



## **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

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### **NOTICE OF MEETING OF THE EQUITY SHAREHOLDERS OF FUTURE RETAIL LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL**

<b>MEETING OF EQUITY SHAREHOLDERS OF FUTURE RETAIL LIMITED</b>	
Day	: Thursday
Date	: 06th April, 2017
Time	: 10:30 AM
Venue	: Rangaswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai - 400 021.
<b>REMOTE E-VOTING</b>	
<b>Start Date</b>	: 09:00 AM on 03rd April, 2017
<b>End Date</b>	: 05:00 PM on 05th April, 2017

# FUTURE RETAIL LIMITED

(Formerly known as Bharti Retail Limited)

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FUTURE RETAIL LIMITED

.....APPLICANT COMPANY

## NOTICE OF THE MEETING OF MEMBERS

**NOTICE** is hereby given that by an order dated 23rd February, 2017, the Mumbai Bench of the National Company Law Tribunal has directed a meeting to be held of Equity Shareholders of **Future Retail Limited ('FRL' or 'the Company')** for the purpose of considering, and if thought fit, approving with or without modification, the arrangement embodied in the Composite Scheme of Arrangement among Heritage Foods Limited ('HFL' or '**the Transferor Company**') and Heritage Foods Retail Limited ('HFRL' or '**the Transferee Company**' or '**Demerged Company**') and Future Retail Limited ('FRL' or '**the Resulting Company**' or '**the Company**') and their respective Shareholders and Creditors ('**the Scheme**').

To consider and, if thought fit, approve with or without modification(s), the following resolution under Section 230 read with Section 232, Section 52 and Section 66 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable provisions of Companies Act, 2013, and the provisions of the Memorandum of Association and Articles of Association of the Company for approval of the arrangement embodied in the Composite Scheme of Arrangement among Heritage Foods Limited ('HFL' or '**the Transferor Company**') and Heritage Foods Retail Limited ('HFRL' or '**the Transferee Company**' or '**Demerged Company**') and Future Retail Limited ('FRL' or '**the Resulting Company**' or '**the Company**') and their respective Shareholders and Creditors ('**the Scheme**').

**"RESOLVED THAT** pursuant to the provisions of Section 230 read with Section 232, Section 52 and Section 66 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable provisions, if any, of Companies Act, 2013 read with applicable Rules thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015 read with, the Observation Letters issued by each of BSE Limited and National Stock Exchange of India Limited, both dated 18th January, 2017 and the provisions of the Memorandum of Association and Articles of Association of the Company and in pursuance of approval granted by Competition Commission of India ("**CCI**") and subject to the approval of the Mumbai Bench and Hyderabad Bench of the National Company Law Tribunal and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Mumbai Bench of the National Company Law Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this resolution), the arrangement embodied in the Composite Scheme of Arrangement among Heritage Foods Limited ('HFL' or '**the Transferor Company**') and Heritage Foods Retail Limited ('HFRL' or '**the Transferee Company**' or '**Demerged Company**') and Future Retail Limited ('FRL' or '**the Resulting Company**' or '**the Company**') and their respective Shareholders and Creditors ('**the Scheme**') placed before this meeting and initialled by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Mumbai Bench of the National Company Law Tribunal while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."

In pursuance of the said order and as directed therein further notice is hereby given that a meeting of Equity Shareholders of the Company will be held at Rangaswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021 on Thursday, 06th April, 2017 at 10:30 AM at which time and place the said Equity Shareholders are requested to attend.

Copies of the said Scheme, and of the Statement under Section 230 read with Section 102 of the Companies Act, 2013 can be obtained free of charge at the Registered Office of the Company or at the office of its advocates M/s Hemant Sethi & Co. at 1602, Nav Parmanu, Behind Amar Cinema, Chembur, Mumbai – 400 071. Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the Registered Office of the Company at Knowledge House, Shyam Nagar, Off. Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai - 400 060 not later than 48 hours before commencement of the meeting.

Form of Proxy can be obtained from Registered Office of the Company.

The Company is also offering e-voting facility to the Equity Shareholders and the e-voting period commences from 03rd April, 2017 at 9:00 AM and ends on 05th April, 2017 at 5:00 PM.

The Tribunal has appointed Mr. Kishore Biyani, Chairman and Managing Director of the Applicant Company, and failing him, Mr. Rakesh Biyani, Joint Managing Director of the Applicant Company and failing him, Ms. Gagan Singh, Independent Director of the Applicant Company as Chairperson of this meeting. The above mentioned arrangement as provided in the Scheme, if approved by the meeting, will be subject to the subsequent approval of the Tribunal.

Date : 28th February, 2017  
Place : Mumbai

Sd/-  
Kishore Biyani  
DIN : 00005740  
Chairperson appointed for the meeting

A route map along with prominent landmark for easy location to reach the venue of the meeting is provided herein below:



#### Notes for the meeting of the members of the Company:

1. **A REGISTERED EQUITY SHAREHOLDER OF THE APPLICANT COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE APPLICANT COMPANY. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED, NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING OF THE EQUITY SHAREHOLDERS.**
2. As per Section 105 of the Companies Act, 2013 and Rules made thereunder, a person can act as Proxy on behalf of not more than 50 (fifty) members holding in aggregate, not more than 10% (ten percent) of the total share capital of the Applicant Company carrying voting rights. Further, a member holding more than 10% of the total share capital of the Applicant Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other person or shareholder.
3. All alterations made in the Form of Proxy should be signed.
4. The Equity Shareholder of the Applicant Company whose names appearing in the records of the Company as on 31st March, 2017 shall be eligible to attend and vote at the meeting of the Equity Shareholders of the Company or cast their votes using remote e-voting facility. Only registered Equity Shareholders of the Company may attend and vote (either in person or by proxy or by authorised representative under applicable provisions of the Companies Act, 2013) at the Tribunal Convened Equity Shareholders meeting.
5. Companies or Body Corporate or Foreign Portfolio Investors (FPIs)/ Foreign Institutional Investors (FIIs) who are registered Equity Shareholder(s) of the Applicant Company would be required to deposit certified copies of Resolution/Power of Attorney, as the case may be, authorising the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of the Applicant Company not later than 48 (forty eight) hours before the commencement of the meeting.
6. A member or his/her Proxy is requested to bring the copy of the notice to the meeting and produce the attendance slip, duly completed and signed, at the entrance of the meeting venue.
7. Registered Equity Shareholders who hold shares in dematerialised form are requested to bring their Client ID and DP ID details for easy identification of the attendance at the meeting.
8. Equity Shareholders are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Company in respect of such joint holding will be entitled to vote.
9. 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) the Notice has been sent by electronic mode to those members whose e-mail addresses are registered with the Depository or the Company's 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 would be sent by the permitted mode. However, in case a Shareholder wishes to receive a physical copy of the Notice, is requested to send an email to [investorrelations@futuresretail.in](mailto:investorrelations@futuresretail.in) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) duly quoting his / her DP ID and Client ID or the Folio number, as the case may be.



10. The notice is being sent to all Equity Shareholders, whose name appeared in the Register of Members as on 24th February, 2017. This notice of the meeting of the Equity Shareholders of the Company is also displayed / posted on the website of the Company viz. [www.futureretail.co.in](http://www.futureretail.co.in) and on the website of NSDL viz. <https://www.evoting.nsdl.com/>
11. The notice convening the aforesaid meeting will be published in the English and Regional Language Newspapers as may be directed by the National Company Law Tribunal.
12. The material documents referred to in the accompanying notice and statement 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 the date of the meeting.

### 13. Voting Through Electronic Means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and in pursuance of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") read with applicable Secretarial Standards, the Company is pleased to provide members the facility to exercise their right to vote on resolution proposed to be considered at the meeting by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

- II. The facility for voting through ballot paper shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

NOTE: The Facility for voting shall be decided by the Company i.e. "remote e-voting" or "Ballot Paper" or "Poling Paper"

- III. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

- IV. The remote e-voting period commences on 03rd April, 2017 (9:00 AM) and ends on 05th April, 2017 (5:00 PM). During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 31st March, 2017, may cast their vote by remote e-voting. The remote 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.

NOTE: The "remote e-voting" end time shall be 5:00 PM on the date preceding the date of meeting and the cut-off date shall not be earlier than 7 days before the date of meeting.

- V. The process and manner for remote e-voting are as under:

- A. In case a member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :

- (i) Open email and open PDF file viz; "Future Retail Ltd e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for remote 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 Shareholder – Login
- (iv) Put user ID and password as initial password / PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note 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 remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "Future Retail Limited".
- (viii) Now you are ready for remote 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 authorised to vote, to the Scrutiniser through e-mail to [kbindushah@gmail.com](mailto:kbindushah@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

- B. In case a member receives physical copy of the Notice of the meeting [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the Meeting:  
EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN.
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

- VII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

- VIII. 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 of 31st March, 2017.

NOTE: The cut-off date shall not be earlier than 7 days before the date of meeting.

- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 31st March, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

- X. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the Meeting through ballot paper.
- XI. Ms. Bindu Darshan Shah (Membership No. 20066 / CP No. 7378), Proprietor - M/s. K. Bindu & Associates, Practicing Company Secretaries has been appointed as the Scrutiniser for providing facility to the members of the Company to scrutinise the voting and remote e-voting process in a fair and transparent manner.
- XII. The Scrutiniser shall after the conclusion of voting at the meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the meeting, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by him in writing, who shall countersign the same and declare the result of the voting.
- XIII. The Results declared along with the Report of the Scrutiniser shall be placed on the website of the Company at [www.futureretail.co.in](http://www.futureretail.co.in) and on the website of NSDL immediately after the declaration of result by the Chairperson or a person authorised by him in writing.

The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited.

Members are requested to send all communications relating to shares or meeting to our Registrar & Share Transfer Agent (R & T Agent) 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](mailto:rnt.helpdesk@linkintime.co.in)

**Before the National Company Law Tribunal Bench  
At Mumbai**

**In the matter of the Companies Act, 2013**

**And**

**In the matter of Heritage Foods Limited ('HFL' or 'Transferor Company') and Heritage Foods Retail Limited ('HFRL' or 'Transferee Company' or 'Demerged Company') and Future Retail Limited ('FRL' or 'Resulting Company' or 'The Company')**

**And**

**In the Matter of Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956 and / or Sections 230 to 232 and Section 66 of the Companies Act, 2013 (as applicable) and Section 52 of the Companies Act, 2013**

**M/s Future Retail Limited**

**..... the Applicant Company / the Company**

**STATEMENT UNDER SECTION 230(3) READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 FOR THE MEETING OF EQUITY SHAREHOLDERS OF FUTURE RETAIL LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL AND E-VOTING**

In this statement, Heritage Foods Limited is hereinafter referred to as 'HFL' or 'the Transferor Company', Heritage Foods Retail Limited is hereinafter referred to as 'HFRL' or 'Transferee Company' or 'Demerged Company' and Future Retail Limited is hereinafter referred to as 'FRL' or 'Resulting Company' or 'the Company'. The other definitions contained in the Scheme will apply to this Statement also unless specified otherwise. The following statement as required under Section 230(3) read with Section 102 of the Companies Act, 2013 sets forth the details of the proposed Scheme, its effects and, in particular any material interests of the Directors in their capacity as members.

1. Pursuant to an Order dated 23rd February, 2017 passed by the National Company Law Tribunal Bench at Mumbai in the Company Application No. 163 of 2017 referred to hereinabove, a meeting of the Equity Shareholders of Future Retail Limited is being convened and held at Rangaswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai - 400 021 on Thursday, 06th April, 2017 at 10:30 AM for the purpose of considering and if thought fit, approving with or without modification(s), the proposed Composite Scheme of Arrangement among Heritage Foods Limited and Heritage Foods Retail Limited and Future Retail Limited and their respective Shareholders and Creditors ('the Scheme').
2. The draft Scheme was placed before the Audit Committee and Board of Directors of HFL, HFRL and FRL at their respective meetings held on 7th November, 2016. In accordance with the provisions of SEBI Circular bearing no. CIR/CFD/CMD/16/2015 dated 30th November, 2015, the Audit Committee of the Company vide a resolution passed on 7th November, 2016 recommended the Scheme to the Board of Directors of the Company *inter-alia* taking into account:
  - a) The Valuation Report issued by M/s S.R. Batliboi & Co. LLP, Chartered Accountant dated 7th November, 2016 for issue of shares pursuant to the Scheme;
  - b) The Fairness Opinion issued by M/s Keynote Corporate Services Limited, an independent Merchant Banker dated 7th November, 2016 on the fairness of the Valuation Report;
  - c) Statutory Auditors certificate dated 7th November, 2016 issued by M/s NGS & Co. LLP, Chartered Accountants, Statutory Auditors of FRL, in relation to the accounting treatment prescribed in the Scheme.

Copy of the Valuation Report and Fairness Opinion is enclosed to this Notice.

3. Further, as required under paragraph 9(c) of Annexure I of the SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015, FRL has furnished an undertaking certified by the Statutory Auditors and duly approved by the Board of Directors stating the non-applicability of paragraph 9(a) of the said circular to the proposed Scheme. The said undertaking is displayed on the website of FRL.
4. Based upon the recommendations of the Audit Committee and on the basis of the evaluations, the Board of Directors of FRL has come to the conclusion that the Scheme is in the interest of FRL and its shareholders.
5. A copy of the Scheme as approved by the Board of Directors of the respective companies is enclosed herewith.
6. **Background of the Companies involved in the Scheme is as under**

**Future Retail Limited ('FRL' or 'Resulting Company' or 'the Company')**

- a) Future Retail Limited was incorporated in 2007 as a company under the name "Bharti Retail Private Limited" under the provisions of Companies Act, 1956 vide certificate of incorporation dated 7th February, 2007. It was converted to a public company under the name "Bharti Retail Limited" vide a fresh certificate of incorporation dated 21st May, 2009. The name of the Company was further changed to "Future Retail Limited" vide certificate of incorporation dated 25th May, 2016. The Corporate Identification Number of FRL is L51909MH2007PLC268269. Permanent Account Number of FRL is AADCB1093N. E-mail id of FRL is investorrelations@futureretail.in
- b) The Registered Office of FRL is situated at Knowledge House, Shyam Nagar, Off Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060. The details of change in the Registered Office of FRL during last five years are as below:

Sl. No.	Date of resolution	Address of the Registered Office prior to the change	Address of the Registered Office after the change
1.	04th May, 2015	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj Phase II, New Delhi – 110 070	6th & 7th Floor, Interface Building No. 7, Link Road, Malad (West), Mumbai – 400 064. Maharashtra
2.	02nd May, 2016	6th & 7th Floor, Interface Building No. 7, Link Road, Malad (West), Mumbai – 400 064, Maharashtra	Knowledge House, Shyam Nagar, Off Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060. Maharashtra

- c) The details of the Authorised, Issued, Subscribed and Paid-up share capital of FRL as on 30th September, 2016 are as under:

Particulars	In Rupees
<b>Authorised Share Capital</b>	
12,50,00,00,000 Equity Shares of Rs. 2 each	<b>25,00,00,00,000</b>
<b>Issued Share Capital</b>	
47,14,42,928 Equity Shares of Rs. 2 each	94,28,85,856
<b>Total</b>	<b>94,28,85,856</b>
<b>Subscribed and Paid-up Share Capital</b>	
47,13,38,557 Equity Shares of Rs. 2 each	94,26,77,114
<b>Total</b>	<b>94,26,77,114</b>

Subsequent to the above date and on 19th January, 2017, the Nomination and Remuneration Committee of FRL has approved the allotment of 4,67,558 (Four Lakh Sixty Seven Thousand Five Hundred and Fifty Eight) equity shares of Rs. 2 (Rupees Two only) each to eligible employee(s) under FRL Employees' Stock Option Scheme - 2016. Upon allotment, the issued share capital of FRL stands increased from Rs. 94,28,85,856/- (Rupees Ninety Four Crore Twenty Eight Lakh Eighty Five Thousand Eight Hundred Fifty Six only) divided into 47,14,42,928 (Forty Seven Crore Fourteen Lakh Forty Two Thousand Nine Hundred Twenty Eight) to Rs. 94,38,20,972/- (Rupees Ninety Four Crore Thirty Eight Lakh Twenty Thousand Nine Hundred Seventy Two only) divided into 47,19,10,486 (Forty Seven Crore Nineteen Lakh Ten Thousand Four Hundred Eighty Six) and the subscribed and paid-up equity share capital of FRL stands increased from Rs. 94,26,77,114/- (Rupees Ninety Four Crore Twenty Six Lakh Seventy Seven Thousand One Hundred Fourteen only) divided into 47,13,38,557 (Forty Seven Crore Thirteen Lakh Thirty Eight Thousand Five Hundred Fifty Seven) equity shares of Rs. 2 (Rupees Two only) each to Rs. 94,36,12,230/- (Rupees Ninety Four Crore Thirty Six Lakh Twelve Thousand Two Hundred Thirty only) divided into 47,18,06,115 (Forty Seven Crore Eighteen Lakh Six Thousand One Hundred Fifteen) equity shares of Rs. 2 (Rupees Two only).

- d) The shares of FRL are currently listed on the Stock Exchanges.
- e) The objects for which FRL has been established are set out in its Memorandum of Association. The main objects of FRL are set out hereunder:

*"To initiate, acquire, set up, construct, establish, maintain, run, operate and manage business centre, hyper markets, departmental stores, super markets, shopping malls, discount stores, specialty stores, shopping outlets, convenience stores, commercial complexes, showrooms and for the purpose to give on lease or hire, to deal in, trade, import, export, market, distribute, process, pack, re-pack, move, preserve, produce, repair, wholesale, retail, exchange, stock, supply indent or otherwise to act as agents, sub-agents, wholesalers, retailers, representatives, commissions agents, franchisers and dealers of all commercial, industrial, scientific, household, domestic, forest and food products and services, consumer goods, consumer durables and other consumer's necessities of every kind, make and sorts, whatsoever, including cosmetic, pharmaceuticals, automobile, plants, machineries, equipments, apparatus, gadgets, appliances, computer hardware, computer parts, softwares, components, communication equipments, petroleum products, steel, accessories, spare parts or other merchandise such as food products, confectionery, beverages, beer housekeepers, licensed victuallers, wine and spirit merchants, tea, coffee and refreshment rooms, café, ice cream parlours, video parlours, jute, textiles, linens, furnishing fabrics and fabrics of all kinds, readymade garments and clothing, lingetic, hosiery, leather, rubber and plastic products, footwears, glass wares, enamelwares, earthenwares, porcelain wares, handicrafts, antiques, accessories, home décor items, furniture, stationary, personal care products, toiletries, metals, cookeries, precious and semi precious stones, paper and paper products, perfumery, engineering goods, health and beauty products, pets and supplies, household chemical, impulse merchandise, oil seeds toys, sporting goods, automotive, hardware, paint and accessories, housewares, small appliances, lawn & garden, home furnishings, seasonal, horticulture, large appliances, wireless, fabrics and craft, domestic goods, curtains and drap, bedding, mens wear, boys wear, infants/toddlers, girls wear, ladies socks, sheer hosiery, sleepwear, bras & shapewear, accessories, ladieswear, swimwear. Outerwear, seafood, meat-fresh & frozen, floral, dairy products, frozen foods, commercial bread, bakery, candy and tobacco, grocery dry goods, grocery, liquor, wine, beer, pharmacy, jewelry and sunglasses, shoes optical-frames, optical- lenses, cameras photo films and reels, concept stores, optical-doctors, financial services, electrical & electronic goods and all other types of general good, consumables, materials, accessories, commodities and equipments or any other general merchandise or services of every nature, types and descriptions on ready or forward basis."*

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. There is no change in the object clause of FRL during the last five years.

#### **Heritage Foods Limited ('HFL' or 'Transferor Company')**

- a) Heritage Foods Limited was incorporated under the Companies Act, 1956 in the name of 'Heritage Foods (India) Limited' on 5th June, 1992. The name of HFL was changed to 'Heritage Foods Limited' on 16th August, 2013. The Corporate Identification Number of the HFL is L15209TG1992PLC014332. Permanent Account Number of HFL is AAACH2778K. E-mail id of HFL is hfl@heritagefoods.in
- b) The Registered Office of HFL is situated at #6-3-541/ C, Punjagutta, Hyderabad – 500 082.

- c) The details of the Authorised, Issued, Subscribed and Paid-up share capital of HFL as on 30th September, 2016 are as under:

Particulars	In Rupees
<b>Authorised Share Capital</b>	
4,80,00,000 Equity Shares of Rs. 10 each	48,00,00,000
20,00,000 Preference Shares of Rs. 10 each	2,00,00,000
<b>Total</b>	<b>50,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
2,31,99,000 Equity Shares of Rs. 10 each	23,19,90,000
<b>Total</b>	<b>23,19,90,000</b>

Subsequent to the above date, there has been no change in the capital structure of HFL.

- d) The shares of HFL are currently listed on the Stock Exchanges.
- e) The objects for which HFL has been established are set out in its Memorandum of Association : The main objects of HFL are set out hereunder:

1. "To manufacture, process, prepare, preserve, refine, bottle, buy, sell and deal whether as wholesaler or retailers or as exporters or importers or as Principals or agents or as keepers or dealers in all kinds of milk products, including Cheese, Butter, Ghee, Ice creams, Baby foods, Instant foods and any by-products or co-products thereof and to carry on the business and setting up of Dairy Farms, Milk Processing Plants, Food Processing Plants, Cold Storage Plants, Research laboratories, Packing units, Bottling Plants and to manufacture and deal in all kinds and varieties of foods for human or animal consumption.
2. To carry on the business of Manufacturers, Millers, Grinders, Rollers, Processors, Tankers, Packers and Preserves, and dealers of all foods from agriculture products, Dairy products, Horticulture and Poultry products, Fruits, Vegetables, Flowers, Meats, Processed meat scanned and tinned and processed foods, fast foods, processed fish and sea foods, frozen foods, Potential foods, health and instant foods of all kinds, including baby and dietetic foods, cereals, beverages, restoratives and aerated mineral waters and food stuffs and consumable provisions and to extract by-products, derivatives food preparations of every kind and description."

There is no change in the object clause of HFL during the last five years.

#### Heritage Foods Retail Limited ('HFRL' or 'Transferee Company')

- a) Heritage Foods Retail Limited was incorporated under the Companies Act, 1956 in the name of 'Heritage Foods Retail Limited on 1st December, 2008. The Corporate Identification Number of HFRL is U15400TG2008PLC062054. Permanent Account Number of HFRL is AACCH1365A. E-mail id of HFRL is hfl@heritagefoods.in.
- b) The Registered Office of HFRL is situated at #6-3-541/ C, Punjagutta, Hyderabad - 500 082.
- c) The details of the Authorised, Issued, Subscribed and Paid-up share capital of HFRL as on 30th September, 2016 are as under:

Particulars	In Rupees
<b>Authorised Share Capital</b>	
1,50,00,000 Equity Shares of Rs. 10 each	15,00,00,000
<b>Total</b>	<b>15,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
1,65,600 Equity Shares of Rs. 10 each	16,56,000
<b>Total</b>	<b>16,56,000</b>

Subsequent to the above date, there has been no change in the capital structure of HFRL. The entire paid up share capital of HFRL is held by HFL and its nominees.

- d) The objects for which HFRL has been established are set out in its Memorandum of Association: The main objects of HFRL are set out hereunder:

1. "To carry on business as merchants, traders, commission agents, buying and selling agents, brokers, importers, buyers, sellers, exporters, dealers and to import, export, buy, sell, barter, exchange, or otherwise trade and deal in goods, produce, articles and merchandise of any kind whatsoever in India or anywhere in the world as allowed under Trade Laws.
2. To carry on business of manufacturing, producing, processing, treating, making, taking on hire or otherwise acquiring, blending, formulating, packaging, finishing, distributing, selling, marketing, whole selling, retailing, importing, exporting, buying, fabricating, assembling, servicing, repairing, maintaining of all types/grades, kinds, sizes and descriptions of agri-products.
3. To carry on the business of merchants and importers, commission and other agents, exporters, wholesale and retail dealers in manufactured goods, products, agri produce, materials and other articles and goods manufactured, fabricated or readymade mixed."

There is no change in the object clause of HFRL during the last five years.



## 7. BACKGROUND OF THE SCHEME

7.1. The Scheme *inter-alia* provides for the following:

- (i) Slump Sale of Retail Business (comprising grocery & food retail business, agri sourcing, processing & marketing business and bakery business) and Veterinary Care business of HFL into HFRL (100% subsidiary of HFL);
- (ii) Demerger of the Retail Business from HFRL into FRL; and
- (iii) Reduction of share capital of HFRL through cancellation of shares held by its existing shareholders

## 8. RATIONALE OF THE SCHEME

8.1. HFL is *inter-alia* engaged in six different business verticals: the dairy business, the retail business, the agri business, the bakery business, the veterinary care business and the renewable energy business.

The Board of Directors and management of HFL believe and are of the view that risk and reward associated with each of the aforesaid business verticals is different. Further, the reorganization / arrangement will enable HFL to provide greater business attention and focus on the dairy and renewable energy business verticals which have high growth potential, which may result in increasing the profitability while simultaneously attracting strategic partners and lenders for the retail, agri and bakery business verticals of HFL and creating long term value for the various stakeholders. In addition, the veterinary care business vertical, which supplements the agri business vertical, will be restructured into a wholly owned subsidiary to unlock value. Accordingly, the Board of Directors of HFL and HFRL are of the opinion that the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking (comprising the veterinary care business vertical) should be transferred to a wholly owned subsidiary (HFRL) of HFL. Upon such transfer: (i) HFL would continue to carry on the dairy business, the renewable energy business and other businesses not transferred pursuant to this Scheme; and (ii) the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking would be transferred to HFRL. Subsequently, the Demerged Undertaking (comprising of the retail business vertical, the agri business vertical and the bakery business vertical) would be demerged from HFRL into FRL; each in terms of this Scheme. This would *inter-alia* help in consolidation of the retail operations of FRL and HFRL in FRL. Upon such demerger, HFRL would continue to carry on the VetCa Undertaking and FRL would continue to carry on retail business transferred to it pursuant to the Scheme.

The Board of Directors of the Transferor Company and the Demerged Company are of the opinion that the arrangement under this Scheme would result in benefit to members, creditors and employees of each of the Transferor Company and the Demerged Company and will not be detrimental to the public. The Board of Directors of the Resulting Company is of the opinion that the demerger under this Scheme would result in expansion of retail business attached with the increase in the value for its members in long run. Further, the proposed arrangement would *inter-alia* achieve the following objectives:

- I. facilitate each business to be effectively integrated for achieving growth for each of the verticals independently;
- II. enhance management focus and operational flexibility;
- III. facilitate investment by strategic players;
- IV. create a platform to enhance financial flexibility to pursue growth;
- V. consolidation of the retail operations of FRL and HFRL;
- VI. unlocking of value; and
- VII. synergies expected to bring in cost savings in the marketing, selling and distribution expenses for FRL.

8.2. In view of the aforesaid, the Board of Directors of all the Companies have considered and proposed this Composite Scheme of Arrangement under the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 (as applicable) and Section 52 of the Companies Act, 2013

## 9. SALIENT FEATURES OF THE SCHEME

9.1. Salient features of the scheme are set out as below:

- The Scheme is presented under Section 230 to Section 232 of the Companies Act, 2013 (earlier Sections 391 to 394 and other applicable provisions of the Companies Act, 1956) (to the extent notified and applicable, and as amended from time to time) for the Demerger of the Retail division of HFRL into FRL;
- FRL, HFL and HFRL shall make applications and / or petitions under Section 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to the National Company Law Tribunal, Mumbai Bench and Hyderabad Bench ('Tribunal') as the case may be for sanction of this Scheme and all matters ancillary or incidental thereto;
- "Demerger Appointed Date" for the Demerger of Retail division of HFRL into FRL is the close of business hours on 31st March, 2017 or such other date as may be approved by the Tribunal;
- "Effective Date" means the date on which last of the actions set out in Clause 36 of the Scheme are fulfilled;
- In consideration of the transfer and vesting of the Retail division to and in FRL in terms of this Scheme, FRL shall, without any further application, act, instrument or deed and without any payment but subject to applicable law, after the Effective Date after giving effect to Part III of the Scheme, issue and allot to the members of HFRL whose names appear on the Register of Members of HFRL on the Record Date or to his / her / their respective heirs, executors, administrators or, as the case may be, successors, equity shares of FRL Company as under:
  - 1,78,47,420 (One Crore Seventy Eight Lakh Forty Seven Thousand Four Hundred and Twenty) equity shares of the face value of Rs. 2 (Rupees Two only), each fully paid-up, of FRL 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 HFRL on the Record Date. Equity shares to be issued by FRL pursuant to the Scheme shall be listed on BSE and NSE.
- On the Scheme becoming effective, FRL shall account for the Demerger in its books as per the applicable accounting principles prescribed under Indian accounting standards (INDAS) prescribed under the Companies Act, 2013;



- Conduct of Business – With effect from the Demerger Appointed Date and till the Effective Date:
  - (a) HFRL shall carry on and shall be deemed to have carried on, all the business, activities and operations relating to the Demerged 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 Demerged Undertaking on account of, and/or on behalf of and/or for the benefit of, and/or in trust for, FRL.
  - (b) All the profits or income accruing or arising to HFRL and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by HFRL in relation to the Demerged Undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of FRL.
  - (c) Any of the rights, powers, authorities and privileges attached or related or pertaining to the Demerged Undertaking and exercised by or available to HFRL, shall be deemed to have been exercised by HFRL 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 Demerged Undertaking that have been undertaken or discharged by HFRL shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for FRL.
- 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 and paid by HFL and FRL as mutually agreed between them;
- This Scheme is conditional upon and subject to the following :
  - (a) The Scheme being approved by the requisite majority of the members and/or creditors of the Companies and/or by such other persons as may be required under the Act and as directed by the High Courts / National Company Law Tribunal;
  - (b) The requisite sanctions and approvals of any Governmental Authority including Stock Exchanges, the Securities and Exchange Board of India, and the Competition Commission of India, as may be required by law, in respect of the Scheme being obtained;
  - (c) The sanction of this Scheme by the High Courts / National Company Law Tribunal;
  - (d) Copies of the orders of the High Courts / National Company Law Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra and the Registrar of Companies, Andhra Pradesh and Telangana;
  - (e) The Scheme being approved by the Stock Exchanges in terms of Regulations 37 and 94 of the SEBI LODR Regulations and the SEBI Circular.

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the key provisions of the Scheme.

## 10. APPROVALS

- 10.1. Pursuant to the SEBI Circulars read with Regulation 37 of the SEBI Listing Regulations, FRL had filed necessary applications before BSE and NSE seeking their no-objection to the Scheme. FRL has received the observation letters from BSE and NSE on 18th January, 2017, conveying their no-objection to the Scheme ("Observation Letters"). Copies of the aforesaid Observation Letters are enclosed herewith.
- 10.2. BSE and NSE vide their Observation Letters dated 18th January, 2017 have advised that SEBI has given following comments on the draft Scheme of Arrangement:
  - *Company shall ensure that additional information, if any, submitted by the company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges*
  - *The Company shall duly comply with various provisions of the Circulars.*
- 10.3. As required by the SEBI Circular, FRL has filed the Complaints Report with BSE and NSE on 12th December, 2016. A copy of the aforementioned Complaints Report is enclosed herewith.

## 11. CAPITAL STRUCTURE PRE AND POST ARRANGEMENT

- 11.1. Pre-arrangement capital structure of FRL is mentioned in paragraph 6 above
- 11.2. Post-arrangement capital structure of FRL is as follows

Particulars	In Rupees
<b>Authorised Capital</b>	
12,50,00,00,000 Equity Shares of Rs. 2 each	<b>25,00,00,00,000</b>
<b>Issued Share Capital</b>	
48,97,57,906 Equity Shares of Rs. 2 each	97,95,15,812
<b>Total</b>	<b>97,95,15,812</b>
<b>Subscribed and Paid-up Share Capital</b>	
48,96,53,535 Equity Shares of Rs. 2 each	97,93,07,070
<b>Total</b>	<b>97,93,07,070</b>

*Note: The above mentioned post arrangement capital structure also includes 4,67,558 (Four Lakh Sixty Seven Thousand Five Hundred and Fifty Eight) equity shares of Rs. 2 (Rupees Two only) each issued and allotted on 19th January, 2017 to the eligible employee(s) under FRL Employees' Stock Option Scheme – 2016.*

- 11.3. Pre-arrangement capital structure of HFL is mentioned in paragraph 6 above.

11.4 There would not be any change in the capital structure of HFL in pursuance of the Scheme.

11.5 Pre-arrangement capital structure of HFRL is mentioned in paragraph 6 above.

Post-arrangement, the capital structure of HFRL would undergo a change. As per clause 13.2 of Part II of the Scheme, HFRL shall issue and allot 1,40,00,000 (One Crore Forty Lakh) equity shares each of a face value of Rs. 10 (Rupees Ten only) at a premium of Rs. 86.43 (Rupees Eighty Six and Paise Forty Three) credited as fully paid-up to HFL. Upon issuance of the equity shares, the capital structure of HFRL would be as under:

Particulars	In Rupees
<b>Authorised Share Capital</b>	
1,50,00,000 Equity Shares of Rs. 10 each	15,00,00,000
<b>Total</b>	<b>15,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
1,41,65,600 Equity Shares of Rs. 10 each	14,16,56,000
<b>Total</b>	<b>14,16,56,000</b>

Further, as per Part IV of the Scheme, the equity share capital of HFRL shall be reduced and the same shall be effected as provided therein and as approved by the Tribunal.

## 12. PRE AND POST ARRANGEMENT SHAREHOLDING PATTERN

12.1 The pre and post arrangement shareholding pattern of FRL as on 30th September, 2016 is as follows:

Sl. No.	Particulars	Pre-arrangement		Post-arrangement #	
	Description	No. of shares	%	No. of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
<b>1</b>	<b>Indian</b>				
(a)	<b>Individuals/ Hindu Undivided Family</b>	<b>88,115</b>	<b>0.0187</b>	<b>88,115</b>	<b>0.0180</b>
	Anil Biyani	2,121	0.0004	2,121	0.0004
	Ashni Kishore Biyani	71,147	0.0151	71,147	0.0145
	Gopikishan Biyani	2,121	0.0004	2,121	0.0004
	Kishore Biyani	2,121	0.0004	2,121	0.0004
	Laxminarayan Biyani	2,121	0.0004	2,121	0.0004
	Rakesh Biyani	2,121	0.0004	2,121	0.0004
	Sunil Biyani	2,121	0.0004	2,121	0.0004
	Vijay Biyani	2,121	0.0004	2,121	0.0004
	Vivek Biyani	2,121	0.0004	2,121	0.0004
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	<b>Bodies Corporate Names</b>	<b>230,027,321</b>	<b>48.8030</b>	<b>230,027,321</b>	<b>47.0225</b>
	Future Corporate Resources Limited	177,545,090	37.6683	177,545,090	36.2940
	PIL Industries Limited	44,136,090	9.3640	44,136,090	9.0224
	Gargi Business Ventures Private Limited	4,550,000	0.9653	4,550,000	0.9301
	Ryka Commercial Ventures Private Limited	1,684,663	0.3574	1,684,663	0.3444
	Manz Retail Private Limited	1,579,103	0.3350	1,579,103	0.3228
	Future Capital Investment Private Limited	531,375	0.1127	531,375	0.1086
	Akar Estate And Finance Private Limited	1,000	0.0002	1,000	0.0002
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Others	-	-	-	-
	<b>Sub Total(A)(1)</b>	<b>230,115,436</b>	<b>48.8217</b>	<b>230,115,436</b>	<b>47.0405</b>
<b>2</b>	<b>Foreign</b>	-	-	-	-
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any Others	-	-	-	-
	<b>Sub Total(A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>230,115,436</b>	<b>48.8217</b>	<b>230,115,436</b>	<b>47.0405</b>

Sl. No.	Particulars	Pre-arrangement		Post-arrangement #	
	Description	No. of shares	%	No. of shares	%
<b>(B)</b>	<b>Public shareholding</b>	<b>241,223,121</b>	<b>51.1783</b>	<b>259,070,541</b>	<b>52.9595</b>
<b>1</b>	<b>Institutions</b>				
(a)	Mutual Funds / UTI	11,054,134	2.3453	11,054,134	2.2597
(b)	Financial Institutions / Banks	5,068,413	1.0753	5,068,413	1.0361
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	2,639,583	0.5600	2,639,583	0.5396
(f)	Foreign Institutional Investors	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other (Foreign Portfolio Investor)	86,165,110	18.2809	86,165,110	17.6140
	<b>Sub-Total (B)(1)</b>	<b>104,927,240</b>	<b>22.2615</b>	<b>104,927,240</b>	<b>21.4494</b>
<b>2</b>	<b>Non-institutions</b>				
(a)	Bodies Corporate	114,702,681	24.3355	132,550,101	27.0961
(b)	Individuals				
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	10,441,817	2.2154	10,441,817	2.1345
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	7,816,699	1.6584	7,816,699	1.5979
(c)	Any Other	33,34,684	0.7075	33,34,684	0.6817
	<b>Sub-Total (B)(2)</b>	<b>136,295,881</b>	<b>28.9168</b>	<b>154,143,301</b>	<b>31.5102</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B) (1)+(B)(2)</b>	<b>241,223,121</b>	<b>51.1783</b>	<b>259,070,541</b>	<b>52.9595</b>
	<b>TOTAL (A)+(B)</b>	<b>471,338,557</b>	<b>100.0000</b>	<b>489,185,977</b>	<b>100.0000</b>
<b>(C)</b>	Shares held by Custodians and against which DRs have been issued	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>471,338,557</b>	<b>100.0000</b>	<b>489,185,977</b>	<b>100.0000</b>

# Note : The current Scheme does not stipulate any warrants/ instruments which give right to any person to take the equity shares in HFRL at any future date. However, as on date, FRL has issued 1,542 Optionally Convertible Debentures (OCDs) of Rs. 10 lakh each which are convertible into equity share of FRL at any time during the tenure of the OCDs or latest by 31st October, 2017, as and when the option for conversion is exercised. The conversion price of OCDs would be determinable only at the time of exercise of conversion option. Accordingly, the resultant shareholding pattern upon conversion of such OCDs cannot be determined. However, upon conversion of such OCDs, resultant shares would form part of public shareholding and the public shareholding in FRL will increase accordingly.

12.2 The pre and post arrangement shareholding pattern of HFL as on 30th September, 2016 is as follows:

Sl. No.	Particulars	Pre-arrangement		Post-arrangement	
	Description	No. of shares	%	No. of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
<b>1</b>	<b>Indian</b>				
<b>(a)</b>	<b>Individuals/ Hindu Undivided Family</b>	<b>8,033,046</b>	<b>34.6267</b>	<b>8,033,046</b>	<b>34.6267</b>
	Ramakrishna Nandamuri	200	0.0009	200	0.0009
	V Naga Raja Naidu	50,000	0.2155	50,000	0.2155
	Nara Bhuvaneshwari	5,330,826	22.9787	5,330,826	22.9787
	Nandamuri Vasundara	6,400	0.0276	6,400	0.0276
	Nara Lokesh	2,366,400	10.2004	2,366,400	10.2004
	A Siva Sankara Prasad	800	0.0034	800	0.0034
	Kathya N P	30,000	0.1293	30,000	0.1293
	Durga Ramakrishna N P	20,000	0.0862	20,000	0.0862
	Nandamuri Balakrishna	7,420	0.0320	7,420	0.0320
	Ramakrishna N P	100,000	0.4311	100,000	0.4311
	Neelima N P	20,000	0.0862	20,000	0.0862
	N Brahmani	101,000	0.4354	101,000	0.4354
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	Bodies Corporate Names	1,223,800	5.2752	1,223,800	5.2752

Sl. No.	Particulars	Pre-arrangement		Post-arrangement	
	Description	No. of shares	%	No. of shares	%
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Others	-	-	-	-
	<b>Sub Total(A)(1)</b>	<b>9,256,846</b>	<b>39.9019</b>	<b>9,256,846</b>	<b>39.9019</b>
<b>2</b>	<b>Foreign</b>	-	-	-	-
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any Others	-	-	-	-
	<b>Sub Total(A)(2)</b>	-	-	-	-
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A) (1)+(A)(2)</b>	<b>9,256,846</b>	<b>39.9019</b>	<b>9,256,846</b>	<b>39.9019</b>
<b>(B)</b>	<b>Public shareholding</b>	<b>13,942,154</b>	<b>60.0981</b>	<b>13,942,154</b>	<b>60.0981</b>
<b>1</b>	<b>Institutions</b>				
(a)	Mutual Funds/ UTI	1,338,155	5.7682	1,338,155	5.7682
(b)	Financial Institutions / Banks	2,340	0.0101	2,340	0.0101
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies				
(f)	Foreign Institutional Investors	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other	1,327,021	5.7202	1,327,021	5.7202
	<b>Sub-Total (B)(1)</b>	<b>2,667,516</b>	<b>11.4984</b>	<b>2,667,516</b>	<b>11.4984</b>
<b>2</b>	<b>Non-institutions</b>				
(a)	Bodies Corporate	-	-	-	-
(b)	Individuals				
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	3,626,736	15.63	3,626,736	15.6332
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	3,636,865	15.68	3,636,865	15.6768
(c)	Any Other	4,011,037	17.2897	4,011,037	17.2897
	<b>Sub-Total (B)(2)</b>	<b>11,274,638</b>	<b>48.5997</b>	<b>11,274,638</b>	<b>48.5997</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>13,942,154</b>	<b>60.0981</b>	<b>13,942,154</b>	<b>60.0981</b>
	<b>TOTAL (A)+(B)</b>	<b>23,199,000</b>	<b>100.0000</b>	<b>23,199,000</b>	<b>100.0000</b>
<b>(C)</b>	Shares against issued held by which Custodians DRs have and been	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>23,199,000</b>	<b>100.0000</b>	<b>23,199,000</b>	<b>100.0000</b>

12.3 The pre and post arrangement shareholding pattern of HFRL as on 30th September, 2016 is as follows:

Sl. No.	Particulars	Pre-arrangement		Post-arrangement*	
	Description	No. of shares	%	No. of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
<b>1</b>	<b>Indian</b>				
(a)	Individuals/ Hindu Undivided Family	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	Bodies Corporate Names				
	Heritage Foods Limited (Along with Nominees)	165,600	100.0000	14,165,600	100.0000
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Others				
	<b>Sub Total(A)(1)</b>	<b>165,600</b>	<b>100.0000</b>	<b>14,165,600</b>	<b>100.0000</b>
<b>2</b>	<b>Foreign</b>	-	-	-	-
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-

Sl. No.	Particulars	Pre-arrangement		Post-arrangement*	
	Description	No. of shares	%	No. of shares	%
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any Others				
	<b>Sub Total(A)(2)</b>	-	-	-	-
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A) (1)+(A)(2)</b>	<b>165,600</b>	<b>100.0000</b>	<b>14,165,600</b>	<b>100.0000</b>
<b>(B)</b>	<b>Public shareholding</b>	-	-	-	-
<b>1</b>	<b>Institutions</b>				
(a)	Mutual Funds/ UTI	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	-	-	-
<b>2</b>	<b>Non-institutions</b>				
(a)	Bodies Corporate	-	-	-	-
(b)	Individuals				
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	-	-	-	-
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-
(c)	Any Other	-	-	-	-
	<b>Sub-Total (B)(2)</b>	-	-	-	-
<b>(B)</b>	<b>Total Public Shareholding (B)= (B) (1)+(B)(2)</b>	-	-	-	-
	<b>TOTAL (A)+(B)</b>	<b>165,600</b>	<b>100.0000</b>	<b>14,165,600</b>	<b>100.0000</b>
(C)	Shares held by Custodians and against which DRs have been issued	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>165,600</b>	<b>100.0000</b>	<b>14,165,600</b>	<b>100.0000</b>

\*Note: The reduction of Equity Share Capital of HFRL shall be effected as per the Part-IV of the Composite Scheme of Arrangement.

### 13. EXTENT OF SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

13.1 The Directors and Key Managerial Personnel (KMP) and their respective relatives, of FRL may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in FRL, or to the extent the said Directors / KMP are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in FRL. Save as aforesaid, none of the Directors, Managing Director or the Manager or KMP of FRL have any material interest in the Scheme.

13.2 The details of the present Directors and KMP of FRL and their respective shareholdings in FRL, HFL and HFRL as on 30th September, 2016 are as follows:

Name of Directors / KMP	Designation	Equity Shares of Rs. 2 each	Equity Shares of Rs.10 each	
		FRL	HFL	HFRL
Mr. Kishore Biyani	Chairman & Managing Director	2,121	Nil	Nil
Mr. Rakesh Biyani	Joint Managing Director	2,121	Nil	Nil
Mr. Rajan Bharti Mittal	Non-Executive Director	Nil	Nil	Nil
Mr. Ravindra Dhariwal	Independent Director	Nil	Nil	Nil
Mr. Shailendra Bhandari	Independent Director	Nil	Nil	Nil
Ms. Gagan Singh	Independent Director	Nil	Nil	Nil
Mr. Chandra Prakash Toshniwal	Chief Financial Officer	11,000	Nil	Nil
Mr. Chandra Prakash Toshniwal - HUF		20,000	Nil	Nil
Mr. Virendra Samani #	Dy. Company Secretary	Nil	Nil	Nil

# Subsequent to above, 5,450 Equity Shares were allotted on 19th January, 2017 pursuant to exercise of options vested under FRL ESOP 2016.

- 13.3 The details of the present Directors and KMP of HFL and their respective shareholdings in HFL, HFRL and FRL as on 30th September, 2016 are as follows:

Name of Directors / KMP	Designation	Equity Shares in of Rs. 10 each		Equity Shares of Rs.2 each
		HFL	HFRL	FRL
Mr. D Seetharamaiah	Independent Director	Nil	100*	Nil
Mr. N Sri Vishnu Raju	Independent Director	Nil	Nil	Nil
Mr. Rajesh Thakur Ahuja	Independent Director	Nil	Nil	Nil
Dr. V Nagaraja Naidu	Non-Executive Director	50,000	Nil	Nil
Mr. N Lokesh	Non-Executive Director	23,66,400	100*	Nil
Mrs. N Bhuvaneswari	Vice Chairperson & Managing Director	53,30,826	100*	Nil
Mrs. N Brahmani	Executive Director	1,01,000	100*	Nil
Mr. A Prabhakar Naidu	Chief Financial Officer	Nil	Nil	Nil
Mr. Umakanta Barik	Company Secretary	Nil	Nil	Nil

\*Holding shares on behalf of HFL.

- 13.4 The details of the present Directors and KMP of HFRL and their respective shareholdings in HFL, HFRL and FRL as on 30th September, 2016 are as follows:

Name of Directors	Designation	Equity Shares in of Rs. 10 each		Equity Shares of Rs.2 each
		HFL	HFRL	FRL
Mr. D Seetharamaiah	Director	Nil	100*	Nil
Mr. N Lokesh	Director	23,66,400	100*	Nil
Mrs. N Bhuvaneswari	Director	53,30,826	100*	Nil
Dr. M Sambasiva Rao	Director	1,35,000	100*	Nil
Mrs. N Brahmani	Director	1,01,000	100*	Nil

\*Holding shares on behalf of HFL.

#### 14. GENERAL

- 14.1 FRL, HFL and HFRL have made separate applications before the National Company Law Tribunal, Mumbai Bench and Hyderabad Bench as applicable for the sanction of the Scheme under Sections 230 read with Section 232 of the Companies Act, 2013.
- 14.2 The amount due to its respective unsecured creditors as on 30th September, 2016 from FRL is Rs. 2,87,792 Lakh; from HFL is Rs. 9,943 Lakh and from HFRL is NIL.
- 14.3 In relation to the meeting of FRL, Equity Shareholders of FRL whose names are appearing in the records of FRL as on 31st March, 2017 shall be eligible to attend and vote at the meeting of the Equity Shareholders of FRL convened at the direction of the Tribunal or cast their votes using remote e-voting facility.
- 14.4 The rights and interests of secured creditors and unsecured creditors of either of the companies will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all called from them nor their rights sought to be modified in any manner and post the Scheme, FRL will be able to meet liabilities of its creditors as they arise in the ordinary course of business.
- 14.5 None of Directors and KMP of FRL or their respective relatives is in any way connected or interested in the aforesaid resolution except to the extent of their respective shareholding, if any.
- 14.6 As on date, HFRL is a wholly owned subsidiary of HFL. However, FRL is not related to HFL and HFRL and the directors and promoters of FRL and HFL / HFRL are not common.
- 14.7 The latest audited accounts for the year ended 31st March, 2016 and latest unaudited accounts for the quarter ended 31st December, 2016 of FRL indicates that it is in a solvent position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any secured or unsecured creditor of the Company would loose or be prejudiced as a result of this Scheme being passed since no sacrifice or waiver is at all called for from them nor are their rights sought to be adversely modified in any manner. Hence, the arrangement will not cast any additional burden on the shareholders or creditors of the Company, nor will it adversely affect the interest of any of the shareholders or creditors.
- 14.8 There are no winding up proceedings pending against FRL as of date.
- 14.9 No investigation proceedings are pending or are likely to be pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of FRL.
- 14.10 A copy of the Scheme has been filed by FRL with the Registrar of Companies, Maharashtra on 13th February, 2017.
- 14.11 FRL, HFL and HFRL are required to seek approvals / sanctions / no- objections from certain regulatory and governmental authorities for the Scheme such as the concerned Registrar of Companies, Regional Director and will obtain the same at the relevant time.



14.12 Names and addresses of the Directors and Promoters of FRL are as under:

Sl. No.	Name of Director / Promoter	Category	Address
1.	Mr. Kishore Biyani	Director and Promoter	406, Jeevan Vihar, Manav Mandir Road, Mumbai – 400 006
2.	Mr. Rakesh Biyani	Director	Flat No. 1903, 19th Floor, B Wing, Vivarea Building, Sane Guruji Marg, Jacob Circle, Mumbai – 400 011
3.	Mr. Rajan Bharti Mittal	Director	E-9/ 17, Vasant Vihar, Vasant Marg, New Delhi – 110 057
4.	Mr. Shailendra Bhandari	Director	E 27 Dhanraj Mahal, Chhatrapati Shivaji Maharaj Marg, Apollo Bundar, Mumbai – 400 001
5.	Mr. Ravindra Dhariwal	Director	Aashray Farm, Opp. N.V. Farm, Sub P.O., S P School, Bhatti Mines, Asola Village, New Delhi, Delhi – 110 030
6.	Ms. Gagan Singh	Director	L - 4/4 Qutab Enclave, DLF Phase – II, Gurgaon – 122 002, Haryana
7.	Future Corporate Resources Ltd.	Promoter	Knowledge House, Shyam Nagar, Off Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060
8.	PIL Industries Ltd.	Promoter	Knowledge House, Shyam Nagar, Off Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060
9.	Gargi Business Ventures Pvt. Ltd.	Promoter	Knowledge House, Shyam Nagar, Off Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060
10.	Ryka Commercial Ventures Pvt. Ltd.	Promoter	5th Floor, Sobo Central, 28, P.T. Madan Mohan Malviya Road, Tardeo, Mumbai – 400 034
11.	Manz Retail Pvt. Ltd.	Promoter	Knowledge House, Shyam Nagar, Off Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060

14.13 Names and addresses of the Directors and Promoters of HFL are as under:

Sl. No.	Name of Director / Promoter	Category	Address
1.	Mr. D Seetharamaiah	Director	Plot No.1303A, Road No. 65, Jubilee Hills, Hyderabad – 500 033, Telangana
2.	Mr. N Sri Vishnu Raju	Director	Plot No. 616, Road No. 33 Jubilee Hills, Hyderabad – 500 033, Telangana
3.	Mr. Rajesh Thakur Ahuja	Director	Mehrise Flat no.501, Gujar Lane, Near Poddar School, Santacruz (West) Mumbai – 400 054
4.	Dr. V Nagaraja Naidu	Director	Plot No. 238 Road No. 18, Jubilee Hills, Hyderabad – 500033 Telangana
5.	Mr. N Lokesh	Director and Promoter	Plot No. 1310, Road No. 65, Jubilee Hills, Hyderabad – 500 033 Telangana,
6.	Mrs. N Bhuvaneswari	Director and Promoter	Plot No. 1310, Road No. 65, Jubilee Hills, Hyderabad – 500 033 Telangana
7.	Mrs. N Brahmani	Director	Plot No. 1310, Road No. 65, Jubilee Hills, Hyderabad – 500 033 Telangana
8.	Megabid Finance and Investment Pvt. Ltd.	Promoter	#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana

14.14 Names and addresses of the Directors and Promoters of HFRL are as under:

Sl. No.	Name of Director / Promoter	Category	Address
1.	Mr. D Seetharamaiah	Director	Plot No.1303A, Road No. 65, Jubilee Hills, Hyderabad – 500 033, Telangana
2.	Mr. N Lokesh	Director	Plot No. 1310, Road No. 65, Jubilee Hills, Hyderabad – 500 033 Telangana,
3.	Mrs. N Bhuvaneswari	Director	Plot No. 1310, Road No. 65, Jubilee Hills, Hyderabad – 500 033 Telangana
4.	Mrs. N Brahmani	Director	Plot No. 1310, Road No. 65, Jubilee Hills, Hyderabad – 500 033 Telangana
5.	Dr. M Sambasiva Rao	Director	Plot No. 242, Lane No. 12, Road No. 72, Prashasan Nagar, Jubilee Hills, Hyderabad – 500 033, Telangana
6.	Heritage Foods Limited	Promoter	#6-3-541/C, Panjagutta, Hyderabad – 500 082, Telangana

- 14.15 Details of Directors of FRL who voted in favour / against / did not participate on resolution passed at the meeting of the Board of Directors of FRL are given below:

Sl. No	Name of Director	Voted in favour / against / did not participate
1.	Mr. Kishore Biyani	Voted in favour
2.	Mr. Rakesh Biyani	Voted in favour
3.	Mr. Rajan Bharti Mittal	Absent/ granted leave of absence
4.	Mr. Shailendra Bhandari	Absent/ granted leave of absence
5.	Mr. Ravindra Dhariwal	Voted in favour
6.	Ms. Gagan Singh	Voted in favour

- 14.16 Details of directors of HFL who voted in favour / against / did not participate on resolution passed at the meeting of the Board of Directors of HFL are given below:

Sl. No	Name of Director	Voted in favour / against / did not participate
1.	Mr. D Seetharamaiah	Voted in favour
2.	Mr. N Sri Vishnu Raju	Voted in favour
3.	Mr. Rajesh Thakur Ahuja	Absent/ granted leave of absence
4.	Dr. V Nagaraja Naidu	Voted in favour
5.	Mr. N Lokesh	Voted in favour
6.	Mrs. N Bhuvaneswari	Voted in favour
7.	Mrs. N Brahmani	Voted in favour

- 14.17 Details of directors of HFRL who voted in favour / against / did not participate on resolution passed at the meeting of the Board of Directors of HFRL are given below:

Sl. No	Name of Director	Voted in favour / against / did not participate
1.	Mr. D Seetharamaiah	Voted in favour
2.	Mr. N Lokesh	Voted in favour
3.	Mrs. N Bhuvaneswari	Voted in favour
4.	Mrs. N Brahmani	Voted in favour
5.	Dr. M Sambasiva Rao	Voted in favour

- 14.18 For the purpose of demerger of the Retail undertaking from HFRL into FRL, M/s S.R. Batliboi & Co. LLP, Chartered Accountants have valued the Retail Undertaking at Rs. 2,955.70 mn after adjusting for debt, cash and surplus assets. The above value has been arrived at on applying the Discounted Cash Flow ('DCF') method. In the case of FRL, the Market Price method has been used. Further, based on recommendation as provided in valuation report, the Board agreed for valuation of Rs. 2950.00 mn for Retail Undertaking and accordingly, the number of shares to be issued by FRL is 1,78,47,420 (One Crore Seventy Eight Lakh Forty Seven Thousand Four Hundred and Twenty) equity shares of Rs. 2 (Rupees Two only) each, fully paid up to the Equity Shareholders of HFRL (as of now HFL) as on the Record Date on a proportionate basis. M/s Keynote Corporate Services Limited, a category I Merchant Banker after having reviewed the valuation report of M/s S.R. Batliboi & Co. LLP, Chartered Accountants and on consideration of all the relevant factors and circumstances, opined that in their view the independent valuer's proposed valuation and share entitlement is fair.
- 14.19 A report adopted by the Directors of FRL, explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders, laying out in particular the share entitlement, is attached herewith. Further, as informed by the Management of HFL and HFRL, the Directors of HFL and HFRL have discussed and adopted the Scheme after explaining effect of the same on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders, laying out in particular the share exchange etc. FRL does not have any depositors, deposit trustee and debenture trustee. There will be no adverse effect on account of the Scheme as far as the debentureholders and creditors of FRL are concerned.
- 14.20 As far as the employees of FRL are concerned, there would not be any change in their terms of employment on account of the Scheme. Further, no change in the Board of Directors of FRL is envisaged on account of the Scheme.
- 14.21 A copy of the unaudited provisional financial statements of FRL and HFRL as on 31st December, 2016 and a copy of audited financial statements of HFRL as on 30th September, 2016 are attached herewith.
- 14.22 Inspection of the following documents specified under Rule 6(3)(ix) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 viz. Copy of the Order dated 23rd February, 2017 of the Hon'ble Tribunal passed in Company Scheme Application No. 163 of 2017 directing the convening of the meeting of the Equity Shareholders of FRL, Pre and Post Capital Structure and Shareholding Pattern of HFL, HFRL and FRL, Memorandum of Associations and Articles of Association of HFL, HFRL and FRL, Audited Financial Statements of HFL, HFRL and FRL for last three financial years ended 31st March, 2016, 31st March, 2015 and 31st March, 2014, Unaudited financial statement of HFL and FRL as on 30th June, 2016, 30th September, 2016 and 31st December, 2016 and audited accounts of HFRL as on 30th September, 2016, copy of the Observation Letters from BSE Limited and National Stock Exchange of India Limited dated 18th January, 2017, copy of the Complaints Report dated 12th December, 2016 filed with BSE Limited and National Stock Exchange of India Limited, contracts or agreements material to the Scheme, Valuation Report

dated 07th November, 2016 issued by M/s Raju and Prasad, Chartered Accountants, Hyderabad and M/s S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, Fairness Opinion dated 07th November, 2016 and 05th January, 2017 issued by M/s Keynote Corporate Services Limited, Certificate issued by the Statutory Auditors of the Company dated 07th November, 2016 stating that the accounting treatment proposed in the Scheme is in conformity with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and copy of the Audit Committee Report dated 07th November, 2016 of FRL may be carried out by the Equity Shareholders of FRL at the Registered Office of FRL on any working days prior to the date of the meeting between 11:00 AM and 1:00 PM.

This Statement may be treated as the statement under Section 230(3) read with Section 102 of the Companies Act, 2013. A copy of this Scheme, statement, Form of Proxy and Attendance Slip may be obtained free of charge on any working day (except Saturdays) prior to the date of the meeting, from the Registered Office of FRL or at the office of its Advocates M/s Hemant Sethi & Co, 1602, Nav Parmanu, Behind Amar Cinema, Chembur, Mumbai – 400 071.

**Date : 28th February, 2017**  
**Place : Mumbai**

**Sd/-**  
**Kishore Biyani**  
**DIN : 00005740**  
**Chairperson appointed for the meeting**

UNDER SECTIONS 391 TO 394 AND SECTIONS 100 TO 103 OF THE COMPANIES ACT, 1956 AND/OR SECTIONS 230 TO 232 AND SECTION 66 OF THE COMPANIES ACT, 2013 (AS APPLICABLE) AND SECTION 52 OF THE COMPANIES ACT, 2013

## AMONG

**HERITAGE FOODS LIMITED** ("Transferor Company" or "HFL")

## AND

**HERITAGE FOODS RETAIL LIMITED** ("Transferee Company" or "Demerged Company" or "HFRL")

## AND

**FUTURE RETAIL LIMITED** ("Resulting Company" or "FRL")

## AND

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

## PREAMBLE

This Composite Scheme of Arrangement is presented pursuant to the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013, as may be applicable, and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 (as may be applicable) to reorganize the business of Heritage Foods Limited (hereinafter referred to as the "**Transferor Company**" or "**HFL**") by way of Slump Sale (as hereinafter defined) of the Retail Undertaking (as hereinafter defined) and the VetCa Undertaking (as hereinafter defined) to Heritage Foods Retail Limited ("**Transferee Company**" or "**Demerged Company**" or "**HFRL**") and demerger of the Retail Undertaking by the Demerged Company to Future Retail Limited ("Resulting Company" or "**FRL**").

A. **Description of Companies:**

- (a) Heritage Foods Limited ("**Transferor Company**" or "**HFL**")
  - i. HFL is a public limited company incorporated under the Companies Act, 1956 (CIN: L15209TG1992PLC014332) and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad - 500082.
  - ii. The equity shares of HFL are listed on the BSE Limited (Stock Code: 519552) and the National Stock Exchange (Stock Code: HERITGFOOD).
  - iii. HFL, formerly known as Heritage Foods (India) Limited, is a company which has 6 (six) key business verticals:
    - a. **Dairy business vertical** – HFL produces, sources and markets a complete range of dairy products including fresh milk, curd, buttermilk, ice creams and other value added products across various States in India.
    - b. **Retail business vertical** – HFL is engaged in the grocery and food retail business, undertaken from its dedicated retail stores.
    - c. **Agri business vertical** – HFL is engaged in the business of sourcing, processing and marketing fresh fruits and vegetables. This business vertical acts as the supply chain arm for the Retail Undertaking vertical while also supplying the products to other retail chains and stores.
    - d. **Bakery business vertical** – HFL is engaged in the business of manufacturing and supplying bakery products to other customers, besides HFL retail outlets.
    - e. **Veterinary care business vertical** – HFL supplies cattle feed to dairy farmers and general traders and maize to poultries and distilleries.
    - f. **Renewable energy business vertical** – HFL is engaged in the production of solar energy (2.34 MW) and wind energy (4.2 MW) for captive consumption.

The Retail Undertaking (as hereinafter defined) comprises the retail business vertical, the agri business vertical, and the bakery business vertical. The VetCa Undertaking (as hereinafter defined) comprises the veterinary care business vertical.

- (b) Heritage Foods Retail Limited ("**Transferee Company**" or "**Demerged Company**" or "**HFRL**")

HFRL is a public limited company incorporated under the Companies Act, 1956 (CIN: U15400TG2008PLC062054) and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad – 500082 for undertaking the following activities: trading and dealing in goods and produce, and processing, packaging and selling agri products. HFRL is a wholly owned subsidiary of the Transferor Company.

(c) Future Retail Limited (“Resulting Company” or “FRL”)

- i. FRL is a public limited company incorporated under the Companies Act, 1956 (CIN: U51909MH2007PLC268269) and having its Registered Office at Knowledge House, Shyam Nagar, Off Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai - 400 060.
- ii. The equity shares of FRL are listed on the BSE Limited (Stock Code: 540064) and the National Stock Exchange (Stock Code: FRETAIL).
- iii. FRL currently operates multiple retail formats in the Indian consumer market under different brand names including: Big Bazaar; FBB; Food Bazaar; Foodhall; Home Town and eZone.

**B. Rationale and Purpose of the Scheme of Arrangement:**

HFL is inter alia engaged in six different business verticals: the dairy business, the retail business, the agri business, the bakery business, the veterinary care business and the renewable energy business.

The Board of Directors and management of HFL believe and are of the view that risk and reward associated with each of the aforesaid business verticals is different. Further, the reorganization / arrangement will enable HFL to provide greater business attention and focus on the dairy and renewable energy business verticals which have high growth potential, which may result in increasing the profitability while simultaneously attracting strategic partners and lenders for the retail, agri and bakery business verticals of HFL and creating long term value for the various stakeholders. In addition, the veterinary care business vertical, which supplements the agri business vertical, will be restructured into a wholly owned subsidiary to unlock value. Accordingly, the Board of Directors of HFL and HFRL are of the opinion that the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking (comprising the veterinary care business vertical) should be transferred to a wholly owned subsidiary (HFRL) of HFL. Upon such transfer: (i) HFL would continue to carry on the dairy business, the renewable energy business and other businesses not transferred pursuant to this Scheme; and (ii) the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking would be transferred to HFRL. Subsequently, the Demerged Undertaking (comprising of the retail business vertical, the agri business vertical and the bakery business vertical) would be demerged from HFRL into FRL; each in terms of this Scheme. This would inter alia help in consolidation of the retail operations of FRL and HFRL in FRL. Upon such demerger, HFRL would continue to carry on the VetCa Undertaking and FRL would continue to carry on retail business transferred to it pursuant to the Scheme.

The Board of Directors of the Transferor Company and the Demerged Company are of the opinion that the arrangement under this Scheme would result in benefit to members, creditors and employees of each of the Transferor Company and the Demerged Company and will not be detrimental to the public. The Board of Directors of the Resulting Company is of the opinion that the demerger under this Scheme would result in expansion of retail business attached with the increase in the value for its members in long run. Further, the proposed arrangement would inter alia achieve the following objectives:

- I. facilitate each business to be effectively integrated for achieving growth for each of the verticals independently;
- II. enhance management focus and operational flexibility;
- III. facilitate investment by strategic players;
- IV. create a platform to enhance financial flexibility to pursue growth;
- V. consolidation of the retail operations of FRL and HFRL;
- VI. unlocking of value; and
- VII. synergies expected to bring in cost savings in the marketing, selling and distribution expenses for FRL.

In view of the aforesaid, the Board of Directors of all the Companies have considered and proposed this Composite Scheme of Arrangement under the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013, as may be applicable, and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 (as may be applicable).

**C. Parts of the Scheme:**

The Scheme is divided into the following parts:

- A. **PART I** sets out the Definitions, Share Capital and date of taking effect of the Scheme;
- B. **PART II** sets out provisions with respect to Slump Sale of the Retail Undertaking and VetCa Undertaking to the Transferee Company;
- C. **PART III** sets out provisions for transfer and vesting of the Demerged Undertaking (as defined hereinafter) to and in the Resulting Company;
- D. **PART IV** (sets out provisions with respect to the reduction of share capital of the Demerged Company through a cancellation of the shares held by its existing shareholders); and
- E. **PART V** sets out the General Terms and Conditions.

## **PART I**

### **DEFINITIONS, SHARE CAPITAL AND DATE OF TAKING EFFECT**

#### **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 or, as the case may be, the Companies Act, 2013 (to the extent applicable) and the rules made thereunder and any statutory modification, amendment or re-enactment thereof for the time being in force.
- 1.2 **“Board of Directors”** or **“Board”** shall mean the Board of Directors or any duly authorized committee thereof of HFL, HFRL or FRL, as the case maybe or any other person duly authorized by the Board for the purpose of this Scheme.
- 1.3 **“Companies”** means HFL, HFRL and FRL, collectively and **“Company”** means HFL, HFRL or FRL, as the context may require.
- 1.4 **“Demerged Undertaking”** means the entire undertaking of HFRL pertaining to its Retail Undertaking and includes:
  - 1.4.1 All assets (whether moveable or immovable) and liabilities pertaining to the Retail Undertaking, comprising the retail business, agri business and the bakery business, as on Demerger Appointed Date (as hereinafter defined) (after giving effect to Part II of the Scheme);
  - 1.4.2 Without prejudice to the generality of the provisions of the sub-Clause 1.4.1 above, the Retail Undertaking of HFRL shall include without limitation the following:
  - 1.4.3 All assets (whether moveable or immovable) including freehold land, leasehold land, leasehold premises, office premises, all other assets and properties (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments including investments in overseas subsidiaries, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts and all other rights, title, interests, privileges and benefits of every kind wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by the Demerged Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the Retail Undertaking of the Demerged Company;
  - 1.4.4 All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relatable to the Retail Undertaking of the Demerged Company;

**Explanation:** For the purpose of this Scheme, it is hereby clarified that the liabilities pertaining to the Retail Undertaking of the Demerged Company shall include:

    - (i) liabilities, which accrue or arise out of the activities or operations of the Retail Undertaking of the Demerged Company;
    - (ii) specific loans and borrowings raised, incurred and utilized solely for the activities or operations of the Retail Undertaking of the Demerged Company; and
    - (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above, so much of the amounts of general corporate nature or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of assets transferred in the demerger bears to the total value of assets of such Demerged Company immediately before the demerger.
  - 1.4.5 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Demerged Company is a party, relating to its Retail Undertaking, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to or relatable to the Retail Undertaking of the Demerged Company;
  - 1.4.6 All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, designs, software and computer programmes, databases, domain names, including those pending registrations and applications for brands, trademarks, labels, trade names, service marks, copyrights, patents, designs, software and computer programs, databases and domain names, used by the Demerged Company exclusively in the business, activities and operations pertaining to its Retail Undertaking;



- 1.4.7 All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to or pertaining to its Retail Undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or quasi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Demerged Company in respect of business, activities and operations pertaining to its Retail Undertaking;
- 1.4.8 All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the Retail Undertaking of the Demerged Company;
- 1.4.9 All rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by the Demerged Company, whether in India or abroad, all pertaining to or relatable to the Retail Undertaking of the Demerged Company;
- 1.4.10 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relatable to the Retail Undertaking of the Demerged Company;
- 1.4.11 All such employees including contract employees of the Demerged Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the Retail Undertaking of the Demerged Company, its respective offices, branches, or by its subsidiaries, etc, that are in the employment of the Demerged Company as of the Effective Date, and any other employees/personnel hired by the Transferor Company on and after the Demerger Appointed Date (as hereinafter defined) who are primarily engaged in or in relation to the business, activities and operations pertaining to its Retail Undertaking, that are in the employment of the Demerged Company as of the Effective Date;

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Retail Undertaking of the Demerged Company or whether it arises out of the activities or operations of the Retail Undertaking of the Demerged Company shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.

- 1.5 **“Demerger Appointed Date”** shall mean the close of business on 31st March, 2017.
- 1.6 **“Effective Date”** or **“coming into effect of this Scheme”** or **“upon the Scheme becoming effective”** means the date on which last of the actions set out in Clause 36 are fulfilled.
- 1.7 **“Encumbrances”** shall mean: (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, (b) proxy, any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favor of any Person, or any other preferential arrangement having a similar effect, of any kind or nature, whether arising by agreement, by statute or otherwise, (c) any adverse claim as to title, possession or use, and (d) a contract to give or refrain from giving any of the foregoing.
- 1.8 **“Governmental Authority”** means any applicable central, state or local government (including Municipality, Municipal Corporation), statutory, legislative, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction, exercising powers conferred by Applicable Law in India.
- 1.9 **“HFL”** or the **“Transferor Company”** means Heritage Foods Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad - 500082.
- 1.10 **“HFRL”** or the **“Transferee Company”** or the **“Demerged Company”** means Heritage Foods Retail Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad – 500082.
- 1.11 **“High Courts”** means the High Court of Judicature at Hyderabad and the Mumbai High Court and/or, as the case may be, the National Company Law Tribunal, Mumbai Bench and National Company Law Tribunal, Hyderabad Bench.
- 1.12 **“Income-tax Act”** means the Income-tax Act, 1961 and the rules framed thereunder, including any statutory modification, re-enactment or amendment thereto, for the time being in force.
- 1.13 **“Permitted Encumbrances”** shall mean the list of litigation pending in respect of the Retail Undertaking and Demerged Undertaking, more specifically set out in **Schedule I**.

- 1.14 **"Person"** shall mean any individual, entity, joint venture, company (including a limited liability company), corporation, partnership (whether limited or unlimited), proprietorship, trust or other enterprise (whether incorporated or not), Hindu undivided family, union, association of persons, government (central, state or otherwise), or any agency, department, authority or political subdivision thereof, and shall include their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees and the beneficiary or beneficiaries from time to time;
- 1.15 **"Record Date"** shall mean the date to be fixed by the Board of Directors of the Demerged Company or a committee thereof in consultation with the Board of Directors of the Resulting Company or a committee thereof for the purpose of determining the members of the Demerged Company to whom shares of the Resulting Company will be allotted pursuant to Part III of this Scheme in terms of Clause 26.1.1.
- 1.16 **"Remaining Undertaking of the Demerged Company"** means all the undertakings, business, activities and operations, including all the assets and liabilities of the Demerged Company (including but not limited to the VetCa Undertaking), excluding the Demerged Undertaking.
- 1.17 **"Remaining Business of the Transferor Company"** means all the undertakings, business, activities and operations, including all the assets and liabilities, of the Transferor Company, excluding the Retail Undertaking and the VetCa Undertaking. It is clarified that the dairy business and the renewable energy business, along with all their assets and liabilities, shall form part of the Remaining Business of the Transferor Company.
- 1.18 **"Retail Undertaking"** means the entire undertaking, business, activities and operations of Transferor Company, pertaining to: (i) grocery and food retail business, undertaken from its dedicated retail stores; (ii) sourcing, processing and marketing fresh fruits and vegetables; and (iii) manufacturing and supplying bakery products to the retail outlets of HFL and other customers, and which shall include:
- 1.18.1 All assets (whether moveable or immovable), wherever situated, whether leasehold or freehold, including land, building, plant and machinery, installations, equipments, capital works-in-progress, vehicles, furniture, fixtures, appliances, accessories, stocks, inventory, receivables, cash on hand, balance with banks (including bank fixed deposits), advances paid to any persons, loans, advances and deposits, of the Transferor Company with respect to the Retail Undertaking, along with all rights, title, liability and interest in connection therewith.
- 1.18.2 All trade liabilities, obligations and debts, accruing or arising out of the business, activities or operations of the Retail Undertaking of the Transferor Company; whether secured or unsecured, present or future, raised or incurred, including obligations of every kind, nature and description whatsoever and howsoever arising or accruing, guarantees, advances from customers, bills payable and interest, in relation to the Retail Undertaking of the Transferor Company.
- Further, it is clarified that apart from the abovementioned liabilities of the Transferor Company pertaining to the Retail Undertaking, any other liabilities of the Transferor Company shall not be allocated towards the Retail Undertaking of the Transferor Company.
- 1.18.3 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature, whether written or otherwise, relating to the Retail Undertaking of the Transferor Company, along with all rights, title, liability and interest in connection therewith.
- 1.18.4 All trademarks, trade names, service marks, copyrights, patents, designs, databases, whether registered or not, used by the Transferor Company exclusively in the business, activities and operations of the Retail Undertaking.
- 1.18.5 All permits, licenses, registrations, certificates, consents, approvals, authorizations, no-objection certificates, quotas, rights (including rights under any agreement, contracts, applications, letter of intent or any other contract), subsidies, grants, exemptions, tax benefits, tax credits, refunds, quality certifications and approvals, product registrations, industrial and other licences, granted by any authority including from central government, state government, local authority, customs, central excise, income tax, service tax, sales tax, value added tax, Reserve Bank of India, department of Weights & Measures, Food Safety & Standards Authority of India, of the Transferor Company in relation to the Retail Undertaking, registrations.
- 1.18.6 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relating to the Retail Undertaking of the Transferor Company;
- 1.18.7 All employees, staff and workers of the Transferor Company, as are primarily engaged in the Retail Undertaking.
- Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Retail Undertaking of the Transferor Company or whether it arises out of the activities or operations of the Retail Undertaking of the Transferor Company shall be decided by mutual agreement between the Board of the Transferor Company and the Transferee Company but with the written consent of the Resulting Company.
- 1.19 **"Scheme of Arrangement"** or **"Scheme"** means this Composite Scheme of Arrangement as submitted in the present form to the High Courts, with any modification(s) approved or imposed or directed by the High Courts or made pursuant to Clause 34 of this Scheme.
- 1.20 **"SEBI"** means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;

- 1.21 **“SEBI Circular”** means Circular number CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by the SEBI including any amendment thereof;
- 1.22 **“SEBI LODR Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 1.23 **“Slump Sale Appointed Date”** shall mean the commencement of business on November 1, 2016;
- 1.24 **“Slump Sale”** means sale of an undertaking on a going concern basis as defined under Section 2(42C) of the Income Tax Act, for a lump sum consideration without values being assigned to individual assets and liabilities;
- 1.25 **“Stock Exchanges”** means BSE Limited and the National Stock Exchange of India Limited;
- 1.26 **“VetCa Undertaking”** means the entire undertaking of HFL pertaining to its VetCa Undertaking and includes:
- 1.26.1 All assets (whether moveable or immovable) including freehold land, office premises, all other assets and properties (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments including investments in overseas subsidiaries, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts and all other rights, title, interests, privileges and benefits of every kind wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by the Transferor Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.2 All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to the VetCa Undertaking of the Transferor Company;
- Explanation:** For the purpose of this Scheme, it is hereby clarified that the liabilities pertaining to the VetCa Undertaking of the Transferor Company shall include:
- (i) liabilities, which accrue or arise out of the activities or operations of the VetCa Undertaking of the Transferor Company; and
- (ii) specific loans and borrowings raised, incurred and utilized for the activities or operations of the VetCa Undertaking of the Transferor Company.
- 1.26.3 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Transferor Company is a party, relating to its VetCa Undertaking, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.4 All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, designs, software and computer programmes, databases, domain names, including those pending registrations and applications for brands, trademarks, labels, trade names, service marks, copyrights, patents, designs, software and computer programs, databases and domain names, used by the Transferor Company or held for use by the Transferor Company exclusively in the business, activities and operations of the VetCa Undertaking;
- 1.26.5 All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Transferor Company in relation to or pertaining to its VetCa Undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or quasi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Transferor Company in respect of business, activities and operations pertaining to its VetCa Undertaking;
- 1.26.6 All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the VetCa Undertaking of the Transferor Company;

- 1.26.7 All rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, whether in India or abroad, all pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.8 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.9 All such employees including contract employees of the Transferor Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the VetCa Undertaking of the Transferor Company its respective offices, branches, or by its subsidiaries, etc, and any other employees/personnel hired by the Transferor Company on and after the date hereof who are primarily engaged in or in relation to the business, activities and operations pertaining to its VetCa Undertaking;

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the VetCa Undertaking of the Transferor Company or whether it arises out of the activities or operations of the VetCa Undertaking of the Transferor Company shall be decided by mutual agreement between the Board of Directors of the Transferor Company and the Transferee Company.

- 1.27 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 Income-tax Act, the Securities Contracts Regulation Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.
- 1.28 References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme.
- 1.29 The headings herein shall not affect the construction of this Scheme.

## **2. SHARE CAPITAL**

### **2.1 HFL:**

The authorised share capital and the issued, subscribed and fully paid-up share capital of HFL, as on September 30, 2016, was as follows:

<b>Particulars</b>	<b>INR</b>
<b>Authorised Share Capital</b>	50,00,00,000
4,80,00,000 equity shares of INR 10 each	48,00,00,000
20,00,000 preference shares of INR 10 each	2,00,00,000
<b>Total</b>	<b>50,00,00,000</b>
<b>Issued, Subscribed &amp; Fully Paid-up Share Capital</b>	
2,31,99,000 equity shares of INR 10 each	23,19,90,000
<b>Total</b>	<b>23,19,90,000</b>

The shares of HFL are currently listed on the Stock Exchange.

### **2.2 HFRL:**

The authorised share capital and the issued, subscribed and fully paid-up share capital of HFRL, as on September 30, 2016, was as follows:

<b>Particulars</b>	<b>INR</b>
<b>Authorised Share Capital</b>	15,00,00,000
1,50,00,000 equity shares of INR 10 each	
<b>Total</b>	<b>15,00,00,000</b>
<b>Issued, Subscribed &amp; Fully Paid-up Share Capital</b>	16,56,000
1,65,600 equity shares of INR 10 each	
<b>Total</b>	<b>16,56,000</b>

The entire paid up share capital of HFRL is held by HFL and its nominees.

### 2.3 FRL:

The authorised share capital and the issued, subscribed and fully paid-up share capital of FRL, as on September 30, 2016, was as follows:

Particulars	INR
<u>Authorised Share Capital</u> 12,50,00,00,000 Equity Shares of INR 2 each	25,00,00,00,000
<b>Total</b>	<b>25,00,00,00,000</b>
<u>Issued Share Capital</u> 47,14,42,928 Equity Shares of INR 2 each	94,28,85,856
<u>Subscribed and Paid-up Share Capital</u> 47,13,38,557 Equity Shares of INR 2 each	94,26,77,114

The shares of FRL are currently listed on the Stock Exchange.

### 3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme shall be operative from the Effective Date, but shall be effective from and be implemented with effect from the Slump Sale Appointed Date and the Demerger Appointed Date, as may be applicable.

## **PART II**

### **TRANSFER OF THE RETAIL UNDERTAKING AND THE VETCA UNDERTAKING BY WAY OF SLUMP SALE TO HFRL**

#### **4. TRANSFER OF THE RETAIL UNDERTAKING AND THE VETCA UNDERTAKING**

- 4.1 On the coming into effect of this Scheme and with effect from the Slump Sale Appointed Date, each of the Retail Undertaking and the VetCa Undertaking together with their respective assets, properties, liabilities, rights, benefits and interests therein, subject to existing charges if any, thereon, shall, without any further deed, act, matter or thing, stand transferred to and vested with Transferee Company pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, on a going concern and a 'Slump Sale' basis for lump sum consideration as set out hereinafter in this Part II of the Scheme, free from all Encumbrances and litigations, except the Permitted Encumbrances.
- 4.2 The transfer of each of the Retail Undertaking and the VetCa Undertaking under this Scheme is in compliance with the Income-tax Act, specifically Section 2(42C) and other relevant provisions. If any of the terms of this Scheme are inconsistent with the provisions of Sections 2(42C) of the Income-tax Act, the provisions of Sections 2(42C) of the Income-tax Act shall to the extent of such inconsistency, prevail and the Scheme shall, stand and be deemed to be modified to that extent to comply with the said provisions and such modifications shall not affect the other parts of the Scheme.

#### **5. ASSETS AND LICENCES**

- 5.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date:
- 5.1.1 All the immovable properties (including land, building and other immovable property) of each of the Retail Undertaking and VetCa Undertaking shall stand transferred to, and be vested in, the Transferee Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Transferee Company so as to vest in the Transferee Company all the rights, title and interest in such immovable properties. Such immovable property transferred shall be free from all Encumbrances except the Permitted Encumbrances. With effect from the Slump Sale Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties.
- 5.1.2 All the assets of each of the Retail Undertaking and the VetCa Undertaking as are movable in nature or are otherwise capable of transfer by endorsement and delivery, shall stand transferred to, and be vested in, the Transferee Company, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Transferee Company so as to vest in the Transferee Company all the rights, title and interest in such assets. The transfer or vesting pursuant to this sub-Clause shall be deemed to have occurred by physical delivery or endorsement and delivery, as appropriate to the property being transferred/ vested and the title to such property shall be deemed to have been transferred and vested accordingly. Such property transferred shall be free from all Encumbrances except the Permitted Encumbrances.
- 5.1.3 All the intellectual property which relate exclusively to the Retail Undertaking and the VetCa Undertaking, shall stand transferred to, and be vested in, the Transferee Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any act or deed to be done by the Transferor Company and / or the Transferee Company.



- 5.1.4 All the assets (other than those specified in sub-clauses 5.1.1, 5.1.2 and 5.1.3 above) of each of the Retail Undertaking and the VetCa Undertaking, including sundry debtors, receivables, bills, outstanding loans and advances, bank balances, deposits, etc., the same shall stand transferred to and vested in the Transferee Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requirement of any notice or other intimation to any person, to the end and intent that right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company. The Transferee Company shall at its sole and absolute discretion, and without being obliged and if it so deems appropriate, give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant to the Scheme sanctioned by the High Courts, the said debt, receivable, bill, loan, advance or deposit stands transferred and vested in the Transferee Company and the same be paid to or made good to or held on account of the Transferee Company
- 5.1.5 All licences, permissions, approvals, consents, certificates, registrations, no-objections, clearances, concessions, exemptions or rights granted to, issued to or executed in favour of the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking, shall, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, of the Act, stand vested in or transferred to or deemed amended in favour of the Transferee Company as if the same were originally granted to, issued to or executed in favour of the Transferee Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Transferee Company upon vesting of the Retail Undertaking and / or the VetCa Undertaking, as the case may be, pursuant to this Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to the Transferee Company pursuant to the Scheme.
- 5.1.6 All the existing Encumbrances, if any, on the assets of the Retail Undertaking and / or the VetCa Undertaking relating to the liabilities of the Retail Undertaking and / or the VetCa Undertaking, shall, after the Slump Sale Appointed Date, continue to relate and attach to only such assets or any part thereof to which they are related or attached. Further, the Encumbrances, if any, on the assets of the Remaining Business of the Transferor Company in relation to the liabilities of the Retail Undertaking and / or the VetCa Undertaking, shall without any further act, instrument or deed be released and discharged from such Encumbrance.
- 5.1.7 All the existing Encumbrances, if any, on the assets of the Retail Undertaking and / or the VetCa Undertaking relating to the liabilities of the Remaining Business of the Transferor Company, shall without any further act, instrument or deed be released and discharged from such Encumbrance.
- 5.1.8 The Transferee Company shall be entitled to benefit of all insurance policies which have been issued in relation to the Retail Undertaking and / or VetCa Undertaking and the name of the Transferee Company shall be substituted as the "insured party" in the policies as if the Transferee Company was initially a party.

## **6. LIABILITIES**

- 6.1.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all secured and unsecured debts, sundry creditors, liabilities, contingent liabilities, guarantees, duties and obligations of every kind, nature and description (whether in Indian Rupees or foreign currency) whatsoever and howsoever arising, raised or incurred or utilised by the Transferor Company in relation to each of the Retail Undertaking and the VetCa Undertaking, shall become and be the debts, liabilities, guarantees, duties and obligations of the Transferee Company along with any charge, lien, encumbrance or security thereon, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requirement of any further act, instrument, matter, thing or deed. It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. Further, all debts and loans raised and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Company in relation to each of the Retail Undertaking and the VetCa Undertaking on or after the Slump Sale Appointed Date till the Effective Date, shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme. Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Transferor Company in relation to each of the Retail Undertaking and the VetCa Undertaking as on the Slump Sale Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Transferor Company after the Slump Sale Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

## **7. EMPLOYEES, STAFF AND WORKMEN**

- 7.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all employees, staff and workmen of the Transferor Company engaged in the Retail Undertaking and the VetCa Undertaking and who are in such employment as on the Effective Date shall become employees of the Transferee Company from the Slump Sale Appointed Date or their respective joining date, whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall be no less favourable than those on which they are engaged in the Transferor Company.



- 7.2 The Transferee Company agrees that the services of all the employees of each of the Retail Undertaking and the VetCa Undertaking prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in the Transferor Company.
- 7.3 In the event of retrenchment of the employees of the Retail Undertaking and/or the VetCa Undertaking, the Transferee Company will be liable to pay compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such Slump Sale.
- 7.4 Till the Effective Date of this Scheme, the Transferor Company shall make contributions to the government maintained provident fund and / or other funds in relation to the staff, workmen and employees of each of the Retail Undertaking and the VetCa Undertaking. On and from the Effective Date, the Transferee Company shall make appropriate contributions to such provident fund and/or other funds in respect of the staff, workmen and employees taken over by it pursuant to this Scheme. The contributions, and all accretions thereto, in the provident fund account, superannuation fund, gratuity fund and other benefit funds if any, of which such employees are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities be transferred (in such proportion as is allocable to the employees of the Retail Undertaking and/or the VetCa Undertaking being transferred to the Transferee Company) to the relevant funds of the Transferee Company for the benefit of the employees of the Retail Undertaking and/or the VetCa Undertaking on terms no less favourable. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds. In the event that the Transferee Company does not have its own fund in respect of any of the aforesaid matters, the Transferor Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Retail Undertaking and/or the VetCa Undertaking to the existing funds, until such time that the Transferee Company creates its own fund, at which time the investments and contributions pertaining to the employees of the Retail Undertaking and/or the VetCa Undertaking shall be transferred to the funds created by the Transferee Company. In case, necessary approvals are not received and there is delay, all such amounts shall continue to be administered by the Transferor Company in trust for the Transferee Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Transferee Company *suo moto*.
- 7.5 Any disciplinary action initiated by the Transferor Company against any employee of the Retail Undertaking and/or the VetCa Undertaking shall have full force, effect and continuity as if it was initiated by the Transferee Company instead of the Transferor Company.
- 7.6 Any question that may arise as to whether any employee belongs or does not belong to the Retail Undertaking shall be decided by the Board of the Companies.
- 7.7 Any question that may arise as to whether any employee belongs or does not belong to the VetCa Undertaking shall be decided by the Board of the Transferor Company and the Transferee Company.

## **8. CONTRACTS AND DEEDS**

- 8.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, all in relation to the Retail Undertaking and/or the VetCa Undertaking and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder. It is hereby clarified that upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, the Transferor Company shall have no liabilities in respect of any of the aforesaid contracts / arrangements transferred to the Transferee Company.
- 8.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Retail Undertaking and/or the VetCa Undertaking of the Transferor Company in the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company 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, take such actions or 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 the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes referred to above.
- 8.3 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company.
- 8.4 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Retail Undertaking and/or the VetCa Undertaking which the Transferor Company owns or to which the Transferor Company is a party, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, in so far as it is permissible so to do, till such time as the transfer is given effect to.

## **9. LEGAL PROCEEDINGS**

- 9.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all Permitted Encumbrances of whatever nature pending and / or arising after the Slump Sale Appointed Date, in any court or before any authority, judicial, quasi-judicial or administrative or any adjudicating authority or any arbitral tribunal, by or against the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking shall be continued and/or enforced until the Effective Date as desired by the Transferor Company, and on and from the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this Slump Sale or by anything contained in this Scheme, but the said suits, appeals or other legal proceeding shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against the Transferee Company.
- 9.2 On and from the Effective Date, the Transferee Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings in relation to the Permitted Encumbrances relating to the Retail Undertaking and / or the VetCa Undertaking, in the same manner and to the same extent as it would or might have been initiated by the Transferor Company, as the case may be, had the Scheme not been made.
- 9.3 On and from the Slump Sale Appointed Date, if any proceedings in relation to the Permitted Encumbrances are taken by or against the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking, the Transferor Company shall till the Effective Date continue and/or defend the same at the cost of the Transferee Company, and the Transferee Company shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.
- 9.4 The Transferee Company undertakes to have all legal or other proceedings in relation to the Permitted Encumbrances initiated by or against the Transferor Company referred to in Clause 9.1 above transferred to its name on and after the Effective Date, and to have the same continued, prosecuted and enforced by or against the Transferee Company as the case may be, to the exclusion of the Transferor Company.
- 9.5 Notwithstanding the above, in case the proceedings referred to in Clause 9.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Transferor Company shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the Transferee Company shall reimburse, indemnify and hold harmless the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.

## **10. TAXES**

- 10.1 Upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all taxes, duties, cess of any nature (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable, including any tax deduction or collection at source, service tax input credit receivables, by the Transferor Company in relation to the Retail Undertaking and the VetCa Undertaking and relating to the period after the Slump Sale Appointed Date until the Effective Date, shall be deemed to have been on account of or on behalf of or paid or payable by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 10.2 On the Scheme becoming effective, the Transferor Company and the Transferee Company may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits, including credits for tax deducted at source, as applicable pursuant to the provisions of this Scheme.

## **11. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE**

- 11.1 With effect from the Slump Sale Appointed Date and till the Effective Date:
- 11.1.1 The Transferor Company shall carry on, and shall be deemed to have carried on, all the business, activities and operations relating to the Retail Undertaking and/or the VetCa 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 Retail Undertaking and/or the VetCa Undertaking, on account of and / or on behalf of and / or for the benefit of and / or in trust for, the Transferee Company.
- 11.1.2 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 the Transferor Company in relation to each of the Retail Undertaking and the VetCa 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, the Transferee Company.
- 11.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to each of the Retail Undertaking and the VetCa Undertaking and exercised by or available to the Transferor Company, shall be deemed to have been exercised for and on behalf of and as an agent for the Transferee Company. Further, any of the obligations, duties and commitments attached, relating or pertaining to each of the Retail Undertaking and the VetCa Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Transferee Company.

## **12. SAVING OF CONCLUDED TRANSACTIONS**

- 12.1 Subject to the terms of this Scheme, the transfer and vesting of the Retail Undertaking and the VetCa Undertaking under this Scheme shall not affect any transactions or proceedings already concluded on or after the Slump Sale Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and

executed by the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

### **13. CONSIDERATION**

- 13.1 In consideration of the transfer of and vesting of the Retail Undertaking and the VetCa Undertaking with the Transferee Company in accordance with this Scheme by way of slump sale as defined under the provisions of section 2(42C) of the Income-tax Act, the Transferee Company shall pay a consideration of INR 135,00,00,000/- (Rupees One Hundred and Thirty Five Crores), subject to adjustment of net working capital between the Slump Sale Appointed Date and the Effective Date, which shall be discharged in the manner specified in Clause 13.2.
- 13.2 The consideration would be discharged by the Transferee Company, without any further application, deed, action or thing, by way of issuance and allotment of 1,40,00,000 (One Crore Forty Lakhs) equity shares of the Transferee Company, each of a face value of INR 10 (Rupees Ten only) and a premium of INR 86.43 (Rupees Eighty Six and Paise Forty Three), credited as fully paid-up to the Transferor Company.
- 13.3 Upon the issuance of the Equity Shares as per Clause 13.1, the issued, subscribed and paid-up share capital of the Transferee Company shall stand increased to INR 14,16,56,000 (Rupees Fourteen Crores Sixteen Lakhs Fifty Six Thousand ) comprising of 1,41,65,600 (One Crore Forty One Lakhs Sixty Five Thousand and Six Hundred only) equity shares having a face value of INR 10 (Rupees Ten only).
- 13.4 The approval of this Scheme by the shareholders of the Transferee Company and the Transferor Company, under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, shall also be deemed to be the approval by the shareholders under the provisions of Section 62 of the Companies Act, 2013 and all other applicable provisions of the Act and applicable law for the purpose of subscription and issuance and allotment of the Equity Shares of the Transferee Company to the Transferor Company in accordance with the Scheme. It is clarified that no additional special resolution under Section 62(1)(c) of the Companies Act, 2013 or any other provision of the Act or applicable law shall be required to be passed for issuance and allotment of the equity shares of the Transferee Company to the Transferor Company under this Scheme.

### **14. REMAINING BUSINESS OF THE TRANSFEROR COMPANY**

- 14.1 The Remaining Business of the Transferor Company including all the properties and assets, investments including investments in subsidiaries, debts, liabilities and obligations of the Transferor Company relating to the Remaining Business of the Transferor Company and which do not form part of the Retail Undertaking or the VetCa Undertaking shall continue to belong to and remain vested in the Transferor Company.
- 14.2 The Transferor Company shall be entitled to carry on its business and activities pertaining to the Remaining Business of the Transferor Company in such manner as it may deem fit and proper and nothing herein contained shall affect the business and activities of the Transferor Company in relation to the Remaining Business. Further, the Transferor Company shall be deemed to have been carrying on all business and activities relating to the Remaining Business of the Transferor Company for and on its own behalf.
- 14.3 All assets and properties acquired by the Transferor Company at any time including on and after the start of business on the Slump Sale Appointed Date shall, to the extent that the same do not relate to the Retail Undertaking or the VetCa Undertaking, form part of the Remaining Business.
- 14.4 All liabilities, debts and obligations incurred by or arising against the Transferor Company at any time including on and after the start of business on the Slump Sale Appointed Date shall, to the extent that the same do not relate to the Retail Undertaking or the VetCa Undertaking, form part of the Remaining Business of the Transferor Company.
- 14.5 The Transferor Company shall be entitled to enter into such contracts as the Transferor may deem fit and proper in respect of the Remaining Business of the Transferor Company.
- 14.6 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 the Transferor Company in relation to Remaining Business of the Transferor Company 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, the Transferor Company.
- 14.7 All the legal and other proceedings by or against the Transferor Company under any statute, whether pending on the Slump Sale Appointed Date or which may be instituted after the Slump Sale Appointed Date, relating to the Remaining Business of the Transferor Company shall be continued and enforced by or against the Transferor Company.

### **15. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEE COMPANY**

- 15.1 Upon the Scheme becoming effective, the Transferee Company shall record the assets and liabilities comprised in the Retail Undertaking and VetCa Undertaking of the Transferor Company transferred to the Transferee Company pursuant to this Scheme, by undertaking a purchase price allocation for the Slump Sale consideration to the respective assets and liabilities based upon the values determined by an independent valuer or by the Board of the Transferee Company.
- 15.2 The Transferee Company shall credit its share capital account in its books of account with the aggregate face value of the equity shares issued to the Transferor Company pursuant to Clause 13.2 of the Scheme. Further, the Transferee Company shall credit to its securities premium account, the aggregate premium on securities issued by it pursuant to Clause 13.2 of the Scheme. The securities premium account recorded by the Transferee Company shall be applied as per the provisions of Section 52 of Companies Act, 2013.

- 15.3 The difference, if any, in the value of consideration and net value of assets and liabilities of the Retail Undertaking and the VetCa Undertaking, as determined under Clause 15.1 above, shall be accounted in accordance with principles as laid down in the applicable accounting standards, the applicable provisions of the Act and generally accepted accounting principles in India.

**16. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY**

- 16.1 Upon the Scheme becoming effective, the Transferor Company shall transfer the Retail Undertaking and the VetCa Undertaking on a going concern basis along with all their assets, liabilities, rights and obligations as defined in Clause 1.19 and Clause 1.25 respectively of this Scheme, to the Transferee Company.
- 16.2 The Transferor Company shall reduce the book value of assets and liabilities comprised in the Retail Undertaking and the VetCa Undertaking from its books of account.
- 16.3 The aggregate value of the equity shares allotted under Clause 13.2 above, along with the premium shall be debited to the investments account.
- 16.4 The excess or shortfall of aggregate value of the equity shares allotted under Clause 13.2 above along with the premium over the book value of Retail Undertaking and VetCa Undertaking and directly attributable transaction cost shall be adjusted to the capital reserve account.

**PART III**

**TRANSFER AND VESTING OF DEMERGED UNDERTAKING TO AND IN THE RESULTING COMPANY**

**17. TRANSFER OF DEMERGED UNDERTAKING**

- 17.1 For the purposes of this Part III, "after giving effect to Part II of the Scheme" will be determined mutually by the Board of Directors of the Demerged Company and the Resulting Company.
- 17.2 With effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, the Demerged Undertaking, together with its assets, properties, liabilities, rights, benefits and interests therein, shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, and without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in the Resulting Company, free of charges, on a going concern basis in consideration for the issuance of the Resulting Company's shares as set out hereinafter in this Part III of the Scheme, so as to vest in the Resulting Company all rights, title and interest pertaining to the Demerged Undertaking, free from all Encumbrances, except the Permitted Encumbrances.
- 17.3 The demerger of the Demerged Undertaking under this Scheme shall be in compliance with the conditions of "demerger" as specified under Section 2(19AA) of the Income-tax Act and other relevant provisions, i.e. transfer of all assets and liabilities relating to the Demerged Undertaking at values appearing in the books of accounts of Demerged Company immediately before the demerger, issue of shares to shareholders of Demerged Company on a proportionate basis, etc..

**18. ASSETS AND LICENCES**

- 18.1 Without prejudice to the generality of Clause 17.1 above, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme:
- 18.1.1 All the immovable properties (including land, building and other immovable property) of the Demerged Undertaking shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such demerger, become the property of the Resulting Company so as to vest in the Resulting Company all the rights, title and interest in such immovable properties, on and from the Demerger Appointed Date and after giving effect to Part II of this Scheme. Such immovable property transferred shall be free from all Encumbrances except Permitted Encumbrances. With effect from the Demerger Appointed Date and after giving effect to Part II of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges, and fulfil all obligations, in relation to or applicable to such immovable properties.
- 18.1.2 All the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by endorsement and delivery, shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Resulting Company so as to vest in the Resulting Company all the rights, title and interest in such assets, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The transfer or vesting pursuant to this sub-Clause shall be deemed to have occurred by physical delivery or endorsement and delivery, as appropriate to the property being transferred/ vested and the title to such property shall be deemed to have been transferred and vested accordingly. Such property transferred shall be free from all Encumbrances except Permitted Encumbrances.
- 18.1.3 All the intellectual property relating exclusively to the Demerged Undertaking, shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the



Companies Act, 2013, as may be applicable, without requiring any act or deed to be done by the Demerged Company and / or the Resulting Company, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme.

- 18.1.4 All the assets (other than those specified in sub-Clause 18.1.2 and 18.1.3 above) of the Demerged Undertaking, including sundry debtors, receivables, bills, outstanding loans and advances, bank balances, deposits, etc., the same shall stand transferred to and vested in the Resulting Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requirement of any notice or other intimation to any person, to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The Resulting Company shall at its sole and absolute discretion, and without being obliged and if it so deems appropriate, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the Scheme sanctioned by the High Courts, the said debt, receivable, bill, loan, advance or deposit stands transferred and vested in the Resulting Company and the same be paid to or made good to or held on account of the Resulting Company.
- 18.1.5 All licences, permissions, approvals, consents, certificates, registrations, no-objections, clearances, concessions, exemptions or rights granted to, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, stand vested in or transferred to or deemed amended in favour of the Resulting Company as if the same were originally granted to, issued to or executed in favour of the Resulting Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Resulting Company upon vesting of the Demerged Undertaking on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to the Demerged Company pursuant to the Scheme, on and from the Demerger Appointed Date.
- 18.1.6 All the existing Encumbrances other than the Permitted Encumbrances, on the assets of the Demerged Undertaking shall be released. Such Encumbrances shall not relate to or attach to any assets of the Demerged Undertaking or any other assets of the Resulting Company.
- 18.1.7 The Encumbrances, other than the Permitted Encumbrances, shall after the Effective Date relate and attach to the assets or any part thereof of the Remaining Undertaking of the Demerged Company.
- 18.1.8 The Resulting Company shall be entitled to benefit of all insurance policies which have been issued in relation to the Demerged Undertaking and the name of the Resulting Company shall be substituted as the “insured party” in the policies as if the Resulting Company was initially a party.

## **19. LIABILITIES**

- 19.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of this Scheme, all secured and unsecured debts, sundry creditors, liabilities, contingent liabilities, guarantees, duties and obligations of every kind, nature and description (whether in Indian Rupees or foreign currency) whatsoever and howsoever arising, raised or incurred or utilised by the Demerged Company in relation to each of the Demerged Undertaking, shall become and be the debts, liabilities, guarantees, duties and obligations of the Resulting Company along with any charge, lien, encumbrance or security thereon, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requirement of any further act, instrument, matter, thing or deed. It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. Further, all debts and loans raised and duties, liabilities and obligations incurred or which arise or accrue to the Demerged Company in relation to the Demerged Undertaking on or after the Demerger Appointed Date till the Effective Date, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Resulting Company by virtue of this Scheme. Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Demerged Company in relation to the Demerged Undertaking as on the Demerger Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Demerger Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

## **20. EMPLOYEES, STAFF & WORKMEN**

- 20.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, all employees, staff and workmen of the Demerged Company engaged in the Demerged Undertaking and who are in such employment as on the Effective Date, shall become employees, staff and workmen of the Resulting Company from the Demerger Appointed Date or their respective joining date, whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall be no less favourable than those on which were immediately prior to the Effective Date in the Demerged Company.
- 20.2 The Resulting Company agrees that the services of all the employees of the Demerged Undertaking prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in the Demerged Company.

- 20.3 In the event of retrenchment of the employees of the Demerged Undertaking on and after the Demerger Appointed Date, the Resulting Company will be liable to pay retrenchment compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such demerger.
- 20.4 Till the Effective Date of this Scheme, the Demerged Company shall make contributions to the government maintained provident fund and / or other funds in relation to the staff, workmen and employees of the Demerged Undertaking. On and from the Effective Date, the Resulting Company shall make appropriate contributions to such provident fund and / or other funds in respect of the staff, workmen and employees taken over by it pursuant to this Scheme. The contributions, and all accretions thereto, in the provident fund account, superannuation fund, gratuity fund and other benefit funds if any, of which the employees of the Demerged Undertaking are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities and after giving effect to Part II and Part III of the Scheme, be transferred (in such proportion as is allocable to the employees of the Demerged Undertaking being transferred to the Resulting Company) to the relevant funds of the Resulting Company or government for the benefit of the employees of the Demerged Undertaking on terms no less favourable than immediately existing prior to the Effective Date. In the event that the Resulting Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Demerged Undertaking to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the investments and contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by the Resulting Company. In case, necessary approvals are not received by the Effective Date and there is delay, all such amounts shall continue to be administered by the Demerged Company in trust for the Resulting Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Resulting Company suo moto.
- 20.5 Any disciplinary action initiated by the Demerged Company against any employee of the Demerged Undertaking shall have full force, effect and continuity as if it was initiated by the Resulting Company instead of the Demerged Company.
- 20.6 Any question that may arise as to whether any employee belongs or does not belong to the Demerged Undertaking shall be mutually decided by Board Demerged Company and the Resulting Company.

## **21. CONTRACTS, DEEDS, ETC.**

- 21.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of the Demerged Company or powers or authorities granted by or to it) of whatsoever nature to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, all in relation to the Demerged Undertaking and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee or obligor thereto or thereunder. It is hereby clarified that upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II and Part III of the Scheme, the Demerged Company shall have no rights and liabilities in respect of any of the aforesaid contracts / arrangements transferred to the Resulting Company for the period after the Demerger Appointed Date.
- 21.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company 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, take such actions or 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 the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised without requirement of any consent, approval or authority of the Demerged Company, whether in writing or verbal, to execute any such writings in place and substitution of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above.
- 21.3 Upon the coming into effect of the Scheme, all powers of attorney given, issued or executed by the Demerged Company, in relation to the Demerged Undertaking, in favour of any person shall cease to have effect without any further act, deed or instrument.
- 21.4 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and with effect from the Demerger Appointed Date, all consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company, as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company.
- 21.5 On and from the Effective Date, the Resulting Company shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking in the name of the Demerged Company but for the benefits and entitlement of the Resulting Company, in so far as may be necessary, until the transfer of rights and obligations of the Demerged Company to the Resulting Company under this Scheme is formally accepted by the parties concerned.
- 21.6 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do, till such time as the transfer is given effect to.



## **22. LEGAL PROCEEDINGS**

- 22.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date, all suits, claims, actions, appeals and legal proceedings of whatever nature pending and / or arising after the Demerger Appointed Date in relation to the Permitted Encumbrances and all suits, claims, actions, appeals and legal proceedings of whatever nature in relation to the Demerged Undertaking arising after the Demerger Appointed Date and pertaining to the period commencing on or after the Demerger Appointed Date, in any court or before any authority, judicial, quasi-judicial or administrative or any adjudicating authority or any arbitral tribunal, by or against the Demerged Company in relation to the Demerged Undertaking shall be continued and/ or enforced until the Effective Date as desired by the Resulting Company and on and from the Effective Date and after giving effect to Part II of the Scheme, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this demerger or by anything contained in this Scheme, but the said suits, appeals or other legal proceeding shall be continued and/or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against the Resulting Company.
- 22.2 On and from the Effective Date, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, the Resulting Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings relating to the Demerged Undertaking, in the same manner and to the same extent as it would or might have been initiated by the Demerged Company, as the case may be, had the Scheme not been made.
- 22.3 On and from the Demerger Appointed Date and after giving effect to Part II of the Scheme, if any proceedings are taken by or against the Demerged Company in relation to the Demerged Undertaking pertaining to the period commencing on or after the Demerger Appointed Date, the Demerged Company shall till the Effective Date continue and/or defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 22.4 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company in relation to the Permitted Encumbrances and in relation to the Demerged Undertaking pertaining to the period commencing on or after the Demerger Appointed Date referred to in Clause 22.1 above transferred to its name on and after the Effective Date, and after giving effect to Part II of the Scheme, and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of the Demerged Company.
- 22.5 Notwithstanding the above, in case the proceedings referred to in Clause 22.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Demerged Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company shall reimburse, indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

## **23. TAXES**

- 23.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, all taxes, duties, cess of any nature (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable, including any tax deduction or collection at source, service tax input credit receivables, by the Demerged Company in relation to the Demerged Undertaking and relating to the period after the Demerger Appointed Date until the Effective Date, shall be deemed to have been on account of or on behalf of or paid or payable by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 23.2 On the Scheme becoming effective and after giving effect to Part II of the Scheme, the Demerged Company and the Resulting Company may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits including credits relating to tax deducted at source, as applicable pursuant to the provisions of this Scheme.

## **24. CONDUCT OF BUSINESS TILL EFFECTIVE DATE**

- 24.1 With effect from the Demerger Appointed Date and till the Effective Date:
- 24.1.1 The Demerged Company shall carry on and shall be deemed to have carried on, all the business, activities and operations relating to the Demerged 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 Demerged Undertaking on account of, and/or on behalf of and/or for the benefit of, and/or in trust for, the Resulting Company.
- 24.1.2 All the profits or incomes accruing or arising to the Demerged Company and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Demerged Company in relation to the Demerged 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 the Resulting Company.
- 24.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to the Demerged Undertaking and exercised by or available to the Demerged Company, shall be deemed to have been exercised by the Demerged Company for and on behalf of and as an agent for the Resulting Company. Further, any of the obligations, duties and commitments attached, relating or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Resulting Company.

## **25. SAVING OF CONCLUDED TRANSACTIONS**

Subject to the terms of this Scheme, the transfer and vesting of the Demerged Undertaking of the Demerged Company under this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company on or after the Demerger

Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company in relation to the Demerged Undertaking as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

## **26. ISSUE OF SHARES BY RESULTING COMPANY**

### **26.1 Issue of Shares:**

26.1.1 In consideration of the transfer and vesting of the Demerged Undertaking to and in the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act, instrument or deed and without any payment but subject to applicable law, after the Effective Date after giving effect to Part III of this Scheme, issue and allot to the members of the Demerged Company whose names appear on the Register of Members of the Demerged Company on the Record Date or to his / her / their respective heirs, executors, administrators or, as the case may be, successors, equity shares of the Resulting Company as under:

1,78,47,420 (One Crore seventy eight lakhs forty seven thousand four hundred and twenty) equity shares of the face value of INR 2/- (Rupees Two), each fully paid-up, of the Resulting Company 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 the Demerged Company on the Record Date. The new equity shares to be issued by the Resulting Company under this Clause are in this Scheme referred to as the **"New Equity Shares"**.

26.1.2 The New Equity Shares to be issued and allotted by the Resulting Company to equity shareholders of the Demerged Company under Clause 26.1.1 above shall be subject to adjustments to take into account any corporate actions including but not limited to issuances of bonus shares, stock splits, and stock consolidation but excluding any dividend announced or to be announced on the shares of the Resulting Company prior to the Effective Date.

26.1.3 No fractional shares shall be issued by the Resulting Company. Fractional entitlements, if any, arising shall be rounded off to the nearest integer. A fraction of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest higher integer.

26.1.4 Upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of the Resulting Company shall stand suitably increased consequent upon the issuance of the New Equity Shares in accordance with Clause 26.1.1. The approval of this Scheme by the shareholders of the Resulting Company and the Demerged Company, under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, shall also be deemed to be the approval by the shareholders under the provisions of Section 62 of the Companies Act, 2013 and all other applicable provisions of the Act and applicable law for the purpose of subscription and issuance and allotment of the New Equity Shares in accordance with the Scheme. It is clarified that no additional special resolution under Section 62(1)(c) of the Companies Act, 2013 or any other provision of the Act or applicable law shall be required to be passed for issuance and allotment of the New Equity Shares under this Scheme.

### **26.2 Issue in Dematerialized Form:**

26.2.1 All New Equity Shares to be issued and allotted under Clause 26.1.1 by the Resulting Company shall be issued in dematerialized form.

26.2.2 If the requisite details of the account of any shareholder with a depository participant are not recorded with the Demerged Company, such shareholder concerned will be required to provide the said details to enable the Resulting Company to allot the New Equity Shares in dematerialized form to the concerned shareholder.

### **26.3 New Equity Shares to rank pari passu:**

26.3.1 The New Equity Shares issued and allotted in terms of this Scheme shall rank pari passu in all respects with the existing equity shares of the Resulting Company including in respect of dividends, if any, that may be declared by the Resulting Company on or after the Effective Date.

26.3.2 It is clarified that the aforesaid Clause 26.3.1 in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of the Resulting Company and the Demerged Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Resulting Company and the Demerged Company and subject to the approval of the shareholders of the Resulting Company and the Demerged Company.

### **26.4 Listing:**

26.4.1 The New Equity Shares issued by the Resulting Company will be listed and/or admitted to trading on the Stock Exchanges where the shares of the Resulting Company are listed and/or admitted to trading and all necessary applications will be made in this aspect by the Resulting Company.

26.4.2 The New Equity Shares allotted by the Resulting Company pursuant to the Scheme, shall remain frozen in dematerialized form for listing and trading on respective Stock Exchanges pending permissions for the same from the respective Stock Exchange.

**26.5 Resulting Company to obtain necessary approvals:**

The Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals of the concerned Governmental Authority for the issue and allotment of the New Equity Shares.

**27. REMAINING UNDERTAKING OF THE DEMERGED COMPANY**

- 27.1 The Remaining Undertaking of the Demerged Company including all the properties and assets, investments in all subsidiaries, debts, liabilities and obligations of the Demerged Company, relating to the Remaining Undertaking of the Demerged Company and which do not form part of the Demerged Undertaking shall continue to belong to and remain vested in the Demerged Company.
- 27.2 The Demerged Company shall be entitled to carry on its business and activities pertaining to the Remaining Undertaking of the Demerged Company in such manner as it may deem fit and proper and nothing herein contained shall affect the business and activities of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company. Further, the Demerged Company shall be deemed to have been carrying on all business and activities relating to the Remaining Undertaking of the Demerged Company for and on its own behalf.
- 27.3 All assets and properties acquired by the Demerged Company at any time including on and after the start of business on the Demerger Appointed Date, shall, to the extent that the same do not relate to the Demerged Undertaking, form part of the Remaining Undertaking of the Demerged Company.
- 27.4 All liabilities, debts and obligations incurred by or arising against the Demerged Company at any time including on and after the start of business on the Demerger Appointed Date, shall, to the extent that the same do not relate to the Demerged Undertaking, form part of the Remaining Undertaking of the Demerged Company.
- 27.5 The Demerged Company shall be entitled to enter into such contracts as the Demerged Company may deem fit and proper in respect of the Remaining Undertaking of the Demerged Company.
- 27.6 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 the Demerged Company in relation to the Remaining Undertaking of the Demerged Company 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, the Demerged Company.
- 27.7 All the legal and other proceedings by or against the Demerged Company under any statute, whether pending on the Demerger Appointed Date or which may be instituted after the Demerger Appointed Date, whether or not relating to the Demerged Undertaking of the Demerged Company, shall be continued and enforced by or against the Demerged Company.

**28. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY**

- 28.1 The Resulting Company shall account for the demerger in its books of account as per the applicable accounting principles prescribed under Indian accounting standards (IND AS) prescribed under the Act.

**29. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY**

- 29.1 Pursuant to the Demerger, the Demerged Company shall transfer and reduce its assets and liabilities by the values of assets and liabilities (including any directly attributable transaction costs) relating to the Demerged Undertaking appearing in the books of accounts of the Demerged Company, immediately before the Demerger, with the resulting adjustment to be recorded in the capital reserve account.

**30. ACCOUNTING TREATMENT IN THE BOOKS OF THE SHAREHOLDERS OF DEMERGED COMPANY**

- 30.1 The adjustment required in the book value of investment in the Demerged Company for reduction by the value of the net assets transferred by Demerged Company to Resulting Company, shall be recorded as cost of the New Equity Shares issued by the Resulting Company.

**PART IV**

**REDUCTION OF CAPITAL THROUGH CANCELLATION OF SHARES OF DEMERGED COMPANY HELD BY ITS EXISTING SHAREHOLDERS AND UTILISATION OF SECURITIES PREMIUM ACCOUNT**

**31. REDUCTION OF SHARE CAPITAL OF DEMERGED COMPANY**

- 31.1 On and from the Effective Date, and with effect from the Demerger Appointed Date and after giving effect to Part II and Part III of the Scheme, the issued, subscribed and paid-up equity share capital of the Demerged Company shall, without any further application, act, instrument or deed and without any payment, be reduced.
- 31.2 On and from the Effective Date and with effect from the Demerger Appointed Date, the balance in the Securities Premium Account of the Demerged Company shall be adjusted against the debit balance of Capital Reserve Account of the Demerged Company. The debit balance, if any, in the Capital Reserve Account of the Demerged Company, post the adjustment of Securities Premium Account, shall be adjusted against the equity share Capital, as per Clause 31.1. The above reduction of equity share capital shall be carried out by reducing the number of shares held by existing shareholders of the demerged company on a proportionate basis.

- 31.3 Such reduction of Equity Share Capital and Securities Premium Account of the Demerged Company as provided in Clause 31.1 above, shall be effected as an integral part of the Scheme on the Effective Date and the order of the High Courts sanctioning the Scheme shall be deemed to be an order under Section 102 of the Companies Act, 1956, and/or Section 66 of the Companies Act, 2013, as may be applicable, confirming the reduction in share capital of the Demerged Company, and no separate sanction under Sections 100 to 103 of the Companies Act, 1956 and/or Section 66 of the Companies Act, 2013, as may be applicable, and Section 52 of the Companies Act, 2013 will be necessary.
- 31.4 The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Companies Act, 1956 and/or Section 66 of the Companies Act, 2013, will not be applicable.
- 31.5 Notwithstanding the reduction of the issued, subscribed and paid-up equity share capital of the Demerged Company, it shall not be required to add the words "And Reduced" as suffix to its name.

## **PART V**

### **GENERAL TERMS AND CONDITIONS**

#### **32. APPROVALS**

- 32.1 The Transferee Company 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 the Transferee Company may require to own and operate the Retail Undertaking and the VetCa Undertaking to be transferred to them under this Scheme.
- 32.2 The Resulting Company 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 the Resulting Company may require to own and operate the Demerged Undertaking to be transferred to it under this Scheme.

#### **33. ADMINISTRATIVE CONVENIENCE**

- 33.1 Notwithstanding anything contained in other clauses of this Scheme, the Transferor Company, the Demerged Company and the Resulting Company, shall enter into such documents, agreements, make applications to various authorities, regulatory bodies to facilitate the uninterrupted transitions of the business from the Transferor Company to the Transferee Company, and from the Demerged Company to the Resulting Company.
- 33.2 Notwithstanding anything contained in other clauses of this Scheme but in accordance with the Act and other applicable laws, the Transferor Company, the Demerged Company and the Resulting Company, 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).

#### **34. MODIFICATION OF SCHEME**

- 34.1 Each of the Transferor Company, the Demerged Company and the Resulting Company by their respective Boards of Directors or any committee thereof or any Director authorised in that behalf (hereinafter referred to as the "**Delegate**") may together assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the High Courts or any Government Authority may deem fit to approve of or impose and which the Companies may in their discretion accept, or such modifications or amendments or additions as the Companies or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out the purpose of this Scheme and as approved by the High Courts, and the Companies by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the High Courts or any authorities, which the Companies find unacceptable for any reason, then the Companies shall be at liberty to withdraw the Scheme. The aforesaid powers of the Companies may be exercised by the Delegate of the respective Companies. It is clarified that any modification or amendment to the Scheme by the Companies, after the sanction by the High Courts, shall only be made with the prior consent of the High Courts.
- 34.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of the Companies may give and are authorised to determine and give all such directions as are necessary including directions for settling or removing 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.

#### **35. FILING OF APPLICATIONS**

- 35.1 Each of the Companies shall with all reasonable dispatch, make and file all applications/petitions under Sections 391 and 394 and other applicable provisions of the Act and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, before the respective High Court for sanction of this Scheme and each of the Companies shall obtain all requisite approvals as may be required under law to give effect to the Scheme.

#### **36. CONDITIONALITY OF SCHEME**

- 36.1 This Scheme is conditional upon and subject to:
- 36.1.1 The Scheme being approved by the requisite majority of the members and/or creditors of the Companies and/or by such other persons as may be required under the Act and as directed by the High Courts;

- 36.1.2 The requisite sanctions and approvals of any Governmental Authority including Stock Exchanges, the Securities and Exchange Board of India, and the Competition Commission of India, as may be required by law, in respect of the Scheme being obtained;
- 36.1.3 The sanction of this Scheme by the High Courts;
- 36.1.4 Copies of the orders of the High Courts sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra and the Registrar of Companies, Andhra Pradesh and Telangana;
- 36.1.5 The Scheme being approved by the Stock Exchanges in terms of Regulations 37 and 94 of the SEBI LODR Regulations and the SEBI Circular.

### **37. EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS**

- 37.1 In the event of the Scheme not being sanctioned by the High Courts and/or the order or orders not being passed by December 31, 2017, 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.

### **38. CHANGE IN OBJECTS CLAUSE OF FRL**

- 38.1 With effect from the Demerger Appointed Date, and upon the Scheme becoming effective, the main object clause of the Memorandum of Association of the Resulting Company shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of Demerged Undertaking, pursuant to the provisions of Sections 13 and 14 of the Companies Act, 2013 and other applicable provisions of the Act. The following clause shall be added to the Memorandum of Association of the Resulting Company in addition to its main object clause:
- "i. To manufacture, process, prepare, preserve, refine, bottle, buy, sell and deal whether as wholesaler or retailers or as exporters or importers or as Principals or agents or as keepers or dealers in all kinds of milk products, including Cheese, Butter, Ghee, Ice creams, Baby foods, Instant foods and any by-products or co-products thereof and to carry on the business and setting up of dairy farms, milk processing plants, food processing plants, cold storage plants, research laboratories, packing units, bottling plants and to manufacture and deal in all kinds and varieties of foods for human or animal consumption.*
- ii. To carry on the business of manufacturers, millers, grinders, rollers, processors, tankers, packers and preserves, and dealers of all foods from agriculture products, dairy products, horticulture and poultry products, fruits, vegetables, flowers, meats, processed meat scanned and tinned and processed foods, fast foods, processed fish and sea foods, frozen foods, potential foods, health and instant foods of all kinds, including baby and dietic foods, cereals, beverages, restoratives and aerated mineral waters and food stuffs and consumable provisions and to extract by-products, derivatives food preparations of every kind and description."*
- 38.2 For the purposes of amendment in the Memorandum of Association of the Resulting Company as provided in this clause, the consent / approval given by the shareholders of the Resulting Company to this Scheme pursuant to Section 391 of the Companies Act, 1956 and any other applicable provisions of the Act and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, shall be deemed to be sufficient and no further resolution of members of FRL as required under the provisions of Sections 13 and 14 of the Companies Act, 2013 and any other applicable provisions of the Act shall be required to be passed for making such change / amendment in the Memorandum of Association of the Resulting Company.

### **39. SEVERABILITY**

- 39.1 Each Section of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. Each part in each Section is independent of each Section and is severable. However, failure of any one part of one Section for lack of necessary approval from the shareholders / creditors / statutory regulatory authorities or for any other reason that the Board of Directors may deem fit than this shall not result in the whole Scheme failing. It shall be open to the Board of Directors concerned to consent to sever such part(s) of the Scheme and implement the rest of the Scheme with such modification.

### **40. COSTS, CHARGES AND EXPENSES**

- 40.1 All costs, charges, and all expenses of the Transferor Company, the Demerged Company and the Resulting Company arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne and paid by the Transferor Company and the Resulting Company as mutually agreed between them.



## SCHEDULE I

### LIST OF PERMITTED ENCUMBRANCES

Serial No.	Case Reference	Name of counter party	Immovable property involved	Land in acres/ Amount in Rupees involved
1.	O.S. 11 of 2016	K. Pochaya	S.No. 127 Advi Majeed Village, Mulugu Mandal, Medak District	1.17 acres
2.	O.S. No. 225/2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
3.	I.A. No. 1130 / 2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
4.	I.A. No. 1161 / 2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
5.	I.A. No. 1081 / 2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
6.	Caveat	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
7.	Order in ROC.A/26/2010 Dt. /09/2010 issued by Tahasildar, Shanthipuram Mandal	Revenue Office, Divisional Madanapalli	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	INR 3,11,092
8.		Revenue Divisional Office, Madanapalli	S.Nos: 134/3, 138/3, 136/3, 138/1B. Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	6.86 acres

#### 9. Financial Lease:

HFL has acquired Servers and related accessories from CISCO SYSTEMS (INDIA) PVT LTD on a financial lease starting June 10, 2015 for a period of 60 months ending March 10, 2020. Installments are paid on a quarterly basis for which post-dated cheques have been issued to CISCO SYSTEMS (India) PVT LTD. The Principal outstanding as on October 31, 2016 is INR 1,31,48,034 (One crore Thirty one lakhs Forty eight thousand and Thirty four Rupees).



Dated: 7 November 2016

To

The Board of Directors	The Board of Directors
Heritage Foods Limited #6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana	Future Retail Limited Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060

**Sub: Recommendation of Share Entitlement for the proposed demerger of identified divisions of Heritage Foods Limited into Future Retail Limited after the proposed spin-off of these divisions into a wholly owned subsidiary of Heritage Foods Limited**

Dear Sir / Madam,

We refer to the engagement letter whereby Heritage Foods Limited (hereinafter referred to as "HFL") and Future Retail Limited (hereinafter referred to as "FRL") have requested S. R. Batliboi & Co. LLP (hereinafter referred to as "SRBC") for recommendation of number of equity shares to be issued by FRL as consideration for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL ("Share Entitlement").

HFL and FRL are hereinafter jointly referred to as the "Companies". The Share Entitlement for this report refers to number of equity shares of face value of INR 2/- each of FRL, which would be issued to HFL in lieu of their proposed demerger of identified divisions into FRL.

**SCOPE AND PURPOSE OF THIS REPORT**

Future Retail Limited operates retail stores across India under the Big Bazaar, easyday, Foodhall, Hometown and ezone brands. FRL is listed on the Bombay Stock Exchange and the National Stock Exchange. For the year ended 31 March 2016, FRL reported operating revenues of INR 68,450 mn and a profit after tax of INR 145 mn.

Heritage Foods Limited is engaged in the dairy, retail, agri-products, veterinary care, bakery and renewable energy businesses in India. It is listed on the Bombay Stock Exchange and the National Stock Exchange. For the year ended 31 March 2016, HFL reported operating revenues of INR 23,806 mn and a profit after tax of INR 554 mn.



Recommendation of Share Entitlement for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL

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HFL is proposing to spin-off its retail, bakery, agri and veterinary operations into a wholly owned subsidiary. Subsequently, HFL is proposing to demerge the retail, bakery and agri businesses (together referred to as "Divisions") into FRL for a consideration in the form of shares of FRL. We understand that this process would take place under the provisions of the Companies Act, 1956.

For the aforesaid purpose, the Board of Directors of HFL and FRL have appointed SRBC to submit a Share Entitlement Report for recommending the Share Entitlement, for the issue of FRL's equity shares to HFL, to be placed before the Audit Committee/ Board of Directors of the Companies.

We have been provided with historical unaudited financials of the Divisions of HFL, which is carved out from the audited / unaudited financials of HFL, upto 30 June 2016. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

## **SOURCES OF INFORMATION**

In connection with this exercise, we have used the following information as received from the Companies:

- Unaudited statement of profit and loss and statement of assets and liabilities of Divisions for FY13, FY14, FY15 and FY16 which are carved out from the financials of HFL
- Unaudited statement of profit and loss and statement of assets and liabilities of Divisions of HFL for three months ended 30 June 2016 which are carved out from the unaudited financials of HFL
- Forecast financial statements and underlying assumptions for the Divisions from 1 July 2016 to 31 March 2021;
- Other information and documents for the purpose of recommendation of the Share Entitlement.

Apart from the above, publicly available information and proprietary data bases subscribed to by us were utilized for analyzing the industry.

During the discussions with the Management of both Companies, we have also obtained explanations and information considered reasonably necessary for our





Recommendation of Share Entitlement for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL

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exercise from the Companies we have valued respectively. The Companies have been provided with the opportunity to review the draft Report (excluding the recommendation for Share Entitlement) as part of our standard practice to ensure that factual inaccuracy / omissions are avoided in our final Report.

#### **SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) are based on the unaudited balance sheet of the Divisions as at 30 June 2016.

The Management of respective Companies have represented to us that the business activities of HFL and FRL including their subsidiaries and associates, as applicable, have been carried out in the normal and ordinary course between 30 June 2016 and the Report date and that no material adverse change has occurred in their respective operations and financial position between 30 June 2016 and the Report date.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Companies (or their representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which





Recommendation of Share Entitlement for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL

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specific opinion needs to be taken from expert advisors). We have no obligation to update this Report.

The determination of Share Entitlement is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single result. While we have provided our recommendation of the Share Entitlement based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Share Entitlement. The final responsibility for the determination of the Share Entitlement at which the proposed demerger shall take place will be with the Board of Directors of the respective Companies, who should take into account other factors such as their own assessment of the proposed demerger and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data of the respective Companies. In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Companies. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management of the Companies that they have not omitted any relevant and material factors about the Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our recommendations are based on the assumptions and information given by/ on behalf of the Companies. The Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operation unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the





Recommendation of Share Entitlement for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL

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audited/unaudited balance sheet of the Companies. Our recommendation of value assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

We are not advisors with respect to legal, tax and regulatory matters for the proposed demerger. This Report does not look into the business/ commercial reasons behind the proposed demerger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the proposed demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The valuation and result are governed by concept of materiality. The financial forecasts used in the preparation of the report reflects Management's judgement, based on present circumstances, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecasts and as such differences may be material. To the extent that our recommendations are based on forecasts, we express no opinion on the achievability of those forecasts.

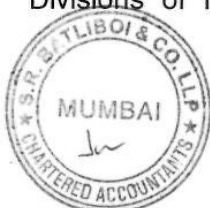
The fee for the engagement is not contingent upon the recommendation of this Report. We owe responsibility to only the Boards of Directors of the respective Companies that have appointed us under the terms of our engagement letter and nobody else. We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Arrangement, without our prior written consent. In addition, this Report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the proposed demerger and we express no opinion or recommendation as to how the shareholders of either Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.

#### **APPROACH – BASIS OF DEMERGER**

The proposed Scheme of Arrangement contemplates the demerger of the Divisions of HFL into FRL. Arriving at the Share Entitlement for the proposed demerger of the Divisions of HFL into FRL would require determining the relative value of the



Recommendation of Share Entitlement for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL

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identified divisions of HFL and the equity shares of FRL. These values are to be determined independently but on a relative basis, and without considering the current proposed demerger.

There are several commonly used and accepted methods for determining the Share Exchange for the proposed demerger, which have been considered in the present case, to the extent relevant and applicable, including:

1. Market Price method
2. Comparable Companies Quoted Multiples method
3. Discounted Cash Flows method
4. Net Asset Value method

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of Companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

#### **Market Price ("MP") Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.





Recommendation of Share Entitlement for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL

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Since the equity shares of FRL are listed on the Bombay Stock Exchange and the National Stock Exchange, we have considered it appropriate to use the Market Price Method for valuing the shares of FRL. The valuation under this method is as per the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations. This method could not be used for the Divisions.

#### **Comparable Companies' Quoted Multiple ("CCM") Method**

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

We have not used this methodology for the valuation of FRL as corporate actions involving FRL in the past one year have affected the historical revenue and profitability and these are not representative of the current operations of FRL as noted in recent quarterly performance reported. We have not used this methodology for the valuation of the Divisions directly, but have applied the CCM method as a part of the approach under DCF method, as the current performance is not normative as per the Management of HFL.

#### **Discounted Cash Flows ("DCF") Method**

Under the DCF method, the projected free cash flows to the equity shareholders are discounted at the cost of equity. The sum of the discounted value of such free cash flows is the value of the firm. Using the DCF analysis involves determining the following:

##### *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's equity capital.

##### *Appropriate discount rate to be applied to cash flows i.e. the weighted average cost of capital:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the providers of capital. The opportunity cost to the equity capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

We have used the DCF method for our valuation of Divisions by using the projections provided to us by the Management.



Recommendation of Share Entitlement for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL

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### **Net Asset Value ("NAV") Method**

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A Scheme of Arrangement would normally be proceeded with, on the assumption that the demerged business will continue on a going concern basis and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values. In such a going concern scenario, the relative earning power is of importance, with the values arrived at on the net asset basis being of limited relevance.

Since the value of the Divisions and of FRL is largely driven by intangibles which are not captured in historical financials, NAV methodology has not been considered.

### **BASIS OF DEMERGER**

As a precursor to the demerger, the Divisions of HFL are being spun-off into a wholly owned subsidiary of HFL, Heritage Foods Retail Limited ("HFRL"). We have been informed by the HFL Management that the transfer of the Divisions was done at book values. We have not verified the book values of the assets being transferred and have taken the HFL Management's representation for the same.

The basis of demerger of the Divisions into FRL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. As discussed above, we have applied DCF method in the case of the Divisions and Market Price method in the case of FRL to value the Divisions and FRL. Suitable rounding off may have been done in the values arrived at for the purpose of arriving at a whole number recommendation.

We have thus arrived at an enterprise value of Rs. 3,100.5 mn for the Divisions and a corresponding value of Rs. 2,955.7 mn after adjusting for debt, cash and surplus assets.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we consider that the Share Entitlement of equity shares for the demerger of Divisions of HFL into FRL post spinoff into HFRL should be 17,881,890 (Seventeen million, Eight hundred and Eighty One thousand, Eight hundred and Ninety) equity shares of FRL (of INR 2/- each fully paid up) considering a value of Rs. 165.29 per share of FRL, to be issued to HFL, in its capacity as the shareholder of HFRL.





## **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

Recommendation of Share Entitlement for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL

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For reference purposes, at a value of Rs. 2,950.0 mn, the number of shares to be issued would be 17,847,420 (Seventeen million, Eight hundred and Forty Seven thousand, Four hundred and Twenty) equity shares of FRL, while at a value of Rs. 2,960.0 mn, the number of shares to be issued would be 17,907,919 (Seventeen million, Nine hundred and Seven thousand, Nine hundred and Nineteen) equity shares of FRL.

Respectfully submitted,

S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



Ravi Bansal

Partner

Membership No:49365



Place: Mumbai

Date: 7 November 2016

**Valuation Certificate ('Certificate') of Retail Undertaking and VetCa Undertaking of Heritage Foods Limited ('HFL')**

**Raju & Prasad Chartered Accountants**

401, Diamond House, Adj. Amrutha Hills, Punjagutta, Hyderabad

Phone No: 23410404/405/406, e-mail: [hyderabad@rajuandprasad.com](mailto:hyderabad@rajuandprasad.com)

NEW DELHI | MUMBAI | BANGALORE | JALGAON | NAVI MUMBAI

**RAJU & PRASAD**  
CHARTERED ACCOUNTANTS

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rajuandprasad@gmail.com

Date: 07.11.2016

To,  
The Board of Directors,  
Heritage Foods Limited,  
Hyderabad.

Dear Sirs,

Sub: Valuation Certificate of Retail Undertaking and VetCa Undertaking of Heritage Foods Limited as on 31.10.2016.

In connection with the proposed business reorganisation of Heritage Foods Limited by way of slump sale of the Retail Undertaking and the VetCa Undertaking its wholly owned subsidiaries to Heritage Foods Retail limited, we, M/s Raju & Prasad Chartered Accountants have been requested to issue valuation certificate of Retail and VetCa Undertakings.

Based on the discussions with the management and procedures carried out by us on the information received from the management we certify that the value of Retail and VetCa Undertakings of Heritage Foods limited as per Net Asset Method (using book values) as at 31.10.2016 (Closing Hours) is **Rs. 134.49 Crores**.

Please feel free to contact us for any further clarification/information.

We thank the management and employees of the company for the cooperation extended.

Thanking You,  
Yours sincerely,

For Raju & Prasad  
Chartered Accountants

*Y. Bala Krishna Reddy*  
Y. Bala Krishna Reddy  
Partner  
M. No: 223701.



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**1. Introduction**

Heritage Foods Limited (Formerly Known as Heritage Foods (India) Limited) (**hereinafter referred to as "Transferor Company" or "HFL"**) has six business verticals (i.e. Dairy, Retail, Agri, Bakery, Renewable Energy and VetCa). The management of HFL has proposed to reorganise the business of the company by way of slump sale of Retail Undertaking (comprising of Retail, Agri and Bakery Business verticals) and VetCa Undertaking to Heritage Foods Retail Limited (**hereinafter Referred to as "Transferee Company" or "HFRL"**). In connection with this proposed reorganisation of business, the management of the company has requested, M/s Raju & Prasad Chartered Accountants for issuing Valuation Certificate of Retail Undertaking and VetCa Undertaking as at 31.10.2016 (Closing hours).

**2. Heritage Foods Limited ("Transferor Company" or "HFL")**

HFL is a public limited company incorporated under the Companies Act, 1956 (CIN: L15209TG1992PLC014332) and having its registered office at #6-3-541/ C, Punjagutta, Hyderabad - 500082. The equity shares of HFL are listed on the BSE Limited (Stock Code: 519552) and the National Stock Exchange (Stock Code: HERITGFOOD). The paid-up equity share capital of HFL is 2,31,99,000 equity shares of Rs. 10 each. HFL has 6 (six) business verticals:

- a) **Dairy Business Vertical** – HFL produces, outsources and markets a complete range of dairy products including fresh milk, curd, buttermilk, ice creams and other value added products across various states in India.
- b) **Retail Business Vertical** – HFL is engaged in the grocery and food retail business, undertaken from its dedicated retail stores.
- c) **Agri Business Vertical** – HFL is engaged in the business of sourcing, processing and marketing fresh fruits and vegetables. This business vertical acts as the supply chain arm for the Retail Undertaking vertical while also supplying the products to other retail chains and stores.
- d) **Bakery Business Vertical** – HFL is engaged in the business of manufacturing and supplying bakery products to other customers, besides HFL retail outlets.
- e) **Veterinary Care Business Vertical (VetCa)** – HFL supplies cattle feed to dairy farmers and general traders and maize to poultries and distilleries.
- f) **Renewable Energy Business Vertical** – HFL is engaged in the production of solar energy (2.34 MW) and wind energy (4.2 MW) for captive consumption.

The Retail Undertaking comprises the retail business vertical, the agri business vertical, and the bakery business vertical. The VetCa Undertaking comprises the veterinary care business vertical.

**3. Heritage Foods Retail Limited ("Transferee Company" or "HFRL")**

HFRL is a public limited company incorporated under the Companies Act, 1956 (CIN:U15400TG2008PLC062054) and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad – 500082 for undertaking the activities of trading and dealing in goods and produce, and processing, packaging and selling agri products. Paid up share capital of HFRL is 1,65,600 equity shares of Rs. 10/- each. HFRL is a wholly owned subsidiary of HFL. HFRL has not commenced its commercial operations.

**4. Proposed reorganisation of Business:**

We understand that the management of HFL intends to reorganise company's business by way of slump sale, as defined under the provisions of section 2(42C) of the Income-tax Act, of the Retail Undertaking and the VetCa Undertaking to its wholly owned subsidiary, Heritage Foods Retail limited for a consideration to be received in the form of equity shares of HFRL. The proposed reorganisation of business is going to be carried out through a scheme of arrangement

under Section 391 to 394 read with Section 100 to 103 of Companies Act, 1956 and Section 52 of the Companies Act, 2013 and other provisions of Companies Act, 2013, and Companies Act, 1956, as applicable.

According to the explanations provided to us and as per Part II of Composite Scheme of Arrangement, the reorganisation of business provide greater business attention and focus on the dairy and renewable energy business verticals which have high growth potential, which may result in increasing the profitability while simultaneously attracting strategic partners and lenders for the retail, agri and bakery business verticals of HFL and creating long term value for the various stakeholders. In addition, the veterinary care business vertical will be restructured into wholly owned subsidiary to unlock value. Accordingly, the management of HFL and HFRL are of the opinion that the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking (comprising the veterinary care business vertical) should be transferred on a going concern to a wholly owned subsidiary (HFRL) of HFL.

**5. Scope of the assignment**

Scope of the present assignment is to certify the value of the Retail and VetCa Undertakings as per Net Asset Method (Using Book Values) as at 31.10.2016 (Closing Hours).

**6. Procedures**

In this connection, we would like to state that we had relied on the information and explanations given to us by the management of the company. The procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- 6.1 Considered the audited financial statements of HFL for the year ended 31<sup>st</sup> March 2016.
- 6.2 Considered Unaudited Financial Results of the company for the quarter ended 30<sup>th</sup> September, 2016.
- 6.3 Considered and relied on carved out financial statements of Retail and VetCa undertakings as at 31<sup>st</sup> October, 2016 as prepared and given by the management.
- 6.4 Interviews, correspondence with the management, explanations and representations given by the management, on which we have relied.
- 6.5 Such other analysis, reviews and inquiries, as we considered necessary.

**7. Value of the Retail and VetCa Undertakings**

**Value Conclusion:** On the basis of the procedures carried out by us on the information received and as per Net Asset Method (Using Book Values) we certify that the value of Retail and Vetca Undertakings as at 31.10.2016 (Closing Hours) is **Rs.134.49 Crores.**

**8. Limitations and Disclaimer**

- 8.1 We have relied upon the information, data and explanations detailed in paragraphs above for certifying value of the Retail Undertakings and VetCa Undertakings in connection with the proposed reorganisation.
- 8.2 We have not considered the value of brands, trademarks, logos, Intellectual Property Rights (IPR's), copy rights or any assets of similar nature as their values are not captured in the books of accounts.



- 8.3 Provisions relating to employee benefits namely Gratuity and Leave Encashment have been made on an adhoc basis.
- 8.4 Contingent liabilities in the nature of tax disputes and export obligation related to Retail Undertaking were not reduced from the value of the undertakings and value has been arrived based only on the liabilities which are already accounted.
- 8.5 For arriving at the value, we have used financial and other information provided by the Management, which we believe to be reliable; our conclusions are dependent on such information being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the Management. We have, therefore, not carried out any due diligence, review, physical verification of assets, independent audit or other test or validation of such financial and other information to establish the accuracy or sufficiency of the financial statements referred to above or of the information, explanations and representations provided to us. We have thus relied upon the unaudited financials of HFL provided to us as on 31.10.2016. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.
- 8.6 The Retail and VetCa Undertakings of HFL is proposed to be transferred to HFRL with effect from the Appointed Date (i.e. 1<sup>st</sup> Nov, 2016) and we have considered the financial statements of HFL and carved out financial statements of the Retail and VetCa Undertaking as at 31<sup>st</sup> October, 2016. The Management has explained that the Business would be carried on in due course of business from the Appointed Date and subsequently, till the Scheme is approved. The Management has represented that financial statements of HFL and the carved out financial statement of the Retail and VetCa Undertakings as at 31<sup>st</sup> October, 2016, provided to us, include all disclosures necessary for a fair presentation of its financial position and results of operations in accordance with generally accepted accounting principles in India consistently applied, and disclosures otherwise required by the laws and regulations to which they are subject.
- 8.7 Our scope of work is limited to certifying the value of the Retail and VetCa Undertakings as per Net Asset Method (Using Book Values). Our report is not, nor should it be construed as, our opining or certifying the compliance of the proposed scheme with the provisions of any law including Companies Act, FEMA and taxation related laws etc., or as regards any legal implications or issues arising from such proposed demerger.
- 8.8 The fee for this engagement is not contingent upon the results of the Valuation Certificate.
- 8.9 We have not considered valuation methodologies other than 'Net Assets Method (Using book values)' in arriving at the value of Retail and VetCa Undertakings.
- 8.10 We owe responsibility to only the Board of Directors of the Companies which has appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this Report. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. It is understood that this analysis does not represent a fairness opinion. The report is confidential and has been prepared exclusively for the Client namely, Heritage Foods Limited. It should not be used or relied upon by, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without our prior written consent. Such consent will only be given after full consideration of the circumstances at the time.

## KEYNOTE

November 07, 2016

**The Board of Directors****Future Retail Limited**

Knowledge House, Shyam Nagar  
Off Jogeshwari - Vikhroli Link Road  
Jogeshwari (E), Mumbai – 400060

And

**The Board of Directors****Heritage Foods Limited**

6-3-541/C, Panjagutta  
Hyderabad - 500080  
Telangana, India

Dear Sir/Madam,

**Reg: Fairness Opinion towards the valuation for the proposed demerger of the Retail, Agri & Bakery Divisions of Heritage Foods Limited ("HFL"), through its subsidiary Heritage Foods Retail Limited ("HFRL"), into Future Retail Limited ("FRL").**

Keynote Corporate Services Limited ("**Keynote**" or "**we**" or "**us**") is Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We have been requested to issue a report on fairness of the valuation of the proposed demerger with respect to draft Composite Scheme of Arrangement between Future Retail Limited ("FRL") and Heritage Foods Limited ("HFL"), Heritage Foods Retail Limited ("HFRL") and their respective shareholders and creditors. We have perused the documents/ information provided by you in respect of the said Arrangement and the Valuation Report as issued by **S. R. Batliboi & Co. LLP** (hereafter referred to as "**Batliboi**") dated November 07, 2016 and state as follows:

**Company Profile:**

**Future Retail Limited** is the flagship company of Future Group. FRL currently operates multiple retail formats in hypermarket, supermarket and home segments of the Indian consumer market including; Big Bazaar (hypermarket chain); FBB (Fashion at Big Bazaar); Food Bazaar (supermarket chain); Foodhall (Premium lifestyle food destination); easyday (Consumer retail department stores); Home Town (Home Improvement Store) and eZone (High end consumer electronics specialty store).

**Heritage Foods Limited** founded in the year 1992 is one of the fastest growing private sector enterprises in India, with six business verticals viz., Dairy, Retail, Agri, Bakery, Renewable Energy and VetCa. Presently Heritage dairy has market presence in Telangana, Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, Haryana and Delhi NCR. 113,500 retail outlets sell Heritage Products in all these states and it has 124 Heritage Fresh retail stores across Hyderabad, Chennai and Bangalore. Integrated Agri pack houses are in Chittoor in Andhra Pradesh and Medak in Telangana and these serve the Heritage Fresh retail stores. The company has a bakery production facility in Hyderabad. Under the Renewable Energy vertical, the company has one solar (2.34 MW) and two wind (4.2 MW) power projects for captive consumption of its dairy factories.



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**Keynote Corporate Services Limited**

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## KEYNOTE

**Transaction background:** Future Retail Limited proposes to acquire three divisions - Retail, Agri and Bakery from the wholly owned subsidiary - HFRL of Heritage Foods Limited. FRL shall be discharging the consideration by issuing the FRL shares to the shareholders of HFRL ("Transaction").

### Rationale of the Report:

We have been informed that, pursuant to a Scheme of Arrangement under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 (hereinafter referred to as "the Scheme") and subject to necessary approvals, the "Demerged Undertaking" of HFRL, comprising of Retail, Agri and Bakery Divisions and Vetca Division "of HFL being transferred to HFRL as part of Slump Sale and Retail, Agri and Bakery Divisions would be demerged into FRL.

In this regard, we have been requested to suggest a Fairness Opinion on the valuation for the proposed demerger of "Retail, Agri and Bakery Divisions" of HFL, through its subsidiary HFRL, into FRL.

### Sources of Information:

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- a) Valuation Report by S. R. Batliboi & Co. LLP dated November 07, 2016;
- b) Historical Financial statements of the Retail, Agri and Bakery divisions of HFL for the year ended March 31, 2015 and year ended March 31, 2016;
- c) Projected Financials of the Retail, Agri and Bakery divisions of HFL for FY 2016-17 to FY 2020-21;
- d) Draft Scheme of Arrangement;
- e) Other relevant information/documents regarding HFL including information available through public domain

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our analysis.

### Our Recommendation:

As stated in the Valuation Report, S. R. Batliboi & Co. LLP has recommended the following:

Demerger of "Retail, Agri and Bakery Divisions" of HFL into FRL: "Considering Rs.165.29/share as the highest price, the number of shares to be issued to HFL by FRL based on a combined equity value of Rs. 2,955.7 million of the Retail, Agri and Bakery Divisions should be 17,881,890 equity shares. For reference purposes, at a value of Rs. 2,950.0 mn, the number of shares to be issued would be 17,847,420 equity shares of FRL, while at a value of Rs. 2,960.0 mn, the number of shares to be issued would be 17,907,919 equity shares of FRL".

The aforesaid arrangement shall be pursuant to the Draft Composite Scheme of Arrangement and shall be subject to receipt of approval from the Jurisdictional High Court of Bombay and Hyderabad and other statutory approvals as may be required. The detailed terms and conditions of the demerger are more fully set forth in the Draft Scheme of Arrangement. Keynote has issued the fairness opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered and the parties hereto



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### Keynote Corporate Services Limited

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## KEYNOTE

agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.

**Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the valuation as suggested by S. R. Batliboi & Co. LLP proposed under the Scheme of Arrangement is fair in our opinion.**

### **Exclusions and Limitations:**

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by HFL for the purpose of this opinion. With respect to the estimated financials provided to us by the managements of HFL, we have assumed that such financials were prepared in good faith and reflect the best currently available estimates and judgments by the managements of HFL. We express no opinion and accordingly accept no responsibility with respect to or for such estimated financials or the assumptions on which they were based. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of HFL. We have solely relied upon the information provided to us by HFL. We have not reviewed any books or records of HFL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of HFL and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of HFL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of HFL with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the managements of FRL and HFL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that FRL and HFL may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving FRL & HFL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to FRL and HFL for providing a fairness opinion on the proposed transaction and will receive professional fees for our services.



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### **Keynote Corporate Services Limited**

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## KEYNOTE

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of FRL and HFL for the purpose of this transaction and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of FRL and HFL should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to FRL's or HFL's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of FRL and HFL should vote at their respective meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of FRL and HFL will trade following the announcement of the transaction or as to the financial performance of FRL and HFL following the consummation of the transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, FRL, HFL and their respective affiliates shall indemnify them.

For KEYNOTE CORPORATE SERVICES LTD



Nipun Lodha  
Executive Vice-President & Head- Corporate Finance  
SEBI Registration No. INM000003606  
(Merchant Banker)

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CIN-L67120MH1993PLC072407



# KEYNOTE

January 05, 2017

The Board of Directors  
Heritage Foods Limited  
#6-3-541/C, Panjagutta,  
Hyderabad - 500 082  
Telangana, India

Dear Sir/Madam,

**Reg: Fairness Opinion on the slump sale of the Retail Undertaking (comprising of Retail, Agri and Bakery Business Verticals) and VetCa Undertaking from Heritage Foods Limited ("HFL") to Heritage Foods Retail Limited ("HFRL").**

Keynote Corporate Services Limited ("Keynote" or "we" or "us") is a Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We have been requested to issue a report on fairness of the slump sale with respect to Draft Scheme of Arrangement between Heritage Foods Limited ("HFL") and Heritage Foods Retail Limited ("HFRL"). We have perused the documents/ information provided by you in respect of the said Arrangement and the Valuation Report as issued by **Raju & Prasad, Chartered Accountants**, (hereafter referred to as "**Raju & Prasad CA**") dated November 07, 2016 and state as follows:

## Company Profile:

**Heritage Foods Limited** founded in the year 1992 is one of the fastest growing private sector enterprises in India, with six business verticals viz., Dairy, Retail, Agri, Bakery, Renewable Energy and VetCa. As on 31st October 2016, Heritage Dairy has market presence in Telangana, Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, Haryana and Delhi NCR. 113,500 retail outlets sell Heritage Products in all these states and it has 124 Heritage Fresh retail stores across Hyderabad, Chennai and Bangalore. Integrated Agri pack houses under its Agri business vertical are in Chittoor in Andhra Pradesh and Medak in Telangana and these serve the Heritage Fresh retail stores. In addition to the above retail presence for dairy and retail stores, the company has a bakery production facility in Hyderabad, one solar (2.34 MW) and two wind (4.2 MW) power projects for captive consumption of its dairy factories under its Renewable Energy vertical and cattle feed supply to dairy farmers and general traders and maize to poultries and distilleries under its VetCa business vertical.

The Company has identified its retail, agri and the bakery business verticals as Retail Undertaking. The VetCa Undertaking comprises the veterinary care business vertical.

**Heritage Foods Retail Limited** is a public limited company incorporated in December 2008 under the Company Act, 1956. The company has been incorporated for undertaking the activities of trading and dealing in goods and produce, and processing, packaging and selling agri products. HFRL is a wholly owned subsidiary of HFL and is yet to commence its operations.

**Transaction background:** HFL proposes to reorganize the business by transferring the Retail Undertaking (comprising of Retail, Agri and Bakery Business Vertical) and the VetCa Undertaking through a slump sale to HFRL. HFRL shall be discharging the consideration by issuing the HFRL equity shares to HFL ("Transaction").

Page 1 of 4



## Keynote Corporate Services Limited

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CIN-L67120MH1993PLC072407

## KEYNOTE

### Rationale of the Report:

We have been informed that, pursuant to a Scheme of Arrangement under sections 391 to 394 read with sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013, as may be applicable, and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 (as may be applicable) (hereinafter referred to as "the Scheme") and subject to necessary approvals, the Retail Undertaking (comprising of Retail, Agri, Bakery Business Verticals) and VetCa Undertaking of HFL would be transferred to HFRL as part of slump sale as on First Appointed Date which is 1st November 2016.

We have been further informed that HFRL is wholly owned subsidiary company of the HFL and hence proposed transaction is as per the Net Asset Value Method (Using Book Values) of the respective business verticals/ undertakings and as explained above, will be subject to necessary approvals from shareholders and other regulators.

In this regard, we have been requested to suggest a Fairness Opinion on the slump sale for the issue of equity shares of HFRL to HFL for the purpose of Proposed Transaction.

### Sources of Information:

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- a) Valuation Report by Raju & Prasad, Chartered Accountants, dated November 07, 2016;
- b) Historical Financial statements of the HFL for the year ended March 31, 2016;
- c) Historical Financial statements for the Retail, Agriculture, Bakery and VetCa divisions of HFL for 31<sup>st</sup> October 2016;
- d) Draft Scheme of Arrangement;
- e) Other relevant information/documents regarding HFL including information available through public domain

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

### Our Recommendation:

As stated in the Valuation Report, Raju & Prasad, Chartered Accountants, has recommended the following:

Slump sale of the Retail Undertaking (comprising of Retail, Agri and Bakery Business Verticals) and VetCa Undertaking of HFL into HFRL: **"As Per the Net Asset Method (Using Book Values), the value of Retail and VetCa Undertakings as at October 31, 2016 is Rs. 134.49 crores"**.

The aforesaid Arrangement shall be pursuant to the Draft Scheme of Arrangement and shall be subject to receipt of approval from the Jurisdictional National Company Law Tribunal (NCLT)/ High Court of Hyderabad and Bombay, as applicable and other statutory approvals as may be required. The detailed terms and conditions of the demerger are more fully set forth in the Draft Scheme of Arrangement. Keynote has issued the fairness opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.



## KEYNOTE

Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the valuation as suggested by Raju & Prasad, Chartered Accountant, proposed under the Scheme of Arrangement is fair in our opinion.

### Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by HFL for the purpose of this opinion. With respect to the financials provided to us by the managements of HFL, we have assumed that such financials were prepared in good faith by the managements of HFL. We express no opinion and accordingly accept no responsibility with respect to or for such financials. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of HFL. We have solely relied upon the information provided to us by HFL. We have not reviewed any books or records of HFL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of HFL and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of HFL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by HFL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of HFL with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the managements of HFL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that HFL may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving HFL & HFRL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to HFL for providing a fairness opinion on the proposed transaction and will receive professional fees for our services.

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the

### Keynote Corporate Services Limited

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028  
Tel.: 91 22 3026 6000 • Fax: 91 22 3026 6088 • Email: [info@keynoteindia.net](mailto:info@keynoteindia.net) • Website: [www.keynoteindia.net](http://www.keynoteindia.net)  
CIN-L67120MH1993PLC072407



## KEYNOTE


accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of HFL and HFRL for the purpose of this transaction and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of HFL should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to HFL's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of HFL should vote at their meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of HFL will trade following the announcement of the transaction or as to the financial performance of HFL and HFRL following the consummation of the transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, HFL and their affiliates shall indemnify them.

For **KEYNOTE CORPORATE SERVICES LTD**

  
Vineet Suchanti  
Managing Director  
SEBI Registration No. INM000003606  
(Merchant Banker)

### **Keynote Corporate Services Limited**

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028  
Tel.: 91 22 3026 6000 • Fax: 91 22 3026 6088 • Email: [info@keynoteindia.net](mailto:info@keynoteindia.net) • Website: [www.keynoteindia.net](http://www.keynoteindia.net)  
CIN-L67120MH1993PLC072407

# FUTURE RETAIL

## Statement of Standalone Financial Results for the Quarter and Nine months Ended December 31, 2016

Sr. No.	Particulars	3 months ended 31-12-2016	Preceding 3 months ended 30-09-2016	Corresponding 3 months ended in previous year 31-12-2015	9 months ended 31-12-2016	Corresponding 9 months ended in previous year 31-12-2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	<b>Income From Operations</b>					
	a) Net sales/income from operations	4,321.75	4,126.85	2,435.82	12,343.11	3,205.09
	b) Other operating income	96.37	81.60	60.25	248.14	61.66
	<b>Total income from operations</b>	<b>4,420.12</b>	<b>4,191.45</b>	<b>2,496.07</b>	<b>12,591.25</b>	<b>3,267.05</b>
2	<b>Expenses</b>					
	a) Purchases of stock-in-trade	3,390.69	3,344.14	1,954.69	9,844.25	2,585.96
	b) Changes in inventories of stock-in-trade - (Increase) / Decrease	(55.37)	(190.04)	(135.59)	(376.51)	(114.77)
	c) Employee benefits expense	202.48	201.63	105.11	592.68	182.95
	d) Depreciation and amortisation expense	8.62	8.19	11.57	23.68	26.98
	e) Rent including lease rental	345.83	332.59	219.87	1,009.61	266.37
	f) Other expenses	381.65	374.95	271.58	1,120.21	885.19
	<b>Total Expenses</b>	<b>4,272.90</b>	<b>4,071.46</b>	<b>2,427.32</b>	<b>12,214.12</b>	<b>3,331.66</b>
3	<b>Profit/(Loss) from Operations before other income, finance costs and Exceptional Items (1-2)</b>	<b>147.22</b>	<b>119.99</b>	<b>88.75</b>	<b>377.13</b>	<b>(64.61)</b>
4	<b>Other Income</b>	<b>9.23</b>	<b>8.48</b>	<b>2.77</b>	<b>21.25</b>	<b>3.14</b>
5	<b>Profit/(Loss) from ordinary activities before finance costs and Exceptional Items (3+4)</b>	<b>156.45</b>	<b>126.47</b>	<b>71.52</b>	<b>398.38</b>	<b>(61.47)</b>
6	<b>Finance costs</b>	<b>55.40</b>	<b>52.84</b>	<b>17.89</b>	<b>153.15</b>	<b>28.34</b>
7	<b>Profit/(Loss) from ordinary activities after finance costs but before Exceptional Items (5-6)</b>	<b>101.05</b>	<b>73.63</b>	<b>53.63</b>	<b>245.23</b>	<b>(89.81)</b>
8	<b>Exceptional Items</b>	-	-	-	-	-
9	<b>Profit/(Loss) from ordinary activities before tax (7+8)</b>	<b>101.05</b>	<b>73.63</b>	<b>53.63</b>	<b>245.23</b>	<b>(89.81)</b>
10	<b>Tax Expense</b>	-	-	-	-	-
11	<b>Net Profit/(Loss) for the period (9-10)</b>	<b>101.05</b>	<b>73.63</b>	<b>53.63</b>	<b>245.23</b>	<b>(89.81)</b>
12	<b>Other Comprehensive Income (OCI) (net of tax)</b>	-	-	(0.24)	(0.24)	(0.48)
13	<b>Total Comprehensive Income (11+12)</b>	<b>101.05</b>	<b>73.63</b>	<b>53.39</b>	<b>244.99</b>	<b>(90.29)</b>
14	<b>Paid up equity share capital (Face value of ₹ 2/- per share)</b>	<b>94.27</b>	<b>94.27</b>	<b>94.27</b>	<b>94.27</b>	<b>94.27</b>
15	<b>Basic and Diluted EPS (in ₹)</b>	<b>2.14</b>	<b>1.66</b>	<b>1.65</b>	<b>5.20</b>	<b>(6.55)</b>

### Notes:

- 1 The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016 and accordingly these financial result have been prepared in accordance with recognition and measurement principles laid down in the Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the companies Act, 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS-34.

Reconciliation of Net Profit / (Loss) for the corresponding quarter and nine months ended December 31, 2016 between previous Indian GAAP and Ind AS is as under

Particulars	(₹ in Crore)	
	Quarter ended 31-December-2015	Nine months ended 31-December-2015
Net Profit / (Loss) as per previous GAAP	53.68	(90.19)
Adjustment to restate to Ind AS:		
Measurement of Security Deposits at amortised cost	(0.09)	(0.10)
Actuarial loss on employee defined benefit obligations reclassified to OCI	0.24	0.48
Net Profit / (Loss) as per Ind AS	53.83	(89.81)

- 2 The above results were reviewed by the Audit Committee and were thereafter approved by the Board of Directors of the Company at its meeting held on February 07, 2017. Statutory Auditors have issued Limited Review report on the same.
- 3 Figures for the previous financial period have been re-arranged and re-grouped wherever necessary and are not comparable for the reason of effect given to the Scheme of Arrangement.
- 4 The Board in its previous meeting has approved a Scheme of Arrangement for demerger of Retail Business Undertaking of Heritage Foods Retail Limited, 100% subsidiary of Heritage Foods Limited. The Company has received the observation letter from the stock exchanges. The Company has also submitted its application to CCI for its approval to the proposed combination. Further the Company is in process of making application to National Company Law Tribunal, Western Region, Mumbai and other regulators, if any, for implementation of the same.
- 5 The Company has only one business segment i.e. "Retail".

Place : Mumbai  
Date : February 07, 2017



For Future Retail Limited  
  
Kishore Biyani  
Chairman & Managing Director

**Future Retail Limited** (Formerly known as Bharti Retail Limited)

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

P +91 22 6644 2200, F + 91 22 6644 2201, www.futureretail.co.in

CIN : L51909MH2007PLC268269



**LIMITED REVIEW REPORT**

To,  
The Board of Directors  
**Future Retail Limited**  
(formerly known as Bharti Retail Limited)

We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **Future Retail Limited** (formerly known as Bharti Retail Limited) ("the Company") for the Quarter ended December 31, 2016 ("the Statement") being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

We have not reviewed the financial results and other financial information for the quarter ended December 31, 2015.

**For NGS & Co. LLP**  
Chartered Accountants  
Firm Registration No: 119850W



**Ashok A. Trivedi**  
Partner  
Membership No.: 042472  
Mumbai  
February 07, 2017



B - 46, 3<sup>rd</sup> Floor, Pravasi Estate, V N Road, Goregaon (E), Mumbai - 400 063.

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# HERITAGE FOODS LIMITED

(Formerly known as HERITAGE FOODS (INDIA) LIMITED)

Regd. Office: 6-3-541/C, Adj. to NIMS, Panjagutta, Hyderabad - 500 082.

CIN: L15209TG1992PLC014332 - www.heritagefoods.in - Tel: 040 - 23391221/23391222 Fax: 30685458, Email: hfl@heritagefoods.in

## STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

(RS. in lakhs)

Particulars	STANDALONE						CONSOLIDATED					
	Quarter Ended			Nine Months Ended			Quarter Ended			Nine Months Ended		
	31.12.2016 (Unaudited)	30.09.2016 (Unaudited)	31.12.2015 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Audited)	31.12.2016 (Unaudited)	30.09.2016 (Unaudited)	31.12.2015 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Audited)
<b>1. Income from operations</b>												
(a) Net Sales / Income from Operations (Net of excise duty)	64935.19	62676.88	57166.25	189557.24	171558.21	232895.32	64935.19	62676.88	57166.25	189557.24	171558.21	232895.32
(b) Other Operating Income	1771.52	1454.08	1091.20	4703.35	3220.38	5163.01	1771.52	1454.08	1091.20	4703.35	3220.38	5163.01
<b>Total Income from operations (a+b)</b>	<b>66706.71</b>	<b>64130.96</b>	<b>58257.46</b>	<b>194260.59</b>	<b>174778.59</b>	<b>238058.33</b>	<b>66706.71</b>	<b>64130.96</b>	<b>58257.46</b>	<b>194260.59</b>	<b>174778.59</b>	<b>238058.33</b>
<b>2. Expenditure</b>												
(a) Cost of materials consumed	35350.79	33847.61	37562.84	102494.51	104511.31	141378.79	35350.79	33847.61	37562.84	102494.51	104511.31	141378.79
(b) Purchase of stock-in-trade	16830.02	14180.37	12650.25	45174.12	35714.74	49296.66	16830.02	14180.37	12650.25	45174.12	35714.74	49296.66
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(384.01)	2084.24	(4082.94)	3692.19	(1922.34)	(2808.45)	(384.01)	2084.24	(4082.94)	3692.19	(1922.34)	(2808.45)
(d) Employees benefits expense	4270.34	4152.25	3592.21	12451.01	10270.47	13999.11	4270.34	4152.25	3592.21	12451.01	10270.47	13999.11
(e) Depreciation and amortisation expense	958.91	943.42	856.08	2805.32	2553.96	3451.21	958.91	943.42	856.08	2805.32	2553.96	3451.21
(f) Other expense	6764.01	6566.26	5675.01	19710.18	17025.30	23114.88	6767.49	6568.26	5675.01	19713.66	17025.31	23115.30
<b>Total expenditure (a+b+c+d+e+f)</b>	<b>63790.06</b>	<b>61776.14</b>	<b>56253.45</b>	<b>186322.33</b>	<b>168153.44</b>	<b>228432.20</b>	<b>63798.54</b>	<b>61776.14</b>	<b>56253.45</b>	<b>186330.81</b>	<b>168153.44</b>	<b>228432.21</b>
<b>3. Profit / (Loss) from operations before other income, finance costs &amp; exceptional items (1-2)</b>	<b>2916.65</b>	<b>2354.82</b>	<b>2004.00</b>	<b>7933.26</b>	<b>6625.15</b>	<b>9626.13</b>	<b>2913.16</b>	<b>2354.82</b>	<b>2004.00</b>	<b>7929.78</b>	<b>6625.14</b>	<b>9625.72</b>
4. Other Income	90.65	109.32	116.55	307.75	400.89	654.96	90.65	109.32	116.55	307.75	400.89	654.96
<b>5. Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>3007.30</b>	<b>2464.15</b>	<b>2120.55</b>	<b>8241.01</b>	<b>7026.04</b>	<b>10281.09</b>	<b>3003.82</b>	<b>2464.15</b>	<b>2120.55</b>	<b>8237.52</b>	<b>7026.04</b>	<b>10286.68</b>
6. Finance costs	244.42	245.56	327.41	753.58	1164.71	1545.89	244.42	245.56	327.41	753.58	1164.71	1545.89
<b>7. Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)</b>	<b>2762.88</b>	<b>2218.59</b>	<b>1793.14</b>	<b>7487.43</b>	<b>5861.33</b>	<b>8735.20</b>	<b>2759.39</b>	<b>2218.59</b>	<b>1793.14</b>	<b>7483.94</b>	<b>5861.33</b>	<b>8734.79</b>
8. Exceptional items	-	-	-	-	-	136.95	-	-	-	-	-	136.95
<b>9. Profit / (Loss) from ordinary activities before tax (7-8)</b>	<b>2762.88</b>	<b>2218.59</b>	<b>1793.14</b>	<b>7487.43</b>	<b>5861.33</b>	<b>8898.25</b>	<b>2759.39</b>	<b>2218.59</b>	<b>1793.14</b>	<b>7483.94</b>	<b>5861.33</b>	<b>8897.84</b>
<b>10. Tax expense</b>												
Current Tax / MAT	646.50	536.00	652.00	2122.50	2208.00	3086.50	646.50	536.00	652.00	2122.50	2208.00	3086.50
Prior period tax	-	(107.54)	-	(107.43)	(18.06)	(18.06)	-	(107.54)	-	(107.43)	(18.06)	(18.06)
Deferred Tax Change / (Credit)	122.25	220.30	4.02	256.07	(66.84)	(13.34)	122.25	220.30	4.02	256.07	(66.84)	(13.34)
<b>11. Net Profit / (Loss) from ordinary activities after tax (9-10)</b>	<b>1994.13</b>	<b>1569.83</b>	<b>1137.12</b>	<b>5216.29</b>	<b>3738.23</b>	<b>5543.15</b>	<b>1990.64</b>	<b>1569.83</b>	<b>1137.12</b>	<b>5212.80</b>	<b>3738.23</b>	<b>5542.74</b>
12. Extraordinary Items (net of tax expense)	-	-	-	-	-	-	-	-	-	-	-	-
<b>13. Net Profit / (Loss) for the period before share of profit / (loss) of associates and minority interest (11-12)</b>	<b>1994.13</b>	<b>1569.83</b>	<b>1137.12</b>	<b>5216.29</b>	<b>3738.23</b>	<b>5543.15</b>	<b>1990.64</b>	<b>1569.83</b>	<b>1137.12</b>	<b>5212.80</b>	<b>3738.23</b>	<b>5542.74</b>
14. Net Profit / (Loss) before tax for the period from continuing operations	2938.40	2966.40	2372.40	9162.48	7858.78	10581.51	2982.52	3002.34	2397.07	9264.89	8005.79	10751.69
15. Tax expense of continuing operations	846.80	817.73	843.24	2752.96	2807.49	3738.74	854.52	845.76	852.13	2797.92	2880.87	3801.18
<b>16. Net Profit / (Loss) after tax for the period from continuing operations (14-15)</b>	<b>2091.60</b>	<b>2148.67</b>	<b>1529.16</b>	<b>6409.52</b>	<b>5051.29</b>	<b>6842.77</b>	<b>2117.99</b>	<b>2156.58</b>	<b>1544.94</b>	<b>6466.98</b>	<b>5144.92</b>	<b>6950.51</b>
17. Net Profit / (Loss) before tax for the period from discontinuing operations	(175.52)	(747.81)	(579.26)	(1675.05)	(1997.46)	(1983.28)	(223.12)	(783.75)	(603.92)	(1780.95)	(2144.46)	(2163.85)
18. Tax expense of discontinuing operations	(78.04)	(168.97)	(187.22)	(481.81)	(684.40)	(683.65)	(95.77)	(197.00)	(196.11)	(526.77)	(737.77)	(746.09)
<b>19. Net Profit / (Loss) after tax for the period from discontinuing operations (17-18)</b>	<b>(97.48)</b>	<b>(578.84)</b>	<b>(392.04)</b>	<b>(1193.24)</b>	<b>(1313.06)</b>	<b>(1299.61)</b>	<b>(127.35)</b>	<b>(586.75)</b>	<b>(407.82)</b>	<b>(1254.18)</b>	<b>(1406.69)</b>	<b>(1417.76)</b>
<b>20. Share of profit / (loss) of associates</b>	-	-	-	-	-	-	(0.03)	(0.02)	(0.05)	(0.06)	(0.06)	(0.09)
21. Minority interest	-	-	-	-	-	-	-	-	(0.001)	-	(0.001)	(0.04)
<b>22. Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (13-20+21)</b>	<b>1994.13</b>	<b>1569.83</b>	<b>1137.12</b>	<b>5216.29</b>	<b>3738.23</b>	<b>5543.15</b>	<b>1990.61</b>	<b>1569.82</b>	<b>1137.08</b>	<b>5212.75</b>	<b>3738.17</b>	<b>5542.69</b>
23. Paid-up equity share capital	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90
Face value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
24. Reserves excluding revaluation reserves as per Balance Sheet of previous Accounting year	----	----	----	----	----	21679.38	----	----	----	----	----	21670.86
<b>25. Earnings per share (Rs.)</b>												
<b>Continuing Operations:</b>												
a) EPS for the period before extraordinary items, for the year to date and for the previous year (not annualized):												
i. Basic	9.02	9.26	6.59	27.63	21.77	29.50	9.13	9.30	6.66	27.88	22.18	30.00
ii. Diluted	9.02	9.26	6.59	27.63	21.77	29.50	9.13	9.30	6.66	27.88	22.18	30.00
a) EPS for the period after extraordinary items, for the year to date and for the previous year (not annualized):												
i. Basic	9.02	9.26	6.59	27.63	21.77	29.50	9.13	9.30	6.66	27.88	22.18	30.00
ii. Diluted	9.02	9.26	6.59	27.63	21.77	29.50	9.13	9.30	6.66	27.88	22.18	30.00
<b>Discontinuing Operations:</b>												
a) EPS for the period before extraordinary items, for the year to date and for the previous year (not annualized):												
i. Basic	(0.42)	(2.50)	(1.69)	(5.14)	(5.66)	(5.60)	(0.55)	(2.53)	(1.76)	(5.41)	(6.06)	(6.11)
ii. Diluted	(0.42)	(2.50)	(1.69)	(5.14)	(5.66)	(5.60)	(0.55)	(2.53)	(1.76)	(5.41)	(6.06)	(6.11)
a) EPS for the period after extraordinary items, for the year to date and for the previous year (not annualized):												
i. Basic	(0.42)	(2.50)	(1.69)	(5.14)	(5.66)	(5.60)	(0.55)	(2.53)	(1.76)	(5.41)	(6.06)	(6.11)
ii. Diluted	(0.42)	(2.50)	(1.69)	(5.14)	(5.66)	(5.60)	(0.55)	(2.53)	(1.76)	(5.41)	(6.06)	(6.11)



**HERITAGE FOODS LIMITED**  
(Formerly known as M/s. Heritage Foods (India) Limited)  
CIN : L15209TG1992PLC014332  
AN ISO: 22000 CERTIFIED COMPANY



Regd. Off: # 6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana, INDIA. Tel: +91-40-23391221, 23391222 Fax: 30685458 email : hfl@heritagefoods.in, website : www.heritagefoods.in





SEGMENT REPORTING FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016													(Rs. in lakhs)			
Particulars	STANDALONE						CONSOLIDATED									
	Quarter Ended			Nine Months Ended			Quarter Ended			Nine Months Ended				Year Ended		
	31.12.2016 (Unaudited)	30.09.2016 (Unaudited)	31.12.2015 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Audited)	31.12.2016 (Unaudited)	30.09.2016 (Unaudited)	31.12.2015 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Audited)				
<b>1. Segment Revenue</b>																
a. Dairy	45958.37	46200.34	43033.52	138209.07	130894.51	176880.13	45958.37	46200.34	43033.52	138209.07	130894.51	176880.13				
b. Retail	20464.39	17463.00	14444.40	54808.66	41700.57	58286.49	20464.39	17463.00	14444.40	54808.66	41700.57	58286.49				
c. Agri	1210.53	1279.12	849.48	3795.13	2641.24	3872.15	1210.53	1279.12	849.48	3795.13	2641.24	3872.15				
d. Bakery	341.98	360.06	215.03	956.22	614.07	812.04	341.98	360.06	215.03	956.22	614.07	812.04				
e. Renewable Energy	112.26	123.13	78.54	346.84	207.46	304.30	112.26	123.13	78.54	346.84	207.46	304.30				
f. Vet Ca	1527.30	1365.66	1556.83	4228.54	4304.34	5695.57	1527.30	1365.66	1556.83	4228.54	4304.34	5695.57				
g. Heritage Foods Retail Limited	-	-	-	-	-	-	-	-	-	-	-	-				
h. Heritage Conpro Ltd	-	-	-	-	-	-	-	-	-	-	-	-				
<b>Total Segment Revenue</b>	<b>69614.83</b>	<b>66791.30</b>	<b>60177.79</b>	<b>202344.47</b>	<b>180362.28</b>	<b>245850.68</b>	<b>69614.83</b>	<b>66791.30</b>	<b>60177.79</b>	<b>202344.47</b>	<b>180362.28</b>	<b>245850.68</b>				
Less: Inter Segment Revenue	2908.12	2660.34	1920.33	8083.87	5583.70	7792.35	2908.12	2660.34	1920.33	8083.87	5583.70	7792.35				
<b>Net Sales / Income from Operations</b>	<b>66706.71</b>	<b>64130.96</b>	<b>58257.46</b>	<b>194260.59</b>	<b>174778.59</b>	<b>238058.33</b>	<b>66706.71</b>	<b>64130.96</b>	<b>58257.46</b>	<b>194260.59</b>	<b>174778.59</b>	<b>238058.33</b>				
<b>2. Segment Results</b> (Profit (+) / (Loss) (-) before finance costs and tax)																
a. Dairy	3105.73	3047.62	2565.01	9544.54	8598.10	11532.19	3105.73	3047.62	2565.01	9544.54	8598.10	11532.19				
b. Retail	(113.64)	(623.20)	(442.57)	(1354.02)	(1536.38)	(1380.99)	(113.64)	(623.20)	(442.57)	(1354.02)	(1536.38)	(1380.99)				
c. Agri	(68.23)	(91.15)	(73.23)	(236.22)	(265.17)	(312.41)	(68.23)	(91.15)	(73.23)	(236.22)	(265.17)	(312.41)				
d. Bakery	(1.07)	4.36	(6.29)	(6.23)	(31.65)	(61.52)	(1.07)	4.36	(6.29)	(6.23)	(31.65)	(61.52)				
e. Renewable Energy	37.53	81.17	35.83	171.34	74.27	126.17	37.53	81.17	35.83	171.34	74.27	126.17				
f. Vet Ca	45.04	33.38	35.39	102.29	141.64	176.63	45.04	33.38	35.39	102.29	141.64	176.63				
g. Heritage Foods Retail Limited	-	-	-	-	-	-	(0.08)	-	-	(0.08)	-	(0.24)				
h. Heritage Conpro Ltd	-	-	-	-	-	-	(3.40)	-	-	(3.40)	-	(0.17)				
<b>Total Segment Results</b>	<b>3005.36</b>	<b>2452.18</b>	<b>2114.14</b>	<b>8221.70</b>	<b>6980.82</b>	<b>10080.06</b>	<b>3001.88</b>	<b>2452.18</b>	<b>2114.14</b>	<b>8218.22</b>	<b>6960.82</b>	<b>10079.65</b>				
Less: i. Finance costs	244.42	245.56	327.41	753.58	1164.71	1545.89	244.42	245.56	327.41	753.58	1164.71	1545.89				
ii. Other un-allocable expenses net off	-	-	-	-	-	-	-	-	-	-	-	-				
<b>Add: i. Interest income</b>	<b>1.94</b>	<b>7.97</b>	<b>6.41</b>	<b>15.30</b>	<b>42.16</b>	<b>61.01</b>	<b>1.94</b>	<b>7.97</b>	<b>6.41</b>	<b>15.30</b>	<b>42.16</b>	<b>61.01</b>				
ii. Other un-allocable income	-	4.00	-	4.00	3.06	3.06	-	4.00	-	4.00	3.06	3.06				
<b>Total Profit before Tax</b>	<b>2762.88</b>	<b>2218.59</b>	<b>1793.14</b>	<b>7487.43</b>	<b>5861.33</b>	<b>8598.25</b>	<b>2759.39</b>	<b>2218.59</b>	<b>1793.14</b>	<b>7483.94</b>	<b>5861.33</b>	<b>8597.84</b>				
<b>3. Segment Assets:</b>																
a. Dairy	34592.48	28942.12	31586.17	34592.48	31586.17	30744.64	34592.48	28942.12	31586.17	34592.48	31586.17	30744.64				
b. Retail	15170.66	14440.91	12537.64	15170.66	12537.64	15663.43	15170.66	14440.91	12537.64	15170.66	12537.64	15663.43				
c. Agri	2666.33	2723.62	3017.68	2666.33	3017.68	2958.51	2666.33	2723.62	3017.68	2666.33	3017.68	2958.51				
d. Bakery	1014.54	1039.98	1089.59	1014.54	1089.59	1130.52	1014.54	1039.98	1089.59	1014.54	1089.59	1130.52				
e. Renewable Energy	4481.48	4521.79	1549.73	4481.48	1549.73	2944.89	4481.48	4521.79	1549.73	4481.48	1549.73	2944.89				
f. Vet Ca	1730.87	1105.40	918.61	1730.87	918.61	983.43	1730.87	1105.40	918.61	1730.87	918.61	983.43				
g. Heritage Foods Retail Limited	-	-	-	-	-	-	-	-	-	-	-	-				
h. Heritage Conpro Ltd	-	-	-	-	-	-	-	-	-	-	-	-				
i. Unallocated	1452.37	1445.78	1269.81	1452.37	1269.81	1321.59	1452.37	1445.78	1269.81	1452.37	1269.81	1321.59				
<b>Total</b>	<b>61108.73</b>	<b>54219.60</b>	<b>51969.23</b>	<b>61108.73</b>	<b>51969.23</b>	<b>53746.82</b>	<b>61108.73</b>	<b>54221.10</b>	<b>51969.23</b>	<b>61108.73</b>	<b>51969.23</b>	<b>53746.82</b>				
<b>4. Segment Liabilities:</b>																
a. Dairy	13528.87	11658.17	10739.88	13528.87	10739.88	11170.99	13528.87	11658.17	10739.88	13528.87	10739.88	11170.99				
b. Retail	5712.67	4720.84	4117.84	5712.67	4117.84	5031.15	5712.67	4720.84	4117.84	5712.67	4117.84	5031.15				
c. Agri	249.22	284.68	213.50	249.22	213.50	241.80	249.22	284.68	213.50	249.22	213.50	241.80				
d. Bakery	104.75	135.87	65.72	104.75	65.72	66.01	104.75	135.87	65.72	104.75	65.72	66.01				
e. Renewable Energy	34.08	219.61	6.54	34.08	6.54	335.74	34.08	219.61	6.54	34.08	6.54	335.74				
f. Vet Ca	647.63	459.21	616.46	647.63	616.46	488.85	647.63	459.21	616.46	647.63	616.46	488.85				
g. Heritage Foods Retail Limited	-	-	-	-	-	-	0.10	0.25	0.38	0.10	0.38	0.47				
h. Heritage Conpro Ltd	-	-	-	-	-	-	-	0.24	0.32	-	0.32	0.40				
i. Unallocated	1609.73	1349.86	1372.73	1609.73	1372.73	1623.39	1609.73	1349.86	1372.73	1609.73	1372.73	1623.39				
<b>Total</b>	<b>21886.94</b>	<b>18828.24</b>	<b>17132.67</b>	<b>21886.94</b>	<b>17132.67</b>	<b>18957.92</b>	<b>21887.05</b>	<b>18828.24</b>	<b>17133.37</b>	<b>21887.05</b>	<b>17133.37</b>	<b>18958.79</b>				

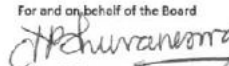
Notes:

- The above results for the quarter ended December 31, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on January 24, 2017.
- The Statutory Auditors have conducted a limited review of accounts for the aforesaid period.
- As per the Accounting Standard (AS- 17), the Company has identified Dairy, Retail, Agri, Bakery, Renewable Energy and Vet Ca segments as reportable segments. The segment wise results are given above.
- In view of composite scheme of arrangement between Heritage Foods Limited, Heritage Foods Retail Limited and Future Retail Limited, the company is in the process of transferring its business segments- Retail, Agri, Bakery and Vetca to its wholly owned subsidiary Heritage Foods Retail Ltd (HFRL), subject to the approvals from National Company Law Tribunal and other statutory authorities, to focus on Dairy and Renewable Energy business segments. After receiving the requisite approvals, Heritage Foods Retail Limited (HFRL) will demerge its business segments Retail, Agri and Bakery to Future Retail Limited (FRL).

Retail, Agri, Bakery and Vetca segments are considered as discontinuing operations in standalone results. Retail, Agri and Bakery segments are considered as discontinuing operations in consolidated results. The details of discontinuing operations as required by Accounting Standard (AS-24) are disclosed below:

Particulars	STANDALONE (Retail, Agri, Bakery and Vetca)						CONSOLIDATED (Retail, Agri, Bakery)					
	Quarter Ended			Nine Months Ended			Quarter Ended			Nine Months Ended		
	31.12.2016	30.09.2016	31.12.2015	31.12.2016	31.12.2015	31.03.2016	31.12.2016	30.09.2016	31.12.2015	31.12.2016	31.12.2015	31.03.2016
Total Income	23584.17	20506.20	17113.13	89209.92	49413.32	68940.93	22056.87	19236.09	15556.30	59686.79	45084.92	63217.56
Total Expenses	23759.69	21254.00	17692.38	65595.97	51410.78	70524.19	22279.99	19919.84	16160.22	61467.74	47229.38	65381.41
Profit Before Taxes	(175.52)	(747.81)	(579.25)	(1675.05)	(1997.46)	(1983.26)	(223.12)	(783.75)	(603.92)	(1780.95)	(2144.46)	(2163.85)
Net Profit/(Loss) after tax for the period	(97.48)	(578.84)	(392.04)	(1193.24)	(1313.06)	(1299.63)	(127.35)	(585.75)	(407.82)	(1254.18)	(1406.89)	(1417.76)

5. Figures of previous period(s)/ year(s) have been regrouped/rearranged wherever necessary.

For and on behalf of the Board  
  
 N Bhuvaneshwar  
 Vice Chairperson & Managing Director  
 DIN - 00003741

Date: January 24, 2017  
 Place: Hyderabad



**HERITAGE FOODS LIMITED**  
 (Formerly known as M/s. Heritage Foods (India) Limited)  
 CIN : L15209TG1992PLC014332  
 AN ISO: 22000 CERTIFIED COMPANY



Regd. Off: # 6-3-541/C, Penjagutta, Hyderabad - 500 082, Telangana, INDIA. Tel: + 91-40-23391221, 23391222 Fax: 30685458 email: hfl@heritagefoods.in, website: www.heritagefoods.in

## LIMITED REVIEW REPORT

To  
The Board of Directors,  
M/s Heritage Foods Limited.

We have reviewed the accompanying statement of unaudited standalone financial results of M/s Heritage Foods Limited for the period ended 31<sup>st</sup> December 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors / Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

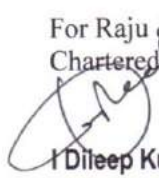
We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial information performed by the Independent auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulations 33 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Hyderabad  
Date: 24-01-2017



For Raju & Prasad  
Chartered accountants

  
Dileep Kumar  
Partner

Membership No: 223943  
Firm Reg. No: 003475S

**New Delhi Branch:**  
A 20/20, DLF City,  
Phase - I,  
Gurgaon - 122 002  
Ph: 0124-4056132

**Mumbai Branch:**  
511, The Corporate Centre,  
Nirmal Lifestyle Mall,  
L.B.S. Road, Mulund West,  
Mumbai - 400 080  
Ph: 022-25671155 / 1199

**Bangalore Branch:**  
# 202, Akash Avenue,  
# 34, 1st Main, SBM Colony,  
Anand Nagar,  
Bangalore - 560 024  
Ph : +91-9241570047

**Jalgaon Branch:**  
Flat No. 7,  
Krunal Apartments,  
Ganapathi Nagar,  
Jalgaon - 475 001  
Cell : +91-9966738900

**Navi Mumbai Branch:**  
B-712, Groma House,  
Near APMC Market,  
Vashi,  
Navi Mumbai - 400703  
Cell : +91-9967220322



## LIMITED REVIEW REPORT

To  
The Board of Directors,  
M/s Heritage Foods Limited.

We have reviewed the accompanying statement of consolidated unaudited financial results of M/s Heritage Foods Limited, its subsidiaries M/s. Heritage Foods Retail Limited and M/s. Heritage Conpro Limited and its associate M/s. SKIL Raigam Power (India) Limited for the quarter ended 31<sup>st</sup> December 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors / Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial information performed by the Independent auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulations 33 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Hyderabad  
Date: 24-01-2017



For Raju & Prasad  
Chartered accountants

*[Signature]*  
**I Dileep Kumar**  
Partner

Membership No: 223943  
Firm Reg. No: 003475S

**New Delhi Branch:**  
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Near APMC Market,  
Vashi,  
Navi Mumbai - 400703  
Cell : +91-9967220322

**Heritage Foods Retail Limited**  
**Balance Sheet as at 30th September, 2016**

(Amount in Rs.)

Particulars	Note No	As at 30.09.2016	As at 31.03.2016
<b>EQUITY AND LIABILITIES</b>			
1) Shareholders' Funds			
a) Share Capital	1	1656000	1656000
b) Reserves and Surplus	2	(1409142)	(1409027)
<b>Sub Total</b>		<b>246858</b>	<b>246973</b>
2) Share application money pending allotment		-	-
3) Non-Current Liabilities		-	-
4) Current Liabilities			
Other current liabilities	3	25054	47313
<b>Total</b>		<b>271912</b>	<b>294286</b>
<b>ASSETS</b>			
1) Non-current assets		-	-
2) Current assets			
Cash and cash equivalents	4	271912	294286
<b>Total</b>		<b>271912</b>	<b>294286</b>
<b>Summary of significant Accounting Policies &amp; Notes to Financial statements</b>	1 to 14		

As per our report attached  
For **Raju & Prasad**

Chartered Accountants

(Firm No.003475S)

*Y. Balakrishna Reddy*  
**Y. BALAKRISHNA REDDY**

Partner

Membership No.223701



Date: November 07, 2016

Place : Hyderabad

For and on behalf of the Board

*N. Brahmani*

**N. BRAHMANI**

Managing Director

DIN: 02338940

*M. Sambasiva Rao*

**M. SAMBASIVA RAO**

Director

DIN: 01887410



**Heritage Foods Retail Limited**  
**Statement of Profit and Loss for the Period ended 30th September, 2016**

(Amount in Rs.)

Particulars	Note No	Period Ended	Period Ended
		30.09.2016	30.09.2015
I. Revenue from operations		-	-
II. Other Income		-	-
<b>III. Total Revenue (I +II)</b>		-	-
IV. Expenses:			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefits expense		-	-
Finance costs		-	-
Depreciation and amortization expense		-	-
Other expenses	5	115	-
<b>Total expenses</b>		115	-
V. Profit before exceptional and extraordinary items and tax		(115)	-
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(115)	-
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		(115)	-
X. Tax expense:		-	-
XI. Profit(Loss) from the period from continuing operations		(115)	-
XII. Earning per equity share:			
(1) Basic		(0)	-
(2) Diluted		(0)	-
<b>Summary of significant Accounting Policies &amp; Notes to Financial statements</b>	1 to 14		

As per our report attached

For **Raju & Prasad**

Chartered Accountants

(Firm No.003475S)

*Y. Balakrishna Reddy*

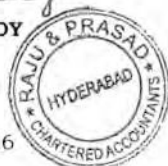
**Y. BALAKRISHNA REDDY**

Partner

Membership No.223701

Date: November 07, 2016

Place : Hyderabad



For and on behalf of the Board

*N. Brahmani*

**N. BRAHMANI**  
Managing Director  
DIN: 02338940

*M. Sambasiva Rao*

**M. SAMBASIVA RAO**  
Director  
DIN: 01887410

**Heritage Foods Retail Limited**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

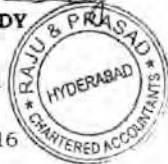
(Amount in Rs.)

PARTICULARS	Period Ended 30.09.2016	Period Ended 30.09.2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before tax	(115)	-
Adjustment for		
Depreciation	-	-
Interest	-	-
Operating Profit before working capital changes	(115)	-
Adjustment for:		
Inventories	-	-
Trade and other Receivables	-	-
Other current Liabilities	(22259)	(14,013)
Cash generated from operations	(22374)	(14,013)
Direct taxes paid (incl. taxation of earlier years)	-	-
<b>Net Cash (Used) / generated for / from operations</b>	<b>(22374)</b>	<b>(14,013)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	-	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Equity Shares	-	-
<b>Net Cash (Used) / generated for / from Financing Activities</b>		
Net increase / (decrease) in cash and cash equivalents	(22374)	(14,013)
Cash and Cash equivalents as at the beginning of the year	294286	323314
<b>Cash and Cash equivalents as at end of the Period</b>	<b>271912</b>	<b>309301</b>
<b>Summary of significant Accounting Policies &amp; Notes to Financial statements</b>	1 to 14	

As per our report attached  
For **Raju & Prasad**  
Chartered Accountants  
(Firm No.003475S)

*Y. Balakrishna Reddy*  
**Y. BALAKRISHNA REDDY**  
Partner  
Membership No.223701

Date: November 07, 2016  
Place : Hyderabad



**For and on behalf of the Board**

*N. Brahmani*  
**N. BRAHMANI**  
Managing Director  
DIN: 02338940

*M. Sambasiva Rao*  
**M. SAMBASIVA RAO**  
Director  
DIN: 01887410

Ref: NSE/LIST/101149

January 18, 2017

The Company Secretary  
Future Retail Limited  
Knowledge House,  
Shyam Nagar,  
Off. Jogeshwari-Vikhroli Link Road,  
Jogeshwari (E)  
Mumbai - 400060

**Kind Attn.: Mr. Virendra Samani**

Dear Sir,

**Sub: Observation Letter for Draft Scheme of Composite Scheme of Arrangement of Heritage Foods Limited, Heritage Foods Retail Limited and Future Retail Limited with its Shareholders and Creditors**

We are in receipt of the draft composite scheme of arrangement of Heritage Foods Limited (HFL), Heritage Foods Retail Limited (HFRL) and Future Retail Limited (FRL) with its shareholders and creditors, filed by Heritage Foods Limited vide its letter dated November 17, 2016.

Based on our letter reference no Ref: NSE/LIST/98682 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, SEBI has vide letter dated January 18, 2017, has given following comments:

- a. The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the date of receipt of this letter is displayed on the websites of the company*
- b. The Company shall duly comply with various provisions of the Circular.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our “No-objection” in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the Hon’ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from January 18, 2017, within which the scheme shall be submitted to the Hon’ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon’ble High Court, you shall submit to NSE the following:





- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure III of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Yours faithfully,  
For **National Stock Exchange of India Ltd** .

Divya Poojari  
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL [http://www.nseindia.com/corporates/content/further\\_issues.htm](http://www.nseindia.com/corporates/content/further_issues.htm)

DCS/AMAL/ND/R37/680/2016-17

January 18, 2017

The Company Secretary  
**Future Retail Limited**  
Knowledge House,  
Off. Jogeshwari Vikhroli Link Road,  
Shyam Nagar, Jogeshwari (East),  
Mumbai 400060

Sir,

**Sub: Observation letter regarding the Draft Scheme of Arrangement between Heritage Foods Limited, Heritage Foods Retail Limited and Future Retail Limited.**

We are in receipt of Draft Scheme Arrangement between Heritage Foods Limited, Heritage Foods Retail Limited and Future Retail Limited and their respective shareholders and creditors filed as required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated January 18, 2017, has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company shall ensure that additional information, if any, submitted by the company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the Circulars."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

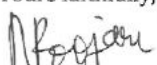
Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- Copy of the High Court approved Scheme;
- Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- Status of compliance with the Observation Letter/s of the stock exchanges;
- The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- Complaints Report as per Annexure II of this Circular.
- Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

  
**Nith Pujari**  
Manager

**S&P**  **BSE SENSEX**

BSE Limited (Formerly Bombay Stock Exchange Ltd.)  
Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India  
T: +91 22 2272 1234/33 E: corp.com@bseindia.com www.bseindia.com  
Corporate Identity Number : U67120MH2005PLC155188

# FUTURE RETAIL

Date: December 12, 2016

**To**  
**Listing Department**  
 BSE Limited  
 Phiroze Jeejeebhoy Towers, Dalal Street,  
 Mumbai- 400001

BSE - Scrip Code: 540064

**To**  
**Listing Department**  
 National Stock Exchange of India Limited  
 Bandra Kurla Complex, Bandra East,  
 Mumbai – 400051

NSE - Scrip Code: FRETAIL

**Ref: SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 ('Circular') dealing with requirements of the Stock Exchanges on a Scheme of Arrangement**

**Sub: Composite Scheme of Arrangement among Heritage Foods Limited ("Transferor Company" or "HFL"), Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") and Future Retail Limited ("Resulting Company" or "the Company" or "FRL") and their respective Shareholders and Creditors ("the Scheme") under Sections 391-394 read with Sections 100-103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 / Companies Act, 2013.**

Dear Sirs / Madam,

This is with reference to the information / documents filed with you vide our letter dated November 17, 2016 as required under SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 ('Circular') and subsequent information / documents submitted from time to time as per your requirements.

As stated in our letter dated November 17, 2016, we hereby submit the Complaints Report containing details of complaints / comments on the Scheme of Arrangement (annexed hereto as Annexure I)

The soft copy of the Complaints Report is being separately sent to you by e-mail. We have also uploaded the Complaints Report on our website under the following link:

**<http://futureretail.in/investors/Scheme-under-consideration.html>**

We request you to kindly upload the same on your website as required under the above mentioned Circular.

If you require any further clarifications/ information, we would be happy to provide the same.

Thanking You,

Yours Sincerely,

For Future Retail Limited,

*Virendra Samani*  
 Virendra Samani  
 Dy. Company Secretary



Encl: As above

**Future Retail Limited** (Formerly known as Bharti Retail Limited)

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

P +91 22 6644 2200, F + 91 22 6644 2201, [www.futureretail.co.in](http://www.futureretail.co.in)

CIN : L51909MH2007PLC268269



# FUTURE RETAIL

## Complaints Report as on December 10, 2016

### Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchanges	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	NIL
5.	Number of complaints pending	NIL

### Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable	Not Applicable	Not Applicable
2.			
3.			

For Future Retail Limited

*Virendra Samani*  
Virendra Samani  
Dy. Company Secretary



# FUTURE RETAIL

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF M/S FUTURE RETAIL LIMITED AT ITS MEETING HELD ON 07TH FEBRUARY, 2017 AT MUMBAI EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON-PROMOTER SHAREHOLDERS, LAYING OUT IN PARTICULAR THE SHARE ENTITLEMENT.**

The transfer of Retail Undertaking of Heritage Foods Limited ('HFL') from its wholly owned subsidiary, Heritage Foods Retail Limited ('HFRL') into Future Retail Limited ('the Company' or 'FRL') through a Demerger under a Composite Scheme of Arrangement among Heritage Foods Limited and Heritage Foods Retail Limited and Future Retail Limited and their respective Shareholders and Creditors ('the Scheme') was approved by the Board of Directors vide at their meeting held on 7th November, 2016. Subsequent to the said date, provisions of Section 230 to Section 232 of the Companies Act, 2013 *inter-alia* governing arrangement of companies have become operative with effect from 15<sup>th</sup> December, 2016.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Directors explaining effect of compromise on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio, is required to be circulated to the shareholders along with the notice convening the meeting.

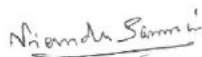
Having regard to the aforesaid new provisions, following was discussed by the Board of Directors of Company:

1. For the Scheme, the Valuation Report was obtained from M/s S.R. Baltiboi & Co. LLP, Chartered Accountants, wherein the following share entitlement was recommended in their report dated 7th November, 2016 in respect of the demerger of Retail Division or Undertaking of HFRL into FRL:

In consideration for the demerger of Retail Division or Undertaking of HFRL into FRL in terms of the Scheme and based on Share Entitlement Report issued by M/s S.R. Baltiboi & Co. LLP, Independent Chartered Accountants and Fairness Opinion provided by M/s Keynote Corporate Services Limited, a Category I Merchant Banker, FRL will issue an aggregate of 1,78,47,420 (One Crore Seventy Eight Lakhs Forty Seven Thousand Four Hundred and Twenty) equity shares of Rs. 2 (Rupees Two) each, fully paid up to the equity shareholders of HFRL as on the Record Date (as of now HFL) on a proportionate basis.

2. As far as the shareholders of the Company are concerned (promoter shareholders as well as non-promoter shareholders), there will be dilution in their shareholding in the Company on issuance of Equity Shares to HFL. Further, HFL, receiving equity shares in the Company pursuant to the Scheme, will form part of public shareholders.
3. The Company is not expecting any change in the KMPs of the Company in pursuance of the Scheme becoming Effective.

**For Future Retail Limited**



**Virendra Samani**  
**Dy. Company Secretary**

Place : Mumbai

Date : 07th February, 2017

**Future Retail Limited** (Formerly known as Bharti Retail Limited)

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

P + 91 22 6644 2200, F + 91 22 6644 2201, [www.futureretail.co.in](http://www.futureretail.co.in)

CIN : L51909MH2007PLC268269

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**Before the National Company Law Tribunal Bench  
At Mumbai**

**In the matter of the Companies Act, 2013**

**And**

**In the matter of Heritage Foods Limited ('HFL' or 'Transferor Company') and Heritage Foods Retail Limited ('HFRL' or 'Transferee Company' or 'Demerged Company') and Future Retail Limited ('FRL' or 'Resulting Company' or 'The Company')**

**And**

**In the Matter of Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956 and / or Sections 230 to 232 and Section 66 of the Companies Act, 2013 (as applicable) and Section 52 of the Companies Act, 2013**

**M/s Future Retail Limited**

**..... the Applicant Company / the Company**

**PROXY FORM**

Name of the member(s): \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Folio No./ Client ID: \_\_\_\_\_ DP ID: \_\_\_\_\_

I /We, being the member(s) of \_\_\_\_\_ shares of Future Retail Limited, hereby appoint –

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ Or failing him/her
2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ Or failing him/her
3. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy and whose signature(s) are appended below to attend and vote (on Poll & Ballot) for me/us and on my/our behalf at the National Company Law Tribunal convened meeting of the Equity Shareholders of the Company to be held on Thursday, 06th April, 2017 at 10:30 AM at Rangaswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021 and at any adjournment or adjournments thereof in respect of such resolution and in such manner as are indicated below:

Sl. No.	Particulars
1.	Approval of Scheme of Arrangement among Heritage Foods Limited and Heritage Foods Retail Limited and Future Retail Limited and their respective Shareholders and Creditors and related matters thereto

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

Affix  
Revenue  
Stamp

Signature of Shareholder(s)

Signature of Proxy: \_\_\_\_\_

**NOTES:**

1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Knowledge House, Shyam Nagar, Off. Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060 not less than 48 hours before the commencement of the Meeting. Proxy need not be the shareholder of the Company.
2. Alterations, if any, made in the Form of Proxy should be signed.
3. In case of multiple proxies, the proxy later in time shall be accepted.
4. Body Corporate and FPI/FII Equity Shareholder(s) would be required to deposit certified copies of Board/Custodial Resolutions/Power of Attorney in original, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of Company at Knowledge House, Shyam Nagar, Off. Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060 at least 48 hours before the time of commencement of the meeting.

