

HIGH COURT, BOMBAY

585769

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SCHEME PETITION NO 908 OF 2015

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO 797 OF 2015

FUTURE RETAIL LIMITED

..... First Petitioner Company

AND

COMPANY SCHEME PETITION NO 909 OF 2015

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO 798 OF 2015

BHARTI RETAIL LIMITED

..... Second Petitioner Company

In the matter of the Companies Act, 1956;

AND

In the matter of Sections 391 to 394 of the
Companies Act, 1956;

AND

In the matter of the Composite Scheme of
Arrangement under Sections 391 to 394 read
with Sections 100 to 104 of the Companies
Act, 1956 and Section 52 of Companies Act
2013 and the applicable provisions of the
Companies Act, 1956 and/or Companies Act,
2013, as may be applicable between Future
Retail Limited and Bharti Retail Limited and
their respective Shareholders and Creditors

Called for hearing

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HIGH COURT, BOMBAY

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Mr. Janak Dwarkadas, Senior Counsel with Mr. Hemant Sethi and Mr. Ajit Singh Tawar i/b. Hemant Sethi & Co., Advocates for the Petitioners in all Petitions.

Mr. Udyan Shah with Mr. A. A. Ansari, for Regional Director in both the Petitions.

Mr. Prashant Mishra and Ms. Pallavi Marathe for M/s Ozone Overseas Private Limited and M/s Sree Rajkondal Export Enterprises, the Objecting Creditors

CORAM: K. R. Shriram, J.


DATE: 4th March, 2016



1. Heard the learned counsel for the Petitioner Companies and the objecting creditors.
2. The sanction of the Court is sought to the Composite Scheme of Arrangement between Future Retail Limited and Bharti Retail Limited and their respective Shareholders and Creditors.
3. The learned Counsel for the Petitioners states that in so far as objections filed by the Objecting creditors are concerned, their rights are not affected as there is no compromise or arrangement with any of the creditors. Further, M/s Ozone Overseas Private Limited will become creditor of the Second Petitioner Company pursuant to the Scheme.
4. The learned Counsel for the Petitioners states that the First Petitioner Company is currently engaged in the business of



operating multiple retail formats in the Indian consumer market under different brand names including Big Bazaar, FBB, Food Bazaar, Foodhall, Home Town and eZone. The retail business of First Petitioner Company inter-alia includes retail operations and retail infrastructure operations. The Second Petitioner Company is currently engaged in the business of operating retail business formats under the brand name 'easyday'. The retail business of Second Petitioner Company inter-alia includes the retail operations and the retail infrastructure operations.

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5. That the rationale for the Scheme is consolidation of the retail operations and retail infrastructure operations of the Petitioner Companies under separate entities. The transfer and vesting of the Retail Business Undertaking of the First Petitioner Company into the Second Petitioner Company would enable consolidation of the retail operations of the Petitioner Companies under the Second Petitioner Company and the transfer and vesting of the Retail Infrastructure Business Undertaking of the Second Petitioner Company into the First Petitioner Company would enable consolidation of the retail infrastructure operations of the Petitioner Companies under the First Petitioner Company. The management of the First Petitioner Company and the Second Petitioner Company believe that the Scheme would benefit the respective companies and the stake holders, creditors and employees of respective companies and would reflect the real value of the business of the Petitioner Companies and unlock value.
6. The First Petitioner Company and the Second Petitioner Company have approved the Scheme by passing the Board



Resolutions which are annexed to the respective Company Scheme Petitions.

7. The Counsel for the Petitioners further states that the Petitioner Companies have complied with all the directions passed in Company Summons for Direction and that the Company Scheme Petition have been filed in consonance with the orders passed in respective Company Summons for Direction.
8. The Counsel for the Petitioners further states that the Petitioner Companies have complied with all requirements as per the directions of this Court and they have filed necessary Affidavits of compliance in the Court. Moreover, the Petitioner Companies through their Counsel undertakes to comply with all statutory requirements, if any, as required under the Companies Act, 1956 or Companies Act 2013, as may be applicable and the rules made there under. The said undertaking is accepted.
9. The Regional Director has filed an Affidavit on 2nd March, 2016 stating therein that save and except as stated in paragraph 6 (a) to (d) of the said Affidavit, it appears that the Scheme is not prejudicial to the interest of shareholders and public.

In paragraph 6(a) to 6(d), of the said affidavit it is stated that:

- (a) *Clause No.4 of the scheme provides for reduction of paid up equity capital of BRL. It is stated that "the issued subscribed and paid up equity share capital of BRL shall be reduced appropriately by reducing the face value of equity shares to Rs. 8,69,56,522/- divided into 4,34,78,261*



equity share of Rs. 2/- each fully paid up". It has been observed as on 4th May 2015 when the Board of Directors approved the scheme the paid up capital of BRL was only Rs. 1,531.66 crores whereas, the list of shareholders provided by the company reveals that as on 31.10.2015 the capital of the company was Rs.1,719.75 crores. It is not clear as to from which paid up capital the shareholders of the company/board of directors of the company have considered the reduction of capital and to what extent the reduction was proposed in each share of the company. On enquiry made by the deponent, the petitioner i.e. BRL vide letter dated 29.1.2016 through their Advocate M/s. Hemant Sethi & Company, copy of said letter is annexed hereto and marked as Exhibit 'D', clarifies that:

"Pursuant to the scheme becoming effective, existing paid up share capital of Bharti Retail Limited aggregating to Rs. 1719,75,00,000/- comprising of 171,97,50,000 equity shares of Rs. 10/- each fully paid up shall be reduced to Rs. 8,69,56,522/- comprising of 4,34,78,261 equity shares of Rs. 2/- each fully paid up. Said reduction and reorganization shall be carried out by first reducing the face value of equity shares to Rs.0.05 each and thereafter reconsolidating the said shares into 4,34,78,261 equity shares of 2/- each fully paid up."

The above clarification provided by the company clearly indicates that the no. of shares required to be reduced are different from what has been provided in the scheme. The existing clause No.4 of the scheme is silent as to how many no. of shares will be reduced and to what extent the paid up capital of each shares will be reduced. Therefore, it is necessary on the part of the petitioner to obtain fresh consent from shareholders/ board of directors of BRL on the line of clarification given by the petitioner company. Accordingly the petitioner may be directed to comply with the same, by passing a special resolution and file necessary returns with the Registrar of



Companies. Thereafter, suitable corrections has to be made in para No.4 of the scheme by the petitioner company.

(b) As per clause No. 7.1.4 of the scheme, the surplus if any arising out of scheme will be transferred to general reserve account of BRL and deficit if any will be debited to goodwill of BRL. Similarly as per clause No. 17.1.4 of the scheme the surplus if any arising shall be credited to general reserve account of FRL. In this regard, it is submitted that general reserve are created by transferring the profit of the company. In the present case the surplus is arising due to transfer of capital assets from one company to other company. Such reserve is not a free reserve and hence cannot be construed as general reserve of the petitioner companies. It is, therefore, suggested that such reserve arising out of the scheme shall be credited to capital reserve account of respective petitioner company. In this regard, the company has clarified vide its letter dated 22/02/2015 (copy of the said letter is annexed hereto and marked as Exhibit 'E') that the reserve arising out of this scheme will be transferred to Capital Reserve Account of respective petitioner companies. Petition Company further submitted that the words "General Reserve Account" appearing in clause 17.2.2 of the scheme be deleted and substituted by "Capital Reserve Account".

(c) With reference to clause 7.1.5 and 17.1.5 of the scheme it is submitted that in addition to compliance of AS-14, both petitioner companies shall pass such Accounting Entries which are necessary in connection with the scheme to comply with other applicable Accounting Standard such as AS-5 etc.

(d) That the Deponent further submits that the Tax issue if any arising out of this scheme shall be subject to final decision of Income Tax Authority and approval of the scheme by Hon'ble High Court may not deter the Income Tax Authority to scrutinize the tax returns filed by the



petitioner company after giving effect to the amalgamation. The decision of the Income Tax Authority is binding on the petitioner-company.

10. Learned Advocate for Petitioner Companies submits that as per observation raised by the Regional Director in paragraph 6(a) of his Affidavit, the Second Petitioner Company has filed an additional Affidavit dated 3rd March, 2016 annexing therewith a copy of fresh consent obtained from its Board of Directors and shareholders by passing a special resolution in its Extra Ordinary General Meeting of its shareholders held on 18th February, 2016. Copy of Special Resolution is annexed as Exhibit-B to the said additional Affidavit. The Counsel for the Petitioners state that Clause 4.1 and 4.2 of the Scheme is required to be amended and hence the Petitioner Company seeks leave of this Court to delete the said Clauses and substitute Clauses 4.1 and 4.2 with the following:

"4.1 Before giving effect to the demerger in Part III and Part IV below and as a part of reorganization of share capital of BRL, the issued, subscribed and paid-up share capital of BRL shall be reduced and reorganized as a part of the Scheme. Accordingly, as an integral part of the Scheme, and, upon the coming into effect of the Scheme, the issued, subscribed and paid-up equity share capital of BRL aggregating to Rs. 1719,75,00,000/- (Rupees One Thousand Seven Hundred Nineteen Crores Seventy Five Lakhs only) comprising of 171,97,50,000 (One Hundred Seventy One Crores Ninety Seven Lakhs Fifty Thousand only) equity shares of Rs 10/- each,

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fully paid up shall be reduced to Rs. 8,69,56,522/- (Rupees Eight Crores Sixty Nine Lakhs Fifty Six Thousand Five Hundred Twenty Two only) divided into 4,34,78,261 (Four Crores Thirty Four Lakhs Seventy Eight Thousand Two Hundred Sixty One) equity shares of Rs. 2/- (Rupees Two only) each, fully paid-up, without any further act or deed.

4.2 The above reorganization and reduction of capital would be carried out by reducing the face value of each equity share of Rs. 10/- each to Rs. 0.05/- each and thereafter reconsolidating the said shares into 4,34,78,261 (Four Crores Thirty Four Lakhs Seventy Eight Thousand Two Hundred Sixty One) equity shares of Rs. 2/- (Rupees Two only) each, fully paid-up, without any further act or deed.”



11. Learned Advocate for Petitioner Companies submits that as per observation raised by the Regional Director in paragraph 6(b) of his Affidavit, Clause 7.1.4, 17.1.4 and 17.2.2 of the Scheme is required to be amended and hence the Petitioner Companies seek leave of this Court to delete the said Clauses and substitute Clauses 7.1.4, 17.1.4 and 17.2.2 with the following:

“7.1.4 The difference between the net assets of Retail Business Undertaking of FRL acquired and recorded by BRL as reduced by the face value of equity shares issued by BRL pursuant to Clause 6.1 of this Scheme and after making adjustments in terms of Clause 7.1.3 above, if surplus, shall be credited to



Capital Reserve Account. In case of a deficit, the same shall be debited to Goodwill Account.

17.1.4 The difference between the net assets of Retail Infrastructure Business Undertaking of BRL acquired and recorded by FRL after making adjustments in terms of Clause 17.1.3 above as reduced by the face value of equity shares issued by FRL to the shareholders of BRL in terms of Clause 16.1, if surplus, shall be credited to Capital Reserve Account. In case of a deficit, the same shall be debited to Goodwill Account.

17.2.2 The book values, as on the Appointed Date, of net assets (assets minus liabilities) comprised in the Retail Infrastructure Business Undertaking transferred to FRL shall be adjusted against the following, in the order specified:

- (i) Capital Reserve Account, if any, arising in terms of Part III of this Scheme; and the balance, if any, against;
- (ii) Profit and Loss Account.”


12. In view of above, leave to amend the Scheme and all consequential amendments are granted. Amendments to be carried out within three weeks from today.

13. In so far as observations made in paragraph 6(c) of the Affidavit of Regional Director is concerned, the Petitioner Companies through their Counsel submits that the Petitioner Companies shall pass necessary accounting



entries in connection with the Scheme to comply with the applicable Accounting Standards.

14. In so far as observations made in paragraph 6(d) of the Affidavit of Regional Director is concerned, the Petitioner Companies through their Counsel submits that the Petitioner Companies are bound to comply with all applicable provisions of Income Tax Act, and all tax issues arising out of Scheme will be met and answered in accordance with applicable income tax provisions.



15. The Learned Counsel for Regional Director on instructions of Mr. M. Chandanamuthu, Joint Director (Legal) in the Office of the Regional Director, Ministry of Corporate Affairs, Western Region, Mumbai, states that he is satisfied with the undertakings given by the Petitioner Companies and agrees with the amendments sought. The said undertakings given by the Petitioner Companies are accepted.

16. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy. None of the parties concerned has come forward to oppose the Scheme.

17. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition No. 908 of 2015 and 909 of 2015 filed by the First Petitioner Company and the Second Petitioner Company are made absolute in terms of prayer clauses (a) of the respective Petitions.

18. The Petitioner Companies to lodge a copy of this order, alongwith the form of minutes duly authenticated by the Company Registrar, High Court, Bombay and the amended Scheme, duly authenticated by the Company Registrar,



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High Court (O.S.), Bombay with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt of Order.

19. Petitioner Companies are directed to file a copy of this order along with a copy of the amended Scheme and the form of minutes duly authenticated by the Company Registrar, High Court, Bombay with the concerned Registrar of Companies, electronically, along with E-Form 21 / E-Form INC 28 in addition to physical copy as per the provisions of the Companies Act 1956 / 2013, whichever is applicable.
20. The Petitioner Companies to pay costs of Rs. 10,000/- each to the Regional Director, Western Region, Mumbai. Costs to be paid within four weeks from the date of the order.
21. Filing and issuance of the drawn up order is dispensed with.
22. All concerned authorities to act on a copy of this order, the form of minutes annexed as 'Exhibit C' to the additional affidavit dated 3rd March, 2016 in support of Company Scheme Petition No. 909 of 2015 and the form of minutes annexed as 'Exhibit I' in support of Company Scheme Petition No. 908 of 2015 along with amended Scheme duly authenticated by the Company Registrar, High Court (O. S.), Bombay.

(K.R.Shriram, J)

CERTIFICATE

I certify that this Order uploaded is a true and correct copy of original signed order.

Uploaded by: Shankar Gawde, Stenographer

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TRUE-COPY

SHANKAR GAWDE
2016/3/16

(S. S. AGATE)
INC. COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY

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Shankar Gawde
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Section Officer

High Court, Appellate Side
Bombay

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COMPOSITE SCHEME OF ARRANGEMENT
BETWEEN
FUTURE RETAIL LIMITED ('FRL')
AND
BHARTI RETAIL LIMITED ('BRL')
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
(Under Sections 391 to 394 read with Sections 100-104 of the Companies Act, 1956
and Section 52 of the Companies Act, 2013, as amended)

(A) PREAMBLE

This Composite Scheme of Arrangement is presented under Sections 391 to 394 read with Sections 100 to 104 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 for:



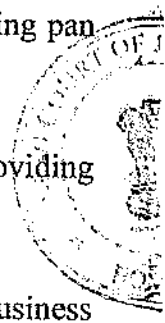
- (i) Re-organisation of paid up equity share capital of BRL pursuant to the relevant provisions of the Companies Act, 1956 / Companies Act, 2013, as may be applicable;
- (ii) Demerger of the Retail Business Undertaking (*defined hereinafter*) of Future Retail Limited ('FRL') into Bharti Retail Limited ('BRL') pursuant to the relevant provisions of the Companies Act, 1956 / Companies Act, 2013, as may be applicable; and
- (iii) Demerger of the Retail Infrastructure Business Undertaking (*defined hereinafter*) of BRL into FRL pursuant to the relevant provisions of the Companies Act, 1956 / Companies Act, 2013, as may be applicable.

This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(B) RATIONALE FOR THE SCHEME

1. FRL currently operates multiple retail formats in the Indian consumer market under different brand names including: Big Bazaar; FBB; Food Bazaar; Foodhall; Home Town and eZone. The retail business of FRL inter-alia includes retail operations and retail infrastructure operations.

2. Currently, BRL operates retail business formats under the brand name 'easyday'. The retail business of BRL inter-alia includes the retail operations and the retail infrastructure operations.
3. FRL and BRL are desirous of consolidating their retail businesses by consolidating the retail operations and retail infrastructure operations of both companies under separate entities.
4. Demerger of the Retail Business Undertaking from FRL into BRL and demerger of the Retail Infrastructure Business Undertaking from BRL into FRL would help in achieving the desired operating structure and shall have the following benefits:
 - (a) consolidation of the retail operations of FRL and BRL;
 - (b) consolidation of the retail infrastructure operations of FRL and BRL;
 - (c) streamlining the operating structure;
 - (d) unlocking of value;
 - (e) emergence of a retail company focusing on retail operations having pan India retail footprint;
 - (f) emergence of a retail infrastructure company focusing on providing infrastructure support to retail businesses;
 - (g) attribution of appropriate risk and valuation to the Retail Business Undertaking and the Retail Infrastructure Business Undertaking based on respective risk-return profile and cash flows;
 - (h) more focused leadership and dedicated management;
 - (i) greater visibility on the performance of respective businesses;
 - (j) synergies expected to bring in cost savings in the marketing, selling and distribution expenses; and
 - (k) leveraging on the combined capabilities of both entities for further expansion.



(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 re-organisation of paid-up equity share capital of BRL;
- (iii) **PART III** deals with the transfer and vesting of Retail Business Undertaking of FRL into BRL;
- (iv) **PART IV** deals with the transfer and vesting of Retail Infrastructure Business Undertaking of BRL into FRL; and
- (v) **PART V** deals with general terms and conditions applicable to this Scheme.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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


- 
- “**Act**” or “**the 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; it being clarified that as on the date of approval of this Scheme by the Board of Directors of FRL and BRL, Sections 391 to 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. Accordingly, references in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 1956 / Companies Act, 2013 as may be in force;
 - 1.2 “**Appointed Date**” means the 31st day of October, 2015 or such other date as may be fixed or approved by the High Court of Judicature at Bombay;
 - 1.3 “**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;
 - 1.4 “**BEL**” means Bharti Enterprise Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Bharti Crescent, 1, Nelson

Mandela Road, Vasant Kunj, Phase-II, New Delhi - 110070, New Delhi, India – 110070;

- 1.5 “BRL” means Bharti Retail Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 6th & 7th Floor, Interface Building No. 7, Link Road, Mindspace, Malad (West), Mumbai – 400 064;
- 1.6 “BRL OCDs” means optionally convertible debentures, currently existing in BRL, issued to lenders of BRL, cumulatively worth Rupees Two Hundred and Fifty Crores.
- 1.7 “Cedar” means Cedar Support Services Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi - 110070, New Delhi, India – 110070 and includes its nominee holding shares in BRL;
- 1.8 “Retail Business Undertaking” means business of FRL comprising of the retail business of FRL operated by it through various retail formats including but not limited to Big Bazaar, FBB, Food Bazaar, Foodhall, Home Town and eZone, on a going concern basis and include without limitation:
- (i) All assets and liabilities (excluding assets and liabilities pertaining to “Remaining Business of FRL” as defined in Clause 1.21 below) pertaining to the retail operations of FRL including but not limited to Intellectual Property Rights, inventories, stock-in-trade or stock-in-transit and merchandising including raw materials, supplies, finished goods, wrapping supply and packaging items, all earnest moneys and / or security deposits paid by FRL, cash and bank balances, advances, receivables, together with all present and future liabilities (including contingent liabilities) appertaining or relating thereto;
 - (ii) Without prejudice to the provisions of sub-clause (i) above, the Retail Business Undertaking of FRL shall include all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets in connection with or pertaining or relating to the Retail Business Undertaking of FRL such as goodwill, customer lists, customer connects, licenses, permits, quotas, registrations, agreements, contracts, arrangements, privileges or all other rights including tax deferrals and tax credits and other benefits, incentives, tenancy rights, if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any

nature whatsoever, format brands including but not limited to Big Bazaar, FBB, Food Bazaar, Foodhall, Home Town and eZone, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the Retail Business Undertaking of FRL and all deposits and or moneys paid or received by FRL in connection with or pertaining or relatable to the Retail Business Undertaking of FRL and all statutory licences, permissions, approvals or consents to carry on the operations of the Retail Business Undertaking of FRL;

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

- 
- (a) The liabilities, which arise out of the activities or operations of the Retail Business Undertaking of FRL;
 - (b) Specific loans and borrowings raised, incurred and / or utilized solely for the activities or operation of the Retail Business Undertaking of FRL;
 - (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the remaining business of FRL, being the amounts of general or multipurpose borrowings of FRL shall be allocated to the Retail Business Undertaking of FRL in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of FRL immediately before giving effect to this Scheme.
- (iii) All permanent and / or temporary employees of FRL employed in and / or relatable to the Retail Business Undertaking of FRL as on the Effective Date;
 - (iv) All deposits and balances with government, semi government, local and other authorities, and bodies, customers and other persons, earnest moneys and / or security deposits paid or received by FRL directly or indirectly in connection with or relating to the 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 FRL.

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

- 1.9 **“Effective Date”** means the last of the dates on which the certified copy of the Order of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement is filed by FRL and BRL with the Registrar of Companies, Maharashtra;
- 1.10 **“FRL”** means Future Retail Limited, a company incorporated under the Act with its registered office at Knowledge House, Shyam Nagar, off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400060 (hereinafter referred to as **“FRL”**), which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns);
- 1.11 **“FRL DVRs”** shall mean equity shares of FRL classified as Class B shares (Series-1) of face value of Rs. 2/- each with every four FRL DVRs having voting rights equal to three FRL equity shares, and every FRL DVR having the right to receive 2% additional dividend than every FRL equity share;
- 1.12 **“FRL DVR Shareholders”** shall mean the shareholders of FRL holding FRL DVRs;
- 1.13 **“FRL Equity Shares”** shall mean equity shares of FRL having a face value of Rs. 2/- each and having one vote each;
- 1.14 **“FRL Equity Shareholders”** shall mean the shareholders of FRL holding FRL Equity Shares;
- 1.15 **“FRL Employees Stock Option Plan”** means the Employee Stock Option Plan 2012 (FRL ESOP 2012);
- 1.16 **“FRL OCDs”** means optionally convertible debentures, to be issued by FRL to the BRL OCD holders;

- 1.17 **“High Court”** means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal, if and when applicable;
- 1.18 **“Intellectual Property Rights”** means in relation to the Retail Business Undertaking of FRL, whether registered in the name of or recognized under applicable Laws as being the intellectual property of FRL, or in the nature of common law rights of FRL, all domestic and foreign (a) trademarks, service marks, brand names, Internet domain names, trade names, logos, trade dress, and all applications and registration for the foregoing, and all goodwill associated with the foregoing and symbolized by the foregoing; (b) confidential and proprietary information and Trade Secrets; (c) published and unpublished works of authorship, and copyrights therein, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; (d) computer software and programs (including source code, object code, firmware, operating systems and specifications); (e) designs, drawings, sketches; (f) databases, customer data, proprietary information, knowledge, technology, licenses and formulas; (g) all other intellectual property or proprietary rights; and (h) all rights in all of the foregoing provided by Applicable Law;
- 1.19 **“Record Date”** shall mean the following:
- (i) in relation to demerger of Retail Business Undertaking of FRL into BRL, such date to be fixed by the Board of Directors of FRL or a committee thereof/person duly authorized by the Board of Directors, after the Effective Date for the purpose of determining the members of FRL to whom shares of BRL will be allotted pursuant to this Scheme in terms of Clause 6.1; and
 - (ii) in relation to demerger of Retail Infrastructure Business Undertaking of BRL into FRL, such date to be fixed by the Board of Directors of BRL or a committee thereof/person duly authorized by the Board of Directors, after the Effective Date for the purpose of determining the members of BRL to whom shares of FRL will be allotted pursuant to this Scheme in terms of Clause 16.1;
- 1.20 **“Remaining Business of BRL”** or **“Remaining Undertaking of BRL”** means all the undertakings, businesses, activities and operations of BRL relating to the retail operations and warehousing business and excluding activities and assets pertaining to the Retail Infrastructure Business Undertaking as defined in Clause 1.22 below;
- 1.21 **“Remaining Business of FRL”** or **“Remaining Undertaking of FRL”** means all the undertakings, businesses, activities and operations of FRL other than the

Retail Business Undertaking (as defined in Clause 1.8 above) of FRL being demerged into BRL including but not limited to the following:

- (a) activities and assets in relation to all the retail format stores operated by FRL including but not limited to the following:
 - all the infrastructure assets situated at the retail outlets including plant & equipments, office equipments, furniture & fixtures, computers, electrical installations, vehicles etc;
 - leasehold improvements at retail stores;
 - IT and related infrastructure.
- (b) Other non-core businesses of FRL (including but not limited to strategic investments held by FRL in various companies) not relatable to the Retail Business Undertaking.

1.22 **“Retail Infrastructure Business Undertaking”** means all the undertakings, businesses, activities and operations of BRL pertaining to the Retail Infrastructure Business to be transferred to FRL on a going concern basis and include without limitation:

- a) all the infrastructure assets situated at the retail outlets including plant & equipments, office equipments, furniture & fixtures, computers, electrical installations, vehicles; leasehold improvements at retail stores; IT and related infrastructure etc.
- b) All assets of the Retail Infrastructure Business Undertaking of BRL (immovable, movable, tangible or intangible, vehicles, furniture, office equipment, appliances, accessories, computers) together with all present and future liabilities (including contingent liabilities);
- c) Without prejudice to the provisions of sub-clause (i) above, the Retail Infrastructure Business Undertaking of BRL 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 Infrastructure Business Undertaking of BRL such as licenses, permits, quotas, approvals, registrations, permissions, plant and machinery, office equipment, vehicles, incentives if any, and consents, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the Retail Infrastructure

Business Undertaking of BRL and all deposits and or moneys paid or received by BRL in connection with or pertaining or relating to the Retail Infrastructure Business Undertaking of BRL and all statutory licences, permissions, approvals or consents to carry on the operations of the Retail Infrastructure Business Undertaking of BRL.

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

- (i) The liabilities, which arise out of the activities or operations of the Retail Infrastructure Business Undertaking of BRL.
 - (ii) Specific loans and borrowings raised, incurred and/or utilized solely for the activities or operation of the Retail Infrastructure Business Undertaking of BRL.
 - (iii) Liabilities other than those referred to in sub-clauses (a) and (b) above and not directly relating to Retail Infrastructure Business Undertaking and the remaining business of BRL, being the amounts of general or multipurpose borrowings of BRL shall be allocated to the Retail Infrastructure Business Undertaking of BRL in the same proportion which the value of the assets transferred under this clause bears to the total value of the assets of BRL immediately before giving effect to this Scheme.
- d) All permanent and/or temporary employees of BRL employed in and/or relating to the Retail Infrastructure Business Undertaking of BRL as on the Effective Date;
 - e) 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 BRL directly or indirectly in connection with or relating to the Retail Infrastructure Business Undertaking; and
 - f) All necessary books, records, files, papers, product specification, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings,



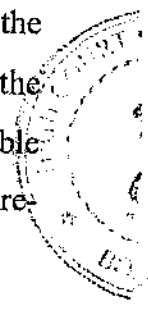
manuals, data, catalogues, quotations and other records whether in physical or electronic form in connection with or relating to the Retail Infrastructure Business Undertaking of BRL.

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

1.23 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Composite Scheme of Arrangement in its present form as submitted to the Honorable High Court or this Scheme with such modification(s), if any made, as per Clause 26 of the Scheme;

1.24 **“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 BRL as on March 31, 2015 is as under:

Share Capital	Amount in Rs. Crores
Authorized Share Capital	
140,00,00,000 Equity Shares of Rs. 10 each	1,400.00
Total	1,400.00
Issued, Subscribed and Paid-up Share Capital	
139,86,60,000 Equity Shares of Rs. 10 each, fully paid up	1,398.66
Total	1,398.66

Subsequent to the above date, the authorized and paid up share capital of BRL has changed. Revised capital structure of BRL as on the date of approval of this Scheme by the Board of Directors of FRL and BRL is as under:

Share Capital	Amount in Rs. Crores
Authorized Share Capital	
250,00,00,000 Equity Shares of Rs. 10 each	2,500.00
Total	2,500.00
Issued, Subscribed and Paid-up Share Capital	
153,16,60,000 Equity Shares of Rs. 10 each, fully paid up	1,531.66
Total	1,531.66

2.2 The authorized, issued, subscribed and paid-up share capital of FRL as on March 31, 2015 is as under:

Share Capital	Amount in Rs. Crores
Authorized Share Capital	
45,00,00,000 Equity Shares of Rs.2/- each	90.00
5,00,00,000 Equity Shares of Class B (Series-1) of Rs.2/- each	10.00
30,00,000 Preference Shares of Rs. 100/- each	30.00
Total	130.00
Issued, Share Capital	
38,84,17,201 Equity Shares of Rs.2/- each, fully paid-up	77.68
2,58,84,872 Equity Shares of Class B (Series-1) of Rs.2/- each, fully paid-up	5.18
Total	82.86
Subscribed and Paid-up Share Capital	
38,83,21,323 Equity Shares of Rs.2/- each, fully paid-up	77.66
2,58,76,379 Equity Shares of Class B (Series-1) of Rs.2/- each, fully paid-up	5.18
Total	82.84

Pursuant to the provisions of the Act, following shares are kept in abeyance:

- Equity Shares: 11,400 equity shares of rights issue of 2006 and 84,478 equity

shares of 2015; and

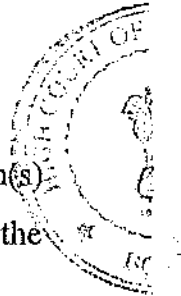
- Class B (Series 1) Shares: 8,493 Class B (Series 1) shares of the rights issue of 2015.

In the above paid up share capital, 1500 Optionally Convertible Debentures (OCDs Series 2) issued pursuant to the Scheme of Amalgamation for merger of Future Value Retail Limited with FRL, becoming effective on 11th February, 2014, have not been considered as the conversion price of these securities would be determinable on 15th December, 2015 for OCDs Series 2. Further, as per terms of issue, these securities may be redeemed based on certain events.

As on the date of approval of this Scheme by the Board of Directors of FRL and BRL, 1,34,98,300 Class B Warrants issued to the Promoter Group of FRL are outstanding. Further, 4,14,514 (Four Lakhs Fourteen Thousand Five Hundred Fourteen) options are outstanding against Employee Stock Option Scheme as on 31st March, 2015.

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 High Court shall be effective from the applicable Appointed Date, but shall be operative from the Effective Date.



PART II


RE-ORGANISATION OF PAID-UP EQUITY SHARE CAPITAL OF BRL

4. RE-ORGANISATION OF PAID-UP EQUITY SHARE CAPITAL OF BRL

- 4.1 Before giving effect to the demerger in Part III and Part IV below and as a part of reorganization of share capital of BRL, the issued, subscribed and paid-up share capital of BRL shall be reduced and reorganized as a part of the Scheme. Accordingly, as an integral part of the Scheme, and, upon the coming into effect of the Scheme, the issued, subscribed and paid-up equity share capital of BRL aggregating to Rs. 1719,75,00,000/- (Rupees One Thousand Seven Hundred Nineteen Crores Seventy Five Lakhs only) comprising of 171,97,50,000 (One Hundred Seventy One Crores Ninety Seven Lakhs Fifty Thousand only) equity shares of Rs 10/- each, fully paid up shall be reduced to Rs. 8,69,56,522/- (Rupees Eight Crores Sixty Nine Lakhs Fifty Six Thousand Five Hundred Twenty Two only) divided into 4,34,78,261 (Four Crores Thirty Four Lakhs Seventy Eight

Thousand Two Hundred Sixty One) equity shares of Rs. 2/- (Rupees Two only) each, fully paid-up, without any further act or deed.

- 4.2 The above reorganization and reduction of capital would be carried out by reducing the face value of each equity share of Rs. 10/- each to Rs. 0.05/- each and thereafter re consolidating the said shares into 4,34,78,261 (Four Crores Thirty Four Lakhs Seventy Eight Thousand Two Hundred Sixty One) equity shares of Rs. 2/- (Rupees Two only) each, fully paid-up, without any further act or deed.
- 4.3 Due to reduction in capital of BRL and the aforesaid consolidation, if a shareholder becomes entitled to a fraction of an equity share of BRL, BRL shall not issue fractional share certificates to such member / beneficial owner but shall consolidate such fractions and issue consolidated equity shares to a trustee nominated by BRL in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to the shareholders / beneficial owners respectively entitled to the same in proportion to their fractional entitlement.



4.4 The reduction in share capital of BRL shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 100 to 104 of the Companies Act, 1956 and any other applicable provisions of the Act and the order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution in liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of BRL, BRL shall not be required to add "And Reduced" as suffix to its name.

- 4.5 It is hereby clarified that for the purposes of Clause 4.1, 4.2, 4.3 and 4.4 above, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment and no further resolution under the Act, would be required to be separately passed.
- 4.6 It is hereby further clarified that the reduction of the paid up equity share capital shall not affect the authorised share capital of BRL and unissued authorised share capital shall be available to BRL for issue and allotment.
- 4.7 Accounting Treatment of reorganisation of paid-up share capital of BRL:

The surplus, if any arising on reduction and reorganisation of issued, subscribed and paid up share capital of BRL pursuant to clause 4.1 and 4.2 of this Scheme

shall be adjusted against balance lying in its Profit and Loss Account.

PART III

5. TRANSFER AND VESTING OF RETAIL BUSINESS UNDERTAKING OF FRL INTO BRL

5.1 Upon the Scheme becoming effective, with effect from the Appointed Date the Retail Business Undertaking of FRL shall, in accordance with Section 2(19AA) of the Income Tax Act, 1961 and Sections 391 to 394 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 BRL as a going concern and all the properties whether moveable or immovable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all assets, inventories, work in progress, current assets, 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 FRL shall be transferred to and vested in or deemed to be transferred to and vested in BRL in the following manner:

5.1.1 Upon the Scheme becoming effective, with effect from the Appointed Date, the whole of the said assets, as aforesaid, of Retail Business Undertaking of FRL, except for the portions specified in Clauses 5.1.2 and 5.1.3 below, 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 391 and 394 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 BRL so as to vest in BRL all the rights, title and interest of Retail Business Undertaking of FRL therein.

5.1.2 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 FRL, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed as the case may

be to BRL. On such delivery or endorsement and delivery, the same shall become the property of BRL to the end and intent that the ownership and property therein passes to BRL on such handing over in pursuance of the provisions of Section 394 of the Act.

5.1.3 In respect of the moveable properties of Retail Business Undertaking of FRL other than specified in Clause 5.1.2 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., BRL may itself or require FRL and FRL shall upon such requisition from BRL, 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 High Court having sanctioned the Scheme, the said debt, loan receivable, advance or deposit be paid or made good or held on account of BRL as the person entitled thereto to the end and intent that the right of FRL to recover or realize all such debts (including the debts payable by such persons or depositors to FRL) stands transferred and assigned to BRL and that appropriate entries should be passed in their respective books to record the aforesaid change.

5.1.4 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 and other government and semi government liabilities of Retail Business Undertaking of FRL shall also, under the provisions of Sections 391 and 394 of the Act without any further act or deed be transferred or deemed to be transferred to BRL so as to become as from the Appointed Date the debts, liabilities, duties, obligations of BRL and further that all the debts, liabilities, duties, obligations, taxes etc. as aforesaid of Retail Business Undertaking of FRL incurred/contracted during the period commencing from the Appointed Date till the Effective Date shall be deemed to have been incurred/contracted by BRL and shall be deemed to be the debts, liabilities and obligations of BRL and further that it shall not be necessary to obtain consent of any person in order to give effect to the provisions of this clause.



5.2 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 FRL.

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 FRL which shall vest in BRL by virtue of the Scheme and FRL shall not be obliged to create any further or additional security therefore after the Scheme has become effective or otherwise.

5.3 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 FRL, to which FRL is a party to or to the benefit of which FRL may be eligible and which are subsisting or having effect immediately before the Appointed Date shall stand transferred to and vested in or shall be deemed to be transferred to and vested in BRL as if the same were originally given or issued to or executed in favour of BRL, and the rights and benefits under the same shall be available to BRL. Further, FRL shall execute such further deeds, documents, etc. as may be required to give effect to this Clause 5.3.

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

5.5 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.

- 5.6 Upon the Scheme becoming effective, FRL and BRL are expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other tax laws, and to claim refunds and/or credit for taxes paid (including, tax deducted at source, wealth tax, etc) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.



Any tax liabilities under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies of Retail Business Undertaking of FRL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to BRL.

- 5.8 Any refund, under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies due to FRL in relation to the Retail Business Undertaking consequent to the assessment made on FRL and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by BRL upon this Scheme becoming effective.
- 5.9 Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax etc.) to which Retail Business Undertaking of FRL is entitled to in terms of applicable laws, shall be available to and vest in BRL, upon this Scheme coming into effect.

6. CONSIDERATION

- 6.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the Retail Business Undertaking in BRL, BRL shall, without any further

application or deed, issue and allot shares, credited as fully paid up, to all the FRL Equity Shareholders / FRL DVR Shareholders or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the Register of Members as on the Record Date to be fixed in that behalf by the Board of Directors of FRL for the purpose of reckoning name of the FRL Equity Shareholders / FRL DVR Shareholders in the following ratio:

"1 (One) Equity share of BRL of Rs. 2/- (Rupees Two only) each, fully paid up to be issued for every 1 (One) Equity share of Rs. 2/- (Rupees Two only) each held by FRL Equity Shareholders / FRL DVR Shareholders"

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

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

6.3 Equity Shares to be issued by BRL pursuant to Clause 6.1 above in respect of any FRL Equity Shares and FRL DVRs which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 (corresponding provision of Section 206A of the Companies Act, 1956) or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by BRL.

6.4 Equity shares to be issued by BRL to the respective shareholders of FRL as above shall be subject to the Memorandum and Articles of Association of BRL and shall rank *pari passu* with the existing equity shares of BRL in all respects including dividends.

- 6.5 Equity shares in BRL shall be issued in dematerialized form to those shareholders who hold shares of FRL in dematerialized form, in to the account in which FRL shares are held or such other account as is intimated by the shareholders to FRL and / or its Registrar. All those shareholders who hold shares of FRL in physical form shall also have the option to receive the equity shares in BRL, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to FRL and / or its Registrar. Otherwise, they would be issued equity shares in physical form.
- 6.6 The Board of Directors of BRL and FRL shall, if and to the extent required, apply for and obtain any approvals from concerned government / regulatory authorities for the issue and allotment of equity shares to the shareholders of FRL pursuant to clause 6.1 of the Scheme.
- 6.7 Equity shares to be issued by BRL to the members of FRL pursuant to clause 6.1 of this Scheme will be listed and/or admitted to trading on the BSE Limited and National Stock Exchange of India Limited, where the shares of FRL are listed and/or admitted to trading. BRL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchange.
- 6.8 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of FRL, the Board of Directors or any committee thereof of FRL shall be empowered even subsequent to the Effective Date, to effectuate such transfer as if such changes in the registered holder were operative from the Effective Date, in order to remove any difficulties arising to the transfer of shares after the Scheme becomes effective.
- 6.9 Approval of this Scheme by the shareholders of BRL shall be deemed to be the due compliance of the provisions of Section 62 and Section 55 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by BRL to the shareholders of FRL, as provided in this Scheme.
- 6.10 The approval of this Scheme by the shareholders of both the companies under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 13, 14 of Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.



7. ACCOUNTING TREATMENT IN THE BOOKS OF BRL AND FRL

7.1 IN THE BOOKS OF BRL

- 7.1.1 As on the Appointed Date and the Scheme becoming effective, BRL shall record all the assets and liabilities, pertaining to the Retail Business Undertaking, at the respective book values appearing in the books of FRL.
- 7.1.2 BRL shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to Clause 6.1 of this Scheme.
- 7.1.3 Investments, loans and advances and other dues outstanding between BRL and the Retail Business Undertaking of FRL, if any, will stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 7.1.4 The difference between the net assets of Retail Business Undertaking of FRL acquired and recorded by BRL as reduced by the face value of equity shares issued by BRL pursuant to Clause 6.1 of this Scheme and after making adjustments in terms of clause 7.1.3 above, if surplus, shall be credited to Capital Reserve Account. In case of a deficit, the same shall be debited to Goodwill Account.
- 7.1.5 In case of any difference in accounting policy between FRL and BRL with respect to the Retail Business Undertaking of FRL, the impact of the same till the Appointed Date will be quantified and adjusted in the reserves of BRL to ensure that the financial statements of BRL reflect the financial position on the basis of consistent accounting policy.

7.2 IN THE BOOKS OF FRL

- 7.2.1 Upon the Scheme becoming effective, FRL shall reduce the book value of assets and liabilities pertaining to the Retail Business Undertaking.
- 7.2.2 The book values, as on the Appointed Date, of net assets (assets minus liabilities) comprised in the Retail Business Undertaking transferred to BRL shall be adjusted against the following, in the order specified:
- (i) Capital Reserve Account, existing in books of accounts of FRL;
 - (ii) Securities Premium Account;
 - (iii) General Reserve; and the balance, if any, against;
 - (iv) Profit and Loss Account.
- 7.2.3 The utilization, if any, of the Securities Premium Account of FRL as above shall be effected as an integral part of the Scheme in accordance with the provisions of Section 100 to 104 and any other applicable provisions of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under

Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either 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 Act will not be applicable. Notwithstanding the reduction as mentioned above, FRL shall not be required to add "And Reduced" as a suffix to its name.

8. TRANSACTIONS UPTO THE EFFECTIVE DATE

8.1 With effect from the Appointed Date and up to and including the Effective Date:

- (a) FRL shall carry on and be deemed to have carried on the business and activities in relation to the Retail Business Undertaking and shall stand possessed of their properties and assets relating to the Retail Business Undertaking for and in trust for BRL and all the profits / losses accruing on account of the Retail Business Undertaking shall for all purposes be treated as profits / losses of BRL.
- (b) FRL shall not without the prior written consent of the Board of Directors of BRL 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) FRL 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.
- (d) BRL 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 BRL may require to carry on the business of Retail Business Undertaking. Further, FRL shall extend all assistance to BRL, if requested by BRL, in obtaining the said consents, approvals and sanctions.

8.2 With effect from the date of approval to the Scheme by Board of Directors of FRL and BRL until the Effective Date, FRL shall preserve and carry on the business and activities of Retail Business Undertaking with reasonable diligence and business prudence and FRL shall not, without the prior consultation with BRL, 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; further, FRL shall not engage in

any corporate restructuring exercise including any merger and/or demerger or substantial expansion of the Retail Business Undertaking without prior written consent of BRL.

9. DECLARATION OF DIVIDEND, BONUS, ETC.

- 9.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent FRL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of dividend.
- 9.2 FRL 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 Appointed Date, without the prior written consent of the Board of Directors of BRL.
- 9.3 FRL shall not, without the prior written consent of BRL, issue or allot any further securities, either by way of rights or bonus shares or in any other manner.
- 9.4 Until the coming into effect of this Scheme, the holders of equity shares and DVRs of FRL and equity shares of BRL shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Associations.
- 9.5 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of FRL and/or BRL to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of FRL and BRL and subject, wherever necessary, to the approval of the shareholders of FRL and BRL, respectively.

10. EMPLOYEES

- 10.1 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 BRL 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 BRL 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 FRL.

10.2 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 BRL in place of FRL for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of FRL in relation to such fund or funds shall become those of BRL. 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.

10.3 In respect of the stock options outstanding under the FRL Employees Stock Option Plan/(s) in the hands of the employees of the Retail Business Undertaking of FRL, it is hereby clarified that the options which have been granted but have not vested in the employees of the Retail Business Undertaking of FRL as of the Effective Date would lapse. BRL will put in place a suitable stock option scheme on terms and conditions not less favourable to the employees than those of the FRL Stock Option plans which will be offered to such employees of the Retail Business Undertaking of FRL whose options under the FRL Stock Option plans have lapsed pursuant to this Clause. The options under the FRL Stock Option plans which, as of the Effective Date, have been vested in employees of the Retail Business Undertaking of FRL but have not been exercised, would be appropriately adjusted in FRL or would be issued options in BRL such that the economic benefit on such options as have been vested in the hands of the employee remains same.

10.4 For the avoidance of doubt it is hereby clarified that upon the coming into effect of this Scheme, the options granted and / or vested, under and pursuant to the FRL Stock Option plans to the employees of the Remaining Business of FRL as of the Effective Date would continue and the exercise price of such options or number of options to be vested would be suitably adjusted / recomputed in order to compensate the employees of FRL for reduction, if any in the intrinsic value of FRL pursuant to the demerger of Retail Business Undertaking of FRL or suitable provision shall be made for issue of shares in BRL as and when the options are exercised.

11. LEGAL PROCEEDINGS

- 11.1 All legal proceedings of whatsoever nature by or against FRL 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 BRL, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against FRL.
- 11.2 After the Appointed Date, if any proceedings are taken against FRL in respect of the matters referred to in the sub-clause 11.1 above, FRL shall defend the same in accordance with advise and instructions of BRL at the cost of BRL, and BRL shall reimburse and indemnify FRL against all liabilities and obligations incurred by FRL in respect thereof.
- 11.3 BRL undertakes to have all legal or other proceedings initiated by or against FRL referred to in Clause 11.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against BRL as the case may be, to the exclusion of FRL and FRL shall extend all assistance in such transfer into BRL's name, if required by BRL.

12. CONTRACTS, DEEDS, ETC.

- 12.1 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 FRL to which FRL is a party or to the benefit of which FRL may be eligible, shall continue in full force and effect against or in favour of BRL, and may be enforced effectively by or against BRL as fully and effectually as if, instead of FRL, BRL had been a party thereto from inception.
- 12.2 BRL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which FRL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. BRL shall be deemed to be authorised to execute any such writings on behalf of FRL and to carry out or perform all such

formalities or compliances required for the purposes referred to above on the part of FRL.

- 12.3 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 FRL is a party to, cannot be transferred to BRL for any reason whatsoever, FRL shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of BRL; 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 FRL (pursuant to the transfer of the Retail Business Undertaking), FRL and BRL 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.

13. REMAINING UNDERTAKING

- 13.1 The Remaining Undertaking and all the assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by FRL and BRL shall have no right, claim or obligation in relation to the Remaining Undertaking. From the Appointed Date, FRL shall carry on the activities and operations of the Remaining Undertaking distinctly and as a separate business from the Retail Business Undertaking.

- 13.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi judicial authority or tribunal) by or against FRL under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking shall be continued and enforced by or against FRL after the Effective Date. BRL shall in no event be responsible or liable in relation to any such legal or other proceeding against FRL.

- 13.3 With effect from the Appointed Date and up to, including and beyond the Effective Date, FRL:

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

13.3.2 all profits accruing to FRL thereon or losses arising or incurred by it relating to the Remaining Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of 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 FRL in relation to the Retail Business Undertaking shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date in accordance with this Scheme, to the end and intent that BRL accepts and adopts all acts, deeds and things done and executed by FRL in respect thereto as done and executed on behalf of BRL.

PART IV

TRANSFER AND VESTING OF RETAIL INFRASTRUCTURE BUSINESS UNDERTAKING OF BRL INTO FRL

15. VESTING OF BUSINESS UNDERTAKING

15.1 Upon the Scheme becoming effective, with effect from the Appointed Date, the Retail Infrastructure Business Undertaking of BRL shall, in accordance with Section 2(19AA) of the Income Tax Act, 1961 and Sections 391 to 394 of the Act and all other applicable laws, if any, stand transferred to and vested in or deemed to be transferred to and vested in FRL as a going concern and all the properties whether moveable or immovable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all assets, fixed assets, work in progress, current assets, deposits, reserves, provisions, funds and all other entitlements, licenses, registrations, patents, trade names, trademarks, leases, tenancy rights, 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 Infrastructure Business Undertaking of BRL shall be transferred to and vested in or deemed to be transferred to and vested in FRL in the following manner:

15.1.1 Upon the Scheme becoming effective, with effect from the Appointed Date, the whole of the said assets, as aforesaid, of Retail Infrastructure Business Undertaking of BRL, except for the portions specified in Clauses 15.1.2 and 15.1.3 below, 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 391 and 394 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 Infrastructure Business Undertaking of BRL therein.

15.1.2 Upon the Scheme becoming effective, with effect from the Appointed Date, all the moveable assets including cash in hand, if any, of the Retail Infrastructure Business Undertaking of BRL, 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 394 of the Act.

15.1.3 In respect of the moveable properties of Retail Infrastructure Business Undertaking of BRL other than specified in Clause 15.1.2 above and other 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 BRL and BRL 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 High Court 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 BRL to recover or realize all such debts (including the debts payable by such persons or depositors to BRL) stands transferred and assigned to FRL and that appropriate entries should be passed in their respective books to record the aforesaid change.

15.1.4 Upon the Scheme becoming effective, with effect from the Appointed Date, all debts, liabilities, duties, obligations of every kind, nature and description including all income taxes, excise duty, custom duty, sales tax, value added tax, service tax and other government and semi government liabilities of Retail Infrastructure Business Undertaking of BRL shall also, under the provisions of Sections 391 and 394 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 further that all the debts, liabilities, duties, obligations, taxes etc. as aforesaid of Retail Infrastructure Business Undertaking of BRL incurred/contracted during the period commencing from the Appointed Date till the Effective Date shall be deemed to have been incurred/contracted by FRL and shall be deemed to be the debts, liabilities and obligations of FRL and further that it shall not be necessary to obtain consent of any person in order to give effect to the provisions of this clause.

15.2 Upon the Scheme being effective, with effect from the Appointed Date, a portion of the existing debt of BRL, in the form of OCDs held by the existing shareholders of BRL, shall be transferred to FRL and shall be assumed by FRL. In lieu of the transfer of such portion of the aggregate debt of BRL to FRL, such existing holders of the BRL OCDs shall be issued the FRL OCDs.

15.3 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 Infrastructure Business Undertaking of BRL.

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

15.4 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 Infrastructure Business Undertaking of BRL, to which BRL is a party to or to the benefit of which BRL 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, BRL shall execute such further deeds, documents, etc. as may be required to give effect to this Clause 15.3.



15.5 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 BRL (in relation to Retail Infrastructure 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 BRL (in relation to Retail Infrastructure Business Undertaking) for payment after the Effective Date. If required, the bankers of BRL and FRL shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of BRL by FRL in relation to the Retail Infrastructure 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.



15.6 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

15.7 Upon the Scheme becoming effective, BRL and FRL are expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other tax laws, and to claim refunds and/or credit for taxes paid (including, tax deducted at source, wealth tax, etc) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

15.8 Any tax liabilities under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies of Retail Infrastructure Business Undertaking of BRL 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.

15.9 Any refund, under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies due to BRL in relation to the Retail Infrastructure Business Undertaking consequent to the assessment made on BRL 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.

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

16. CONSIDERATION

16.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the Retail Infrastructure Business Undertaking into FRL, FRL shall, without any further application or deed issue and allot equity shares, credited as fully paid up, to all the shareholders of BRL or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the register of members as on the Record Date under:

"1 (One) Equity share of FRL of Rs. 2/- (Rupees Two only) each, fully paid up to be issued for every 1 (One) Equity share of Rs. 2/- (Rupees Two only) each held by the equity shareholders of BRL"

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

(a) consolidate such fractions and issue consolidated shares to a trustee nominated by FRL in that behalf, who shall, sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements;


(b) round off all fractional entitlements to the next whole number above the

fractional entitlement and issue such number of equity shares to the relevant shareholder;

- (c) deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders of BRL and FRL.

16.3 Shares to be issued by FRL pursuant to Clause 16.1 above to the equity shareholders of BRL which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 (corresponding provisions of section 206A of the Companies Act, 1956) or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by FRL.

16.4 Equity shares of FRL to be issued to the respective shareholders of BRL as above shall be subject to the Memorandum and Articles of Association of FRL and shall rank *pari passu* with the existing equity shares of FRL in all respects including dividends.



16.5 The equity shares of FRL shall be issued in dematerialized form to those shareholders who hold shares of BRL in dematerialized form, in to the account in which BRL shares are held or such other account as is intimated by the shareholders to BRL and/or its Registrar. All those shareholders who hold shares of BRL in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to BRL and/or its Registrar. Otherwise, they would be issued equity shares in physical form.

16.6 The Board of Directors of BRL and FRL shall, if and to the extent required, apply for and obtain any approvals from concerned Government/regulatory authorities for the issue and allotment of equity shares to the shareholders of BRL pursuant to Clause 16.1 of the Scheme.

16.7 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of BRL, the Board of Directors or any committee thereof of BRL shall be empowered even subsequent to the Effective Date, to effectuate such transfer as if such changes in the registered holder were operative from the Effective Date, in order to remove any difficulties arising to the transfer of shares after the Scheme becomes effective.

16.8 Approval of this Scheme by the shareholders of FRL shall be deemed to be the due compliance of the provisions of Section 62 and Section 55 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue

and allotment of shares by FRL to the shareholders of BRL, as provided in this Scheme.

16.9 The approval of this Scheme by the shareholders of BRL and FRL under Sections 391 and 394 of the Act shall be deemed to have been the approval under Sections 13, 14 of Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.

16.10 FRL shall apply for the listing of the equity shares of FRL issued under this Scheme in accordance with Applicable Laws. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchange.

17. ACCOUNTING TREATMENT IN THE BOOKS OF BRL AND FRL

17.1 IN THE BOOKS OF FRL

17.1.1 As on the Appointed Date, FRL shall record all the assets and liabilities, pertaining to the Retail Infrastructure Business Undertaking, at the respective book values appearing in the books of BRL.

17.1.2 FRL shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to Clause 16.1 of this Scheme.

17.1.3 Investments, loans and advances and other dues outstanding between FRL and Retail Infrastructure Business Undertaking of BRL will stand cancelled and there shall be no further obligation/outstanding in that behalf.

17.1.4 The difference between the net assets of Retail Infrastructure Business Undertaking of BRL acquired and recorded by FRL after making adjustments in terms of clause 17.1.3 above as reduced by the face value of equity shares issued by FRL to the shareholders of BRL in terms of Clause 16.1, if surplus, shall be credited to Capital Reserve Account. In case of a deficit, the same shall be debited to Goodwill Account.

17.1.5 In case of any difference in accounting policy between BRL and FRL with respect to Retail Infrastructure Business Undertaking of BRL, the impact of the same till the Appointed Date will be quantified and adjusted in the reserves of FRL to ensure that the financial statements of FRL reflect the financial position on the basis of consistent accounting policy.

17.2 IN THE BOOKS OF BRL

17.2.1 Upon the Scheme becoming effective, BRL shall reduce the book value of assets and liabilities pertaining to the Retail Infrastructure Business Undertaking.

17.2.2 The book values, as on the Appointed Date, of net assets (assets minus liabilities) comprised in the Retail Infrastructure Business Undertaking transferred to FRL shall be adjusted against the following, in the order specified:

- (i) Capital Reserve Account, if any, arising in terms of Part III of this Scheme; and the balance, if any, against;
- (ii) Profit and Loss Account.

18. TRANSACTIONS UPTO THE EFFECTIVE DATE

18.1 With effect from the Appointed Date and up to and including the Effective Date:

- (a) BRL shall carry on and be deemed to have carried on the business and activities in relation to the Retail Infrastructure Business Undertaking and shall stand possessed of their properties and assets relating to the Retail Infrastructure Business Undertaking for and in trust for FRL and all the profits/losses accruing on account of the Retail Infrastructure Business Undertaking shall for all purposes be treated as profits/losses of FRL.
- (b) BRL 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 Infrastructure Business Undertaking or any part thereof except in the ordinary course of its business.
- (c) BRL shall not vary the terms and conditions of service of its permanent employees relating to the Retail Infrastructure Business Undertaking except in the ordinary course of its business.
- (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 Infrastructure Business Undertaking. Further, BRL shall extend all assistance to FRL, if requested by FRL, in obtaining the said consents, approvals and sanctions.

18.2 With effect from the date of approval to the Scheme by Board of Directors of BRL and FRL until the Effective Date, BRL shall preserve and carry on the business and activities of Retail Infrastructure Business Undertaking with reasonable diligence and business prudence and BRL shall not, without the prior consultation with FRL, alienate, charge or otherwise deal with or dispose of the Retail Infrastructure Business Undertaking or any part thereof or recruit any new



employee (in each case except in the ordinary course of business) or employees; further, BRL shall not engage in any corporate restructuring exercise including any merger and/or demerger or substantial expansion of the of the Retail Infrastructure Business Undertaking without prior written consent of FRL.

19. DECLARATION OF DIVIDEND, BONUS, ETC.

- 19.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent BRL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of dividend.
- 19.2 BRL shall not utilize the profits or income, if any, relating to the Retail Infrastructure 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 Appointed Date, without the prior written consent of the Board of Directors of FRL.
- 19.3 BRL shall not, without the prior written consent of FRL, issue or allot any further securities, either by way of rights or bonus shares or in any other manner.
- 19.4 Until the coming into effect of this Scheme, the holders of equity shares of BRL and equity shares and DVRs of FRL shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing respective rights under their respective articles of associations.
- 19.5 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of BRL and FRL to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of BRL and FRL and subject, wherever necessary, to the approval of the shareholders of BRL and FRL.

20. EMPLOYEES

- 20.1 On the Scheme becoming effective, all employees of the Retail Infrastructure 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 Infrastructure 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 Infrastructure Business Undertaking shall be decided mutually by the board of directors of BRL and board of directors of FRL.

- 20.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts created or existing for the benefit of the employees of the Retail Infrastructure Business Undertaking shall be deemed to have been created by FRL in place of BRL 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 BRL in relation to such fund or funds shall become those of FRL. It is clarified that the services of the employees of the Retail Infrastructure Business Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

21. LEGAL PROCEEDINGS

- 21.1 All legal proceedings of whatsoever nature by or against BRL pending and/or arising before the Effective Date and relating to the Retail Infrastructure 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, in the same manner and to the same extent as would or might have been continued and enforced by or against BRL.

- 21.2 After the Appointed Date, if any proceedings are taken against BRL in respect of the matters referred to in the sub-clause 21.1 above, BRL shall defend the same in accordance with the advice and instructions of FRL at the cost of FRL and FRL shall reimburse and indemnify BRL against all liabilities and obligations incurred by BRL in respect thereof.

- 21.3 FRL undertakes to have all legal or other proceedings initiated by or against BRL referred to in Clauses 21.1 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 BRL and BRL shall extend all assistance in such transfer into FRL's name, if required by FRL.

22. CONTRACTS, DEEDS, ETC.

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



Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Retail Infrastructure Business Undertaking of BRL to which BRL is a party or to the benefit of which BRL 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 BRL, FRL had been a party thereto from inception.

22.2 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 BRL 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 BRL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of BRL.

22.3 It is hereby clarified that (i) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Retail Infrastructure Business Undertaking to which BRL is a party to, cannot be transferred to FRL for any reason whatsoever, BRL 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 Infrastructure Business Undertaking as well as BRL (pursuant to the transfer of the Retail Infrastructure Business Undertaking), BRL 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.

23. REMAINING UNDERTAKING

23.1 The Remaining Undertaking and all the assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by BRL and FRL shall have no right, claim or obligation in relation to the Remaining Undertaking. From the Appointed Date, BRL shall carry on the activities and operations of the Remaining Undertaking distinctly and as a separate business from the Retail Infrastructure Business Undertaking.

23.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi judicial authority or tribunal) by or against BRL 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 shall be continued and enforced by or against BRL after the Effective Date. FRL shall in no event be responsible or liable in relation to any such legal or other proceeding against BRL.

23.3 With effect from the Appointed Date and up to, including and beyond the Effective Date, BRL:

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

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



24. SAVING OF CONCLUDED TRANSACTIONS

24.1 The transfer and vesting of the Retail Infrastructure Business Undertaking as above and the continuance of proceedings by or against BRL in relation to the Retail Infrastructure Business Undertaking shall not affect any transaction or proceedings already concluded on or after the Appointed Date 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 BRL in respect thereto as done and executed on behalf of FRL.

PART V

GENERAL TERMS AND CONDITIONS

25. APPLICATION TO HIGH COURT

25.1 FRL and BRL shall as may be required make applications and/or petitions under Sections 391 to 394 read with Section 100 to 104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 and other applicable provisions of the Act to the High Court of Judicature at Bombay or such other appropriate authority for sanction of this Scheme and all matters ancillary or incidental thereto.

26. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 26.1 On behalf of FRL and BRL, 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 High Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by both of them (i.e. the board of directors of FRL and board of directors of BRL) 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.
- 26.2 For the purpose of giving effect to this Scheme or to any modification thereof the Board of Directors of FRL and BRL 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.



27. CHANGE OF NAME

- 27.1 Upon the Scheme becoming effective, with effect from the Appointed Date, the name of 'Bharti Retail Limited' shall be changed to 'Future Retail Limited' or such other name as may be approved by the Ministry of Corporate Affairs, subject to BRL filing all necessary forms and applications with the Ministry of Corporate Affairs in this regard. Approval of the shareholders of BRL to the Scheme shall be considered as the approval required under the provisions of Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 for such change of name.
- 27.2 Upon the Scheme becoming effective, with effect from the Appointed Date, the name of 'Future Retail Limited' may be changed to 'Future Enterprises Limited' or such other name as may be approved by the Ministry of Corporate Affairs, subject to FRL filing all necessary forms and applications with the Ministry of Corporate Affairs in this regard. Approval of the shareholders of FRL to the Scheme shall be considered as the approval required under the provisions of Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 for such change of name.

28. CHANGE IN OBJECT CLAUSE OF FRL

28.1 With effect from the Appointed Date, and upon the Scheme becoming effective, the main object clause of the Memorandum of Association of FRL 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 Retail Infrastructure Business Undertaking, pursuant to the provisions of Sections 13 and 14 of the Companies Act, 2013 and other applicable provisions of the Act. Accordingly, the Memorandum of Association of FRL shall be altered and amended and necessary revisions in numbering of the clauses inserted shall be carried out. The following clause shall be added to the Memorandum of Association of FRL and shall read as under:

- (i) To carry on the business of any or all of the infrastructure activities such as development, maintenance and operations of all types of infrastructural projects or facilities including Transportation, Storage & warehousing infrastructure & facilities, rendering all kinds of support services required by the retail outlets/industry of all formats like management and assisting in the maintenance of inventory control, purchase orders, product sourcing, invoicing, maintenance of day to day accounts and the like to all kinds of retail entities whether companies, firms, proprietorship concerns, individuals and others in whatever form and retailing all kind of products, act as agents, distributors and dealers of all kinds of products for the retail industry and especially relating to fashion and general garments, general merchandise, different types of services and such others type of products or services which can be undertaken by retail formats of any types, undertake designing, establishing and developing on a turn key basis retail outlets for all kinds of products including franchisee outlets of all types of products or any specialised products and the like for and on behalf of third parties and anywhere in India as the Company may deem fit, in such manner or methods for the purpose of carrying out the foregoing objects and to obtain from them the rights of all sorts for assistance, privileges, charters, licenses and concessions, as may be necessary or incidental to the business of the Company

For the purposes of amendment in the Memorandum of Association and Articles of Association of FRL as provided in this clause, the consent / approval given by the members of FRL to this Scheme pursuant to Section 391 of the Companies Act, 1956 and any other applicable provisions of the Act shall be deemed to be sufficient and no further resolution of members of FRL as required under the



provisions of Section 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 and Articles of Association of FRL and filing of the certified copy of this Scheme as sanctioned by the High Court, in terms of Section 391-394 of the Companies Act, 1956 and any other applicable provisions of the Act, together with the Order of the High Court and a printed copy of the Memorandum of Association for the purposes of said Section 13 and 14 of the Companies Act, 2013 and all other applicable provisions of the Act and the Registrar of Companies, Mumbai, Maharashtra shall register the same and make the necessary alterations in the Memorandum of Association and Articles of Association of FRL accordingly and shall certify the registration thereof in accordance with the provisions of Section 13 and 14 of the Companies Act, 2013 and any other applicable provisions of the Act.

FRL shall file with the Registrar of Companies, Mumbai, Maharashtra all requisite forms and complete the compliance and procedural requirements under the Act, if any.

29. CONDITIONALITY OF THE SCHEME

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

- 29.1 The requisite consent, approval or permission of the Central Government including Stock Exchange, Competition Commission of India and 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.
- 29.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of FRL and BRL as may be directed by the Hon'ble High Court of Judicature at Bombay or any other competent authority, as may be applicable.
- 29.3 The Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 of the Act read with Section 100 to 104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013.
- 29.4 Certified copy of the Order of the High Court of Judicature at Bombay sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, at Mumbai by FRL and BRL.

30. TERMS OF OCDs

As part of the Scheme, (i) the terms of the BRL OCDs, whether continuing with

BRL or transferred as transfer of liabilities to FRL pursuant to transfer of Retail Infrastructure Undertaking to FRL (as per Part IV of this Scheme), shall be amended to comply with applicable SEBI pricing guidelines prescribed under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, (ii) the FRL OCDs shall be issued by FRL to the existing shareholders of BRL, and (iii) upon the Effective Date the terms of the BRL OCDs and the FRL OCDs shall be as per the terms and conditions as agreed between FRL and BRL.

31. EFFECT OF NON-RECEIPT OF APPROVALS

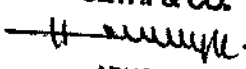
In the event of any of the said sanctions and approvals referred to in the preceding Clause 29 not being obtained and / or the Scheme not being sanctioned by the High Court or such other competent authority, the Scheme shall become null and void, and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

32. UNDERTAKING IN RESPECT OF CAPITAL STRUCTURE OF BRL

There shall be no change in the shareholding pattern of BRL between the Record Date and the listing which may affect the status of approval granted by Stock Exchanges.

33. COSTS, CHARGES & EXPENSES

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

CERTIFIED TRUE COPY
For HEMANT SETHI & CO.

ADVOCATES

TRUE-COPY
5/10/2016
(S. S. AGATE)
J.C. COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY



IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SCHEME PETITION NO. 908 OF 2015

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO. 797 OF 2015

In the matter of the Companies Act, 1956 (1 of 1956) and other relevant provisions of the Companies Act, 2013;

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of the Composite Scheme of Arrangement under Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 and Section 52 of Companies Act 2013 and the applicable provisions of the Companies Act, 1956 and/or Companies Act, 2013, as may be applicable between Future Retail Limited and Bharti Retail Limited and their respective shareholders and creditors

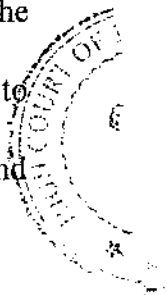
FUTURE RETAIL LIMITED,)
[CIN: L52399MH1987PLC044954],)
a company incorporated under the)
Companies Act, 1956 having its)
registered office at Knowledge)
House, Shyam Nagar, Off.)
Jogeshwari – Vikhroli Link Road,)
Jogeshwari (East), Mumbai – 400)
060) ...Petitioner Company

FORM OF MINUTES PROPOSED TO BE REGISTERED UNDER
SECTION 103(1)(B) OF THE COMPANIES ACT 1956

To utilize a sum upto Rs. 22,00,00,00,000/- (Rupees Two Thousand Two Hundred Crores only) presently standing to the credit of the Securities Premium Account of the Company, for adjusting the value of net assets of the Retail Business Undertaking transferred to Bharti Retail Limited pursuant to the Composite Scheme of Arrangement of between Future Retail Limited and Bharti Retail Limited and their respective shareholders and creditors.

CERTIFIED TRUE COPY
For HEMANT SETHI & CO.
Hemant Sethi
Secretary to the Company

TRUE-COPY
S.S. Agate
13/11/16
(S. S. AGATE)
J.C. COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY





IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SCHEME PETITION NO. 908 OF 2015
CONNECTED WITH
COMPANY SUMMONS FOR DIRECTION NO. 797 OF 2015

In the matter of the Companies Act, 1956;

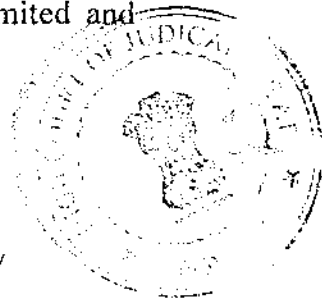
AND

In the matter of Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of the Composite Scheme of Arrangement under Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 and Section 52 of Companies Act 2013 and the applicable provisions of the Companies Act, 1956 and/or Companies Act, 2013, as may be applicable between Future Retail Limited and Bharti Retail Limited and their respective Shareholders and Creditors

Future Retail LimitedPetitioner Company



AUTHENTICATED COPIES OF THE ORDER DATED 4TH MARCH, 2016 AND THE AMENDED SCHEME ALONG WITH FORM OF MINUTES ANNEXED TO PETITION

Applied for authenticated copies on... 05/03/2016
Authenticated copies submitted on... 11/04/2016
Engrossed on... 20/04/2016
Examined by... [Signature]
Compared with... [Signature]
Ready on... 30 APR 2016
Delivered on... 30 APR 2016

HS

HEMANT SETHI & CO

ADVOCATES

1602 Nav Parmanu, Behind Amar Cinema,
Chembur, Mumbai 400071