

FUTURE RETAIL



16th February, 2018

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

Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra- Kurla Complex, Bandra (E),
Mumbai- 400 051

Scrip Code: 540064

Symbol: FRETAIL

Dear Sir / Madam,

Sub: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Notice of Postal Ballot and Information with respect to Scheme of Arrangement between Hypercity Retail (India) Limited (HRIL) and Future Retail Limited (FRL) and their respective Shareholders - circulated to the Shareholders of the Company.

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the following which are being circulated / dispatched to the Shareholders of the Company:

1. A copy notice of Postal Ballot dated 09th February, 2018.
2. A copy of Information with respect to Scheme of Arrangement between Hypercity Retail (India) Limited (HRIL) and Future Retail Limited (FRL) and their respective Shareholders (the Scheme).

The above documents are also available on the website of the Company at www.futureretail.co.in.

Thanking you

Yours faithfully

For Future Retail Limited


Virendra Samani
Dy. Company Secretary



Encl: as above



FUTURE RETAIL LIMITED

(Formerly known as Bharti Retail Limited)

Regd. Off.: Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai - 400 060.
Tel. No. +91 22 66442200; Fax No. : +91 22 66442201; CIN: L51909MH2007PLC268269
Website : www.futureretail.co.in; Email: investorrelations@futureretail.in

POSTAL BALLOT NOTICE

[Notice pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014]

Dear Member(s),

NOTICE is hereby given to the Members of **Future Retail Limited** (the "**Company**") that the draft Special Resolution set out in notice shall be passed through Postal Ballot pursuant to Section 110 and other applicable provisions of the Companies Act, 2013 (the "**Act**") read with Companies (Management and Administration) Rules, 2014 as amended from time to time (the "**Rules**") (including any statutory modification(s) or amendment or re-enactment thereof for the time being in force).

Accordingly, the draft Special Resolution together with the Statement setting out the material facts in respect of the proposed resolution as required under Section 102 and 110 of the Act is annexed to this Notice along with Postal Ballot Form for consideration of Members and to enable the Members for sending their assent or dissent in writing by Postal Ballot means or through e-voting.

Members are requested to carefully read the instructions, while casting their votes electronically or physically through Postal Ballot Form and return the form duly completed in the enclosed self-addressed postage pre-paid Business Reply Envelope so as to reach the Scrutinizer on or before the close of the business hours (i.e. 5:00 PM) of 18th March, 2018.

In accordance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and that of the Rules, the Company has provided e-voting facility to its Members and has engaged National Securities Depository Limited ("**NSDL**"), an agency authorized by the Ministry of Corporate Affairs ("**MCA**") for providing e-voting platform. The procedure for e-voting is explained under the Notes provided with this Postal Ballot Notice.

The resolution shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed Postal Ballot Forms and Electronic Votes, if approved by the Members with requisite majority.

Special Business:

The Members are requested to consider and, if thought fit, pass the following resolution as a **Special Resolution**:

1. To approve sale of equity shares of Hypercity Retail (India) Limited ("HRIL**"), a wholly owned subsidiary of the Company**

"RESOLVED THAT pursuant to the provisions of Section 110, 180(1)(a) and other applicable provisions of the Companies Act, 2013 (the "**Act**") read with Companies (Management and Administration) Rules, 2014 (the "**Rules**") (including any statutory modification(s) or amendment or re-enactment thereof for the time being in force) and subject to applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to receipt of requisite approvals to the Scheme of Arrangement between Hypercity Retail (India) Limited and Future Retail Limited and their respective Shareholders ('**the Scheme**') and the Scheme becoming effective and subject to requisite approvals including the approval of lenders, if any and all concerned statutory and regulatory authorities and departments, to the extent necessary, and such other approvals, permissions and sanctions as may be required including that of concerned stakeholders as the case may be and subject to the Memorandum and Articles of Association of the Company, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "**Board**", which term shall include a duly authorised Committee of Directors) to sell, transfer or otherwise dispose-off in one or more tranches in aggregate the 100% equity stake in Hypercity Retail (India) Limited ("**HRIL**"), a wholly owned subsidiary of the Company for a consideration, which shall not be less than fair value of HRIL to M/s JAS Infra Space Private Limited ("**JAS Infra**") or its designated nominees in whole or in tranches and on such terms and conditions as may be agreed between the Company and JAS Infra in terms of the agreement or understanding to be entered into between the Company and JAS Infra for this purpose.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things including but not limited to deciding the time when the divestment of shares held by the Company in HRIL shall be done by the Company, the manner of divestment, extent of divestment, determining terms and conditions relevant to the divestment, negotiating and finalising the terms of sale (including but not limited to determination of final consideration), finalizing and execution of necessary agreements / deeds by whatever name called, such other agreements, contracts, declarations, deeds, documents, forms, indemnities, letters, undertakings, and such other papers as may be necessary, desirable and expedient to be agreed, signed and executed, make all such filings and applications for the statutory / regulatory and other approvals as may be required and to complete the aforesaid transaction and also to take necessary steps in the matter as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to the aforesaid resolution, and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT all acts, deeds, matters and things, either verbal or written or otherwise, already done by the Company and / or any of its Directors and/or officers and/or representatives for and in the name of the Company in this regard be and the same are hereby noted, ratified and approved.”

By Order of the Board of Directors
For **Future Retail Limited**

Place : Mumbai
Date : 09th February, 2018

Virendra Samani
Dy. Company Secretary

Registered Office

Knowledge House, Shyam Nagar,
Off Jogeshwari-Vikhroli Link Road,
Jogeshwari (East), Mumbai - 400 060

NOTES:

1. The Statement pursuant to Section 102 read with Section 110 of the Companies Act, 2013 (the '**Act**') and other applicable provisions, if any, of the Act along with the Rules as may be prescribed therein (including any statutory modification(s) or amendment or re-enactment thereof for the time being in force), in relation to Resolution as set out in the Notice is annexed hereto.
2. The Notice is being sent by prescribed mode to all the Members whose name appears in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories / RTA as on 09th February, 2018 ("Cut-off Date"). Each Member's voting rights shall be in proportion to his/her/its share of the paid up equity share capital of the Company as on Cut-off Date, which will only be considered for voting.

Voting Rights: The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the Cut-off Date. Members can vote for their entire voting rights as per their discretion.

3. Pursuant to the provisions of Section 108 of the Act and all other applicable provisions, if any, read with related Rules thereto, e-voting option is provided to all the Members of the Company. Members have an option to vote either through e-voting or physically through Postal Ballot Form. Members opting for e-voting, should not vote through Postal Ballot Form. Similarly, Members opting to vote through Postal Ballot Form should not exercise the option for e-voting. However, in case Members cast their vote exercising both the options, i.e through Postal Ballot Form and e-voting, then votes casted through e-voting shall only be taken into consideration and votes casted by Postal Ballot Form shall be treated as invalid.
4. Only a Member who is entitled to vote is entitled to exercise his/her/its vote through Postal Ballot or e-voting. The date of completion of dispatch of the Notice will be announced through Notice in newspapers and any recipient of this Notice who has no voting rights as on the date mentioned in point 2 above should treat the same as intimation only.
5. The Board has appointed Mr. Anant Gude, (Membership No. A7219 / CP No. 18623), Proprietor, M/s. Anand Gude & Associates, Practicing Company Secretary as the Scrutinizer to scrutinize the e-voting process and voting by way of Postal Ballot in a fair and transparent manner. Members are requested to carefully read the instructions printed for voting by "postal ballot" or through "e-voting", namely by:-
 - (i) returning the Postal Ballot Form duly completed, as per the instructions contained in the Postal Ballot Form, in the attached self-addressed postage pre-paid Business Reply Envelope, so as to reach the Scrutinizer not later than 5:00 PM on 18th March, 2018; or
 - (ii) casting their votes electronically from 17th February, 2018 (9:00 AM) till 18th March, 2018 (5:00 PM) by following the procedures as explained in the Notes.

The Scrutinizer will submit his report to the Chairman or any person authorised by him after the completion of scrutiny and the result will be announced by the Chairman or any other person authorised by him on or before 19th March, 2018. The results of postal ballot along with Scrutinizer Report will be placed on the website of the Company www.futureretail.co.in and on the website of NSDL and shall also be communicated to BSE Limited and National Stock Exchange of India Limited.

6. Members are requested to return the Postal Ballot Form duly completed in the attached self-addressed and postage pre-paid Business Reply Envelope so as to reach the Scrutinizer on or before 18th March, 2018 at the following address failing which, it will be strictly treated as if no reply has been received from the Member:

Mr. Anant Gude, Scrutinizer
Future Retail Limited
Knowledge House, Shyam Nagar
Off Jogeshwari-Vikhroli Link Road,
Jogeshwari (East), Mumbai - 400 060

7. As per Companies (Management and Administration) Rules, 2014 as amended from time to time, Notice of Postal Ballot may be served on the Members through electronic transmission. Members who have registered their e-mail IDs with depositories or with the Company are being sent Notice of Postal Ballot by e-mail and Members who have not registered their e-mail IDs will receive Notice of Postal Ballot along with Postal Ballot Form through permitted mode. The Postal Ballot Form for casting vote physically can also be obtained from the Company's Registrar and Share Transfer Agents, viz, M/s. Link Intime India Private Limited, C-101, 247 Park, LBS Marg,

Vikhroli (West), Mumbai – 400 083 or from the Company. Members who have received Postal Ballot Notice by e-mail and who wish to vote through physical Postal Ballot Form may download the Postal Ballot Form from the 'Investors' section on the Company's website www.futureretail.co.in.

7.1. VOTING THROUGH ELECTRONIC MEANS

- I. In compliance with the provisions of Section 110 of the Act read with (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company also offers e-voting option to all the Members. For this purpose, the Company has signed an agreement with NSDL for facilitating e-voting and is pleased to offer e-voting facility for the Members to enable them to cast their votes electronically. Members have option to vote either through e-voting or through Ballot Form.

The instructions for Members for e-voting are as under:

- A. In case of Members receiving e-mail from NSDL [for Members whose e-mail IDs are registered with the Company / Depository Participants(s)]:
- (i) Open e-mail and open PDF file viz; "Future Retail Limited e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and password for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nSDL.com>.
 - (iii) Click on Member – Login.
 - (iv) Put User ID and password as initial password noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of Future Retail Limited.
 - (viii) Now you are ready for e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted;
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed;
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote;
 - (xii) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail gudeanant@gmail.com with a copy marked to evoting@nSDL.co.in.
- B. In case of Members receiving Postal Ballot Form by Post [for Members whose e-mail IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy]:
- (i) Initial password is provided at the bottom of the Postal Ballot Form.
 - (ii) Please follow all the steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.
- II. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available in the Downloads section of www.evoting.nSDL.com or contact NSDL at the following toll free no. 1800-222-990.
- III. If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user provide details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on 17th February, 2018 (9:00 AM) to 18th March, 2018 (5:00 PM). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the Cut-off Date of 09th February, 2018, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

- 7.2. Members are requested to send all communications relating to shares to Company's Registrar & Share Transfer Agent (R & T Agent) at the following address:

LINK INTIME INDIA PRIVATE LIMITED

C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083

Phone No. +91 22 49186000; Fax No. +91 22 25946060

E-mail : rnt.helpdesk@linkintime.co.in

8. All documents referred to in the accompanying Notice and the Statement shall be open for inspection at the Registered Office of the Company during normal business hours (11:00 AM to 1:00 PM) on all working days (except Saturday, Sunday and Public Holidays) upto 18th March, 2018.

Statement Pursuant to Section 102 read with 110 of the Companies Act, 2013

As required under Section 102 read with 110 of the Companies Act, 2013 (the "Act"), the following statement sets out the material facts concerning Special Resolution as mentioned in the accompanying Notice dated 09th February, 2018.

Item No. 1

M/s. Hypercity Retail (India) Limited ("**HRIL**") is a wholly owned subsidiary of the Company. HRIL is *inter-alia* engaged in retailing a variety of household and consumer products through hypermarket stores located in different cities of India and property options business.

The Board of Directors of the Company in their meeting held on 06th December, 2017 initially had approved the Scheme of Arrangement between Hypercity Retail (India) Limited and Future Retail Limited and their respective Shareholders ("**the Scheme**"). The Scheme *inter-alia* provides for the demerger of the Retail Business Undertaking (as defined in the scheme) of HRIL into the Company which shall result in consolidation of the retail businesses of both the companies in a single entity. Upon the Scheme becoming effective, the property options business of HRIL shall continue to remain or vest with HRIL.

With a view to focus on the core retail business of the Company, the Board of Directors of the Company have in-principle approved the sale of all shares of HRIL with the Remaining Undertaking as defined in the Scheme (i.e. the property options business) of HRIL to M/s. JAS Infra Space Private Limited ("JAS Infra") or its designated nominees in whole or in tranches for a consideration which shall not be less than fair value of HRIL and on such terms and conditions as may be agreed between the Company and JAS Infra in terms of the agreement or understanding to be entered into between the Company and JAS Infra for this purpose. The sale of shares is subject to receipt of requisite approvals to the Scheme and the same being made effective, which *inter-alia* contemplates transfer and vesting of Retail Business Undertaking from HRIL to FRL.

The sale of shares of HRIL will not have any impact on the core business of the Company. The proposed sale of shares will be in conformity with all the applicable laws and regulations. Necessary application in relation to the Scheme have already been filed with National Company Law Tribunal at Mumbai Bench for their approval as required under the provisions of the Companies Act, 2013 read with applicable Rules thereto.

In terms of Section 180(1)(a) of the Companies Act, 2013, a company cannot sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the company without the consent of the members by way of a special resolution passed by the members of the Company. In terms of explanation to Section 180(1)(a) of the Companies Act, 2013 the term 'undertaking' means an undertaking in which the investment of the company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates 20% of the total income of the company during the previous financial year. Further, the expression 'substantially the whole of the undertaking' in any financial year shall mean 20% or more of the value of the undertaking as per the audited balance sheet of the preceding financial year. Investment in the equity shares of HRIL, a wholly owned subsidiary of the Company is not directly an undertaking, however, keeping in mind better corporate governance practice and as a matter of abundant caution, the Board of Directors have decided and proposed to seek approval of the Members in terms of Section 180(1)(a) of the Companies Act, 2013 for divesting stake in HRIL.

The Board of Directors of the Company believe that the aforesaid proposal as mentioned in the resolution is in the best interest of the Company and its Members and therefore recommends Special Resolution for your approval.

The Company, its Directors or the Promoter Group are in no manner related with M/s. JAS Infra Space Private Limited. None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives are in any way concerned or interested, financially or otherwise, in this resolution, save and except to the extent of their directorship / shareholding, if any.

By Order of the Board of Directors
For **Future Retail Limited**

Place : Mumbai
Date : 09th February, 2018

Virendra Samani
Dy. Company Secretary

Registered Office
Knowledge House, Shyam Nagar,
Off Jogeshwari-Vikhroli Link Road,
Jogeshwari (East), Mumbai - 400 060



FUTURE RETAIL LIMITED

(Formerly known as Bharti Retail Limited)

CIN: L51909MH2007PLC268269

Regd. Office: Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road,
Jogeshwari (East), Mumbai – 400 060

Tel. No.: 022 – 6644 2200, Fax No.: 022 – 6644 2201

E-mail: investorrelations@futereretail.in; Website: www.futereretail.co.in

**INFORMATION WITH RESPECT TO THE
SCHEME OF ARRANGEMENT BETWEEN HYPERCITY RETAIL (INDIA) LIMITED
AND
FUTURE RETAIL LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS**

INDEX

Sr. No.	Particulars	Page Nos.
1.	Information with respect to the Scheme of Arrangement between Hypercity Retail (India) Limited and Future Retail Limited and their respective Shareholders	2
2.	<u>Annexure I</u> Scheme of Arrangement between Hypercity Retail (India) Limited (“HRIL”) and Future Retail Limited (“FRL”) and their respective Shareholders	3-11

FUTURE RETAIL LIMITED

..... APPLICANT COMPANY / COMPANY

SCHEME OF ARRANGEMENT BETWEEN HYPERCITY RETAIL (INDIA) LIMITED AND FUTURE RETAIL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

The Scheme of Arrangement between Hypercity Retail (India) Limited ('HRIL' or 'the Demerged Company') and Future Retail Limited ('FRL' or 'the Resulting Company' or 'the Company' or 'the Applicant Company') and their respective Shareholders ('the Scheme') was approved by the Board of Directors of the Company in their meeting held on the 06th day of December, 2017. The Scheme *inter-alia* provides for the demerger of the Retail Business Undertaking from HRIL into the Company.

In pursuance to Regulation 37 of the SEBI (Listing Obligations & Disclosure Requirements) Obligations, 2015 read with provisions of SEBI circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017, as further amended vide SEBI Circular No. CFD/DIL3/CIR/2018/2 dated 3rd January, 2018, ("SEBI Circular") the requirement of obtaining No Objection Letter from the stock exchanges in respect of scheme which provides for merger of a division of a wholly owned subsidiary with its parent company has been modified and now provides that such draft scheme shall be filed with the stock exchanges for the purpose of disclosures and also upload on the website of the Company. It further provides that the stock exchanges shall disseminate the scheme on their websites. Accordingly, the Company has submitted the draft copy of the Scheme to the stock exchanges for the purpose of disclosures and also uploaded on website of the Company.

By an Order dated 8th day of February, 2018, the Mumbai Bench of the National Company Law Tribunal ("NCLT") has ordered that the meeting of the Equity Shareholders of the Company for the purpose of considering and approving, the arrangement embodied in the Scheme of Arrangement between Hypercity Retail (India) Limited and Future Retail Limited and their respective Shareholders is not required to be held, since the arrangement is between holding company and its wholly owned subsidiary company. However, for the benefit of Shareholders of the Company and as a good practice, copy of Scheme of Arrangement between Hypercity Retail (India) Limited and Future Retail Limited and their respective Shareholders is enclosed herewith for your information and perusal.

Copy of the Scheme and documents referred to in the Scheme can also be obtained free of charge at the Registered Office of the Company or at the office of its advocate, M/s. Hemant Sethi & Co. at 1602, Nav Parmanu, Behind Amar Cinema, Chembur, Mumbai – 400 071. Please note that other related documents with respect to the Scheme are also uploaded on the website of the Company (viz. www.futureretail.co.in).

Date : 9th February, 2018
Place : Mumbai

Sd/-
Kishore Biyani
DIN : 00005740
Chairman and Managing Director

Registered Office:

Knowledge House, Shyam Nagar,
Off. Jogeshwari-Vikhroli Link Road,
Jogeshwari (East), Mumbai – 400 060

Notes for the Shareholders:

1. Pursuant to Section 101 and 136 of the Companies Act, 2013 read with the applicable Rules made thereunder (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) this communication has been sent by electronic mode to those members whose e-mail addresses are registered with the Depository or the Company's Registrar & Share Transfer Agent (RTA), unless the members have requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies has been sent by permitted mode. However, in case a Shareholder wishes to receive a physical copy of this communication is requested to send an email to investorrelations@futureretail.in or rnt.helpdesk@linktime.co.in duly quoting his / her DP ID and Client ID or the Folio number, as the case may be.
2. The communication is being sent to all Equity Shareholders, whose name appeared in the Register of Members as on Friday, 9th February, 2018. This communication is also displayed / posted on the website of the Company viz. www.futureretail.co.in.
3. The documents referred to in the accompanying communication shall be open for inspection for Equity Shareholders at the Registered Office of the Company on all working days between 11:00 AM to 1:00 PM upto 30 days from the date of this letter.

Members are requested to send all communications relating to shares and above Scheme to our RTA at the following address:

Link Intime India Private Limited

C - 101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083.
Tel. No.: 022 - 4918 6000; Fax No.: 022 - 4918 6060
E-mail: rnt.helpdesk@linkintime.co.in

BETWEEN
HYPERCITY RETAIL (INDIA) LIMITED ('HRIL' OR 'DEMERGED COMPANY')
AND
FUTURE RETAIL LIMITED ('FRL' OR 'RESULTING COMPANY')
AND
THEIR RESPECTIVE SHAREHOLDERS

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

(A) PREAMBLE

This Scheme of Arrangement is presented under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 for demerger of the Retail Business Undertaking (*defined hereinafter*) of Hypercity Retail (India) Limited ('HRIL') into Future Retail Limited ('FRL'). This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(B) RATIONALE FOR THE SCHEME

1. HRIL is inter-alia engaged in retailing a variety of household and consumer products through hypermarket stores and property options business. HRIL currently operates through 19 such stores located in different cities of India. The entire paid up equity share capital of HRIL is held by FRL alongwith its nominees.
2. FRL currently operates multiple retail formats in the Indian consumer market under different brand names including: Big Bazaar; fbb; Food Bazaar; easyday, Foodhall; and eZone.
3. FRL has in principle approved sale of all shares of HRIL with the Remaining Undertaking of HRIL during the financial year 2017-18. The sale of shares is subject to receipt of requisite approvals to this Scheme and the same being made effective, which inter alia contemplates transfer and vesting of Retail Business Undertaking from HRIL to FRL.
4. Demerger of the Retail Business Undertaking from HRIL into FRL shall have the following benefits:
 - (a) consolidation of retail operations of FRL and HRIL in a single entity;
 - (b) streamlining the operating structure; and
 - (c) synergies expected to bring in cost savings in the marketing, selling and distribution expenses as well as give benefits of the economies of scale to the Company.

(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 Retail Business Undertaking of HRIL into FRL;
- (iii) **PART III** 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 **“Appointed Date”** means 1st December, 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 **“Board”** means the Board of Directors of HRIL and FRL 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;
- 1.5 **“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 Scheme of Arrangement is filed by HRIL and FRL with the concerned Registrar of Companies;
- 1.6 **“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;
- 1.7 **“HRIL”** means Hypercity Retail (India) Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Umang Tower, 2nd Floor, Mindspace, Off. Link Road, Malad (W), Mumbai – 400 064;
- 1.8 **“National Company Law Tribunal” or “NCLT” or “Tribunal”** the National Company Law Tribunal having applicable jurisdiction;
- 1.9 **“Remaining Business of HRIL” or “Remaining Undertaking of HRIL”** means all the undertakings, businesses, activities and operations of HRIL other than the Retail Business Undertaking (as defined in Clause 1.10 below);
- 1.10 **“Retail Business Undertaking”** means business of HRIL comprising of the hyper market stores operated by it under the name 'Hypercity', on a going concern basis and includes without limitation:
- (i) All assets and liabilities (excluding assets and liabilities pertaining to Remaining Business of HRIL as defined in Clause 1.9 above) pertaining to the Retail Business Undertaking of HRIL 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 appertaining or relatable thereto;
 - (ii) Without prejudice to the provisions of sub-clause (i) above, the Retail Business Undertaking of HRIL 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 Retail Business Undertaking of HRIL 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 Retail Business Undertaking of HRIL and all deposits and/or moneys paid or received by HRIL in connection with or pertaining or relatable to the Retail Business Undertaking and all statutory licences, permissions, approvals or consents to carry on the operations of the Retail Business Undertaking of HRIL;

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

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

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

- 1.11 **“Scheme” or “the Scheme” or “this Scheme”** means this 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 18 of the Scheme;
- 1.12 **“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 authorised, issued, subscribed and paid-up share capital of HRIL as on September 30, 2017 is as under:

Particulars	Rupees in Crores
Authorised Share Capital	
50,00,00,000 Equity Shares of Rs. 10/- each	500.00
12,50,00,000 Preference Shares of Rs. 10/- each	125.00
Total	625.00
Issued, Subscribed and Paid-up Share Capital	
15,10,30,306 Equity Shares of Rs. 10 each, fully paid up	151.03
Total	151.03

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid up share capital of HRIL. The entire paid up equity share capital of HRIL is held by FRL along with its nominees.

- 2.2 The authorized, issued, subscribed and paid-up share capital of FRL as on September 30, 2017 is as under:

Particulars	Rupees in Crores
Authorised Share Capital	
12,50,00,00,000 Equity Shares of Rs.2/- each	2500.00
Total	2500.00
Issued Share Capital	
48,99,16,152 Equity Shares of Rs.2/- each	97.98
Total	97.98
Subscribed and Paid up Capital	
48,98,11,781 Equity Shares of Rs.2/- each, fully paid-up	97.96
Total	97.96

Subsequent to the above, FRL has made following allotment of equity shares as provided below:

- a) On 31st October, 2017, FRL has allotted 28,52,386 equity shares of Rs. 2/- each, fully paid up upon conversion of Optionally Convertible Debentures ('OCDs') held by the OCD holders in FRL.
- b) On 1st December, 2017, FRL has allotted in aggregate 93,10,987 Equity Shares of Rs.2/- each, fully paid up to the erstwhile shareholders of HRIL towards share consideration as part of purchase consideration for acquisition of 100% of the equity shares of HRIL.

Consequent to the above allotment, the issued equity share capital of FRL stands increased to Rs. 100,41,59,050/- (Rupees One Hundred Crore Forty One Lakh Fifty Nine Thousand and Fifty only) divided into 50,20,79,525 (Fifty Crore Twenty Lakh Seventy Nine Thousand Five Hundred Twenty Five) Equity Shares of Rs. 2/- (Rupees Two only) and the paid-up equity share capital of FRL stands increased to Rs. 100,39,50,308/- (Rupees One Hundred Crore Thirty Nine Lakh Fifty Thousand Three Hundred and Eight only) divided into 50,19,75,154 (Fifty Crore Nineteen Lakh Seventy Five Thousand One Hundred Fifty Four) Equity Shares of Rs. 2/- (Rupees Two only).

The equity shares of FRL are currently listed on the National Stock Exchange of India Limited and BSE Limited.

Pursuant to the applicable provisions of Companies Act, total 104,371 Equity Shares of Rs. 2/- each of the Company are kept in abeyance.

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 Appointed Date.

PART II

4. TRANSFER AND VESTING OF RETAIL BUSINESS UNDERTAKING OF HRIL INTO FRL

- 4.1 Upon the Scheme becoming effective, with effect from the Appointed Date, the Retail Business Undertaking of HRIL 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 FRL as a going concern and all the properties whether moveable or immovable, 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 Retail Business Undertaking of HRIL shall be transferred to and vested in or deemed to be transferred to and vested in FRL in the following manner:
- 4.1.1 Upon the Scheme becoming effective, with effect from the Appointed Date, the whole of the said assets, as aforesaid, of Retail Business Undertaking of HRIL, 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 FRL so as to vest in FRL all the rights, title and interest of Retail Business Undertaking of HRIL therein.
- 4.1.2 Upon the Scheme becoming effective, with effect from the Appointed Date, all the moveable assets including cash in hand, if any, of Retail Business Undertaking of HRIL, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed as the case may be to FRL. On such delivery or endorsement and delivery, the same shall become the property of FRL to the end and intent that the ownership and property therein passes to FRL 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 Retail Business Undertaking of HRIL 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., FRL may itself or require HRIL and HRIL shall upon such requisition from FRL, 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 FRL as the person entitled thereto to the end and intent that the right of HRIL to recover or realize all such debts (including the debts payable by such persons or depositors to HRIL) stands transferred and assigned to FRL 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 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, goods and services tax and other government and semi government liabilities of Retail Business Undertaking of HRIL 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 FRL so as to become as from the Appointed Date the debts, liabilities, duties, obligations of FRL 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 Retail Business Undertaking of HRIL.
- Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to Retail Business Undertaking of HRIL which shall vest in FRL by virtue of the Scheme and HRIL 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 Retail Business Undertaking of HRIL, to which HRIL is a party to or to the benefit of which HRIL may be eligible and which are subsisting or having effect immediately before the Appointed Date shall stand transferred to and vested in or shall be deemed to be transferred to and vested in FRL as if the same were originally given or issued to or executed in favour of FRL and the rights and benefits under the same shall be available to FRL. Further, HRIL 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 HRIL (in relation to Retail Business Undertaking) after the Effective Date shall be accepted by the bankers of FRL and credited to the account of FRL, if presented by FRL or received through electronic transfers. Similarly, the banker of FRL shall honour all cheques / electronic fund transfer instructions issued by HRIL (in relation to Retail Business Undertaking) for payment after the Effective Date. If required, the bankers of HRIL and FRL shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of HRIL by FRL in relation to the Retail Business Undertaking for such time as may be determined to be necessary by FRL for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of FRL.

- 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, HRIL and FRL 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, goods and services tax 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, goods and services tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies of Retail Business Undertaking of HRIL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to FRL.
- 4.8 Any refund, under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, goods & services tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies due to HRIL in relation to the Retail Business Undertaking consequent to the assessment made on HRIL and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by FRL 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, goods & services tax, applicable state value added tax etc.) to which Retail Business Undertaking of HRIL is entitled to in terms of applicable laws, shall be available to and vest in FRL, upon this Scheme coming into effect.
- 4.10 Upon the Scheme becoming effective, the amount of capital reserve in the books of FRL as on 31st March, 2017 shall be reorganized and be recorded as Securities Premium Account in the books of FRL.

5. CONSIDERATION

- 5.1 Pursuant to the Scheme becoming effective, FRL shall issue and allot shares to the shareholders of HRIL as on the Appointed Date. However, as the entire paid up share capital of HRIL as on the Appointed Date is held by FRL along with its nominees, it is expressly understood that, upon this Scheme becoming effective, there will be no issue and allotment of shares by FRL in respect of the demerger of Retail Business Undertaking of HRIL into FRL under this Scheme.

6. ACCOUNTING TREATMENT IN THE BOOKS OF HRIL AND FRL

Upon the coming into effect of this Scheme, HRIL and FRL 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 HRIL and FRL and up to and including the Effective Date:
- (a) HRIL shall stand possessed of the properties and assets relating to the Retail Business Undertaking for and in trust for FRL.
 - (b) HRIL shall not without the prior written consent of the Board of Directors of FRL 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 Retail Business Undertaking or any part thereof except in the ordinary course of its business.
 - (c) HRIL shall not vary the terms and conditions of service of its permanent employees relating to the Retail Business Undertaking except in the ordinary course of its business or as per past prevailing practices.
 - (d) FRL 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 FRL may require to carry on the business of Retail Business Undertaking. Further, HRIL shall extend all assistance to FRL, if requested by FRL, 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 HRIL and FRL until the Effective Date, HRIL shall preserve and carry on the business and activities of Retail Business Undertaking with reasonable diligence and business prudence and HRIL shall not, without the prior consultation with FRL, alienate, charge or otherwise deal with or dispose of the 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 HRIL 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 HRIL from issuing fully paid up bonus equity shares to its shareholders by capitalization of reserves.
- 8.3 HRIL shall not utilize the profits or income, if any, relating to the 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 HRIL and FRL, without the prior written consent of the Board of Directors of FRL.
- 8.4 Until the coming into effect of this Scheme, the holders of equity shares of HRIL and equity shares of FRL 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 HRIL and/or FRL 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 HRIL and FRL and subject, wherever necessary, to the approval of the shareholders of HRIL and FRL, respectively.

9. EMPLOYEES

- 9.1 On the Scheme becoming effective, all employees of the Retail Business Undertaking in service on the Effective Date, shall be deemed to have become employees of FRL with effect from the 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 FRL shall not be less favorable than those applicable to them with reference to the 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 Retail Business Undertaking shall be decided by Board of Directors of HRIL in consultation with 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 Retail Business Undertaking shall be deemed to have been created by FRL in place of HRIL 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 HRIL in relation to such fund or funds shall become those of FRL. It is clarified that the services of the employees of the Retail Business Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

10. LEGAL PROCEEDINGS

- 10.1 All legal proceedings of whatsoever nature by or against HRIL pending and/or arising before the Effective Date and relating to the 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 FRL, 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 HRIL.
- 10.2 After the Appointed Date, if any proceedings are taken against HRIL in respect of the matters referred to in the Clause 10.1 above, HRIL shall defend the same in accordance with advise and instructions of FRL at the cost of FRL, and FRL shall reimburse and indemnify HRIL against all liabilities and obligations incurred by HRIL in respect thereof.
- 10.3 FRL undertakes to have all legal or other proceedings initiated by or against HRIL referred to in Clause 10.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against FRL as the case may be, to the exclusion of HRIL and HRIL shall extend all assistance in such transfer into FRL's name, if required by FRL.

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 Retail Business Undertaking of HRIL to which HRIL is a party or to the benefit of which HRIL may be eligible, shall continue in full force and effect against or in favour of FRL, and may be enforced effectively by or against FRL as fully and effectually as if, instead of HRIL, FRL had been a party thereto from inception.
- 11.2 FRL 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 HRIL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. FRL shall be deemed to be authorised to execute any such writings on behalf of HRIL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of HRIL.
- 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 Retail Business Undertaking to which HRIL is a party to, cannot be transferred to FRL for any reason whatsoever, HRIL shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of FRL; and (ii) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature relate to the Retail Business Undertaking as well as HRIL (pursuant to the transfer of the Retail Business Undertaking), HRIL and FRL 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 HRIL

- 12.1 The Remaining Undertaking of HRIL and all the assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by HRIL and FRL shall have no right, claim or obligation in relation to the Remaining Undertaking of HRIL. From the Appointed Date, HRIL shall carry on the activities and operations of the Remaining Undertaking of HRIL distinctly and as a separate business from the 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 HRIL under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking of HRIL shall be continued and enforced by or against HRIL after the Effective Date. FRL shall in no event be responsible or liable in relation to any such legal or other proceeding against HRIL.
- 12.3 With effect from the date of approval of this Scheme by the Board of Directors of HRIL and FRL and up to, including and beyond the Effective Date, HRIL:
- 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 HRIL for and on its own behalf; and
- 12.3.2 all profits accruing to HRIL thereon or losses arising or incurred by it relating to the Remaining Undertaking of HRIL shall for all purposes be treated as the profits or losses, as the case may be, of HRIL.

13. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

- 13.1 With effect from the Appointed Date and till the Effective Date:
- 13.1.1 HRIL shall carry on, and shall be deemed to have carried on, all the business, activities and operations relating to the 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 Retail Business Undertaking, on account of and / or on behalf of and / or for the benefit of and / or in trust for, FRL.
- 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 HRIL in relation to the 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, FRL.
- 13.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to the Retail Business Undertaking and exercised by or available to HRIL, shall be deemed to have been exercised for and on behalf of and as an agent for FRL. Further, any of the obligations, duties and commitments attached, relating or pertaining to the Retail Business Undertaking that have been undertaken or discharged by HRIL shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for FRL.

14. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Retail Business Undertaking as above and the continuance of proceedings by or against HRIL in relation to the 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 FRL accepts and adopts all acts, deeds and things done and executed by HRIL in respect thereto as done and executed on behalf of FRL.

PART III
GENERAL TERMS AND CONDITIONS

15. APPROVALS

- 15.1 FRL 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 Retail Business Undertaking to be transferred under this Scheme.
- 15.2 FRL 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 Retail Business Undertaking to be transferred to it under this Scheme.
- 15.3 If any provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of HRIL and FRL through their respective Boards, affect the validity or implementation of the other provisions of this Scheme.
- 15.4 Further, each part shall be severable from the remainder of this Scheme and the Scheme shall not be affected if any part / provision of this Scheme is found to be unworkable for any reason whatsoever unless the deletion of such part / provision shall cause this Scheme to become materially adverse to HRIL or FRL, in which case either HRIL or FRL shall attempt to bring about a modification in this Scheme or cause such part to be null and void, including but not limited to such part / provision.

16. ADMINISTRATIVE CONVENIENCE

- 16.1 Notwithstanding anything contained in other clauses of this Scheme, HRIL and FRL, shall enter into such documents, agreements, make applications to various authorities, regulatory bodies to facilitate the uninterrupted transitions of the business from HRIL to FRL.
- 16.2 Notwithstanding anything contained in other clauses of this Scheme but in accordance with the Act and other applicable laws, HRIL and FRL, 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).

17. APPLICATION TO NCLT

- 17.1 HRIL and FRL shall as may be required make applications and/or petitions under Sections 230 to 232 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.

18. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 18.1 On behalf of HRIL and FRL, 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 HRIL and Board of Directors of FRL) 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.
- 18.2 For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of HRIL and FRL 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.

19. CONDITIONALITY OF THE SCHEME

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

- 19.1 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;
- 19.2 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 HRIL and FRL as may be directed by the NCLT or any other competent authority, as may be applicable;
- 19.3 The Scheme being sanctioned by the NCLT or any other authority under Sections 230 to 232 of the Companies Act, 2013; and
- 19.4 Certified copy of the Order of the NCLT sanctioning the Scheme being filed with the concerned Registrar of Companies by HRIL and FRL.

20. EFFECT OF NON-RECEIPT OF APPROVALS

- 20.1 In the event of the Scheme not being sanctioned by the NCLT and/or the order or orders not being passed by December 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.

21. 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 borne by FRL.

This page has been intentionally kept blank.