

**SCHEME OF ARRANGEMENT
BETWEEN
HYPERCITY RETAIL (INDIA) LIMITED ('HRIL' OR 'DEMERGED COMPANY')
AND
FUTURE RETAIL LIMITED ('FRL' OR 'RESULTING COMPANY')
AND
THEIR RESPECTIVE SHAREHOLDERS
(Under Sections 230 to 232 of the Companies Act, 2013 and other applicable
provisions of the Companies Act, 2013)**

(A) PREAMBLE

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

(B) RATIONALE FOR THE SCHEME

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



- (c) synergies expected to bring in cost savings in the marketing, selling and distribution expenses as well as give benefits of the economies of scale to the Company.

(C) Parts of the Scheme:

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

- (i) **PART I** deals with the definitions and share capital;
- (ii) **PART II** deals with the transfer and vesting of the Retail Business Undertaking of HRIL into FRL;
- (iii) **PART III** deals with general terms and conditions applicable to this Scheme.



PART I
DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- 1.1 **“Act”** means the Companies Act, 1956 and / or the Companies Act, 2013 (as the case may be and to the extent applicable) as in force from time to time (including any statutory modifications(s) or re-enactment(s) thereof) and rules and regulations made thereunder, for the time being in force, and which may relate or are applicable to the arrangement.
- 1.2 **“Applicable Law”** means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/or jurisdiction, (b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or governmental approvals of, or agreements with, any governmental authority or recognized stock exchange, and (c) international treaties, conventions and protocols, as may be in force from time to time;
- 1.3 **“Appointed Date”** means 1st December, 2017 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authority as may be applicable;
- 1.4 **“Board”** means the Board of Directors of HRIL and FRL or any Committee of Directors constituted or appointed and authorized to take any decision for the implementation of this Scheme on behalf of such Board of Directors;
- 1.5 **“Effective Date” or “coming into effect of this Scheme” or “upon the Scheme becoming effective”** means the last of the dates on which the certified copy of the Order of the National Company Law Tribunal sanctioning the Scheme of Arrangement is filed by HRIL and FRL with the concerned Registrar of Companies;
- 1.6 **“FRL”** means Future Retail Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060;
- 1.7 **“HRIL”** means Hypercity Retail (India) Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Umang Tower, 2nd Floor, Mindspace, Off. Link Road, Malad (W), Mumbai – 400 064;
- 1.8 **“National Company Law Tribunal” or “NCLT” or “Tribunal”** the National Company Law Tribunal having applicable jurisdiction;



- 1.9 **“Remaining Business of HRIL” or “Remaining Undertaking of HRIL”** means all the undertakings, businesses, activities and operations of HRIL other than the Retail Business Undertaking (as defined in Clause 1.10 below);
- 1.10 **“Retail Business Undertaking”** means business of HRIL comprising of the hyper market stores operated by it under the name ‘Hypercity’, on a going concern basis and includes without limitation:
- (i) All assets and liabilities (excluding assets and liabilities pertaining to Remaining Business of HRIL as defined in Clause 1.9 above) pertaining to the Retail Business Undertaking of HRIL including but not limited to intellectual property rights, inventories, stock-in-trade or stock-in-transit and merchandising including raw materials, supplies, finished goods, wrapping supply and packaging items, all earnest moneys and / or security deposits, cash and bank balances, advances, receivables, together with all present and future liabilities appertaining or relatable thereto;
 - (ii) Without prejudice to the provisions of sub-clause (i) above, the Retail Business Undertaking of HRIL shall include all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets in connection with or pertaining or relatable to the Retail Business Undertaking of HRIL such as goodwill, customer lists, customer connects, licenses, permits, quotas, registrations, agreements, contracts, arrangements, privileges or all other rights including tax deferrals and tax credits and other benefits, incentives, tenancy rights, if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the Retail Business Undertaking of HRIL and all deposits and or moneys paid or received by HRIL in connection with or pertaining or relatable to the Retail Business Undertaking and all statutory licences, permissions, approvals or consents to carry on the operations of the Retail Business Undertaking of HRIL;

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

- (a) The liabilities, which arise out of the activities or operations of the Retail Business Undertaking of HRIL;



- (b) Specific loans and borrowings raised, incurred and / or utilized solely for the activities or operation of the Retail Business Undertaking of HRIL; and
 - (c) Liabilities other than those referred to in sub-clauses (a) and (b) above and not directly relatable to the Retail Business of HRIL, being the amounts of general or multipurpose borrowings of HRIL shall be allocated to the Retail Business Undertaking of HRIL in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of HRIL immediately before giving effect to this Scheme.
- (iii) All employees of HRIL employed in and / or relatable to the Retail Business Undertaking of HRIL as on the Effective Date;
 - (iv) All deposits and balances with government, semi government, local and other authorities, and bodies, customers and other persons, earnest moneys and / or security deposits paid or received by HRIL directly or indirectly in connection with or relating to the Retail Business Undertaking;
 - (v) All necessary books, records, files, papers, product specification, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Retail Business Undertaking of HRIL.

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

1.11 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in its present form as submitted to the NCLT or this Scheme with such modification(s), if any made, as per Clause 18 of the Scheme;

1.12 **“Stock Exchange”** means BSE Limited and National Stock Exchange of India Limited.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996, other applicable laws,



rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. SHARE CAPITAL

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

Share Capital	Amount in Rs. Crores
Authorized Share Capital	
62,50,00,000 Equity Shares of Rs. 10/- each	625.00
Total	625.00
Issued, Subscribed and Paid-up Share Capital	
15,10,30,306 Equity Shares of Rs. 10 each, fully paid up	151.03
Total	151.03

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

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

Share Capital	Amount in Rs. Crores
Authorized Share Capital	
12,50,00,00,000 Equity Shares of Rs. 2/- each	2500.00
Total	2500.00
Issued Share Capital	
48,99,16,152 Equity Shares of Rs.2/- each	97.98
Total	97.98
Subscribed and Paid up Capital	



Share Capital	Amount in Rs. Crores
48,98,11,781 Equity Shares of Rs.2/- each, fully paid-up	97.96
Total	97.96

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

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

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

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

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

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

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



PART II

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

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

4.1.1 Upon the Scheme becoming effective, with effect from the Appointed Date, the whole of the said assets, as aforesaid, of Retail Business Undertaking of HRIL, of whatsoever nature and where so ever situated and incapable of passing by manual delivery and/or endorsement or otherwise however, shall, under the provisions of Sections 230 to 232 and all other provisions, if any of the Act, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in FRL so as to vest in FRL all the rights, title and interest of Retail Business Undertaking of HRIL therein.

4.1.2 Upon the Scheme becoming effective, with effect from the Appointed Date, all the moveable assets including cash in hand, if any, of Retail Business Undertaking of HRIL, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed as the case may be to FRL. On such delivery or endorsement and delivery, the same shall become the property of FRL to the end and intent that the ownership and property therein passes to



FRL on such handing over in pursuance of the provisions of Section 230 to 232 of the Act.

4.1.3 In respect of the moveable properties of Retail Business Undertaking of HRIL other than specified in Clause 4.1.2 above and any intangible assets, including sundry debtors, loans receivable, advances, if any, recoverable in cash or kind or for value to be received, bank balances and deposits, if any, with the government, semi-government, local and other authorities and bodies, companies, firm, individuals, trusts, etc., FRL may itself or require HRIL and HRIL shall upon such requisition from FRL, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, give notices in such form as it may deem fit and proper, to each person, debtors or depositors, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, the said debt, loan receivable, advance or deposit be paid or made good or held on account of FRL as the person entitled thereto to the end and intent that the right of HRIL to recover or realize all such debts (including the debts payable by such persons or depositors to HRIL) stands transferred and assigned to FRL and that appropriate entries should be passed in their respective books to record the aforesaid change.

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

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

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to Retail Business Undertaking of HRIL which shall vest in FRL by virtue of the Scheme and HRIL shall not be obliged to create any further



or additional security therefore after the Scheme has become effective or otherwise.

- 4.3 Without prejudice to the generality of the forgoing, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations, privileges, easements and advantages, facilities, rights, powers and interest (whether vested or contingent), of every kind and description of whatsoever nature in relation to the Retail Business Undertaking of HRIL, to which HRIL is a party to or to the benefit of which HRIL may be eligible and which are subsisting or having effect immediately before the Appointed Date shall stand transferred to and vested in or shall be deemed to be transferred to and vested in FRL as if the same were originally given or issued to or executed in favour of FRL and the rights and benefits under the same shall be available to FRL. Further, HRIL shall execute such further deeds, documents, etc. as may be required to give effect to this Clause 4.3.
- 4.4 All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of HRIL (in relation to Retail Business Undertaking) after the Effective Date shall be accepted by the bankers of FRL and credited to the account of FRL, if presented by FRL or received through electronic transfers. Similarly, the banker of FRL shall honour all cheques / electronic fund transfer instructions issued by HRIL (in relation to Retail Business Undertaking) for payment after the Effective Date. If required, the bankers of HRIL and FRL shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of HRIL by FRL in relation to the Retail Business Undertaking for such time as may be determined to be necessary by FRL for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of FRL.
- 4.5 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.
- 4.6 Upon the Scheme becoming effective, HRIL and FRL are expressly permitted to revise their financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value



added tax, service tax laws, excise duty laws, goods and services tax and other tax laws, and to claim refunds and/or credit for taxes paid (including, tax deducted at source, wealth tax, etc) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

- 4.7 Any tax liabilities under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, goods and services tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies of Retail Business Undertaking of HRIL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to FRL.
- 4.8 Any refund, under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, goods & services tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies due to HRIL in relation to the Retail Business Undertaking consequent to the assessment made on HRIL and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by FRL upon this Scheme becoming effective.
- 4.9 Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, goods & services tax, applicable state value added tax etc.) to which Retail Business Undertaking of HRIL is entitled to in terms of applicable laws, shall be available to and vest in FRL, upon this Scheme coming into effect.
- 4.10 Upon the Scheme becoming effective, the amount of capital reserve in the books of FRL as on 31st March, 2017 shall be reorganized and be recorded as Securities Premium Account in the books of FRL.

5. CONSIDERATION

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



6. ACCOUNTING TREATMENT IN THE BOOKS OF HRIL AND FRL

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

7. TRANSACTIONS UPTO THE EFFECTIVE DATE

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

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

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

8. DECLARATION OF DIVIDEND, BONUS, ETC.



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

9. EMPLOYEES

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



relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of HRIL in relation to such fund or funds shall become those of FRL. It is clarified that the services of the employees of the Retail Business Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

10. LEGAL PROCEEDINGS

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

11. CONTRACTS, DEEDS, ETC.

- 11.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Retail Business Undertaking of HRIL to which HRIL is a party or to the benefit of which HRIL may be eligible, shall continue in full force and effect against or in favour of FRL, and may be enforced effectively by or against FRL as fully and effectually as if, instead of HRIL, FRL had been a party thereto from inception.
- 11.2 FRL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents



with, or in favour of any party to any contract or arrangement to which HRIL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. FRL shall be deemed to be authorised to execute any such writings on behalf of HRIL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of HRIL.

- 11.3 It is hereby clarified that (i) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Retail Business Undertaking to which HRIL is a party to, cannot be transferred to FRL for any reason whatsoever, HRIL shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of FRL; and (ii) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature relate to the Retail Business Undertaking as well as HRIL (pursuant to the transfer of the Retail Business Undertaking), HRIL and FRL shall both be entitled to all rights and benefits and be liable for all obligations under the said arrangements, each to the extent of its respective undertaking only.

12. REMAINING UNDERTAKING OF HRIL

- 12.1 The Remaining Undertaking of HRIL and all the assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by HRIL and FRL shall have no right, claim or obligation in relation to the Remaining Undertaking of HRIL. From the Appointed Date, HRIL shall carry on the activities and operations of the Remaining Undertaking of HRIL distinctly and as a separate business from the Retail Business Undertaking.
- 12.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi judicial authority or tribunal) by or against HRIL under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking of HRIL shall be continued and enforced by or against HRIL after the Effective Date. FRL shall in no event be responsible or liable in relation to any such legal or other proceeding against HRIL.
- 12.3 With effect from the date of approval of this Scheme by the Board of Directors of HRIL and FRL and up to, including and beyond the Effective Date, HRIL:
- 12.3.1 shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking of HRIL for and on its own behalf; and



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

13. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

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

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

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

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

14. SAVING OF CONCLUDED TRANSACTIONS

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



PART III

GENERAL TERMS AND CONDITIONS

15. APPROVALS

- 15.1 FRL shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which it may require to own and operate the Retail Business Undertaking to be transferred under this Scheme.
- 15.2 FRL shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which it may require to own and operate the Retail Business Undertaking to be transferred to it under this Scheme.
- 15.3 If any provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of HRIL and FRL through their respective Boards, affect the validity or implementation of the other provisions of this Scheme.
- 15.4 Further, each part shall be severable from the remainder of this Scheme and the Scheme shall not be affected if any part / provision of this Scheme is found to be unworkable for any reason whatsoever unless the deletion of such part / provision shall cause this Scheme to become materially adverse to HRIL or FRL, in which case either HRIL or FRL shall attempt to bring about a modification in this Scheme or cause such part to be null and void, including but not limited to such part / provision.

16. ADMINISTRATIVE CONVENIENCE

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

17. APPLICATION TO NCLT

- 17.1 HRIL and FRL shall as may be required make applications and/or petitions under



Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act to the NCLT or such other appropriate authority for sanction of this Scheme and all matters ancillary or incidental thereto.

18. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 18.1 On behalf of HRIL and FRL, the Board of Directors of respective companies, may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of the Scheme and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e. the Board of Directors of HRIL and Board of Directors of FRL) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.
- 18.2 For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of HRIL and FRL may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

19. CONDITIONALITY OF THE SCHEME

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

- 19.1 The requisite consent, approval or permission of the Central Government including Stock Exchange, Securities and Exchange Board of India or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;
- 19.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of HRIL and FRL as may be directed by the NCLT or any other competent authority, as may be applicable;
- 19.3 The Scheme being sanctioned by the NCLT or any other authority under Sections 230 to 232 of the Companies Act, 2013; and
- 19.4 Certified copy of the Order of the NCLT sanctioning the Scheme being filed with the concerned Registrar of Companies by HRIL and FRL.



20. EFFECT OF NON-RECEIPT OF APPROVALS

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

21. COSTS, CHARGES & EXPENSES

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

