Undertaking of BSPL in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of BSPL immediately before giving effect to this Scheme.



- (iii) All employees of BSPL employed in and / or relatable to the e-Commerce Home Retail Business Undertaking of BSPL as on the Effective Date;
- (iv) All deposits and balances with government, semi government, local and other authorities, and bodies, customers and other persons, earnest moneys and / or security deposits paid or received by BSPL directly or indirectly in connection with or relating to the e-Commerce Home Retail Business Business Undertaking;
- (v) All necessary books, records, files, papers, product specification, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the e-Commerce Home Retail Business Undertaking of BSPL.

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the e-Commerce Home Retail Business Undertaking of BSPL or whether it arises out of the activities or operations of the e-Commerce Home Retail Business Undertaking of BSPL shall be decided by mutual agreement between the Board of Directors of BSPL and PHRL.

- 1.9 “FRL” means Future Retail Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060;
- 1.10 “FRL Employees Stock Option Plan” means the Employee Stock Option Plan 2016 (FRL ESOP 2016);
- 1.11 “Home Retail Business Undertaking” means business of FRL comprising of the furniture and furnishing business operated by it through HomeTown stores, on a going concern basis and includes without limitation:
 - (i) All assets and liabilities (excluding assets and liabilities pertaining to Remaining Business of FRL as defined in Clause 1.16 below) pertaining to the Home Retail Business Undertaking of FRL including but not limited to intellectual property rights, inventories, stock-in-trade or stock-in-transit and merchandising including raw materials, supplies, finished goods, wrapping supply and packaging items, all earnest moneys and / or security deposits, cash and bank



balances, advances, receivables, together with all present and future liabilities (including contingent liabilities) appertaining or relatable thereto;

- (ii) Without prejudice to the provisions of sub-Clause (i) above, the Home Retail Business Undertaking of FRL shall include all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets in connection with or pertaining or relatable to the Home Retail Business Undertaking of FRL such as goodwill, customer lists, customer connects, licenses, permits, quotas, registrations, agreements, contracts, arrangements, privileges or all other rights including tax deferrals and tax credits and other benefits, incentives, tenancy rights, if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the Home Retail Business Undertaking of FRL and all deposits and or moneys paid or received by FRL in connection with or pertaining or relatable to the Home Retail Business Undertaking and all statutory licences, permissions, approvals or consents to carry on the operations of the Home Retail Business Undertaking of FRL;

For the purpose of this Scheme, it is clarified that liabilities pertaining to the Home Retail Business Undertaking of FRL include:

- (a) The liabilities, which arise out of the activities or operations of the Home Retail Business Undertaking of FRL;
- (b) Specific loans and borrowings raised, incurred and / or utilized solely for the activities or operation of the Home Retail Business Undertaking of FRL; and
- (c) Liabilities other than those referred to in sub-Clauses (a) and (b) above and not directly relatable to the Home Retail Business of FRL, being the amounts of general or multipurpose borrowings of FRL shall be allocated to the Home Retail Business Undertaking of FRL in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of FRL immediately before giving effect to this Scheme.

- (iii) All employees of FRL employed in and / or relatable to the Home Retail Business Undertaking of FRL as on the Effective Date;



- (iv) All deposits and balances with government, semi government, local and other authorities, and bodies, customers and other persons, earnest moneys and / or security deposits paid or received by FRL directly or indirectly in connection with or relating to the Home Retail Business Undertaking;
- (v) All necessary books, records, files, papers, product specification, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Home Retail Business Undertaking of FRL.

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Home Retail Business Undertaking of FRL or whether it arises out of the activities or operations of the Home Retail Business Undertaking of FRL shall be decided by mutual agreement between the Board of Directors of FRL and PHRL.

- 1.12 **“National Company Law Tribunal” or “NCLT” or “Tribunal”** the National Company Law Tribunal having applicable jurisdiction;
- 1.13 **“PHRL”** means Praxis Home Retail Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 32-D, Khotachi Wadi, Ideal Wafer House Compound, Girgaum, Mumbai – 400 004;
- 1.14 **“Record Date”** shall mean such date to be fixed by the Board of Directors of FRL and BSPL or a committee thereof/person duly authorized by the Board of Directors, after the Effective Date for the purpose of determining the members of FRL and BSPL to whom shares of PHRL will be allotted pursuant to this Scheme in terms of Clause 5 and Clause 16 below;
- 1.15 **“Remaining Business of BSPL” or “Remaining Undertaking of BSPL”** means all the undertakings, businesses, activities and operations of BSPL other than the e-Commerce Home Retail Business Undertaking (as defined in Clause 1.8 above);
- 1.16 **“Remaining Business of FRL” or “Remaining Undertaking of FRL”** means all the undertakings, businesses, activities and operations of FRL other than the Home Retail Business Undertaking (as defined in Clause 1.11 above);
- 1.17 **“Scheme” or “the Scheme” or “this Scheme”** means this Composite Scheme of Arrangement in its present form as submitted to the NCLT or this Scheme with such modification(s), if any made, as per Clause 30 of the Scheme;
- 1.18 **“Stock Exchange”** means BSE Limited and National Stock Exchange of India Limited.



All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996, other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. SHARE CAPITAL

2.1 The authorized, issued, subscribed and paid-up share capital of PHRL as on December, 31, 2016 is as under:

Share Capital	Amount in Rs. Crores
Authorized Share Capital	
10,00,000 Equity Shares of Rs. 10/- each	1.00
Total	1.00
Issued, Subscribed and Paid-up Share Capital	
50,000 Equity Shares of Rs. 10 each, fully paid up	0.05
Total	0.05

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid up share capital of PHRL.

2.2 The authorized, issued, subscribed and paid-up share capital of FRL as on December 31, 2016 is as under:

Share Capital	Amount in Rs. Crores
Authorized Share Capital	
12,50,00,00,000 Equity Shares of Rs. 2/- each	2500.00
Total	2500.00
Issued Share Capital	
47,14,42,928 Equity Shares of Rs.2/- each, fully	94.28



Share Capital	Amount in Rs. Crores
paid-up	
Total	94.28
Subscribed and Paid up Capital	
47,13,38,557 Equity Shares of Rs.2/- each, fully paid-up	94.26
Total	94.26

The shares of FRL are currently listed on the National Stock Exchange of India Limited and BSE Limited. Subsequent to the above date and on January 19th, 2017 and March 21st, 2017, the Nomination and Remuneration Committee of FRL has approved the allotment of 4,67,558 and 6,624 equity shares of Rs. 2/- each respectively to eligible employee(s) of FRL under Employee Stock Option Plan.

Upon allotment, the Issued equity share capital of FRL stands increased to Rs. 94,38,34,220/- (Rupees Ninety Four Crore Thirty Eight Lacs Thirty Four Thousand Two Hundred and Twenty only) divided into 47,19,17,110 (Forty Seven Crore Nineteen Lacs Seventeen Thousand One Hundred and Ten only) equity shares of Rs. 2/- (Rupees Two only) each and the paid equity share capital of FRL stands increased to Rs. 94,36,25,478/- (Rupees Ninety Four Crore Thirty Six Lacs Twenty Five Thousand Four Hundred and Seventy Eight only) divided into 47,18,12,739 (Forty Seven Crore Eighteen Lacs Twelve Thousand Seven Hundred and Thirty Nine only) equity shares of Rs. 2/- (Rupees Two only) each, fully paid up.

Pursuant to the applicable provisions of Companies Act, total 1,04,371 Equity Shares of Rs. 2/- each of the Company are kept in abeyance.

2.3 The authorized, issued, subscribed and paid-up share capital of BSPL as on December 31, 2016 is as under:

Share Capital	Amount in Rs. Crores
Authorized Share Capital	



Share Capital	Amount in Rs. Crores
3,00,00,000 Equity Shares of Rs. 10/- each	30.00
Total	30.00
Issued, Share Capital	
2,24,52,099 Equity Shares of Rs. 10/- each, fully paid-up	22.45
Total	22.45

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid up share capital of BSPL.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme as set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective and operative from the respective Appointed Dates.

PART II

4. TRANSFER AND VESTING OF HOME RETAIL BUSINESS UNDERTAKING OF FRL INTO PHRL

- 4.1 Upon the Scheme becoming effective, with effect from the 1st Appointed Date, the Home Retail Business Undertaking of FRL shall, in accordance with Section 2(19AA) of the Income Tax Act, 1961 and Sections 230 to 232 of the Act and all other applicable laws, if any, stand transferred to and vested in or be deemed to be transferred to and vested in PHRL as a going concern and all the properties whether moveable or immoveable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all assets, inventories, work in progress, current assets, investments, deposits, reserves, provisions, funds and all other entitlements, licenses, registrations, patents, trade names, trademarks, leases, tenancy rights, flats, telephones, telexes, facsimile, connections, email connections, internet connections, installations and utilities, benefits of agreements and arrangements, powers, authorities, permits, allotments, approvals, permissions, sanctions, consents, privileges, liberties, easements and all the rights, titles, interests, other benefits



(including tax benefits), tax holiday benefit, incentives, credits (including tax credits), tax losses and advantages of whatsoever nature and where so ever situated belonging to or in possession of or granted in favour of or enjoyed by Home Retail Business Undertaking of FRL shall be transferred to and vested in or deemed to be transferred to and vested in PHRL in the following manner:

- 4.1.1 Upon the Scheme becoming effective, with effect from the 1st Appointed Date, the whole of the said assets, as aforesaid, of Home Retail Business Undertaking of FRL, of whatsoever nature and where so ever situated and incapable of passing by manual delivery and/or endorsement or otherwise however, shall, under the provisions of Sections 230 to 232 and all other provisions, if any of the Act, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in PHRL so as to vest in PHRL all the rights, title and interest of Home Retail Business Undertaking of FRL therein.
- 4.1.2 Upon the Scheme becoming effective, with effect from the 1st Appointed Date, all the moveable assets including cash in hand, if any, of Home Retail Business Undertaking of FRL, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed as the case may be to PHRL. On such delivery or endorsement and delivery, the same shall become the property of PHRL to the end and intent that the ownership and property therein passes to PHRL on such handing over in pursuance of the provisions of Section 230 to 232 of the Act.
- 4.1.3 In respect of the moveable properties of Home Retail Business Undertaking of FRL other than specified in Clause 4.1.2 above and any intangible assets, including sundry debtors, loans receivable, advances, if any, recoverable in cash or kind or for value to be received, bank balances and deposits, if any, with the government, semi-government, local and other authorities and bodies, companies, firm, individuals, trusts, etc., PHRL may itself or require FRL and FRL shall upon such requisition from PHRL, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, give notices in such form as it may deem fit and proper, to each person, debtors or depositors, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, the said debt, loan receivable, advance or deposit be paid or made good or held on account of PHRL as the person entitled thereto to the end and intent that the right of FRL to recover or realize all such debts (including the debts payable by such persons or



depositors to FRL) stands transferred and assigned to PHRL and that appropriate entries should be passed in their respective books to record the aforesaid change.

4.1.4 Upon the Scheme becoming effective, with effect from the 1st Appointed Date, all debts, liabilities, duties, obligations of every kind, nature and description including all income taxes, excise duty, custom duty, sales tax, value added tax, service tax and other government and semi government liabilities of Home Retail Business Undertaking of FRL shall also, under the provisions of Sections 230 to 232 of the Act without any further act or deed be transferred or deemed to be transferred to PHRL so as to become as from the 1st Appointed Date the debts, liabilities, duties, obligations of PHRL and it shall not be necessary to obtain consent of any person in order to give effect to the provisions of this Clause.

4.2 The transfer and/or vesting of the properties as aforesaid shall be subject to the charges, hypothecation and mortgages as on the Effective Date, if any, over or in respect of all the said assets or any part thereof of Home Retail Business Undertaking of FRL.

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to Home Retail Business Undertaking of FRL which shall vest in PHRL by virtue of the Scheme and FRL shall not be obliged to create any further or additional security therefore after the Scheme has become effective or otherwise.

4.3 Without prejudice to the generality of the forgoing, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations, privileges, easements and advantages, facilities, rights, powers and interest (whether vested or contingent), of every kind and description of whatsoever nature in relation to the Home Retail Business Undertaking of FRL, to which FRL is a party to or to the benefit of which FRL may be eligible and which are subsisting or having effect immediately before the 1st Appointed Date shall stand transferred to and vested in or shall be deemed to be transferred to and vested in PHRL as if the same were originally given or issued to or executed in favour of PHRL and the rights and benefits under the same shall be available to PHRL. Further, FRL shall execute such further deeds, documents, etc. as may be required to give effect to this Clause 4.3.



- 4.4 All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of FRL (in relation to Home Retail Business Undertaking) after the Effective Date shall be accepted by the bankers of PHRL and credited to the account of PHRL, if presented by PHRL or received through electronic transfers. Similarly, the banker of PHRL shall honour all cheques / electronic fund transfer instructions issued by FRL (in relation to Home Retail Business Undertaking) for payment after the Effective Date. If required, the bankers of FRL and PHRL shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of FRL by PHRL in relation to the Home Retail Business Undertaking for such time as may be determined to be necessary by PHRL for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of PHRL.
- 4.5 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.
- 4.6 Upon the Scheme becoming effective, FRL and PHRL are expressly permitted to revise their financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other tax laws, and to claim refunds and/or credit for taxes paid (including, tax deducted at source, wealth tax, etc) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 4.7 Any tax liabilities under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies of Home Retail Business Undertaking of FRL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the 1st Appointed Date shall be transferred to PHRL.
- 4.8 Any refund, under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies due to FRL in relation to the Home Retail Business Undertaking consequent to the assessment made on FRL and for which no credit is



taken in the accounts as on the date immediately preceding the 1st Appointed Date shall also belong to and be received by PHRL upon this Scheme becoming effective.

- 4.9 Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax etc.) to which Home Retail Business Undertaking of FRL is entitled to in terms of applicable laws, shall be available to and vest in PHRL, upon this Scheme coming into effect.

5. CONSIDERATION

- 5.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the Home Retail Business Undertaking in PHRL, PHRL shall, without any further application or deed, issue and allot equity shares, credited as fully paid up, to all the shareholders of FRL or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the Register of Members as on the Record Date to be fixed in that behalf by the Board of Directors / Committee of Directors of FRL for the purpose of reckoning names of the shareholders of FRL in the following ratio:

1 (one) fully paid up equity share of Rs. 5/- each of PHRL to be issued for every 20 (twenty) fully paid up equity shares of Rs. 2/- each of FRL to the equity shareholders of FRL as on the Record Date

- 5.2 In case any shareholder of FRL has holding in FRL, such that it becomes entitled to a fraction of an equity share of PHRL, PHRL shall not issue fractional share certificates to such member but shall instead, at its absolute discretion, decide to take any or a combination of the following actions:

- (a) consolidate such fractions and issue consolidated shares to a trustee nominated by PHRL in that behalf, who shall, sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements;
- (b) deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders of FRL and PHRL.

- 5.3 Equity Shares to be issued by PHRL pursuant to Clause 5.1 above in respect of any equity shares of FRL which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 (corresponding provision of Section 206A of the



Companies Act, 1956) or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by PHRL.

- 5.4 Equity shares to be issued by PHRL to the shareholders of FRL as above shall be subject to the Memorandum and Articles of Association of PHRL and shall rank *pari passu* with the existing equity shares of PHRL in all respects including dividends.
- 5.5 Equity shares in PHRL shall be issued in dematerialized form to those shareholders who hold shares of FRL in dematerialized form, in to the account in which FRL shares are held or such other account as is intimated by the shareholders to FRL and / or its Registrar. All those shareholders who hold shares of FRL in physical form shall also have the option to receive the equity shares in PHRL in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to FRL and / or its Registrar. Otherwise, they would be issued equity shares in physical form.
- 5.6 The Board of Directors of PHRL shall, if and to the extent required, apply for and obtain any approvals from concerned government / regulatory authorities for the issue and allotment of equity shares to the shareholders of FRL pursuant to Clause 5.1 of the Scheme.
- 5.7 Equity shares to be issued by PHRL to the members of FRL pursuant to Clause 5.1 of this Scheme will be listed and/or admitted to trading on the BSE Limited and National Stock Exchange of India Limited, where the shares of FRL are listed and/or admitted to trading. PHRL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges. The equity shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchange.
- 5.8 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of FRL, the Board of Directors or any Committee thereof of FRL shall be empowered even subsequent to the Effective Date, to effectuate such transfer as if such changes in the registered holder were operative from the Effective Date, in order to remove any difficulties arising to the transfer of shares after the Scheme becomes effective.

6. ACCOUNTING TREATMENT IN THE BOOKS OF FRL AND PHRL

Upon the coming into effect of this Scheme, FRL and PHRL shall account for the demerger in their books as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS) or such other accounting principles as may be applicable or prescribed under the Act.



7. TRANSACTIONS UPTO THE EFFECTIVE DATE

7.1 With effect from the date of approval of this Scheme by Board of Directors of FRL and PHRL and up to and including the Effective Date:

- (a) FRL shall stand possessed of the properties and assets relating to the Home Retail Business Undertaking for and in trust for PHRL.
- (b) FRL shall not without the prior written consent of the Board of Directors of PHRL or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of the undertaking relating to the Home Retail Business Undertaking or any part thereof except in the ordinary course of its business.
- (c) FRL shall not vary the terms and conditions of service of its permanent employees relating to the Home Retail Business Undertaking except in the ordinary course of its business or as per past prevailing practices.
- (d) PHRL shall be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, Union Territories and all other concerned agencies, departments and authorities (statutory or otherwise) as are necessary under any law for such consents, approvals and sanctions, which PHRL may require to carry on the business of Home Retail Business Undertaking. Further, FRL shall extend all assistance to PHRL, if requested by PHRL, in obtaining the said consents, approvals and sanctions.

7.2 With effect from the date of approval to the Scheme by Board of Directors of FRL and PHRL until the Effective Date, FRL shall preserve and carry on the business and activities of Home Retail Business Undertaking with reasonable diligence and business prudence and FRL shall not, without the prior consultation with PHRL, alienate, charge or otherwise deal with or dispose of the Home Retail Business Undertaking or any part thereof or recruit any new employee (in each case except in the ordinary course of business) or employees..

8. DECLARATION OF DIVIDEND, BONUS, ETC.

8.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent FRL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of dividend.



- 8.2 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent FRL from issuing fully paid up bonus equity shares to its shareholders by capitalization of reserves.
- 8.3 FRL shall not utilize the profits or income, if any, relating to the Home Retail Business Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the date of approval of this Scheme by the Board of Directors of FRL and PHRL, without the prior written consent of the Board of Directors of PHRL.
- 8.4 Until the coming into effect of this Scheme, the holders of equity shares of FRL and equity shares of PHRL shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Associations.
- 8.5 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, or issuance of fully paid bonus equity shares, are enabling provisions only and shall not be deemed to confer any right on any member of FRL and/or PHRL to demand or claim any dividends / bonus which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of FRL and PHRL and subject, wherever necessary, to the approval of the shareholders of FRL and PHRL, respectively.

9. EMPLOYEES

- 9.1 On the Scheme becoming effective, all employees of the Home Retail Business Undertaking in service on the Effective Date, shall be deemed to have become employees of PHRL with effect from the 1st Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with PHRL shall not be less favorable than those applicable to them with reference to the Home Retail Business Undertaking on the Effective Date. Any question that may arise as to whether any employee belongs to or does not belong to the Home Retail Business Undertaking shall be decided by Board of Directors of FRL.
- 9.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts created or existing for the benefit of the employees of the Home Retail Business Undertaking shall be deemed to have been created by PHRL in place of FRL for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the



end and intent that all rights, duties, powers and obligations of FRL in relation to such fund or funds shall become those of PHRL. It is clarified that the services of the employees of the Home Retail Business Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

- 9.3 Upon the coming into effect of this Scheme, the options granted and / or vested, under and pursuant to the FRL Stock Option Plan to the employees of the Remaining Business of FRL as of the Effective Date would continue and the exercise price of such options or number of options to be vested would be suitably adjusted / recomputed in order to compensate the employees of FRL for reduction, if any in the intrinsic value of FRL pursuant to the demerger of Home Retail Business Undertaking of FRL or suitable provision shall be made for issue of shares in FRL as and when the options are exercised.
- 9.4 Approval granted to the Scheme by the shareholders of FRL shall also be deemed to be approval granted to any modifications made to the existing FRL Stock Option Plan.
- 9.5 The variations to the FRL Stock Option Plan made pursuant to this Clause 9 shall not be detrimental or prejudicial to the interests of the concerned employees.

10. LEGAL PROCEEDINGS

- 10.1 All legal proceedings of whatsoever nature by or against FRL pending and/or arising before the Effective Date and relating to the Home Retail Business Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against PHRL, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against FRL.
- 10.2 After the 1st Appointed Date, if any proceedings are taken against FRL in respect of the matters referred to in the Clause 10.1 above, FRL shall defend the same in accordance with advise and instructions of PHRL at the cost of PHRL, and PHRL shall reimburse and indemnify FRL against all liabilities and obligations incurred by FRL in respect thereof.
- 10.3 PHRL undertakes to have all legal or other proceedings initiated by or against FRL referred to in Clause 10.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against PHRL as the case may be, to the exclusion of FRL and FRL shall extend all assistance in such transfer into PHRL's name, if required by PHRL.

11. CONTRACTS, DEEDS, ETC.

- 11.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme,



all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Home Retail Business Undertaking of FRL to which FRL is a party or to the benefit of which FRL may be eligible, shall continue in full force and effect against or in favour of PHRL, and may be enforced effectively by or against PHRL as fully and effectually as if, instead of FRL, PHRL had been a party thereto from inception.

- 11.2 PHRL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which FRL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. PHRL shall be deemed to be authorised to execute any such writings on behalf of FRL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of FRL.
- 11.3 It is hereby clarified that (i) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Home Retail Business Undertaking to which FRL is a party to, cannot be transferred to PHRL for any reason whatsoever, FRL shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of PHRL; and (ii) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature relate to the Home Retail Business Undertaking as well as FRL (pursuant to the transfer of the Home Retail Business Undertaking), FRL and PHRL shall both be entitled to all rights and benefits and be liable for all obligations under the said arrangements, each to the extent of its respective undertaking only.

12. REMAINING UNDERTAKING OF FRL

- 12.1 The Remaining Undertaking of FRL and all the assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by FRL and PHRL shall have no right, claim or obligation in relation to the Remaining Undertaking of FRL. From the 1st Appointed Date, FRL shall carry on the activities and operations of the Remaining Undertaking of FRL distinctly and as a separate business from the Home Retail Business Undertaking.
- 12.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi judicial authority or tribunal) by or against FRL under any statute, whether pending on the 1st Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking of FRL shall be continued and enforced by or against FRL after the Effective Date. PHRL shall in no



event be responsible or liable in relation to any such legal or other proceeding against FRL.

12.3 With effect from the date of approval of this Scheme by the Board of Directors of FRL and PHRL and up to, including and beyond the Effective Date, FRL:

12.3.1 shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking of FRL for and on its own behalf; and

12.3.2 all profits accruing to FRL thereon or losses arising or incurred by it relating to the Remaining Undertaking of FRL shall for all purposes be treated as the profits or losses, as the case may be, of FRL.

13. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

13.1 With effect from the 1st Appointed Date and till the Effective Date:

13.1.1 FRL shall carry on, and shall be deemed to have carried on, all the business, activities and operations relating to the Home Retail Business Undertaking, and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of the Home Retail Business Undertaking, on account of and / or on behalf of and / or for the benefit of and / or in trust for, PHRL.

13.1.2 All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by FRL in relation to the Home Retail Business Undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes, or as the case may be, expenditure or losses (including taxes) of, PHRL.

13.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to the Home Retail Business Undertaking and exercised by or available to FRL, shall be deemed to have been exercised for and on behalf of and as an agent for PHRL. Further, any of the obligations, duties and commitments attached, relating or pertaining to the Home Retail Business Undertaking that have been undertaken or discharged by FRL shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for PHRL.



14. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Home Retail Business Undertaking as above and the continuance of proceedings by or against FRL in relation to the Home Retail Business Undertaking shall not affect any transaction or proceedings already concluded till the Effective Date in accordance with this Scheme, to the end and intent that PHRL accepts and adopts all acts, deeds and things done and executed by FRL in respect thereto as done and executed on behalf of PHRL.

PART III

15. TRANSFER AND VESTING OF e-COMMERCE HOME RETAIL BUSINESS UNDERTAKING OF BSPL INTO PHRL

15.1 Upon the Scheme becoming effective, with effect from the 2nd Appointed Date, the e-Commerce Home Retail Business Undertaking of BSPL shall, in accordance with Section 2(19AA) of the Income Tax Act, 1961 and Sections 230 to 232 of the Act and all other applicable laws, if any, stand transferred to and vested in or be deemed to be transferred to and vested in PHRL as a going concern and all the properties whether moveable or immoveable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all assets, inventories, work in progress, current assets, investments, deposits, reserves, provisions, funds and all other entitlements, licenses, registrations, patents, trade names, trademarks, leases, tenancy rights, flats, telephones, telexes, facsimile, connections, email connections, internet connections, installations and utilities, benefits of agreements and arrangements, powers, authorities, permits, allotments, approvals, permissions, sanctions, consents, privileges, liberties, easements and all the rights, titles, interests, other benefits (including tax benefits), tax holiday benefit, incentives, credits (including tax credits), tax losses and advantages of whatsoever nature and where so ever situated belonging to or in possession of or granted in favour of or enjoyed by e-Commerce Home Retail Business Undertaking of BSPL shall be transferred to and vested in or deemed to be transferred to and vested in PHRL in the following manner:

15.1.1 Upon the Scheme becoming effective, with effect from the 2nd Appointed Date, the whole of the said assets, as aforesaid, of e-Commerce Home Retail Business Undertaking of BSPL, of whatsoever nature and where so ever situated and incapable of passing by manual delivery and/or endorsement or otherwise however, shall, under the provisions of Sections 230 to 232 and all other provisions, if any of the Act, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in PHRL so as



to vest in PHRL all the rights, title and interest of e-Commerce Home Retail Business Undertaking of BSPL therein.

- 15.1.2 Upon the Scheme becoming effective, with effect from the 2nd Appointed Date, all the moveable assets including cash in hand, if any, of e-Commerce Home Retail Business Undertaking of BSPL, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed as the case may be to PHRL. On such delivery or endorsement and delivery, the same shall become the property of PHRL to the end and intent that the ownership and property therein passes to PHRL on such handing over in pursuance of the provisions of Section 230 to 232 of the Act.
- 15.1.3 In respect of the moveable properties of e-Commerce Home Retail Business Undertaking of BSPL other than specified in Clause 15.1.2 above and any intangible assets, including sundry debtors, loans receivable, advances, if any, recoverable in cash or kind or for value to be received, bank balances and deposits, if any, with the government, semi-government, local and other authorities and bodies, companies, firm, individuals, trusts, etc., PHRL may itself or require BSPL and BSPL shall upon such requisition from PHRL, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, give notices in such form as it may deem fit and proper, to each person, debtors or depositors, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, the said debt, loan receivable, advance or deposit be paid or made good or held on account of PHRL as the person entitled thereto to the end and intent that the right of BSPL to recover or realize all such debts (including the debts payable by such persons or depositors to BSPL) stands transferred and assigned to PHRL and that appropriate entries should be passed in their respective books to record the aforesaid change.
- 15.1.4 Upon the Scheme becoming effective, with effect from the 2nd Appointed Date, all debts, liabilities, duties, obligations of every kind, nature and description including all income taxes, excise duty, custom duty, sales tax, value added tax, service tax and other government and semi government liabilities of e-Commerce Home Retail Business Undertaking of BSPL shall also, under the provisions of Sections 230 to 232 of the Act without any further act or deed be transferred or deemed to be transferred to PHRL so as to become as from the 2nd Appointed Date the debts, liabilities, duties, obligations of PHRL and it shall not be necessary to obtain consent of any person in order to give effect to the provisions of this Clause.



15.2 The transfer and/or vesting of the properties as aforesaid shall be subject to the charges, hypothecation and mortgages as on the Effective Date, if any, over or in respect of all the said assets or any part thereof of e-Commerce Home Retail Business Undertaking of BSPL.

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to e-Commerce Home Retail Business Undertaking of BSPL which shall vest in PHRL by virtue of the Scheme and BSPL shall not be obliged to create any further or additional security therefore after the Scheme has become effective or otherwise.

15.3 Without prejudice to the generality of the forgoing, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations, privileges, easements and advantages, facilities, rights, powers and interest (whether vested or contingent), of every kind and description of whatsoever nature in relation to the e-Commerce Home Retail Business Undertaking of BSPL, to which BSPL is a party to or to the benefit of which BSPL may be eligible and which are subsisting or having effect immediately before the 2nd Appointed Date shall stand transferred to and vested in or shall be deemed to be transferred to and vested in PHRL as if the same were originally given or issued to or executed in favour of PHRL and the rights and benefits under the same shall be available to PHRL. Further, BSPL shall execute such further deeds, documents, etc. as may be required to give effect to this Clause 15.3.

15.4 All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of BSPL (in relation to e-Commerce Home Retail Business Undertaking) after the Effective Date shall be accepted by the bankers of PHRL and credited to the account of PHRL, if presented by PHRL or received through electronic transfers. Similarly, the banker of PHRL shall honour all cheques / electronic fund transfer instructions issued by BSPL (in relation to e-Commerce Home Retail Business Undertaking) for payment after the Effective Date. If required, the bankers of BSPL and PHRL shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of BSPL by PHRL in relation to the e-Commerce Home Retail Business Undertaking for such time as may be determined to be necessary by PHRL for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of PHRL.

15.5 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961. If any terms or



provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

- 15.6 Upon the Scheme becoming effective, BSPL and PHRL are expressly permitted to revise their financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other tax laws, and to claim refunds and/or credit for taxes paid (including, tax deducted at source, wealth tax, etc) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 15.7 Any tax liabilities under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies of the e-Commerce Home Retail Business Undertaking of BSPL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the 2nd Appointed Date shall be transferred to PHRL.
- 15.8 Any refund, under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies due to BSPL in relation to the e-Commerce Home Retail Business Undertaking consequent to the assessment made on BSPL and for which no credit is taken in the accounts as on the date immediately preceding the 2nd Appointed Date shall also belong to and be received by PHRL upon this Scheme becoming effective.
- 15.9 Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax etc.) to which e-Commerce Home Retail Business Undertaking of BSPL is entitled to in terms of applicable laws, shall be available to and vest in PHRL, upon this Scheme coming into effect.

16. **CONSIDERATION**

- 16.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the e-Commerce Home Retail Business Undertaking in PHRL, PHRL shall, without any further application or deed, issue and allot 9% Redeemable Preference Shares (hereinafter referred to as 'Preference Shares'), credited as fully paid up, to all the shareholders of BSPL or to their respective heirs, executors, administrators or other



legal representatives or the successors-in-title, as the case may be, whose names appear in the Register of Members as on the Record Date to be fixed in that behalf by the Board of Directors of BSPL for the purpose of reckoning names of the shareholders of BSPL in the following ratio:

6,30,000 (Six Lacs Thirty Thousand) Preference Shares of the face value of INR 100/- (Rupees One Hundred only), each fully paid-up, of PHRL to be issued on a proportionate basis to members or his / her / their respective heirs, executors, administrators or, as the case may be, successors holding fully paid-up equity shares in BSPL on the Record Date.

16.2 In case any shareholder of BSPL has holding in BSPL, such that it becomes entitled to a fraction of Preference Shares of PHRL, PHRL shall not issue fractional share certificates to such member but shall instead, at its absolute discretion, decide to take any or a combination of the following actions:

- (a) consolidate such fractions and issue consolidated shares to a trustee nominated by PHRL in that behalf, who shall, sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements;
- (b) deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders of BSPL and PHRL.

16.3 Preference Shares to be issued by PHRL pursuant to Clause 16.1 above in respect of any equity shares of BSPL which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 (corresponding provision of Section 206A of the Companies Act, 1956) or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by PHRL.

16.4 Preference Shares to be issued by PHRL to the shareholders of BSPL as above shall be subject to the Memorandum and Articles of Association of PHRL.

16.5 Preference Shares in PHRL shall be issued in dematerialized form to those shareholders who hold shares of BSPL in dematerialized form, in to the account in which BSPL shares are held or such other account as is intimated by the shareholders to BSPL and / or its Registrar. All those shareholders who hold shares of BSPL in physical form shall also have the option to receive the Preference Shares in PHRL in dematerialized form provided the details of their account with the Depository



Participant are intimated in writing to BSPL and / or its Registrar. Otherwise, they would be issued Preference Shares in physical form.

- 16.6 The Board of Directors of PHRL shall, if and to the extent required, apply for and obtain any approvals from concerned government / regulatory authorities for the issue and allotment of Preference Shares to the shareholders of BSPL pursuant to Clause 16.1 of the Scheme.
- 16.7 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of BSPL, the Board of Directors or any committee thereof of BSPL shall be empowered even subsequent to the Effective Date, to effectuate such transfer as if such changes in the registered holder were operative from the Effective Date, in order to remove any difficulties arising to the transfer of shares after the Scheme becomes effective.
- 16.8 Approval of this Scheme by the shareholders of PHRL shall be deemed to be the due compliance of the provisions of Section 62 and Section 55 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of Preference Shares by PHRL to the shareholders of BSPL, as provided in this Scheme.
- 16.9 The approval of this Scheme by the shareholders of the companies under Sections 230 and 232 of the Act shall be deemed to have been the approval under Sections 13 and 14 of Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.

17. ACCOUNTING TREATMENT IN THE BOOKS OF BSPL AND PHRL

Upon the coming into effect of this Scheme, BSPL and PHRL shall account for the demerger in their books as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS) or such other accounting principles as may be applicable or prescribed under the Act.

18. TRANSACTIONS UPTO THE EFFECTIVE DATE

- 18.1 With effect from the date of approval of this Scheme by Board of Directors of BSPL and PHRL and up to and including the Effective Date:
- (a) BSPL shall stand possessed of the properties and assets relating to the e-Commerce Home Retail Business Undertaking for and in trust for PHRL.



- (b) BSPL shall not without the prior written consent of the Board of Directors of PHRL or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of the undertaking relating to the e-Commerce Home Retail Business Undertaking or any part thereof except in the ordinary course of its business.
 - (c) BSPL shall not vary the terms and conditions of service of its permanent employees relating to the e-Commerce Home Retail Business Undertaking except in the ordinary course of its business or as per past prevailing practices.
 - (d) PHRL shall be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, Union Territories and all other concerned agencies, departments and authorities (statutory or otherwise) as are necessary under any law for such consents, approvals and sanctions, which PHRL may require to carry on the business of e-Commerce Home Retail Business Undertaking. Further, BSPL shall extend all assistance to PHRL, if requested by PHRL, in obtaining the said consents, approvals and sanctions.
- 18.2 With effect from the date of approval to the Scheme by Board of Directors of BSPL and PHRL until the Effective Date, BSPL shall preserve and carry on the business and activities of e-Commerce Home Retail Business Undertaking with reasonable diligence and business prudence and BSPL shall not, without the prior consultation with PHRL, alienate, charge or otherwise deal with or dispose of the e-Commerce Home Retail Business Undertaking or any part thereof or recruit any new employee (in each case except in the ordinary course of business) or employees..
- 19 DECLARATION OF DIVIDEND, BONUS, ETC.**
- 19.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent BSPL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of dividend.
- 19.2 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent BSPL from issuing fully paid up bonus equity shares to its shareholders by capitalization of reserves.
- 19.3 BSPL shall not utilize the profits or income, if any, relating to the e-Commerce Home Retail Business Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the date of approval of this Scheme by the Board of Directors of BSPL and PHRL, without the prior written consent of the Board of Directors of PHRL.
- 19.4 Until the coming into effect of this Scheme, the holders of equity shares of BSPL and equity shares of PHRL shall, save as expressly provided otherwise in this Scheme,



continue to enjoy their existing respective rights under their respective Articles of Associations.

- 19.5 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, or issuance of fully paid bonus equity shares, are enabling provisions only and shall not be deemed to confer any right on any member of BSPL and/or PHRL to demand or claim any dividends / bonus which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of BSPL and PHRL and subject, wherever necessary, to the approval of the shareholders of BSPL and PHRL, respectively.

20 EMPLOYEES

- 20.1 On the Scheme becoming effective, all employees of the e-Commerce Home Retail Business Undertaking in service on the Effective Date, shall be deemed to have become employees of PHRL with effect from the 2nd Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with PHRL shall not be less favorable than those applicable to them with reference to the e-Commerce Home Retail Business Undertaking on the Effective Date. Any question that may arise as to whether any employee belongs to or does not belong to the e-Commerce Home Retail Business Undertaking shall be decided by Board of Directors of BSPL.
- 20.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts created or existing for the benefit of the employees of the e-Commerce Home Retail Business Undertaking shall be deemed to have been created by PHRL in place of BSPL for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of BSPL in relation to such fund or funds shall become those of PHRL. It is clarified that the services of the employees of the e-Commerce Home Retail Business Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

21 LEGAL PROCEEDINGS

- 21.1 All legal proceedings of whatsoever nature by or against BSPL pending and/or arising before the Effective Date and relating to the e-Commerce Home Retail Business Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be



continued and enforced by or against PHRL, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against BSPL.

- 21.2 After the 2nd Appointed Date, if any proceedings are taken against BSPL in respect of the matters referred to in the Clause 21.1 above, BSPL shall defend the same in accordance with advise and instructions of PHRL at the cost of PHRL, and PHRL shall reimburse and indemnify BSPL against all liabilities and obligations incurred by BSPL in respect thereof.
- 21.3 PHRL undertakes to have all legal or other proceedings initiated by or against BSPL referred to in Clause 21.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against PHRL as the case may be, to the exclusion of BSPL and BSPL shall extend all assistance in such transfer into PHRL's name, if required by PHRL.

22 CONTRACTS, DEEDS, ETC.

- 22.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the e-Commerce Home Retail Business Undertaking of BSPL to which BSPL is a party or to the benefit of which BSPL may be eligible, shall continue in full force and effect against or in favour of PHRL, and may be enforced effectively by or against PHRL as fully and effectually as if, instead of BSPL, PHRL had been a party thereto from inception.
- 22.2 PHRL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which BSPL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. PHRL shall be deemed to be authorised to execute any such writings on behalf of BSPL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of BSPL.
- 22.3 It is hereby clarified that (i) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the e-Commerce Home Retail Business Undertaking to which BSPL is a party to, cannot be transferred to PHRL for any reason whatsoever, BSPL shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of PHRL; and (ii) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature relate to the e-



Commerce Home Retail Business Undertaking as well as BSPL (pursuant to the transfer of the e-Commerce Home Retail Business Undertaking), BSPL and PHRL shall both be entitled to all rights and benefits and be liable for all obligations under the said arrangements, each to the extent of its respective undertaking only.

23 REMAINING UNDERTAKING OF BSPL

- 23.1 The Remaining Undertaking of BSPL and all the assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by BSPL and PHRL shall have no right, claim or obligation in relation to the Remaining Undertaking of BSPL. From the 2nd Appointed Date, BSPL shall carry on the activities and operations of the Remaining Undertaking of BSPL distinctly and as a separate business from the e-Commerce Home Retail Business Undertaking.
- 23.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi judicial authority or tribunal) by or against BSPL under any statute, whether pending on the 2nd Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking of BSPL shall be continued and enforced by or against BSPL after the Effective Date. PHRL shall in no event be responsible or liable in relation to any such legal or other proceeding against BSPL.
- 23.3 With effect from the date of approval of this Scheme by the Board of Directors of BSPL and PHRL and up to, including and beyond the Effective Date, BSPL:
- 23.3.1 shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking of BSPL for and on its own behalf; and
- 23.3.2 all profits accruing to BSPL thereon or losses arising or incurred by it relating to the Remaining Undertaking of BSPL shall for all purposes be treated as the profits or losses, as the case may be, of BSPL.

24 CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

- 24.1 With effect from the 2nd Appointed Date and till the Effective Date:
- 24.1.1 BSPL shall carry on, and shall be deemed to have carried on, all the business, activities and operations relating to the e-Commerce Home Retail Business Undertaking, and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of each of the e-Commerce Home Retail Business Undertaking, on account of and / or on behalf of and / or for the benefit of and / or in trust for, PHRL.



- 24.1.2 All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by BSPL in relation to the e-Commerce Home Retail Business Undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes, or as the case may be, expenditure or losses (including taxes) of, PHRL.
- 24.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to the e-Commerce Home Retail Business Undertaking and exercised by or available to BSPL, shall be deemed to have been exercised for and on behalf of and as an agent for PHRL. Further, any of the obligations, duties and commitments attached, relating or pertaining to the e-Commerce Home Retail Business Undertaking that have been undertaken or discharged by BSPL shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for PHRL.

25 SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the e-Commerce Home Retail Business Undertaking as above and the continuance of proceedings by or against BSPL in relation to the e-Commerce Home Retail Business Undertaking shall not affect any transaction or proceedings already concluded till the Effective Date in accordance with this Scheme, to the end and intent that PHRL accepts and adopts all acts, deeds and things done and executed by BSPL in respect thereto as done and executed on behalf of PHRL

PART IV

26 CANCELLATION AND REDUCTION OF SHARE CAPITAL OF PHRL

- 26.1 Upon the Scheme becoming effective and upon the allotment of equity shares and Preference Shares by PHRL in accordance with provisions of Clause 5.1 and Clause 16.1 above, the existing paid up equity share capital of PHRL amounting to Rs. 500,000/- comprising of 50,000 equity shares of Rs. 10/- each fully paid up shall stand cancelled without any consideration and accordingly, the paid up share capital of PHRL shall stand reduced to the extent of face value of such equity shares cancelled.
- 26.2 The amount of paid up equity share capital of PHRL cancelled as per Clause 26.1 above shall be credited to the Capital Reserve Account in the books of PHRL.
- 26.3 The cancellation and reduction in paid up share capital of PHRL shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 230 to 232 read with Section 66 of the Act and any other applicable provisions of the Act and



the order of the NCLT sanctioning the Scheme shall be deemed to be also the Order under Section 66 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution in liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 66 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of PHRL, PHRL shall not be required to add "And Reduced" as suffix to its name.

PART V

GENERAL TERMS AND CONDITIONS

27 APPROVALS

- 27.1 PHRL shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which it may require to own and operate the Home Retail Business Undertaking and the e-Commerce Home Retail Business Undertaking to be transferred under this Scheme.
- 27.2 PHRL shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which it may require to own and operate the Home Retail Business Undertaking and the e-Commerce Home Retail Business Undertaking to be transferred to it under this Scheme.

28 ADMINISTRATIVE CONVENIENCE

- 28.1 Notwithstanding anything contained in other clauses of this Scheme, FRL, BSPL and PHRL, shall enter into such documents, agreements, make applications to various authorities, regulatory bodies to facilitate the uninterrupted transitions of the business from FRL and BSPL to PHRL.
- 28.2 Notwithstanding anything contained in other clauses of this Scheme but in accordance with the Act and other applicable laws, FRL, BSPL and PHRL, may enter into such documents, agreements, arrangements and make applications to various authorities, regulatory bodies to facilitate the sharing of, inter alia any common services, employees, intellectual properties and other assets (whether moveable or immoveable).

29 APPLICATION TO NCLT



29.1 FRL, BSPL and PHRL shall as may be required make applications and/or petitions under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Act to the NCLT or such other appropriate authority for sanction of this Scheme and all matters ancillary or incidental thereto.

30 MODIFICATION OR AMENDMENTS TO THE SCHEME

30.1 On behalf of FRL, BSPL and PHRL, the Board of Directors of respective companies, may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of the Scheme and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e. the Board of Directors of FRL, the Board of Directors of BSPL and Board of Directors of PHRL) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.

30.2 For the purpose of giving effect to this Scheme or to any modification thereof the Board of Directors of FRL, BSPL and PHRL may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

31 CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

31.1 The requisite consent, approval or permission of the Central Government including Stock Exchange, Securities and Exchange Board of India or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;

31.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of FRL, BSPL and PHRL as may be directed by the NCLT or any other competent authority, as may be applicable;

31.3 The Scheme being sanctioned by the NCLT or any other authority under Sections 230 to 232 read with Section 66 of the Companies Act, 2013; and

31.4 Certified copy of the Order of the NCLT sanctioning the Scheme being filed with the



concerned Registrar of Companies by FRL, BSPL and PHRL.

32 EFFECT OF NON-RECEIPT OF APPROVALS

- 32.1 In the event of the Scheme not being sanctioned by the NCLT and/or the order or orders not being passed by March 31, 2018, or by such later date as may be agreed by the respective Boards of Directors of the Companies, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and/ or in connection with the Scheme.

33 COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be as agreed between FRL, BSPL and PHRL.



SCHEDULE I

TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES BY PHRL TO
SHAREHOLDERS OF BSPL

Issuer	Praxis Home Retail Limited
Instrument	Non-Cumulative Redeemable Preference Shares
Face value	Rs. 100/- per Preference Share
Coupon Rate	9% per annum Non-Cumulative
Redemption	To be redeemed at the end of 60 months from the date of allotment
Call Option	PHRL will have an option to redeem the Preference Shares at any time after the end of 24 months from the date of allotment. PHRL, upon exercise of such option or on redemption, will pay the amount of face value of the Preference Shares along with dividend accrued up to that date, if any. PHRL'S liability to the Preference Shareholders shall stand extinguished from the date of dispatch of the cheques / pay order for the redemption amount along with dividend, if any.

