

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 15th 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