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**MEMORANDUM  
AND  
ARTICLES OF ASSOCIATION  
OF  
FUTURE RETAIL LIMITED**

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सत्यमेव जयते  
GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS

Office of the Registrar of Companies  
Everest, 100 Marine Drive, Mumbai, Maharashtra, India, 400002

**Certificate of Incorporation pursuant to change of name**  
*[Pursuant to rule 29 of the Companies (Incorporation) Rules, 2014]*

Corporate Identification Number (CIN): U51909MH2007PLC268269

I hereby certify that the name of the company has been changed from BHARTI RETAIL LIMITED to FUTURE RETAIL LIMITED with effect from the date of this certificate and that the company is limited by shares.

Company was originally incorporated with the name BHARTI RETAIL LIMITED.

Given under my hand at Mumbai this Twenty fifth day of May two thousand sixteen.



TRUPTI SUBHASH SHARMA  
Registrar Of Companies  
Registrar of Companies  
RoC - Mumbai

Mailing Address as per record available in Registrar of Companies office:

FUTURE RETAIL LIMITED

KNOWLEDGE HOUSE, SHYAM NAGAR, OFF JOGESHWARI-, VIKHROLI LINK ROAD,  
JOGESHWARI (E),, MUMBAI, Mumbai City, Maharashtra, India, 400060





सत्यमेव जयते

**GOVERNMENT OF INDIA**  
MINISTRY OF CORPORATE AFFAIRS

Office of the Registrar of Companies  
Everest, 100 Marine Drive, Mumbai, Maharashtra, India, 400002

Corporate Identity Number: U51909MH2007PLC268269

**(SECTION 102(1) OF THE COMPANIES ACT, 2013)**  
**CERTIFICATE OF REGISTRATION OF ORDER CONFIRMING REDUCTION OF CAPITAL**

BHARTI RETAIL LIMITED having by special resolution passed on 2016-02-18 reduced its capital, and such reduction having been confirmed by an order dated 2016-03-04 of the Hon'ble Bombay High Court, Dr Kane Rd, Fort, Mumbai - 400032, Maharashtra, passed in Petition number CSP No. 909 of 2015.

I hereby certify that a copy of the said order and Minutes approved by the Hon'ble High Court of Dr Kane Rd, Fort, Mumbai - 400032, Maharashtra, showing the particulars of the capital and shares of the company as altered by the said order have this day been registered.

Given under my hand at Mumbai this seventh day of may two thousand sixteen

Ministry of  
Corporate Affairs -  
Govt of India

**SATYA PARKASH KUMAR**  
Registrar of Companies (STS)  
Registrar of Companies  
RoC - Mumbai

Mailing Address as per record available in Registrar of Companies office:

**BHARTI RETAIL LIMITED**  
6th & 7th Floor, Interface Building No. 7., Link Road, Mindspace Malad (W),  
Mumbai, Mumbai City, Maharashtra, India, 400064





GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
Registrar of Companies, Mumbai

Everest ,100,Marine Drive,null,Mumbai,Maharashtra,INDIA,400002

Corporate Identity Number : U51909MH2007PLC268269

SECTION 13(5) OF THE COMPANIES ACT, 2013

Certification of Registration of Regional Director order for Change of State

M/s BHARTI RETAIL LIMITED having by special resolution altered the provisions of its Memorandum of Association with respect to the place of the Registered Office by changing it from the state of Delhi to the Maharashtra and such alteration having been confirmed by an order of Regional Director Delhi. , Regional Director (NR) Delhi., bearing the date 11/08/2015.

I hereby certify that a certified copy of the said order has this day been registered.

Given under my hand at Mumbai this Eleventh day of September Two Thousand Fifteen.

Signature valid  
Digitally signed by  
T. PANDIAN  
DN: cn=T. PANDIAN,  
o=Registrar of Companies,  
c=IN  
Date: 2015.09.11  
15:02:30  
GMT+05:30

T PANDIAN  
Registrar of Companies  
Registrar of Companies  
Mumbai

Mailing Address as per record available in Registrar of Companies office:

BHARTI RETAIL LIMITED  
6th & 7th Floor, Interface Building No. 7,, Link Road, Mindspace Malad (W),  
Mumbai - 400064,  
Maharashtra, INDIA



भारत सरकार-कॉर्पोरेट कार्य मंत्रालय  
कम्पनी रजिस्ट्रार कार्यालय, राष्ट्रीय राजधानी क्षेत्र दिल्ली एवं हरियाणा

लिमिटेड कम्पनी के रूप में परिवर्तित होने के परिणामस्वरूप, कम्पनी के नाम में परिवर्तन का नया  
निगमन प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : U51909DL2007PLC158953

मैसर्स Bharti Retail Private Limited

के मामले में, मैं एतद्वारा सत्यापित करता हूँ कि मैसर्स

Bharti Retail Private Limited

जो मूल रूप में दिनांक सात फरवरी दो हजार सात को कम्पनी अधिनियम, 1956 (1956 का 1) के अंतर्गत मैसर्स

Bharti Retail Private Limited

के रूप में निगमित की गई थी, और उसके द्वारा कम्पनी अधिनियम, के साथ पठित धारा 31/21 की शर्तों के अनुसार विधिवत आवश्यक  
विनिश्चय दिनांक 24/04/2009 को पारित किया है, उक्त कम्पनी का नाम परिवर्तित होकर आज मैसर्स

BHARTI RETAIL LIMITED

हो गया है और यह प्रमाण-पत्र, कथित अधिनियम की धारा 23(1) के अनुसरण में जारी किया जाता है।

यह प्रमाण-पत्र, मेरे हस्ताक्षर द्वारा दिल्ली में आज दिनांक इक्कीस मई दो हजार नौ को जारी किया जाता है।

GOVERNMENT OF INDIA - MINISTRY OF CORPORATE AFFAIRS  
Registrar of Companies, National Capital Territory of Delhi and Haryana

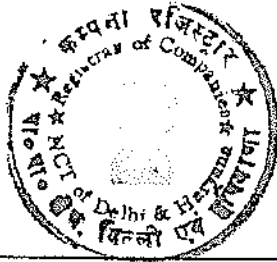
Fresh Certificate of Incorporation Consequent upon Change of Name on  
Conversion to Public Limited Company


Corporate Identity Number : U51909DL2007PLC158953

In the matter of M/s Bharti Retail Private Limited

I hereby certify that Bharti Retail Private Limited which was originally incorporated on Seventh day of February Two Thousand Seven under the Companies Act, 1956 (No. 1 of 1956) as Bharti Retail Private Limited having duly passed the necessary resolution on 24/04/2009 in terms of Section 31/ 21 read with Section 44 of the Companies Act, 1956; the name of the said company is this day changed to BHARTI RETAIL LIMITED and this Certificate is issued pursuant to Section 23(1) of the said Act.

Given under my hand at Delhi this Twenty First day of May Two Thousand Nine.



  
(Manmohan Juneja)

कम्पनी रजिस्ट्रार / Registrar of Companies  
राष्ट्रीय राजधानी क्षेत्र दिल्ली एवं हरियाणा

National Capital Territory of Delhi and Haryana

कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :

Mailing Address as per record available in Registrar of Companies office:

BHARTI RETAIL LIMITED

Aravali Crescent, 1, Nelson Mandela Road, Vasant Kunj Phase II,

New Delhi - 110070,

Delhi, INDIA



सत्यमेव जयते

Form 1

## Certificate of Incorporation

Corporate Identity Number : U51909DL2007PTC158953

2006 - 2007

I hereby certify that Bharti Retail Private Limited is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the company is limited.

Given under my hand at Delhi this SEVENTH day of FEBRUARY TWO THOUSAND SEVEN.

*Anita*

(KLAIR ANITA)

*ASHI*

**Registrar of Companies**  
National Capital Territory of Delhi and  
Haryana

**(THE COMPANIES ACT, 1956)**  
**(PUBLIC COMPANY LIMITED BY SHARES)**  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**FUTURE RETAIL LIMITED**

- I. <sup>1</sup>The name of the Company is **Future Retail Limited**
- II. The Registered office of the Company shall be situated in the State of Maharashtra within the Jurisdiction of Registrar of Companies, Mumbai.
- III. The objects for which the Company is established are:
  - (A) **MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:**

1 To initiate, acquire, set up, construct, establish, maintain, run, operate and manage business centre, hyper markets, departmental stores, super markets, shopping malls, discount stores, specialty stores, shopping outlets, convenience stores, commercial complexes, showrooms and for the purpose to give on lease or hire, to deal in, trade, import, export, market, distribute, process, pack, re-pack, move, preserve, produce, repair, wholesale, retail, exchange, stock, supply indent or otherwise to act as agents, sub-agents, wholesalers, retailers, representatives, commissions agents, franchisers and dealers of all commercial, industrial, scientific, household, domestic, forest and food products and services, consumer goods, consumer durables and other consumer's necessities of every kind, make and sorts, whatsoever, including cosmetic, pharmaceuticals, automobile, plants, machineries, equipments, apparatus, gadgets, appliances, computer hardware, computer parts, softwares, components, communication equipments, petroleum products, steel, accessories, spare parts or other merchandise such as food products, confectionery, beverages, beer housekeepers, licensed victuallers, wine and spirit merchants, tea, coffee and refreshment rooms, café, ice cream parlours, video parlours, jute, textiles, linens, furnishing fabrics and fabrics of all kinds, readymade garments and clothing, lingetic, hosiery, leather, rubber and plastic products, footwears, glass wares, enamelwares, earthenwares, porcelain wares, handicrafts, antiques, accessories, home décor items, furniture, stationary, personal care products, toiletries, metals, cookerries, precious and semi precious stones, paper and paper products, perfumery, engineering goods, health and beauty products, pets and supplies, household chemical, impulse merchandise, oil seeds toys, sporting goods, automotive, hardware, paint and accessories, housewares, small appliances, lawn & garden, home furnishings, seasonal, horticulture, large appliances, wireless, fabrics and craft, domestic goods, curtains and drap, bedding, mens wear, boys wear, infants/toddlers, girls wear, ladies socks, sheer hosiery,

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<sup>1</sup> Amended vide Special Resolution passed at the EOGM held on 18th November, 2015 and in pursuance of Composite Scheme of Arrangement.

sleepwear, bras & shapewear, accessories, ladieswear, swimwear. Outerwear, seafood, meat-fresh & frozen, floral, dairy products, frozen foods, commercial bread, bakery, candy and tobacco, grocery dry goods, grocery, liquor, wine, beer, pharmacy, jewellery and sunglasses, shoes optical-frames, optical- lenses, cameras photo films and reels, concept stores, optical-doctors, financial services, electrical & electronic goods and all other types of general good, consumables, materials, accessories, commodities and equipments or any other general merchandise or services of every nature, types and descriptions on ready or forward basis.

1A. <sup>2</sup>To manufacture, process, prepare, preserve, refine, bottle, buy, sell and deal whether as wholesaler or retailers or as exporters or importers or as Principals or agents or as keepers or dealers in all kinds of milk products, including Cheese, Butter, Ghee, Ice creams, Baby foods, Instant foods and any by-products or co-products thereof and to carry on the business and setting up of dairy farms, milk processing plants, food processing plants, cold storage plants, research laboratories, packing units, bottling plants and to manufacture and deal in all kinds and varieties of foods for human or animal consumption.

1B. <sup>2</sup>To carry on the business of manufacturers, millers, grinders, rollers, processors, tankers, packers and preserves, and dealers of all foods from agriculture products, dairy products, horticulture and poultry products, fruits, vegetables, flowers, meats, processed meat scanned and tinned and processed foods, fast foods, processed fish and sea foods, frozen foods, potential foods, health and instant foods of all kinds, including baby and dietic foods, cereals, beverages, restoratives and aerated mineral waters and food stuffs and consumable provisions and to extract by-products, derivatives food preparations of every kind and description.

**(B) THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE:**

1. To do all such things which are incidental or ancillary to the attainment of the main business of the Company.
2. To enter into partnership or any arrangement for sharing profits or losses or any union or interest, exchange of shares, joint venture, reciprocal concession or co-operation, with any person or persons of company or companies carrying on or engaged in any business or transaction which the Company is authorised to carry on or/and to subsidize, assist, co-operate or enter into any arrangement whatsoever with any such person or Company.
3. To negotiate and enter into agreements and contracts with foreign individuals, companies, corporation and other organisations for technical, financial or any other assistance for carrying out all or any of the objects of the Company or for the purpose of activating research and development of manufacturing projects on the basis of know-how, financial participation or technical collaboration and acquire necessary formulae, patent rights, for furthering the objects of the Company.

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<sup>2</sup> Clause 1A and 1B inserted with effect from Demerger Appointed Date (as defined in the Scheme) in pursuance of Clause 38 of the Composite Scheme of Arrangement among Heritage Foods Limited, Heritage Foods Retail Limited and the Company and their respective Shareholders and Creditors which was made effective from 19<sup>th</sup> May, 2017.



4. To acquire and take over the whole or any part of the business, goodwill, trademark, property and liabilities of any person or persons, firm, corporation or undertaking, either or newly engaged in or carrying on and conducting any business which this Company is authorised to carry on and to pay for same either in shares or partly in cash and partly in shares.
5. To purchase or otherwise acquire, construct, carry out, equip, maintain, alter, improve, develop, manage, work, sell, let on hire, deal in, control and superintend any factories, plants, ware-house, workshops, sheds, dwellings, offices, shops, stores, buildings, telephones, electric and gas works and power plants and all kinds of works, machinery, apparatus, labour lines and houses, wharves, furnaces, crushing works and other works and conveniences which may seem directly or indirectly necessary or conducive to any of the objects of the Company and to contribute to subsidise otherwise assist by taking part in any such operations.
6. To refine, manipulate, repair, alter, exchange, purchase, sell, export, import, deal in or let on hire all kinds of goods, commodities, substances, works, plants, machineries, appliances, apparatuses, tools and implements and other articles, chattels and things which may be necessary or advantageous to the Company in connection with its object.
7. To purchase, take on lease or tenancy or in exchange, hire, renew, or otherwise acquire and hold any estate or interest and to let or sublet in whole or in part, develop, manage, and exploit lands, buildings, machineries, easements, sights, privileges, plants, stock-in-trade, business concerns, options, contracts, claims, choose-in-action and any real and personal property of any kind necessary or convenient for any business of the Company.
8. To acquire, hold and deal in stocks, shares, debentures, debenture-stock, bonds, obligations or securities issued by any business which the Company is authorised to carry on or which is capable of being conducted so as directly or indirectly to benefit the Company.
9. To procure the registration or recognition of the Company in any country or place in any part of the world.
10. Subject to Section 391 to 394 and 394A of the Companies Act, 1956 to amalgamate in totality or demerge any of its business undertaking and amalgamate with any other company having all or any of its objects altogether or in part, similar to the objects of the Company in any manner whatsoever whether with or without liquidation of the Company.
11. To apply for, obtain, purchase or otherwise acquire and protect, prolong and renew any patent, patent rights, brevets d' invention, processes, trade secrets, scientific or technical or other assistance, manufacturing processes, know-how and other information, design, patterns, copyrights, trade-marks, licences, concessions and the like, rights or benefits or right of use thereof, which may seem capable of being used for in or connection with any of the objects of the Company or the acquisition or use of which may seem calculated directly or indirectly or benefit the Company on payment of any fee, royalty or other consideration and to use exercise or develop the same and manufacture under or grant licences in respect thereof or sell or otherwise deal with the same.

12. To establish, for any of the objects of the Company, branches or to establish any firm or firms or promote any company at places in or outside India as the Company may think fit.
13. To undertake research work and to spend money in experimenting and testing and in improving or seeking to improve and giving publicity to the business and products of the Company and its constituents and associates and popularise brands in Indian and foreign markets by means of press advertisement, pamphlets, handbills, circulars, advertisement reels, posters, cinema slides or by publication of books, periodicals and magazines, by purchase and exhibition of work of art, by granting rewards, prizes and donations and by any other suitable means and by placing in the market any product which the Company may propose to manufacture or to distribute any patents, inventions, processes, informations or rights which the Company may acquire on lease or propose to acquire.
14. To invest the moneys of the Company, not immediately required, in or upon such investments (other than shares in the Company) and in such manner as may from time to time be determined.
15. Subject to section 292, 293, 58A, 295 and 370 of the Companies Act, 1956 and regulation made thereunder and the direction issued by the Reserve Bank of India to borrow, raise or secure the payment of money or deposit at interest, for any of the purposes of the Company and at such times or times as may be thought fit by promissory notes, by taking credit in or opening current account with any person, firm, bank, company or financial institutions and whether with or without any security, or by such other means as the directors may in their absolute discretion deem expedient and in particular by the issue of debentures or debenture- stock perpetual or otherwise and as security for any such money so borrowed, raised, received and if any such debentures or debenture stock so issued, to mortgage, pledge or charge the whole or any part of the property and the assets of the Company both present and future, including its uncalled capital by special assignment otherwise or to transfer or convey the same absolutely or in trust and to give the powers of sale and other powers as may seem expedient and to purchase, redeem or pay off, any such securities, provided that the Company shall not carry on banking business as defined in Banking Regulation Act, 1949.
16. To give any guarantee in relation to the payment of any debentures, debenture stock, bonds, obligations or securities and to guarantee the payment of interest thereon or of dividends on any stock or shares in any company and generally to guarantee or become sureties for the performance of any contracts, debts, or obligations of any person, firm, authority or company, connected with the Company's business.
17. To draw, make, accept, endorse, discount, execute and issue bills of exchange, promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments or securities including Corporate/Counter Guarantee on behalf of Company's Group/Associate Companies and to open bank accounts, current overdraft or savings and to operate the same.
18. To send out to foreign countries, its Directors, employees or any other person or persons for investigating possibilities of any business or trade or for procuring

and buying any machinery or establishing trade connections or in promoting the interests of the Company and to pay all expenses incurred in this connection.

19. Subject to Section 314 of the Companies Act, 1956 to remunerate any person or company for services rendered or to be rendered in or about the formation or promotion of the Company or the conduct of its business.
20. To pay out of the funds of the Company all costs, charges and expenses of and incidental to the formation and registration of the Company and any company promoted by the Company and also all costs, charges, duties, imposition and expenses of and incidental to the acquisition by the Company of the property or assets incidental to the accomplishment of all or any formalities which the Company may think necessary or proper in connection with any of the matters aforesaid.
21. To pay for any property or rights acquired by or for any services rendered to the Company either in cash or fully or partly paid up shares with or without preferred or deferred rights in respect of dividend or repayment of capital or otherwise or by any securities which the Company has power to issue or by the grant of any rights or options or partly in one mode and partly in another and generally on such terms as the Company may determine.
22. To aid pecuniarily or otherwise any association, body or movement having for an object the solution, settlement or surmounting of industry or trade.
23. To lease, exchange or otherwise deal with or dispose of the undertaking and all or any of the properties, assets, rights and effects of the Company or any part thereof for such consideration as the Company may think fit, subject to the provisions of the Companies Act, 1956 or any other law for the time being in force.
24. To distribute among the members in specie or in kind any property of the Company or any proceeds of sale or disposal of any property of the Company in the event of winding up so that no distribution amounting to a reduction of capital be made except with the sanction, if any, for the time being required by law.
25. To grant pensions, allowances, gratuities and bonuses to existing or former employees and officers (including Directors) of the Company or their dependents or connections and to make payments towards insurance for any such person and to establish, join and support trusts, funds or schemes, whether contributory or non-contributory, with a view to provide pensions or allowances for such persons or to make contributions to other associations, institutions, trusts, funds, schemes, clubs or conveniences calculated to benefit such persons.
26. To compensate for loss of office any Managing Director or Directors or other Officers of the Company within limitations prescribed under the Companies Act, 1956 or other statute or rule having the force of law and to make payments to any person whose office of employment or duties may be determined by virtue of any transaction in which the Company is engaged.
27. Subject to Section 394A and 394B of the Companies Act, 1956 to make donations to such persons or institutions either in cash or in other assets as may be thought directly or indirectly conducive to any of the Company's objects or otherwise expedient and in particular to remunerate any person or corporation

- introducing business to the Company and to subscribe, contribute or otherwise assist or Grant Money to charitable, scientific, religious, benevolent, national, public or other institutions and objects or for any exhibition or for any public, general or other objects and to establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences for the benefit of the employees or of persons having dealing with the Company or to dependents, relative or connections of such persons and in particular friendly or other benefit societies and to grant pensions, allowances, gratuities, and bonuses by way of either annual payments or a lump sum and to make payments towards insurance and to form and contribute to provident and benefit funds of or for such persons.
28. To promote the export for that purpose, to buy, sell, enter into barter arrangements and compensation business, imports, distribute, process, commodities and product of every description and kind.
  29. To apply for an obtain any Act of Parliament, charter, privilege, concession, licence or authorisation of any government, state or municipality or provisional order or licence of any authority for enabling the Company to carry any of its objects into effect or for extending any of the powers of the Company or for any other purpose which may seem expedient and to make representations against any proceedings or application which may seem to prejudice, directly or indirectly, the interests of the Company.
  30. To agree to refer to arbitration any dispute presenter future, between the Company and any other Company, firm or individual and to submit the same to arbitration of India or abroad either in accordance with Indian or any foreign system of law.
  31. To appoint agents, sub-agents, dealers, managers, canvassers, sales representatives or salesmen for transacting all or any kind of business which this Company is authorised to carry on and to constitute agencies of the Company in India or in any other country whatsoever and to establish depots and agencies in different parts of the world.
  32. To accept and to make gifts in property, movable or immovable in or outside India.
  33. To purchase or otherwise acquire real or personal property of all kinds in any part of the world and in particular land, oil wells, refineries, mining rights, minerals, ores, building stores patents, licences, concessions, rights of way, rights on water and any rights or privileges which it may seem convenient to obtain for the purpose of or in connection with the businesses of the Company and whether for the purpose of resale or realisation or otherwise deal with the whole or any part of such property or rights.
  34. To secure orders for export of any article or things and to carry out and comply with the said orders.
  35. To create any reserve fund, sinking fund, insurance fund or any other special funds whether for depreciation, for repairing, improving, research, extending or maintaining any of the properties of the Company or for any other purpose conducive to the interests of the Company.

36. Subject to the provisions contained in Section 205 of the Companies Act, 1956 to distribute as dividend or bonus among the members or to place to reserve or otherwise apply as the Company may from time to time think fit any money received by way of premium on shares or debentures, issued at a premium.
37. To take part in the formation, supervision or control of any business or operation of any Company or undertaking relating to the business of the Company and for that purpose to act as or appoint as its own nominees, officers, directors, trustees, administrators, managers and accountants, or other employees, experts or agents.
38. To do all or any of the above things in any part of the world as principals, agents, trustees or otherwise and either in conjunction with others or by or through agents, sub contractors, trustees or otherwise.

**(C) THE OTHER OBJECTS ARE:-**

1. To manufacture, buy, sell, import, export, alter, improve, manipulate, install, repair, service, let on hire and deal in all kinds of machineries and spare parts for watches, clocks, body scanners, head scanners, ultra sound equipments, surgical equipments, X-Ray equipment, antibiotics, cosmetics and to run hospitals, research centres, diagnostic centres, laboratories and other electronic devices, inventions connecting thereto in India and any part of the world.
2. To carry on the business of makers and manufacturers of and dealers in, articles of any description, made or prepared with rubber or leathers, natural or synthetic.
3. To carry on the business of motion pictures, colour photography, cinematography, cinematograph pictures, renters, producers, exhibitors, distributors and to present, produce, manage, conduct and represent all or any of the business of theatre, music hall, ballroom, cinema, picture place, cabaret show, circus, box-office keepers, showmen, songs, music plays, programmes, dramas, comedies, operas and other entertainment for public, social, cultural and private amusements.
4. To deal in foreign exchange and currencies and to convert currencies subject to the approval of appropriate authorities.
5. To deal in and manufacture all types of chemicals, pesticides, and polypropylene films.
6. To carry on the business of ferrous and non-ferrous metals, iron and steel and other alloys.
7. To carry on the business as suppliers, manufacturers, dealers, importers, exporters and agents of pulp paper, hard board, packing paper and packing materials, straw products and to establish paper mills.
8. To carry on the business of steel furniture, iron safes, rolling shutters, office equipments and other steel structural products.
9. To carry on the business of manufactures, dealers, hirers, repairers, cleaners and stores of motor cars, motor cycles, scooters, motor boats, motor launches, motor buses, motor lorries, motor vans and other conveyances of all

descriptions, whether propelled or assisted by means of petrol, spirit, steam, gas, electricity, animal, atomic or any other power and of engines, chassis and bodies.

10. To carry on the business of manufacturers, builders, contractors, consultants, engineers, importers, exporters and to buy, sell and deal in properties of all kinds.
11. To act as contractors for any person, or governmental authorities for the construction of buildings of all description, roads, bridges, earthwork, sewers, tanks, drains, channels, culverts and sewage.
12. To finance and carry on business as printers and publishers of newspapers, journals, magazines, books and other literary works and undertakings.
13. To manufacture, buy, sell, exchange, import, export, hire, let on hire, improve, repair, assemble, prepare, develop or otherwise deal in all kinds of electrical spares and electronics, whether used independently as an original equipment or used as components for repairs and replacements.
14. To make or cause to be made studies, reports and tests to determine desirability of establishing plants, factories, mines and facilities.
15. To undertake and carry on the business as manufacturers, commission agents, auctioneer, dealers, distributors, producers, tradesmen for handicrafts, ready-made garments and gift items.
16. To act as business consultants and to undertake aid, promote and co-ordinate project studies, arrange collaboration, extend technical assistance and services, prepare industrial schemes, and assist in finding market for manufactured goods of Indian origin.
17. To carry on the business of laying optical fibre cables to set up transmission and switching network across the length and breadth of the country to carry Voice, Data, Multimedia including video either on its own or in alliance with any other Person/Body/Bodies Corporate incorporated in India or abroad either under a strategic alliance or Joint Venture or any other arrangement.
18. To install, maintain and operate Internet, Multimedia, V-Sat and other allied Services either on its own or in alliance with any other Person/Body/Bodies Corporate incorporated in India or abroad either under a strategic alliance or Joint Venture or any other arrangement.
19. To establish and carry on in India and elsewhere either on its own or in alliance with any other Person/Body/Bodies Corporate incorporated in India or abroad either under a strategic alliance or Joint Venture or any other arrangement the business of providing/operating Very Small Aperture Terminals (VSAT) Communication Services, Value Added Network Services (VANS), Electronic Data Interchange Services, Datacom Network Services, File Transfer and Protocol Conversion Services, Voice Network Services, Electronic Transaction Services, High Speed VSAT based Satellite Communication Services, Video Conferencing Services, System Integration Services involving computers and communications products/technologies and to market and sell and support various types of Satellite/data communications equipments and networks built using Routers, Frame Relay Switches and ATMs.

20. To establish and carry on in India and elsewhere either on its own or in alliance with any other Person/Body/Bodies Corporate incorporated in India or abroad either under a strategic alliance or Joint Venture or any other arrangement, the business of providing network for receive, capture, store, transmit and use voice, data, E-mail, graphics, signals and other informations based on fixed line on wireless (radio, microwave, cellular satellite VHF/UVHF) or a combination of any of these.
21. To design, develop, fabricate, operate, install, maintain, assemble, export from and import into India, buy, sell or otherwise deal in and to act as consultants and render services in connection with all kinds of telecommunication equipments including cellular, fixed network, paging and video text services and telephone system of all types, voice and data broadcasting equipments of all kinds, terminal equipment, telephone instruments, switching exchanges, transmission lines and equipments, radar and satellite communications equipment and network using above products.
22. To establish, promote, design, develop, undertake, sponsor, locate, assist and sell appropriate know-how for development of the process of laying optical fibre cables under water and other telecommunication services either on its own or in alliance with any other Person/Body./Bodies Corporate incorporated in India or abroad either under the strategic alliance or Joint Venture or any other business arrangement.
23. To provide telecom networks and to run and maintain telecom services including basic/fixed line services, cellular/mobile services, long distance services, long distance services, Broadband services, paging, video text, voice mail and data system, private switching network services, transmission networks of all types, computer networks like local area network, wide area network, Electronic Mail, Intelligent Network, Multimedia Communication Systems or the combination thereof.
24. To provide data/short messaging/intelligent network services over the Cellular Network, including construction of the required additions to Cellular Network, operations and maintenance of the network.
25. To provide complete paging services including construction of paging network and to purchase, sell, hire, import, export, manufacture, repair and to provide service support to pagers of all kinds.
26. To carry on the business of telecommunication consulting engineers for design, installation, validation, acceptance, testing, quality assurance of Cellular Mobile Telephone Systems, paging systems and data and other services relating to cellular services.
27. To buy, sell, lease and trade in cellular mobile handsets and pagers.
28. To manufacture, install, operate and maintain Mobile telephones, Hand held telephones, module switches, Base stations including self supporting steel structures, antenna, wave-guides power plant and air conditioning equipment relating to Cellular Mobile Telephone Systems and Paging system.

29. To carry on the business of the manufactures, merchants, dealers, distributors, importers, exporters, buyers, sellers, agents and stockists, and to market, hire, lease, rent out, assemble, alter, install, service, design, research and improve, develop, exchange, maintain, repair, refurbish, store and otherwise deal in any manner in al types of telephone exchanges, telephone instruments-whether corded, cordless, mobile or of any other kind tele-terminals, fax machines, telegraphs, recording instruments and devices, telephone message/answering machines and devices, dialing machines, trunk dialing barring devices, wireless sets and other wireless communication devices like radio pagers, cellular phones, satellite phones etc. telecom switching equipments of all kinds telecom transmission equipments of all kinds, test equipments, instruments, instruments, apparatus, appliances and accessories and equipment and machinery for the manufacture thereof and to provide technical services in respect thereof or relating thereto.
30. To buy, sell, manufacture, assemble, repair, design, alter, research and improve, develop, exchange, ware-house, let on hire, import, export, and deal in all sorts of Electronic, non-Electronic, Computerized and Electrical items and equipment including Computer and Data Processing Equipment, Peripherals, Printers, Disc-drives, Intelligent Terminals, Modems, Software, Hardware, Personal Computers, 'CAD'CAM' Computer, Graphic Systems, Office Automation Equipments, Word processors, Phototypesetting, Text Editing and Electronic Printing and/or Typing Systems, Circuits, including integrated, hybrid, 'VLSI' Chips, Microprocessors and Microprocessor based equipment, Semiconductor Memories including bubble Memories, Discrete electronic devices, Facsimile Equipments, Copying Machines, Xerox Machines, Telephone Cable Pressurization Systems, Printed Circuit Boards, all sorts of automatic Float charges, Electronic, Electrical and Computerized Systems and Equipment and Plant and Machineries and Field Engineering support and for all above, their incidental and allied equipment, accessories, components, parts, sub-parts, tools, manufactured and semi manufactured goods, raw materials, plant and machineries, substance, goods, articles and things and VCR, VCP, Cassettes, Cameras, Radios, Stereo and Amplifiers, television sets, audio visual equipment, remote control systems, business machines, calculators, hoists, elevators, trolleys and their components including valves, transistors, resistors, condensers, coils and circuits.
31. To guarantee/counter guarantee the obligations of any of its subsidiary/associate/group companies and/or other companies in which the company has equity interest under any agreements/contracts/debentures, bonds, stocks, mortgages, charges and securities.
32. To carry on the business of fisheries and deep visa trawling.
- IV. The liability of the members is limited.
- V. <sup>3</sup>The Authorised Share Capital of the Company is INR 25,000,000,000/- (Rupees Two Thousand Five Hundred Crores only) divided into 12,500,000,000 (One Thousand Two Hundred Fifty Crore only) Equity Shares of INR 2/- (Rupees Two) each.

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<sup>3</sup> Amended pursuant to the Composite Scheme of Arrangement.



We the several persons whose names and addresses are subscribed below are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:

Sl. No.	Name, description, occupation and address of subscribers	No. of Equity Shares taken by each subscriber	Signature of Subscribers	Name, address and description of witness
1.	SUNIL BHARTI MITTAL S/O LATE SH. SAT PAUL MITTAL (INDUSTRIALIST) 19, AMRITA SHERGILL MARG, NEW DELHI – 110003	5000 (Five Thousand)	Sd/-	I witness the signatures of all the subscribers who have signed in my presence.  Sd/- KIRAN SHARMA FCS, C.P. 3116 W/O SHRI SANJAY SHARMA R/O 134, NEHRU PLACE APPARTMENTS, OUTER RING ROAD, NEW DELHI – 110019
2.	RAJAN BHARTI MITTAL S/O LATE SH. SAT PAUL MITTAL (INDUSTRIALIST) E-9/17, VASANT VIHAR, NEW DELHI – 110057	5000 (Five Thousand)	Sd/-	
	Total	10,000 (Ten Thousand)		

Place: New Delhi

Dated: 06.02.2007

**THE COMPANIES ACT, 2013**

**COMPANY LIMITED BY SHARES**

**(INCORPORATED UNDER THE COMPANIES ACT, 1956)**

**ARTICLES OF ASSOCIATION**

**OF**

**FUTURE RETAIL LIMITED \***

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the Extraordinary General Meeting held on 03<sup>rd</sup> May, 2016 in substitution for and to the entire exclusion of, the regulations contained in the existing Articles of Association of the Company.

1. No regulations contained in Table "F" in the First Schedule to the Companies Act, 2013 shall apply to this Company, but the regulations for the management of the Company and for the observance by the members thereof and their representatives shall, subject to any exercise of the statutory powers by the Company with reference to the repeal or alteration of, or addition to its regulations by Special Resolution, as prescribed by the said Companies Act, 2013, be such as are contained in the said Articles.

**INTERPRETATION**

2. The marginal notes hereto shall not affect the construction hereof. In the interpretation of these Articles the following expression shall have the following meanings, unless repugnant to the subject or context:

"The Act" - means the Companies Act, 2013, as amended (for the time being in force) and the Companies Act, 1956 to the extent the provisions have not been superseded by the Companies Act, 2013 and includes the rules made there under and any statutory modification or re-enactment thereof for the time being in force.

"Annual General Meeting" - means a general meeting of the members held in accordance with the provisions of the Section 96 of the Companies Act, 2013.

"Auditors" - means and includes the persons appointed as such for the time being of the Company.

"Articles" means these Articles of Association, as originally framed or as amended from time to time in accordance with the provision of the Act and these Articles of Association.

"Beneficial Owner" - shall mean beneficial owner as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996.

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\* Amended vide Special Resolution passed at the EOGM held on 18th November, 2015 and in pursuance of Composite Scheme of Arrangement.

“Board” or “Board of Directors” - means a meeting of the Directors or a Committee thereof duly called and constituted, or as the case may be, the Directors assembled at a Board or the requisite number of Directors entitled to pass a Circular Resolution in accordance with these Articles, or acting by Circular Resolution under the Articles.

“Bye-laws” - means the Bye-laws which may be made by the Board of Directors of the Company under these Articles and which may for the time being be in force.

“Capital” - means the capital for the time being raised for the purpose of the Company.

“The Chairman” - means the Chairman of the Board of Directors for the time being of the Company.

“The Company” or “This Company” – means Future Retail Limited incorporated under the provisions of the Companies Act, 1956.

“Debenture” - includes debenture stock, bonds or any other instrument of the Company evidencing a debt, whether constituting a charge on the assets of the Company or not.

“Depositories Act, 1996” - shall include statutory modifications or re-enactment thereof.

“Depository” - shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

“Directors” - means the Directors for the time being of the Company or as the case may be, the Directors assembled at a Board, or acting under a Circular Resolution under the Articles.

“Dividend” - includes any interim dividend.

“Documents” - includes summons, notices, requisition, other legal process and registers, whether issued, sent or kept in pursuance of the Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.

“Executor” or “Administrator” - means a person who has obtained Probate or Letter of Administration, as the case may be, from a Competent Court.

“Extra-ordinary General Meeting” - means an extra-ordinary general meeting of the members duly called and constituted and any adjourned holding thereof.

“General Meeting” - means a general meeting of the members.

“Group” - means a group of two or more individuals, associations, firms or bodies corporate, or any combination thereof, which exercises or is in a position to exercise, or has the subject of exercising, control over any individual, body corporate, firm or trust.

“In writing” or “written” – means and includes words printed, lithographed, represented or reproduced in any other modes in a visible form, including telex, telegram.

“Managing Director” – means the Managing Director or Managing Directors of the Company for the time being.

“Members” - means the duly registered holders, from time to time of the shares of the Company and includes the subscribers to the Memorandum of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

“Month” - means calendar month.

“Office” - means the registered office for the time being of the Company.

“Ordinary Resolution” - shall have the meaning assigned to it by Section 114 of the Companies Act, 2013.

“Paid-up” - includes credited as paid up.

“Persons” - includes individuals, any company or association or body of individuals whether incorporated or not.

“Proxy” - means an instrument whereby any person is authorised to vote for a member at the general meeting or poll.

“The Register of Members” - means the register of members to be kept pursuant to Section 88 of the Companies Act, 2013.

“The Registrar” - means the Registrar of Companies of the State in which the registered office of the Company is situated.

“The Company’s Regulations” - means the regulations for the time being for the management of the Company.

“Seal” - means the Common Seal for the time being of the Company.

“SEBI” – means the Securities and Exchange Board of India.

“Secretary” means a Company Secretary within the meaning of clause (c) of sub-section (1) of Section 2 of the Company Secretaries Act, 1980 and includes any other individual possessing the prescribed qualifications and appointed to perform the duties, which may be performed by a Secretary under Act including any other ministerial or administrative duties.

“Shares” - means the shares or stocks into which the capital of the Company is divided and the interest corresponding with such shares or stocks except where a distinction between stocks and shares is expressed or implied.

“Special Resolution”- shall have the meaning assigned thereto by Section 114 of the Companies Act, 2013.

“Tribunal” – means the National Company Law Tribunal constituted under Section 408 of the Companies Act, 2013.

“Year” - means the calendar year and “Financial Year” - shall have the meaning assigned thereto by Section 2(41) of the Companies Act, 2013.

## **INTERPRETATION**

Words importing the masculine gender also include the feminine gender.

Words importing the singular number includes where the context admits or requires, the plural number and vice versa.

Unless the context otherwise requires, words and-expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof for the time being in force.

## **SHARE CAPITAL AND VARIATION OF RIGHTS**

3. (a) The Authorised Share Capital of the Company will be as that specified in Clause V(a) of the Memorandum of Association from time to time in accordance with the regulations of the Company and the legislative provision for the time being in force in this behalf and power to divide the Share Capital into Equity Share Capital or Preference Share Capital and to attach thereto respectively, any preferential, qualified or special rights, privileges or conditions, and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

PROVIDED HOWEVER that where any Government has made an order under sub-section (4) of Section 62 of the Companies Act, 2013 directing that any debenture issued by the company or loan taken by the Company or any part thereof shall be converted into shares of the Company and no appeal has been preferred to the Tribunal under sub-section (4) of Section 62 of the Companies Act, 2013 or where such appeal has been dismissed, the memorandum of the Company shall, where such order has the effect of increasing the Authorised Share Capital, stand altered and the Authorised Share Capital of the Company shall stand increased by an amount equal to the amount of the value of the shares into which such debentures or loans or part thereof has been converted

### **Preference Shares, Rights of Holders**

The holders of Preference Shares shall be entitled to be paid out of the profits which the Directors shall determine to distribute by way of dividend, a fixed cumulative preferential dividend at such rates as maybe fixed by the Company (free of Company's tax but subject to deduction of tax at source at the prescribed rate), on the amount credited as paid up thereon and to the right, on winding up, to be paid all arrears of preferential dividend, whether earned or declared or not, down to the commencement of winding up, and also to be repaid the amount of capital paid or credited as paid up on the Preference Shares held by them respectively in priority to any payment in respect of Equity Shares, but shall not be entitled to any other rights in the profits or assets of the Company.

Subject as aforesaid and to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the Equity Shares, in the event of the winding up of the Company, the holders of the Equity Shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such shares and all surplus assets thereafter shall belong to the holders of the Equity Shares in proportion to the amount paid up or credited as paid up on such Equity Shares respectively at the commencement of the winding up.

(b) Subject to the provisions of Section 80 of the Companies Act, 1956 (as may be applicable) and Section 55 of the Companies Act, 2013 (as may be applicable) the following provisions shall apply in regards to redemption of Cumulative Preference Shares:

(i) The Company may subject to the terms of issue at any time but in any event not later than twenty years from the issue of shares apply any profits or monies of the Company which may be lawfully applied for the purpose in the redemption of the preference shares at par together with a sum equal to arrears of dividend thereon down to the date of redemption.

(ii) In the case of any partial redemption under sub-clause (c)(i) of this Article, the Company shall for the purpose of ascertaining the particular shares to be redeemed, cause a drawing to be made at the office or at such other place as the Directors may decide, in the presence of a representative of the Auditors for the time being of the Company.

(iii) Forthwith after every such drawing the Company shall give to the holders of the shares drawn for redemption notice in writing of the Company's intention to redeem the same fixing a time (not less than three months thereafter) and the place for the redemption and surrender of the shares to be redeemed.

(iv) At the time and place so fixed each holder shall be bound to surrender to the Company the Certificate for his shares to be redeemed and the Company shall pay to him the amount payable in respect of such redemption and where any such Certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh Certificate there for.

(c) Subject to the provisions of the Articles, the Company shall be entitled to create and issue further Preference Shares ranking in all or any respects pari passu with the said Preference Shares, PROVIDED in the event of its creating and/or issuing Preference Shares in future, ranking pari passu with the Preference Shares proposed to be issued, the Company would do so only with the consent of the holders of not less than three-fourths of the Preference Shares then outstanding.

(d) The Redeemable Cumulative Preference Shares shall not confer on the holders thereof the right to vote either in person or by proxy at any general meeting of the Company save to the extent and in the manner provided by Section 47(2) of the Companies Act, 2013.

(e) The rights, privileges and conditions for the time being attached to the Redeemable Cumulative Preference Shares may be varied, modified or abrogated in accordance with the provisions of these Articles and of the Act.

#### **Increase of capital by the Company and how carried into effect**

4. (a) The Company in general meeting may, by ordinary resolution from time to time, increase the capital by creation of new shares of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe, and in particular, such shares may be issued with a

preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at general meeting of the Company in conformity with Sections 47 and 55 of the Companies Act, 2013.

- (b) Whenever the capital of the Company has been increased under the provisions of this Article the Company shall file with the Registrar notice of the increase of capital as required by Section 64 of the Companies Act, 2013 within thirty days of the passing of the resolution authorising the increase, or of the receipt of the order of the Government or consequent upon an order made by the Government under Section 62 of the Companies Act, 2013.

### **Capital of two kinds only**

5. Neither the original capital nor any increased capital shall be more than two kinds, namely (i) Equity Share Capital and (ii) Preference Share Capital, as defined in Section 43 of the Companies Act, 2013.

### **New Capital same as existing capital**

6. Except in so far as otherwise provided by the conditions of issue or by these Articles any capital raised by creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

### **Redeemable Preference Shares**

7. Subject to the provisions of Section 55 of the Companies Act, 2013, the Company shall have the power to issue Preference Shares which are or at the option of the Company are to be liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

### **Provisions to apply on Issue of Redeemable Preference Shares**

8. On the issue of Redeemable Preference Shares under the provisions of Article 7 hereof and subject to the provisions of the Act, the following provisions shall take effect :
  - (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.
  - (b) No such shares shall be redeemed unless they are fully paid.
  - (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Securities Premium Account, before the shares are redeemed.
  - (d) Where such shares are proposed to be redeemed out of the profits of the Company, there shall out of such profits, be transferred to a reserve fund to be called 'The Capital Redemption Reserve Account', a sum equal to the nominal amount of the shares to be redeemed and the provisions of the Companies Act, 2013 relating to the reduction of the Share Capital of the Company shall, except as provided in Section 55 of the Companies Act, 2013, apply as if the Capital

Redemption Reserve Account were paid-up share capital of the Company.

- (e) Subject to the provisions of Section 55 of the Companies Act, 2013, the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

### **Reduction of Capital**

- 9. The Company may from time to time by special resolution, subject to confirmation by the Court or the Tribunal (as may be applicable) and subject to the provisions of Sections 52, 55 and 66 of the Companies Act, 2013 and other applicable provisions, if any, reduce its share capital in any manner and in particular may –
  - (a) extinguish or reduce the liability on any of its shares in respect of the share capital not paid-up; or
  - (b) either with or without extinguishing or reducing the liability on any of its shares, -
    - (i) cancel any paid up share capital which is lost or is unrepresented by available assets;
    - (ii) Pay off any paid up share capital which is in excess of the wants of the Company.

### **Buy Back of Shares**

- 9A. Notwithstanding anything contained in these Articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other securities, and the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted by law.

### **9B. Variation in terms of contract or objects in prospectus**

The Company shall not, at any time, vary the terms of a contract referred to in prospectus or objects for which the prospectus was issued, except subject to the approval of, or except subject to an authority given by the Company in General Meeting by way of special resolution, and in accordance with the provisions of the Act. Provided that the Company shall not use any amount raised by it through Prospectus for buying, trading or otherwise dealing in Equity Shares of any other listed Company. The dissenting shareholders, being the shareholders who have not agreed to the proposal to vary the terms of the contracts or the objects referred to in the prospectus, shall be given an exit offer by the promoters or controlling shareholders of the company, in accordance with such terms and conditions as may be specified on this behalf by the Securities and Exchange Board of India.

### **10. Consolidation, Convert, Subdivision and cancellation of shares**

Subject to the provisions of Section 61 of the Companies Act, 2013, the Company may alter its memorandum in its General Meeting to:



- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) Convert all or any of its fully paid-up share into stock; and reconvert that stock into fully paid-up shares of any denomination;
- (c) Sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
- (d) Cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Whenever the Company does any one or more of the things provided for in the foregoing sub-clauses (a), (b), (c) and (d), the Company shall, within thirty days thereafter give notice thereof to the Registrar as required by Section 64 of the Companies Act, 2013 specifying, as the case may be, the shares consolidated, sub-divided, converted into stock or cancelled.

**11. Where shares are converted into stock-**

- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

12. Whenever the share capital of the Company, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Companies Act, 2013, be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or by means of a special resolution passed at a separate general meeting of the holders of shares of that class, and all the provisions hereafter contained as to general meetings shall, mutatis mutandis, apply to

every such meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. Provided that if variation by one class of shareholders of the Company affects the rights of any other class of shareholders of the Company, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this Article shall apply to such variation. The rights conferred upon the holders of the shares (including Preference Shares, if any) of any class issued with preferred or other rights or privileges shall unless otherwise expressly provided by the terms of the issue of shares of that class be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

## **SHARES, DEBENTURES, OTHER SECURITIES AND CERTIFICATES**

### **Register and Index of Members**

13. The Company shall cause to be kept and maintained a Register of Members, register of debenture-holders, and a register of any other security holders in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares, debentures, or other securities held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Company is authorised to, if so required by the Company, maintain a part of its register of members, register of debenture holders and / or register of any other security holders outside India (such part of the relevant register shall be called the “**Foreign Register**” and such Foreign Register shall contain the names and particulars of the members, debenture holders, other security holders or beneficial owners (as the case may be) residing outside India.

### **Dematerialisation**

14. (1) Notwithstanding anything to the contrary contained in these Articles, the Company shall be entitled to dematerialize and rematerialize its existing shares, debentures and other securities and/or to offer its fresh shares, debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any, and the register and index of beneficial owners maintained by the relevant Depository under section 11 of the Depositories Act, 1996, shall be deemed to be the corresponding register and index maintained by the Company.

### **Options for Investors**

- (2) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is a beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996, and the Company shall, in the manner and within the time prescribed issue to the beneficial owner the required Certificates of Securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in the records the name of the allottee as the beneficial owner of the security.

### **Securities with Depositories to be in fungible form**

(3) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in section 89 and 112 and such other applicable provisions of the Companies Act, 2013 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

### **Rights of Depositories and Beneficial Owners**

- (4) (a) Notwithstanding anything to the contrary contained in the, the Companies Act, 2013 or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of the beneficial owner.
- (b) Save and otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all rights and benefits and be subject to all liabilities in respect of the securities held by a Depository on behalf of the beneficial owner.

### **Service of Documents**

- (5) Notwithstanding anything contained in the Companies Act, 2013 or these Articles to the contrary, where securities are held with a Depository the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs as if required.

### **Transfer of Securities**

- (6) Nothing contained in Section 56 of the Companies Act, 2013, or these Articles shall apply to transfer of securities issued by the Company, affected by a transferor and transferee both of whom entered as beneficial owners in the records of a Depository.

### **Allotment of Securities dealt within a Depository**

- (7) Notwithstanding anything contained in Section 56 of the Companies Act, 2013 or these Articles, where securities issued by the Company are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

### **Distinctive numbers of Securities held with a Depository**

- (8) Nothing contained in Section 56 of the Companies Act, 2013 or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company, shall apply to securities held with a Depository.

### **Restriction on Allotment and Return of Allotment**

- (9) The Board of Directors shall observe the restrictions as to allotment of shares to the public contained in Section 39 of the Companies Act, 2013, as well as any other applicable provisions of the Act, and shall cause to be made the returns as

to allotment provided for in Section 39 of the Companies Act, 2013 and/or as may be prescribed under the Act.

### **Further Issue of Shares**

- (9A) Where at any time, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
- (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.
  - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. Such notice shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders at least three days before the opening of the issue.
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any shares to any person in whose favour any member may renounce the shares offered to him.
  - (d) After the expiry of the time specified in the aforesaid notice, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner and to such person(s) as they, in their sole discretion, think fit, subject to the provisions of the act which is not disadvantageous to the shareholders and the Company.
- (9B) Notwithstanding anything contained in sub-clause (9A) hereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (9A) hereof) in any matter whatsoever, subject to Section 62 of the Act;
- (a) If a special resolution to that effect is passed by the Company in general meeting, or
  - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

(3) Nothing in sub clause (c) of clause (9A) hereof shall be deemed:

a) To extend the time within which the offer should be accepted: or

b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(9C) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or the terms of any loans raised by the Company:

- (a) To convert such debentures or loans into shares in the Company; or
- (b) To subscribe for shares in the Company.

PROVIDED that the terms of issue of such debentures or terms of such loan containing such an option have been approved before the issue of such debentures or the raising of such loan by a special resolution passed by the Company in a General Meeting.

(9D) Notwithstanding anything contained in sub-clause (9C) above, where any debentures have been issued or loan has been obtained from any Government by the Company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion. Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to the Tribunal which shall after hearing the company and the Government pass such order as it deems fit.

(9E) In determining the terms and conditions of conversion under sub-clause (9D), the Government shall have due regard to the financial position of the Company, the terms of issue of debentures or loans, as the case may be, the rate of interest payable on such debentures or loans and such other matters as it may consider necessary.

(9F) Where the Government has, by an order made under sub-clause (9E), directed that any debenture or loan or any part thereof shall be converted into shares in the Company and where no appeal has been preferred to the Tribunal under sub-clause (9E) or where such appeal has been dismissed, the Memorandum of the Company shall, where such order has the effect of increasing the authorised share capital of the Company, be altered and the authorised share capital of the Company shall stand increased by an amount equal to the amount of the value of shares which such debentures or loans or part thereof has been converted into.

### **Application of premium received on shares**

15. (1) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to an account, to be called "THE SECURITIES PREMIUM ACCOUNT" and the provisions of the Companies Act, 2013 relating to reduction of share capital of the Company shall, except as provided in this Article, apply as if the securities premium account were the paid-up share capital of the Company.
- (2) Notwithstanding anything contained in clause (1) above but subject to the provisions of Section 52 of the Companies Act, 2013, the securities premium account may be applied by the Company-
- (a) towards the issue of unissued shares of the Company to the members of the Company as fully paid bonus;
  - (b) in writing off the preliminary expenses of the Company;
  - (c) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company;
  - (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company; or
  - (e) for the purchase of its own shares or other securities under Section 68 of the Companies Act, 2013.

### **Power also to Company in General Meeting to issue shares**

16. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 14 and 15, the Company in a General Meeting may, subject to the provisions of Section 62 of the Companies Act, 2013 and 108A of the Companies Act, 1956, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Sections 52, 53 and 54 of the Companies Act, 2013) as such General Meeting shall determine and with full power to give any person whether a member or not the option to call for or be allotted shares of any class of the Company either at a premium or at par or at a discount (subject to compliance with the provisions of Sections 52, 53 and 54 of the Companies Act, 2013) such option being exercisable at such time and for such consideration as may be directed by such General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any such shares.

### **Shares at a discount**

17. Except as provided in Section 54 of the Companies Act, 2013, the Company shall not issue shares at a discount. Any share issued by the Company at a discounted price shall be void.

### **Installments on shares to be duly paid**

18. If by the conditions of any allotment of any share, the whole or any part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the shares or his legal representatives.

### **Shares at the disposal of the Directors**

19. Subject to Section 62 and other applicable provision of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 53 of the Act) at a

discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and is so issued, shall be deemed to be fully paid up shares. Provided that option or right to call shares shall not be given to any person or persons without the sanction of the Company in the General Meeting

### **Acceptance of shares**

20. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purpose of these Articles, be a member.

### **Deposit and Call etc. to be a debt payable**

21. The money (if any) which the Board of Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the register of members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

### **Liability of Members**

22. Every member, or his heirs, executors or administrators to the extent of his assets which come to their hands shall be liable to pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts, at such time or times and in such manner as the Board of Directors shall from time to time require or fix for the payment thereof.

### **Limitation of time for issue of certificates**

23. (a) Every member shall be entitled, without payment, to receive one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every share certificate shall be under the Seal of the Company and shall specify the number and the distinctive number(s) of the shares in respect of which it was issued and the amount paid up thereon and shall be in such form as the directors may prescribe. Such certificate shall be issued only in pursuance of a Resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares.

PROVIDED THAT if the letter of allotment is lost or destroyed the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence. The certificate shall be signed in conformity with the provisions of the Companies (Share Capital and Debenture) Rules, 2014 or any statutory modification or re-enactment thereof for the time being in force. Printing of blank forms to be used for issue of Share Certificates and maintenance of books and documents relating to issue of Share Certificates shall be in accordance with the provisions of aforesaid rules. Such certificates of title to shares shall be completed and kept ready for delivery within such time frame as may be prescribed in this regard after the allotment

- (b) In respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

### **Issue of new certificate in place of one defaced, lost or destroyed.**

24. Subject to provisions of the Act and the Companies (Share Capital and Debentures) Rules, 2014, if any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transferor in case of sub-division or consolidation of shares, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company may deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees of the Directors so decide, or on payment of such fees (not exceeding Rs. 50/- for each certificate) as the Directors shall prescribe. PROVIDED THAT no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer, or in case of sub-division or consolidation of shares.



Provided that notwithstanding the forgoing provision Article 24 what is stated above the Directors shall comply applicable law including such rules or regulation or requirements of any stock exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf for the time being in force..

The provisions of this Article shall *mutatis mutandis* apply to none of the certificates for any other securities including the debentures of the Company.

### **Sub-division of shares**

25. Notwithstanding anything contained in Article 24, the Board of Directors may refuse applications for sub division of Share Certificate into denominations of less than the marketable lot for the time being in force, except when such sub-division is required to be made to comply with a statutory order or an order of a competent court of law or to remedy a genuine mistake of fact or law.

PROVIDED THAT the Directors may, at their discretion, in case of genuine needs, allow sub-division of share certificates in denomination of less than the marketable lots, and may, if necessary, require production of suitable documentary evidence there for.

### **The first named joint holders deemed sole holder**

26. If any share stands in the names of two or more persons the first named in the Register shall, as regards receipts of dividends or bonus or service of notice or any other matter connected with the Company, except voting at meetings and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall severally as well as jointly be liable for the payment of all installments and calls due in respect of such share, and for all incidents thereof according to the provisions of the Act.

### **Company not bound to recognize any interest in share other than of registered Holder**

27. Except as ordered by a court / Tribunal of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the beneficial owner thereof and accordingly shall not be bound to recognize any benami trust, or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them.

### **Nomination**

28. Notwithstanding anything contained hereinabove, a Member has a right to nominate one or more persons as his/her nominee(s) to be entitled to the rights and privileges as may be permitted under the law of such a member in the event of death of the said member/s subject to the provisions of the Companies Act, 2013, and other applicable laws.

### **Declarations in respect of beneficial interest in any share**

29. When any declaration is filed with the Company under the provisions of Section 89 of the Companies Act, 2013, (i) by any holder of shares who does not hold beneficial interest in such share specifying the particulars of the person holding beneficial interest in such shares, or (ii) by a person who holds or acquires a beneficial interest in any share of the Company specifying the nature of his interest, particulars of the person in whose name the shares stand registered in the books of the Company and such other particulars as may be prescribed, the Company, or (iii) by the person referred to in (i) and the beneficial owner referred to in (ii) where any change occurs in the beneficial interest of such shares, the Company shall make a note of such declaration in its concerned register and file, within 30 days from the date of receipt of the declaration by it, a return with the Registrar with regard to such declaration together with the prescribed fees for the same.

### **No purchase or giving of loans to purchase Company's shares**

30. Save as provided in Section 67 of the Companies Act, 2013, the Company shall not have the power to buy its own shares unless the consequent reduction of share capital is effected under the provisions of the Companies Act, 2013. The Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person of or for any share in the Company or in its holding Company.

## **UNDERWRITING**

### **Commission may be paid**

31. Subject to the provisions of Section 40 of the Companies Act, 2013, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures or debenture stock in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures or debenture-stock of the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued and in the case of debentures two and a half percent of the price at which the debentures are issued. Such commission shall be paid either out of the proceeds of the issue or the profit of the Company or both. Subject to the provisions of the Act, any commission payable as aforesaid may be satisfied by payment of cash or by allotment of fully or partly paid shares or debentures as the case may be or partly in one way and partly in the other.

### **Commission to be included in the Annual Return**

32. Where the Company has paid any sum by way of commission in respect of any shares or debentures such statement thereof shall be made in the Annual Return as required by Section 92 of the Companies Act, 2013.

## **INTEREST OUT OF CAPITAL**

### **Interest out of Capital**

33. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by the Act, and may charge the same to Capital as part of the cost of construction of the work or building or the provisions of the plant.

## **CALLS**

### **Directors may make Calls**

34. Subject to the provisions of Section 49 of the Companies Act, 2013, the Board of Directors may, from time to time, by a Resolution passed at a meeting (and not by a Circular Resolution), make such calls as it thinks fit upon the members in respect of all monies unpaid on the shares held by them (whether on account of the nominal value of the shares or by way of premium), and not by conditions of allotment thereof made payable at fixed time. Each member shall pay the amount of every call so made on him to the person or persons and at the time and place appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.

### **Joint Holder of Shares**

35. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

### **Notice of Calls**

36. At least fourteen days' notice in writing of any call shall be given by the Company specifying the time or times and place of payment, and the person or persons to whom such call shall be paid.

### **Call to date from resolution**

37. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

### **Directors may extend time**

38. The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such times as to all or any of the members who on account of residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension; but no member shall be entitled to such extension as of right except as a matter of grace and favour.

### **Amount payable at fixed time or by installments to be treated as calls**

39. If by the terms of issue of any share or otherwise any amount is or becomes payable at any fixed time or by installments at fixed times (whether on account of the nominal amount of the shares or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.

### **When interest on call or installment payable**

40. If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof the holder for the time being or allottee of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rates as may be fixed by the Board of Directors from the day appointed for the payment thereof to the time of actual payment but the Directors may, in their absolute discretion, waive payment of such interest wholly or in part.

### **Evidence in actions by Company against shareholders**

41. On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives for the recovery of any monies claimed to be due to the Company for any call in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered is entered in the Register of Members as the holder or as one of the holders of the shares at or subsequent to the date at which the money sought to be recovered is alleged to have become due, on the shares in respect of which such money is sought to be recovered that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever and the proof of the matters aforesaid shall be conclusive evidence of the debt.

### **Partial payment not to preclude forfeiture**

42. Neither a judgment nor a decree in favor of the Company for the calls or other monies due in respect of any shares nor the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his share, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

### **Payment in anticipation of calls may carry interest**

43. The Board of Directors may, if it thinks fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance or so much thereof from time to time as exceeds the amount of the calls then made upon shares in respect of which such advance has been made, the Company may pay interest, at such rate, not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum as the member paying the sum in advance and the Board of Directors

agree upon. The Board of Directors may at any time repay the amount so advanced. The member paying any such sum in advance shall not be entitled to dividend or to participate in the profits of the Company or to voting rights in respect of the monies so paid by him until the same would, but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to the calls on debentures of the Company.

## **LIEN**

### **Company's lien on shares/debentures**

44. The Company shall have a first and paramount lien upon all shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such shares/debentures and no equitable interests in any such share shall be created except upon the footing and condition that this Article is to have full effect. Any such lien shall extend to all dividends payable and bonuses declared from time to time declared in respect of shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. Provided that the Board of Directors may, at any time, declare any share/debenture to be wholly or in part exempt from the provisions of this Article.

Fully paid-up share shall be free from all lien and in the case of partly paid-up shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

### **As to enforcing lien by sale**

45. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same.

Provided that no sale shall be made:-

- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) Until the expiration of fourteen days after the notice in writing demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such shares and may authorise out of their members to execute a transfer thereof on behalf of and in the name of such members.

### **Transfer of shares sold under lien**

46. (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (2) The Purchaser shall be registered as the holder of the shares comprised in any such transfer.

- (3) The Purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

#### **Application of proceeds of sale**

47. (1) The net proceeds of any such sale shall be received by the Company and applied in or towards such part of the amount in respect of which the lien exists as is presently payable; and
- (2) The residue, if any, shall be paid to the person entitled to the shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the share before the sale).

### **FORFEITURE OF SHARES**

#### **If money payable on share not paid notice to be given to member.**

48. If any member fails to pay any call or any installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

#### **If call or installment not paid, notice may be given.**

49. For the purpose of the provisions of these presents relating to forfeiture of shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such share on the day of allotment.

#### **Form of notice**

50. The notice shall name a further day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

#### **If default of payment, shares to be forfeited**

51. If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which such notice has been given, may at any time thereafter, before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a Resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other monies payable in respect of the forfeited shares and not actually paid before the forfeiture.

#### **Notice of forfeiture to a member**

52. When any share shall have so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the

forfeiture, with the date thereof, shall forthwith be made in the Register of Member, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

**Forfeited share to be the property of the Company and may be sold etc.**

53. Any share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit. The Board may decide to cancel such shares.

**Member still liable to pay money owing at the time of forfeiture and interest**

54. Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding twelve per cent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such monies or any part thereof, if it thinks fit, but shall not be under any obligation so to do.

**Effect of forfeiture**

55. The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

**Power to annul Forfeiture**

56. The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

**Validity of forfeiture**

57. (1) A duly verified declaration in writing that the declarant is a Director, or the Manager or Secretary of the Company, and that a share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (2) The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
- (3) The person to whom such share is sold, re-allotted or disposed off shall thereupon be registered as the holder of the shares;
- (4) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay any calls, amounts, installments, interest and expenses owing to

the Company prior to such purchase or allotment nor shall be titled (unless by express agreement) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment;

- (5) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share.

#### **Provision of these Articles as to forfeiture to apply in case of nonpayment of any sum**

58. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **Cancellation of share certificates in respect of forfeited shares**

59. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the Certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the persons entitled thereto.

#### **Surrender of shares**

60. The Directors may, subject to the provisions of the Companies Act, 2013, accept a surrender of any share from or for any member desirous of surrendering on such terms as they think fit.

### **TRANSFER AND TRANSMISSION OF SHARES**

#### **Register of Transfers**

61. The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share and debenture held in material form.

#### **Instrument of Transfer**

- 61A. The instrument of transfer of any share shall be in writing and all the provisions of Section 56 of the Companies Act, 2013 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. Every instrument of transfer registered shall remain in the custody of the Company until destroyed by the order of Board.

#### **Transfer and Transmission of Shares and Securities held in electronic form**

62. In the case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.



### **Transfer Not Registered**

63. Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the dividend in the relation to such shares to the special account unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.
64. (1) An application for the registration and transfer of the shares in the Company may be made either by the transferor or the transferee.
- (2) Whether the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (3) For the purpose of sub-clause (2), above, notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

### **To be executed by transferor and transferee**

65. Every such instrument of transfer duly stamped shall be executed by or on behalf of both the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. A common form of transfer shall be used.

### **Transfer by legal representation**

66. A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution to the instrument of transfer.

### **Transfer books when closed**

67. Wherever required and applicable, the Board of Directors may, after giving not less than seven days previous notice by advertisement as required by Section 91 of the Companies Act, 2013 or such lesser period as may be specified by the Securities Exchange Board of India close the Transfer Books, the Register of Members or the Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as it may seem expedient to the Board.

### **Directors may refuse to register transfers**

68. (a) Subject to the provisions of Sections 58 and 59 of the Companies Act, 2013 and other applicable provisions of the Act or any other law for the time being in force, the Directors may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmissions by operation of law of the right to, any shares or debentures or interest of a

Member in the Company. The Company shall within one month from the date of which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmissions, as the case may be, giving reasons for such refusal. PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except if a company has lien on such shares. Transfer of shares/debentures in whatever lot shall not be refused.

- (b) No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind, unless represented by a guardian.

#### **Notice of refusal to be given to transferor and transferee**

- 69. If the Company refuses to register the transfer of any shares or transmission of any right therein, the Company shall within thirty days from the date on which the instrument of transfer or intimation of transmission was lodged with the Company send notice of refusal to the transferee and the transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 58 of the Companies Act, 2013, or any statutory modification thereof for the time being in force shall apply.

#### **Death of one or more joint-holders of shares**

- 70. In case of the death of any one or more persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

#### **Titles to shares of deceased member**

- 71. Except where a deceased member had made a nomination in respect of the shares held (in which case such shares shall be dealt with in the manner prescribed by the Act and the Rules there under), the executors or administrators of a deceased member or the holder of a succession certificate or the legal representatives in respect of the shares of a deceased member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the names of such member, and the Company shall not be bound to recognize such executors or administrators or holders of a succession certificate or the legal representative unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration, or Succession Certificate as the case may be, from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register under Article 73 the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member, as a member.

### **Registration of persons entitled to shares otherwise than by transfer (Transmission Clause)**

72. Subject to the provisions of Articles 70 and 71 any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by and lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board of Directors (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these Articles, or of his title, as the Board of Directors shall require and upon giving such indemnity as the Directors shall require, either be registered as a member in respect of such shares or elect to have some person nominated by him and approved by the Board of Directors registered as a member in respect of such shares PROVIDED NEVERTHELESS that if such person shall elect to have his nominee registered, he shall testify his election by executing in favor of his nominee as instrument of transfer in accordance with the provision herein contained, and until he does so, he shall not be freed from any liability in respect of such shares. This clause is herein referred to as "THE TRANSMISSION CLAUSE".

### **Refusal to register Nominee**

73. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

### **Directors entitled to refuse to register more than four joint holders**

74. The Company shall be entitled to decline to register more than four persons as the holders of any share.

### **Persons entitled may receive dividend without being registered as member**

75. A person entitled to a share by transmission shall subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give a discharge for any dividends or other monies payable in respect of the share.

### **Conditions of registration of transfer**

76. Prior to the registration of a transfer, the certificate or certificates of the share or shares to be transferred, and if no such certificate is in existence, the Letter of Allotment of the shares, must be delivered to the Company along with (save as provided in Section 56 of the Act) a properly stamped and executed instrument of transfer, with the date of presentation of the instrument to the proper authorities, duly endorsed thereon.

### **No fee on transfer or transmission**

77. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of Administration, Certificates of Death or Marriage, Power of Attorney or similar other documents.

### **The Company not liable for disregard of a notice prohibiting registration of a transfer**

78. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by

any apparent legal owner thereof as shown or appearing in the register of members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be give to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book or the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

## **COPIES OF MEMORANDUM AND ARTICLES OF ASSOCIATION TO BE SENT TO MEMBERS**

### **Copies of Memorandum and Articles of Association to be sent by the Company to members**

79. The Company shall subject to the payment of the fee prescribed under Section 17 of the Companies Act, 2013, or its statutory modification for the time being in force, on being so required by a member, send to him with seven days of the requirement, a copy of each of the following documents as in force for the time being.
- (a) The Memorandum,
  - (b) The Articles, and
  - (c) Every agreement and every resolution referred to in sub-section (1) of Section 117 of the Companies Act, 2013, if and in so far as they have not been embodied in the Memorandum of the Company or these Articles.

## **BORROWING POWERS**

### **Power to borrow**

80. Subject to the provisions of Sections 177, 179 to 180 of the Companies Act, 2013 and of these Articles, the Board of Directors may, from time to time at its discretion, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company from any source.

PROVIDED HOWEVER, where the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

### **The payment or repayment of monies borrowed**

81. The payment or repayment of monies borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a Resolution passed at a meeting of the Board (and not by Circular Resolution) by the issue of debentures of Debenture-Stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being, and the debentures and the Debenture-Stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

### **Terms of issue of Debentures**

82. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, if permissible under the Act, and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting, by a Special Resolution and subject to the permission of the Act.

### **Mortgage of uncalled capital**

83. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

### **Register of charges etc. to be kept**

84. The Board of Directors shall cause a proper register to be kept in accordance with the provisions of Section 85 of the Companies Act, 2013 of all mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of Sections 71 and Sections 77 to 87 (both inclusive) of the Companies Act, 2013, in that behalf to be duly complied with, so far as they are to be complied with by the Company. The Company shall comply with the provisions of Section 79 of the Companies Act, 2013 as regards modification of a charge and its registration with the Registrar.

### **Register and Index of Debenture-holders**

85. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture Holders in accordance with Section 88 of the Companies Act, 2013. The Company shall have the power to keep in any State or Country outside India a branch Register of Debenture-holders resident in the State or country.

## **MEETINGS OF MEMBERS**

### **Annual General meeting**

86. (1) The Company shall in each year hold, in addition to any other meetings, a general meeting as its Annual General Meeting in accordance with the provisions of Sections 96 and 129 of the Companies Act, 2013 and shall specify the meeting

as such in the notice calling it, except in the case where the Registrar, has given an extension of time for holding any annual general meeting and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

PROVIDED THAT the Registrar may, for any special reason, extend the time within which any annual general meeting shall be held, by a period not exceeding three months.

- (2) Every annual general meeting shall be called for any time during business hours, that is, between 9 a.m. and 6 p.m., on any day that is not a National Holiday (as defined under the Companies Act, 2013) and shall be held either at the registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated for the time being.
- (3) Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor.

#### **Report, Statement and Registers to be laid before the annual general meeting**

87. At every annual general meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with Proxies, and the Register of Directors and Key Management Personnel maintained under Section 170 of the Companies Act, 2013.

#### **Extra-Ordinary General Meeting**

88. All general meetings other than annual general meeting shall be called Extra-Ordinary General Meeting.

#### **Annual Return**

89. (1) The Company shall comply with the provisions of Section 92 of the Companies Act, 2013 regarding the filing of Annual Return and as regards the annual return and certificates to be annexed thereto.

#### **Place of keeping & Inspection of registers & returns**

- (2) The Register required to be kept and maintained by the Company under Section 88 of the Companies Act, 2013 and copies of the annual return filed under Sections 92 of the Companies Act, 2013, shall be kept at the registered office of the Company.

PROVIDED THAT such registers or copies of return may, also be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members reside, if approved for this purpose by a Special Resolution passed in general meeting of the Company and the Registrar has been given a copy of the proposed Special Resolution in advance.

## Inspection

- (3) (a) The registers and their indices, except when they are closed under the provisions of the Act, and the copies of all the returns shall be open for inspection by any member, debenture holder or other security holder or beneficial owner, during the business hours (subject to such reasonable restrictions as the Company may impose) without fee and by any other person on payment of such fees as may be prescribed under the Act and the rules made there under.
  - (b) Any such member, debenture-holder, other security holder or beneficial owner or any other person may take extracts from any register, or index or return without payment of any fee or require a copy of any such register or entries therein or return on payment of such fees as may be prescribed under the Act not exceeding ten rupees for each page. Such copy or entries or return shall be supplied within seven days of deposit of such fee.
- (4) The Company shall cause any copy required by any person under Clause (b) of sub-clause (3) to be sent to that person within a period of seven days of the deposit of such fees exclusive of non-working days, commencing on the day next after the day on which the requirement is received by the Company.

## Circulation of Members' Resolution

90. (1) Subject to the provisions of Section 111 of the Companies Act, 2013, the Directors shall on the requisition in writing of such number of members as required in Section 100 of the Companies Act,:-
  - (a) give notice to the members of the Company of any resolution which may properly be moved and is intended to be moved at a meeting;
  - (b) Circulate to members, any statement with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
- (2) Subject to the provisions of Section 100 of the Companies Act, 2013, the number of members necessary for a requisition under clause (1) hereof shall be such number or numbers who hold, on the date of receipt of the requisition, not less than one-tenth of the paid-up share capital of the Company as on that date carried the right of voting.
- (3) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless :
  - (a) a copy of a requisition signed by the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the registered office of the Company-
    - (i) in the case of a requisition requiring notice of resolution, not less than six weeks before the meeting,
    - (ii) in the case of any other requisition not less than two weeks before

the meeting, and

- (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto. PROVIDED that if after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an annual general meeting is called on a date within six weeks after such copy has been deposited, the copy, although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purpose thereof.
- (4) The Company shall not also be bound under this Article to circulate any statement, if, on the application either of the Company or of any other person who claims to be aggrieved, the Central Government by order declares that the rights conferred by this clause are being abused to secure needless publicity for defamatory matter.

### **Contents of requisition and number of requisitionists required and the conduct of meeting**

91. In case of requisition the following provisions shall have effect :

- (1) The requisition shall set out the matters for the consideration of which the meeting is to be called, and shall be signed by the requisitionists and sent to the registered office of the Company.
- (2) The number of members entitled to requisition an extraordinary general meeting shall be such number of members who hold at the date of the receipt of the requisition, not less than one-tenth of such of the paid up capital of the Company as on that date carries the right of voting.
- (3) If the Board does not, within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of receipt of the requisition, the meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.
- (4) A meeting called under clause (3) by requisitionists shall be called and held in the same manner in which the meeting is called and held by the Board.
- (5) Any reasonable expenses incurred by the requisitionists in calling a meeting under sub-clause (3) shall be reimbursed to the requisitionists by the Company, and any sums so paid shall be deducted from any fee or other remuneration under Section 197 of the Companies Act, 2013 payable to such of the Directors who were in default in calling the meeting.

### **Length of notice of meeting**

92. A general meeting of the Company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode in such manner as may be prescribed by the Act and the rules made there under. Provided that a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic



mode by not less than ninety-five per cent of the members entitled to vote at such meeting.

### **Contents and manner of service of notice**

93. (1) Every notice of a meeting of the Company shall specify the place, date, day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
- (2) The notice of every meeting shall be given to:
- (a) every member of the Company, legal representative of any deceased member or the assignee of an insolvent member;
  - (b) the Auditor or Auditors for the time being of the Company; and
  - (c) every Director of the Company.
- (3) In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote at the meeting is entitled to appoint a proxy, or, where that is allowed, one or more proxies, to attend and vote instead of himself, and that a proxy need not be a member of the Company.

### **Special and ordinary business and explanatory statement**

94. (1) (a) In the case of an annual general meeting, all business to be transacted at the meeting, shall be deemed special with the exception of business relating to:
- (i) The consideration of financial statements and the reports of the Board of Directors and Auditors;
  - (ii) The declaration of any dividend;
  - (iii) The appointment of Directors in the place of those retiring; and
  - (iv) The appointment of, and the fixing of the remuneration of the Auditors
- (b) In the case of any other meeting, all business shall be deemed special;
- (2) Provided that where any item of special business to be transacted at a meeting of the Company relates to or affects any other company, the extent of shareholding interest in that other company of every promoter, Director, manager, if any, and of every other key managerial personnel of the Company shall, if the extent of such shareholding interest is not less than two per cent of the paid-up share capital of that company, also be set out in the statement.
- (3) Where any item of business refers to any document which is to be considered by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

### **Omission to give notice not to invalidate a resolution passed**

95. Any accidental omission to give any such notice as aforesaid to, or the non-receipt thereof by any member or other person who is entitled to such notice for any meeting shall not invalidate the proceedings of any such meeting.

### **Notice of business to be given**

96. No general meeting, annual or extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the meeting.

### **Quorum**

97. The number of members prescribed under Section 103 of the Companies Act, 2013 and entitled to vote and present in person shall be a quorum for general meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 113 of the Companies Act, 2013. The President of India or the Governor of a State, if he is a member of the Company, shall be deemed to be personally present if he is represented in accordance with Section 112 of the Companies Act, 2013.

### **Presence of quorum**

98. (1) If within half an hour from the time appointed for holding a meeting of the Company the quorum is not present, (a) the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine; or (b) the meeting, if called by requisitionists in accordance with Section 100 of the Companies Act, 2013, shall stand cancelled. Provided that in case of an adjourned meeting or of a change of day, time or place of meeting under sub clause (a), the Company shall give not less than three days' notice to the members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the Company is situated.
- (2) If at the adjourned meeting also a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum and may transact the business for which the meeting was called.

### **Resolution passed at adjourned meeting**

99. Where a resolution is passed at an adjourned meeting of the Company, the resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

### **Chairman of general meeting**

100. The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting, or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or shall decline to take the chair, the Directors present shall elect one of them as Chairman

and if no Director be present or if the Directors present decline to take the chair, then the members present shall elect one of their members to be a Chairman.

If a poll is demanded on the election of the Chairman it shall be taken forthwith in accordance with the provisions of the Act and the Chairman elected on show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected as a result of the poll he shall be the Chairman for the rest of the meeting.

#### **Business confined to election of Chairman whilst chair vacant**

101. No business shall be discussed at any general meeting except the election of a Chairman whilst the chair is vacant.

#### **Chairman may adjourn Meeting**

102. (1) The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting from time to time from place to place.

(2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **Voting to be by show of hands in the first instance**

103. At any general meeting, a resolution put to the vote of the meeting shall unless a poll is demanded under Section 109 of the Companies Act, 2013, or the voting is carried out electronically, be decided on a show of hands.

#### **Chairman's declaration of result of voting on show of hands**

104. A declaration by the Chairman that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceeding of the Company shall be conclusive evidence of the fact of passing of such resolution, or otherwise, without proof of the number or proportion of votes in favour or against such resolution.

#### **Demand for poll**

105. (1) Before or on the declaration of result of voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by the members present in person or by proxy, where allowed, and having not less than one-tenth of the total voting power or holding shares on which an aggregate sum of not less than five lakh rupees or such higher amount as may be prescribed has been paid-up.

(2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

#### **Time of taking poll**

106. A poll demanded for adjournment of the meeting or appointment of Chairman of the

meeting shall be taken forthwith. A poll demanded on any question other than adjournment of the meeting or appointment of a Chairman shall be taken at such time, not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the meeting may direct.

#### **Chairman's casting vote**

107. In the case of an equality of votes, the Chairman shall, both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

#### **Scrutinizers' at poll**

108. Where a poll is to be taken, the Chairman of the meeting shall appoint one scrutinizer to scrutinize the vote given on the poll and to report thereon to him. Subject to the provisions of Section 109 of the Companies Act, 2013, the Chairman of the meeting shall have power to regulate the manner in which the poll shall be taken and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

#### **Demand for poll not to prevent transaction of other business**

109. The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

#### **Vote by Postal Ballot**

110. Subject to the provisions of Section 110 of the Companies Act, 2013 and these Articles, and as may be applicable by law, the Company shall, in respect of such items of business as the Central Government may, by notification, declare to be transacted only by means of postal ballot; and may, in respect of any item of business, other than ordinary business and any business in respect of which directors or Auditors have a right to be heard at any meeting, transact by means of postal ballot, in such manner as may be prescribed, instead of transacting such business at a General Meeting.

#### **Special notice**

- 108A.** Where by any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company by such number of members holding not less than one percent of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees, as may be prescribed, has been paid-up and the Company shall give its members notice of the resolution in such manner as may be prescribed.

#### **Registration of documents with the Registrar**

111. A copy of each of every resolutions or agreement in respect of the following matters together with the explanatory statement under Section 102 of the Companies Act, 2013, if any, annexed to the notice calling the meeting in which such resolution is proposed, shall be filed with the Registrar within thirty days of the passing or making thereof in such a manner and with such fees as may be prescribed within the time specified under Section 403 of the Companies Act, 2013:

- (a) Every special resolution;
- (b) Every resolution which has been agreed to by all members of the Company, but which, if not so agreed to, would not have been effective for the purpose unless it had been passed as a special resolution;
- (c) Every resolution of the Board of Directors or agreement executed by the Company relating to the appointment, re-appointment or renewal of appointment or variation in the terms of appointment of a Managing Director;
- (d) Every resolution or agreement which has been agreed to by all the members of any class of shareholders but which, if not so agreed to, would not have been effective for the purpose unless it had been passed by a specified majority or otherwise in some particular manner; and every resolution or agreement which effectively binds all the members or any class of shareholders though not agreed to by all those members;
- (e) Every resolution passed by the Company according consent to the exercise by the Board of Directors of any of the powers under clause (a), and clause (c) of sub-section (1) of the Section 180 of the Companies Act, 2013;
- (f) Every resolution requiring the Company to be wound up voluntarily passed in pursuance of Section 304 of the Companies Act, 2013;
- (g) Every resolution passed in pursuance of sub-section (3) of Section 179 of the Companies Act, 2013 and
- (h) Any other resolution or agreement as may be prescribed and placed in the public domain. Provided that the copy of every such resolution which has the effect of altering the Articles and the copy of every agreement referred to above shall be embodied in or annexed to, every copy of these Articles issued after the passing of the resolution or the making of the agreement.

## **VOTES OF MEMBERS**

### **Member paying money in advance not to be entitled to vote in respect thereof**

112. A member paying the whole or a part of the amount remaining unpaid on any share held by them although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment become presently payable.

### **Restriction on exercise of voting rights of members who have paid calls**

113. No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

### **Number of votes to which member entitled**

114. Subject to the provisions of Section 43 and sub-section (2) of Section 50 of the Companies Act, 2013, every member of the Company holding any equity share capital shall have a right to vote on every resolution placed before the Company; and his

voting rights on a poll shall be in proportion to his share of the paid-up equity share capital of the Company. Every member holding any preference share capital of the

Company, shall, in respect of such capital, have the right to vote only on resolutions placed before the Company which directly affect the rights attached to his preference shares and any resolution for the winding up of the Company or for the repayment or reduction of its equity or preference share capital and his voting rights on a poll shall be in proportion to his share in the paid up preference share capital of the Company. Provided that the proportion of the voting rights of equity shareholders to the voting rights of the preference shareholders shall be in the same proportion as the paid-up capital in respect of the equity shares bears to the paid-up capital in respect of the preference shares:

Provided further that where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all there solutions placed before the Company.

#### **Vote of member of unsound mind**

115. A member of unsound mind or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll, vote by proxy.

#### **Votes of joint members**

116. If there be joint registered holders of any shares any one of such persons may vote at any meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and, if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said persons so present who stands higher on the register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holder shall be entitled to be present at the meeting; provided always that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register in respect of such shares. Several executors or administrators or a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

#### **Representation of body Corporate**

117. (1) A body corporate (whether a company within the meaning of the Act or not) may,
- (a) if it is member of the Company by a resolution of its board of directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of any class of members of the Company;
  - (b) if it is a creditor, (including a holder of debentures of the Company) by a resolution of its directors or other governing body, authorise such person

as it thinks fit to act as its representative at any meeting of any creditors of the Company held in pursuance of the Act or of any rules made there under, or in pursuance of the provisions contained in any debenture or trust deed, as the case may be.

- (2) A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company.

### **Representation of President and Governors in meetings**

118. Where the President of India or the Governor of a State is a member of the Company, the President or, as the case may be, the Governor may appoint such person as he thinks fit, to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a member of the Company.

### **Votes in respect of deceased or insolvent members**

119. Any person entitled under the Transmission Clause to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares, provided that atleast forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his rights to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

### **Voting in person or by Proxy**

120. Subject to the provisions of these Articles vote may be given either personally or by proxy.

### **Rights of members to use his votes differently**

121. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
122. Subject to the provisions of the Act and the rules made thereunder, any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself Provided that a proxy so appointed shall not have the right to speak at the meeting and shall not be entitled to vote except on a poll. Provided further that a person appointed as proxy shall act on behalf of such number of members not exceeding fifty and such number of shares as may be prescribed. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies and that the proxy need not be a member.

### **Proxy either for specified meeting or for a period**

123. An instrument of proxy may appoint a proxy either for the purposes of a particular

meeting specified in the instrument and any adjournment thereof or it may appoint for the purposes of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

#### **No proxy except for the corporation to vote on a show of hands**

124. No member present only by proxy shall be entitled to vote on a show of hands.

#### **Deposit of instrument of appointment**

125. The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the office forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in case of a poll, not less than twenty-four hours before the time appointed for taking poll; and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

#### **Form of proxy**

126. Every instrument of proxy whether for specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form set out in section 105 of the Act read with Companies (Management and Administration) Rules, 2014 (or any corresponding amendment or modification thereof that may be prescribed).

#### **Inspection of proxies**

127. Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting, and ending with the conclusion of the meeting, to inspect proxies lodged, at any time during the business hours of the Company provided not less than three days' notice in writing of the intention so as to inspect is given to the Company.

#### **Validity of votes given by proxy notwithstanding revocation of authority**

128. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney or authority under which such proxy was signed, or the transfer of the share in respect of which the vote is given:

Provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting, or adjourned meeting at which the proxy is used.

#### **Time for objections to vote**

129. No objection shall be made to the qualification of any vote or to the validity of the vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting.



### **Chairman of any meeting to be the Judge of validity of any vote**

130. The Chairman of any meeting shall be sole judge of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

### **Custody of instrument**

131. If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If embracing other objects, copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

## **DIRECTORS**

### **Number of Directors**

132. Until otherwise determined by a general meeting of the Company and subject to the provisions of Section 149 and 151 of the Companies Act, 2013, the number of Directors shall not be less than 3 and not more than 15 and the manner of constituting the Board shall be as prescribed under the Act and as may be directed by the Securities and Exchange Board of India.

### **Directors**

133. The first directors of the Company are :

1. **MR. SUNIL BHARTI MITTAL**
2. **MR. RAJAN BHARTI MITTAL**

### **Debenture Directors**

134. Any Trust Deed for securing and covering the issue of debentures or debenture stocks of the Company, may provide for the appointment, from time to time, by the Trustees thereof or by the holders of debentures or debenture stocks, of some person to be a Director of the Company for and on behalf of the debenture holders for such period for which the debentures or any of them shall remain outstanding and may empower such Trustees or holder of debentures or debenture stocks, from time to time, to remove and reappoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provision as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

### **Nominee Directors**

135. Notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to (i) the Life Insurance Corporation of India (LIC), (ii) the Infrastructure Development Finance Company Limited, (iii) specified company referred to in the Unit Trust of India (Transfer of Undertaking and Repeal)

Act, 2002, (iv) institutions notified by the Central Government under sub-section (2) of Section 4A of the Companies Act, 1956, (v) such other institutions as may be notified by the Central Government in consultation with the Reserve Bank of India, or (vi) any other bank or entity providing financing facilities to the Company (each of the above is hereinafter in this Article referred to as "the Corporation") out of any loans/debentures assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Board may appoint any person or persons as a Director nominated by the Corporation from time to time, as a Director or Directors, whole-time or non-whole-time (which Director or Directors, is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company and not liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company. The Nominee Director/s so appointed shall hold the said office only so long as any monies remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall, ipso facto, vacate such office immediately the monies owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation. The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be, to such Nominee Director/s. Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Provided further that in the event of any remuneration payable to the Nominee Director/s, by way of commission, salary or perquisites (other than sitting fees and reimbursement of actual expenses incurred by them in attending to Company's work) such remuneration shall be paid only with the prior approval of the Central Government under Section 197 of the Companies Act, 2013.

## **Special Directors**

136. In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such company, corporation, firm or person (hereinafter referred to as "Collaborator") to appoint from time to time any person as a Director of the Company (hereinafter referred to as "Special Director") and subject to the provisions of the Act, may agree that such Special Directors shall not be liable to retire by rotation so however that Special Director shall hold office so long as such collaboration arrangement remains in force. The Collaborator may at any time and from time to time remove such Special Director appointed by it and may at any time after such removal and also in the case of death or resignation of the person so appointed, at anytime nominate any other person as a Special Director in his place and such nomination or removal shall be made in writing signed by the collaborator, his authorised representative and shall be delivered to the Company at its registered office. It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one such person as a Director and so that if more than one collaborator is so entitled there may be at any time as many Special Directors as the number of Collaborators eligible to make the appointment.

So long as Mr. Kishore Biyani and his associates hold or continue to hold not less than 10% (Ten Percent) of the paid-up Equity Share Capital of the Company from time to time, then notwithstanding anything contained in any other clause in these Articles of Association, Mr. Kishore Biyani or any person duly authorized by him shall have the right to nominate up to a maximum of 6 (Six) persons as Director or Directors on the Board of the Company and to remove such person or persons from the Board and nominate other or others in his or their place respectively, and the Company and the Board of Directors of the Company shall be bound by his nominations. Up to 4 (Four) out of such nominee Directors as may be specified by Mr. Kishore Biyani or a person duly authorized by him shall be Special Director/s not liable to retire by rotation.

## **Limit on number of retiring Directors**

137. The provisions of Articles 132, 133, 134 and 135 are subject to the provisions of Section 152 of the Companies Act, 2013, and the number of such Directors appointed under Articles 133, 134, 135 and 170 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office. However, the Independent Director appointed under Section 152 of the Companies Act, 2013 will not be considered for the purpose of calculating the total number of directors liable for retirement by rotation and term of such Independent Director shall be as provided under Section 152 of the Companies Act, 2013.

## **Appointment of Alternate Director**

138. The Board may appoint a person, not being a person holding any alternate directorship for any other Director in the Company (hereinafter called the Original Director) to act as an Alternate Director for the Original Director during his absence for a period of not less than three months from India . Provided that no person shall be appointed as an Alternate Director for an Independent Director unless he is qualified to be appointed as an independent director under the provisions of the Act. Every such Alternate Director,

shall subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meeting of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director is determined before he returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

### **Directors may fill Vacancies**

139. The Directors shall have power at anytime and from time to time to appoint any qualified person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall retain his office only upto the date upto which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

### **Additional Director**

140. The Directors shall also have power at any time and from time to time to appoint any other qualified person, other than a person who fails to get appointed as a director in a general meeting of the Company, to be an Additional Director who shall hold office only up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.

### **Qualification of Directors**

141. A Director shall not be required to hold any qualification shares.

### **Remuneration of Directors**

142. The remuneration payable to a non-whole-time-Director for attending each meeting of the Board or a Committee thereof shall be such sum as may be fixed by the Board of Directors not exceeding the maximum as may be prescribed by the Act (and the rules made thereunder), SEBI, or by the Central Government. The Directors, subject to the sanction of the Central Government (if any required), may be paid such further remuneration as the Company in general meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine; and in default of such determination shall be divided among the Directors equally.

### **Extra remuneration to Directors for special Work**

143. Subject to the provisions of Sections 197 and 188 of the Companies Act, 2013 and other applicable provisions of the Act and the rules made thereunder, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a member of any committee formed by the Directors or in relation to signing share certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company shall remunerate the Director so doing either by fixed sum or otherwise as may be determined by the Directors, and such remuneration may be,

either in addition to or in substitution for his share in the remuneration above provided

### **Travelling expenses incurred by Directors on Company's business**

144. The Board of Directors may subject to the limitations provided by the Act allow and pay to any Directors who attends a meeting at a place other than his usual place or residence for the purpose of attending a meeting, such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

### **Directors may act notwithstanding vacancy**

145. The Continuing Directors may act notwithstanding any vacancy in their body, but if and as long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board of Directors, the Continuing Directors may act for the purpose of filling vacancies to increase the number of Directors to that fixed for the quorum or for summoning a general meeting of the Company, but for no other purpose.

### **Disqualification for appointment of Directors**

146. (1) Subject to the provisions of Section 164 and 165 of the Companies Act, 2013, a person shall not be capable of being appointed Director of the Company, if—
- (a) he is of unsound mind and stands so declared by a Court of competent jurisdiction;
  - (b) he is an undischarged insolvent;
  - (c) he has applied to be adjudged an insolvent and his application is pending;
  - (d) he has been convicted by a court of any offence involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence; Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director of the Company;
  - (e) he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
  - (f) he has been convicted of the offence dealing with related party transactions under Section 188 of the Companies Act, 2013 at any time during the last preceding five years; or
  - (g) he has not complied with sub-section (3) of Section 152 of the Companies Act, 2013.
- (2) No person who is or has been a director of a company, where the company—
- (a) has not filed financial statements or annual returns for any continuous period of three financial years; or

- (b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

#### **Vacation of office by Directors**

147. (1) Subject to the provisions of Section 167 of the Companies Act, 2013, the office of a Director shall become vacant if :
- (a) he incurs any of the disqualifications specified in Section 164 of the Companies Act, 2013;
  - (b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
  - (c) he acts in contravention of the provisions of Section 184 of the Companies Act, 2013, relating to entering into contracts or arrangements in which he is directly or indirectly interested;
  - (d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of Section 184 of the Companies Act, 2013;
  - (e) he becomes disqualified by an order of a court or the Tribunal;
  - (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months: Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;
  - (g) he is removed in pursuance of the provisions of the Act;
  - (h) he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

#### **Removal of Directors**

148. (a) The Company may (subject to the provisions of Section 169 and other applicable provisions of the Companies Act, 2013 and these Articles) by ordinary resolution remove any Director before the expiry of his period of office. Provided that nothing contained in this sub-clause shall apply where the Company has availed itself of the option given to it under Section 163 of the Companies Act, 2013, to appoint not less than two-thirds of the total number of directors according to the principle of proportional representation.
- (b) Special notice shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
  - (c) On receipt of notice of a resolution to remove a Director under this Article, the

Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.

- (d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company and requests its notification to members of the Company, the Company shall, if the time permits it to do so - (a) in the notice of the resolution given to the members of the Company, state the fact of the representations having been made, and (b) send a copy of the representations to every member of the Company to whom notice of the meeting is sent (before or after the receipt of the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting: Provided that copies of the representations need not be sent or read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, the Tribunal is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter, and the Tribunal may order the Company's costs on the application to be paid in whole or in part by the director notwithstanding that he is not a party to it.
- (e) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board be filled by the appointment of another director in his stead at the meeting at which he is removed; Provided special notice of the intended appointment has been given. A Director so appointed shall hold office till the date up to which his predecessor would have held office if he had not been removed as aforesaid.
- (f) If the vacancy is not filled under sub-clause (e), it may be filled as a casual vacancy in accordance with the provisions of the Act.
- (g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.
- (h) Nothing contained in this Article shall be taken:
  - i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director as per the terms of contract or terms of his appointment as director, or of any other appointment terminating with that as director; or
  - ii) As derogating from any power to remove a Director under the provisions of the Act.

### **Disclosure of Director's Interest**

149. (1) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors, in the manner provided in Section 184 of the Companies Act, 2013.

- (2) Every director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into -
- (i) with a body corporate in which such Director or such Director in association with any other Director, holds more than two per cent of the shareholding of that body corporate, or is a promoter, manager, chief executive officer of that body corporate; or
  - (ii) with a firm or other entity in which, such Director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting: Provided that where any Director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.
- (3) Nothing in this Article shall –
- (a) be taken to prejudice the operation of any rule of law restricting a Director of the Company from having any concern or interest in any contract or arrangement with the Company;
  - (b) apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or more of the Directors of the Company together holds or hold not more than two percent of the paid up share capital in other company.

#### **Board resolution necessary for certain contracts**

150. (1) Except with the consent of the Board of Directors of the Company (or the Audit Committee) given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed by the Company, a Company shall not enter into any contract or arrangement with a related party with respect to,
- (a) sale, purchase or supply of any goods or materials;
  - (b) selling or otherwise disposing of, or buying, property of any kind;
  - (c) leasing of property of any kind;
  - (d) availing or rendering of any services;
  - (e) appointment of any agent for purchase or sale of goods, materials, services or property;
  - (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
  - (g) underwriting the subscription of any securities or derivatives thereof, of the company: Notwithstanding the provisions of this sub-clause (1) of this Article, where prescribed, the Company shall enter into such contracts and / or arrangements only with the prior approval of the members of the Company by a special resolution. However, no member of the Company shall vote on such special resolution, to approve any contract or



arrangement which may be entered into by the company, if such member is a related party: It is clarified that this sub-clause shall not apply to any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis.

- (2) Every contract or arrangement entered into under sub-clause (1) shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

Disclosure to the members of Director's interest in contract in appointing manager

151. If the Company –

- (a) enters into a contract for the appointment of a manager or a Managing Director of the Company in which contract any Director of the Company is in any way directly or indirectly concerned or interested, or
- (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Companies Act, 1956 or other applicable provisions of law shall be complied with.

#### **Loans to Directors etc.**

152. Subject to the provisions of Section 185 of the Companies Act, 2013, the Company shall not, directly or indirectly make any loan to any of its directors or to any other person in whom the director is interested or give any guarantee or provide any security in connection with a loan taken by him or such other person.

#### **Loans etc. to Companies**

153. The Company shall observe the restrictions imposed on the Company in regard to making any loans, giving any guarantee or providing any security to the companies or bodies corporate under the same management as provided in Section 186 of the Companies Act, 2013.

#### **Interested Director not to participate or to vote In Board's proceedings.**

154. No Director of the Company shall as a Director take any part in the discussion of or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote, it shall be void;

### **ROTATION & APPOINTMENT OF DIRECTORS**

#### **Directors maybe Directors of Companies promoted by the Company**

155. A Director may be or become a Director of any Company or in which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such Company except in so far as Section 197 or Section 188 of the Companies Act, 2013 (and the rules made thereunder) may be applicable.

#### **Rotation of Directors**

156. Not less than two-thirds of the total number of Directors shall (a) be persons whose

period of the office is liable to determination by retirement of Directors by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.

### **Retirement of Directors**

157. Subject to the provisions of Section 284(5) of the Companies Act, 1956 or Section 152(5) and 152(6) of the Companies Act, 2013, at every annual general meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three the number nearest to one-third, shall retire from office. The Debenture Directors, Corporation Directors, Special Directors, or Managing Directors, if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.

### **Ascertainment of Directors retiring by rotation and filling of vacancies**

158. The Directors who retire by rotation under Article 158 at every annual general meeting shall be those who have been longest in office since their last appointment, but as between those who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.

### **Eligibility for re-election**

159. A retiring Director shall be eligible for the re-appointment.

### **Company to fill Vacancies**

160. Subject to the provisions of the Act, the Company at the annual general meeting at which a Director retires in manner aforesaid may fill up the vacancy by appointing the retiring Director or some other person thereto.

### **Provisions in default of appointment**

161. (a) If the place of retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless –

- i) at the meeting or the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;
- ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
- iii) he is not qualified or is disqualified for appointment; or

- iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act,

### **Company may increase or reduce the number of Directors or remove any Director**

162. Subject to the provisions of Sections 149 and 152 of the Companies Act, 2013, the Company may, by special resolution, from time to time, increase or reduce the number of Directors and may prescribe or alter qualifications.

### **Appointment of Directors to be voted Individually**

163. (1) No motion at any general meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.
- (2) A resolution moved in contravention of clause (1) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved is passed, no provision for the automatic re-appointment of retiring Director in default of another appointment as hereinbefore provided, shall apply.
- (3) For the purpose of this Article, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.

### **Notice of candidature for office of Director except in certain cases**

164. (1) Subject to the provisions of the Act, a person, not being a Retiring Director in terms of Section 152 of the Companies Act, 2013, shall be eligible for appointment to the office of Director at any general meeting if he or some other member intending to propose him has, at least fourteen days before the meeting, left at the registered office of the Company a special notice in writing under his hand signifying his candidature for the office of a Director or the intention of such member to propose him as a Director for office as the case may be along with the deposit of Rupees one lakh or such higher amount as may be prescribed which shall be refunded to such person or as the case may be, to the member, if the person succeeds in getting elected as a Director or secures more than 25% of the total valid votes cast either by way of show of hands or on a poll on such resolution.
- (2) The Company shall inform its members of the candidature of the person for the office of Director in such manner as may be prescribed.
- (3) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company, a notice under Section 160 of the Companies Act, 2013, signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director if appointed.
- (4) A person other than :
- (a) A Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or
  - (b) An Additional or Alternate Director or a person filling a casual vacancy in

the office of a Director under Section 161 of the Companies Act, 2013, appointed as a Director or re-appointed as an Additional or Alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

#### **Register of Directors etc. and notification of change to Registrar**

165. The Company shall keep at its registered office a Register containing the particulars of its Directors and key managerial personnel as specified in Section 170 of the Act, and shall send to the Registrar a Return containing the particulars specified in such Register, and shall otherwise comply with the provisions of the said Section in all respects.

#### **MANAGING DIRECTOR, WHOLE TIME DIRECTOR**

##### **Board may appoint Managing Director or Managing Director(s) or Whole Time Directors**

166. Subject to the provisions of Section 196, 203 and other applicable provisions of the Companies Act, 2013, and these Articles, the Directors shall have power to appoint or re-appoint any person to be Managing Director, or Whole-Time Director for a term not exceeding five years.

Provided that no re-appointment shall be made earlier than one year before the expiry of his term.

Provided further that Managing Director can also act as Chairperson of the Company.

##### **What provisions they will be subject to**

167. Subject to the provisions of the Act and these Articles, the Managing Director, or the Whole Time Director shall not, while he continues to hold that office, be subject to retirement by rotation under Article 158 but he shall be subject to the provisions of any contract between him and the Company, be subject to the same provisions as the resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole Time Director if he ceases to hold the office of Director from any cause provided that if at any time the number of Directors (including Managing Director or Whole Time Directors) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being, then such of the Managing Director or Whole Time Director or two or more of them as the Directors may from time to time determine shall be liable to retirement by rotation in to the intent that the Directors so liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

##### **Remuneration of Managing or Whole Time Director(s)**

168. The remuneration of the Managing Director, Whole Time Director, or Manager shall (subject to Section 197 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors from time to time and may be by way of fixed salary and/or perquisites or commission on profits of the Company or by participation in such profits, or by fee for such meeting of

the Board or by and/or all these modes or any other mode not expressly prohibited by the Act.

### **Powers and duties of Managing and Whole Time Director(s)**

169. Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be in the hands of the Managing Director(s) and/or Whole Time Director(s) appointed under Article 168 with power to the Board to distribute such day to day management functions among such Director(s) in any manner as deemed fit by the Board and subject to the provisions of the Act and these Articles the Board may by resolution vest any such Managing Director or Managing Directors or Whole Time Director or Whole Time Directors such of the power hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine and they may subject to the provisions of the Act and these Articles confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

## **PROCEEDINGS OF THE BOARD OF DIRECTORS**

### **Meeting of Directors**

170. The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the proviso to Section 173 of the Companies Act, 2013 otherwise directs, shall so meet at least once in every one hundred and twenty days and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

### **Notice of meetings**

171. (1) Notice of every meeting of the Board of Directors shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director.

### **When meeting to be Convened**

- (2) A Director may at any time and the Secretary upon the request of Director made at any time shall convene a meeting of the Board of Directors by giving a notice in writing or through electronic mode to every Director for the time being in India and at his usual address in India to every other Director. Notice may be given by electronic mail to any Director who is not in India.

### **Quorum**

172. (a) Subject to Section 174 of the Companies Act, 2013 the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher.

PROVIDED THAT where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the total strength, the number of the remaining Directors (that is to say, the number of Directors who are not interested) present at the meeting being not less than two shall be quorum during such time.

- (b) For the purpose of clause (a) :
- (i) “Total Strength” of the Board of Directors of the Company shall be determined in pursuance of the Act, after deducting there from number of the Directors, if any, whose places may be vacant at the time, and
  - (ii) “Interested Directors” means any Director whose presence cannot by reason of Article 155 hereof or any other provisions in the Act count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

#### **Procedure when meeting adjourned for want of quorum**

173. If a meeting of the Board could not be held for want of quorum then the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a National holiday at the same time and place.

#### **Chairman**

174. One of the Directors shall be the Chairman of the Board of Directors who shall preside at all meetings of the Board. If at any meeting the Chairman is not present at the time appointed for the meeting then the Directors present shall elect one of them as Chairman who shall preside.

#### **Questions at Board meeting how decided**

175. Subject to the provisions of the Companies Act, 2013, and other applicable provisions of law, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have second or casting vote.

#### **Powers of Board Meetings**

176. A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or these Articles or the regulations for the time being of the Company are vested in or are exercisable by the Board of Directors generally.

#### **Directors may appoint committees**

177. The Board of Directors may, subject to the provisions of Section 179 of the Companies Act, 2013, and other relevant provisions of the Act and these Articles, appoint committees of the Board, and delegate any of the powers other than the powers to make calls and to issue debentures to such committee or committees and may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to the persons or purposes, but every committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purpose of their appointment, but not otherwise, shall have the like force and

effect, as if done by the Board.

### **Meeting of the Committee how to be Governed**

178. The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

### **Circular Resolution**

179. (1) A resolution passed by circular without a meeting of the Board or a Committee of the Board appointed under Article 175 shall subject to the provisions of sub-clause (2) hereof and the Act be as valid and effectual as their solution duly passed at meeting of, the Directors or of a Committee duly called and held.
- (2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution, has been circulated in draft together with necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than in the quorum fixed for a meeting of the Board or Committee as the case may be), and to all other Directors or members of the Committee at their usual addresses in India in accordance with the provisions of Section 175(1) of the Companies Act, 2013, and has been approved by such of the Directors or members of the Committee as are in India or by a majority of such of them as are entitled to vote on the resolution.

### **Acts of Board or Committee valid notwithstanding defect in appointment**

180. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director. Provided nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

## **POWERS OF THE BOARD**

### **Powers of Director**

181. Subject to the provisions of the Act, the business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in general meeting, subject nevertheless to these Articles to the provisions of the Act, or any other Act and to such regulations (being not inconsistent with the aforesaid regulations or provisions), as may be prescribed by the Company in general meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made, PROVIDED that the Board shall not, except with the consent of the Company by a

special resolution in a general meeting:

- (a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;
- (b) remit, or give time for the payment of any debt due by a Director;
- (c) invest otherwise than in trust securities the amount of compensation received by the Company as a result of a merger or amalgamation;
- (d) borrow money where the money to be borrowed together with the money already borrowed by the Company will exceed the aggregate of the paid up capital of the Company and its free reserves, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business); or,
  - (i) Provided that in respect of the matter referred to in sub-clause (d) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which monies may be borrowed by the Board under clause (d);
  - (ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term, cash credit arrangements, the discounting of bills and the issue of other short term loans of a reasonable character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

#### **Certain powers to be exercised by the Board only at meetings**

182. Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolution passed at the meetings of the Board :

- (a) to make calls on shareholders in respect of money unpaid on their shares;
- (b) to authorise buy-back of securities under Section 68 of the Companies Act, 2013;
- (c) to borrow monies;
- (d) to invest the funds of the Company;
- (e) to grant loans or give guarantee or provide security in respect of loans;
- (f) to approve financial statement and the Board's report;
- (g) to diversify the business of the Company;
- (h) to approve amalgamation, merger or reconstruction;
- (i) to take over a company or acquire a controlling or substantial stake in another company;
- (j) any other matter which may be prescribed under the Act and the rules made thereunder.



Provided that the Board may by resolution passed at a meeting delegate to any Committee of Directors, Managing Director or any other principal officer of the Company, or in case of branch office of the Company a principal officer of the branch office, the powers specified in (c), (d) and (e) of this sub-clause on such terms as it may specify.

### **Certain powers of the Board**

183. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the last preceding Article it is hereby declared that the Directors shall have the following powers that is to say, power:

- (1) to pay the costs, charges and expenses preliminary and incidental to the formation, promotion, establishment and registration of the Company;
- (2) to pay and charge the capital account to the Company any commission or interest, lawfully payable there out under the provisions of Section 40 of the Companies Act, 2013 and other applicable provisions of law;
- (3) subject to Sections 179 and 188 of the Companies Act, 2013, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
- (4) at their discretion and subject to the provisions of the Act to pay for any property, rights or privileges by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;
- (5) to secure the fulfilments of any contracts or engagement entered into by the Company mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;
- (6) to accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (7) to appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees;
- (8) to institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its officer, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment on satisfaction of any debts due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian law or according to foreign law and either in India or abroad and observe and perform or challenge any award

made therein;

- (9) to act on behalf of the Company in all matters relating to bankrupts and insolvents;
- (10) to make and give receipts, release and other discharge for monies payable to the Company and for the claims and demands of the Company;
- (11) subject to the provisions of Sections 179, 180 and 185, of the Companies Act, 2013 and other applicable provisions of law, to invest and deal with any monies of the Company not immediately required for the purpose thereof, upon such security (not being the shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 187 of the Companies Act, 2013, all investments shall be made and held in the Company's own name;
- (12) to execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;
- (13) to determine from time to time who shall be entitled to sign, on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts, and documents and to give the necessary authority for such purpose;
- (14) to distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as a part of working expenses of the Company;
- (15) to provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and wives, widows, and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and subject to the applicable provisions of law to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;
- (16) before recommending any dividend, subject to the provision of Section 123 of the Companies Act, 2013, to set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation fund, or to insurance fund, or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture stock or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purposes

referred to in the preceding clause) as the Board may, in their absolute discretion think conducive to the interest of the Company, and subject to Section 179 of the Companies Act, 2013, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than share of this Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof may be matters to or upon which the capital monies of the Company might rightly be applied or expended; and to divide the reserve fund into such special funds as the Board may think fit; with full power to transfer the whole or any portion of a reserve fund or division of a reserve fund to another reserve fund and/or division of a reserve fund and with full power to employ and assets constituting all or any of the above funds including the depreciation fund, in the business of the Company or in purchase or repayment of debentures or debenture stock and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same, with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine percent per annum;

- (17) to appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and to fix their salaries, or emoluments or remuneration, and to require security in such instances and to such amounts as they may think fit, and also from time to time to provide for the management and transaction of the affairs of the Company in specified locality in India or elsewhere in such manner as they think fit; and the provision contained in the next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause;
- (18) to comply with the requirement of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with;
- (19) from time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such Local Boards, and to fix their remuneration;
- (20) subject to Section 179 of the Companies Act, 2013, from time to time and at any time to delegate to any persons so appointed any of the powers, authorities, and discretions for the time being vested in the Board, other than their power to make call or to make loans or borrow monies; and to authorise the member for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and such appointment or delegation may be made on such terms subject to such conditions as the Board may think fit, and the Board may at any time remove any persons appointed, and may annul or vary any such delegation;
- (21) at any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents

and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow monies) and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointments may (if the Board thinks fit) be made in favour of the members or any of the members of any local board established as aforesaid or in favour of any company, or the shareholders, Directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them;

- (22) subject to the provisions of the Companies Act, 2013, for or in relation of any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;
- (23) From time to time to make, vary and repeal by-laws for the regulation of the business of the Company, its officers and servants.

## **MINUTES**

### **Minutes to be considered evidence**

184. (1) The Company shall cause minutes of all proceedings of general meetings of any class of shareholders or creditors, and every resolution passed by postal ballot or by electronic means and every meeting of the Board of Directors or of every committee of the Board to be prepared and signed in such manner as may be prescribed and kept within thirty days of the conclusion of every such meeting concerned, or passing of resolution by postal ballot in books kept for that purpose with their pages consecutively numbered.
- (2) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
  - (3) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.
  - (4) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:
    - (a) the names of the Directors present at the meeting; and
    - (b) in the case of each resolution at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
  - (5) Nothing contained in clauses (1) to (4) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:

- (a) is or could reasonably be regarded as defamatory of any person;
- (b) is irrelevant or immaterial to the proceedings; or
- (c) is detrimental to the interest of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

#### **Minutes to be evidence of the proceedings**

185. The minutes of meeting kept in accordance with the provisions of Section 118 of the Companies Act, 2013 shall be evidence of the proceedings recorded therein,

#### **Presumptions to be drawn where minutes duly drawn and signed**

186. Where the minutes of the proceedings of any general meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with provisions of Section 118 of the Companies Act, 2013, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

#### **Inspection of Minutes Books of General Meetings**

187. (1) The books containing the minutes or the proceedings of any general meeting of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Companies Act, 2013, be determined by the Company in general meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.
- (2) Any member of the Company shall be entitled to be furnished within seven working days after he has made a request in that behalf to the Company and on payment of such sums as may be prescribed, with a copy of any minutes referred to in sub-clause (1) hereof.

#### **Publication of report of proceedings of General Meeting**

188. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 118 of the Companies Act, 2013 to be contained in the minutes of the proceedings of such meetings.

### **MANAGEMENT**

#### **Prohibition of simultaneous appointment of different categories of managerial personnel**

189. The Company shall not appoint or employ at the same time a Managing Director and

a Manager.

190. Subject to the provisions of the Act -
- (i) a chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - (ii) a director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
191. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by it being done by or to the same person acting both as director and as, or in place of, the chief executive officer, manager, company secretary or chief financial officer.

### **The Seal, its custody and use**

192. (1) The Board of Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, under such regulations as the Board may prescribe.
- (2) The seal of the Company shall not be affixed to any instrument except by the authority of the Board of Directors or a Committee of the Board authorised by in that behalf, and except in the presence of any such official, the Board may appoint in that behalf who shall sign every instrument to which the seal of the Company is affixed.

Provided that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Share Capital and Debenture) Rules, 2014, and their statutory modifications for the time being in force.

## **DIVIDEND WARRANTS**

### **Division of profits**

193. (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect where of the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in

respect of which the dividend is paid; but if any share is issued on terms provided that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

### **The Company in general meeting may declare dividend**

194. The Company in general meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

### **Dividend out of profits only**

195. (1) No dividend shall be declared or paid by the Company for any financial year except (a) out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (2) or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both; or (b) out of the monies provided by the Central Government or State government for the payment of dividend in pursuance or guarantee given by the Government.

(2) For the purposes of sub-clause (1), the depreciation shall be provided in accordance with the provisions of Schedule II of the Companies Act, 2013.

(3) No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

### **Interim Dividend**

196. Subject to the provision of 123, the Board of Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

### **Debts may be deducted**

197. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

### **Capital paid up in advance at interest not to earn dividend**

198. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

### **Dividends in proportion to amount paid up**

199. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

### **Retention of dividends until in certain cases**

200. The Board of Directors may retain the dividend payable upon shares in respect of which any person under the Transmission Clause has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

### **No member to receive dividend whilst liberated to the Company and the Company's right of reimbursement thereof**

201. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any member all such sums of monies so due from him to the Company.

### **Effect of transfer of Shares**

202. A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

### **Dividend to joint Holders**

203. Any one of several persons who are registered as joint holders of any share may give effectual receipt for all dividends or bonus and payments on account of dividends in respect of such share.

### **Dividend how remitted**

204. The dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend or in case of joint-holders to the registered address of that one of the joint-holders which is first named on the register of members or to such person and to such address as the holder or the joint-holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission or for any dividend lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

### **Notice of dividend**

205. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.



### **Dividend to be paid within Thirty days**

206. (1) The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within thirty days from the date of the declaration unless :
- (a) where the dividend could not be paid by reason of the operation of any law;
  - (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
  - (c) where there is a dispute regarding the right to receive the dividend;
  - (d) where the dividend has been lawfully adjusted by the company against any sum due to it from the shareholder, or
  - (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
- (2) (a) where the dividend has been declared but which has not been paid or claimed within thirty days from the date of the declaration to any shareholder entitled to the payment thereof, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any Scheduled Bank to be called “Unpaid Dividend Account of **Name of Company**”
- (b) The Company shall, within a period of ninety days of making any transfer of an amount under sub clause(a) to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the website of the Company, if any, and also on any other website approved by the Central Government for this purpose, in such form, manner and other particulars as may be prescribed
  - (c) If any default is made in transferring the total amount referred to in sub-clause (1) or any part thereof to the Unpaid Dividend Account of the Company, it shall pay, from the date of such default, interest on so much of the amount as has not been transferred to the said account, at the rate of twelve per cent per annum and the interest accruing on such amount shall ensure to the benefit of the members of the company in proportion to the amount remaining unpaid to them.
  - (d) Any person claiming to be entitled to any money transferred under sub-clause (1) to the Unpaid Dividend Account of the Company may apply to the Company for payment of the money claimed.
  - (e) any money transferred to the Unpaid Dividend Account of the Company in pursuance of this Article which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company along with interest accrued, if any, thereon to the Investor

Education and Protection Fund of the Central Government.

- (f) the Company shall when making any transfer to the Investor Education and Protection Fund of the Central Government any unpaid or unclaimed dividend, furnish to such officer as the Central Government may appoint in this behalf a statement in the prescribed form seeing forth in respect of all sums included in such transfer, the nature of the sums, the names and last known addresses of the persons entitled to receive the sum, the amount to which each person is entitled and the nature of his claim thereto and such other particulars as may be prescribed.
- (g) No unclaimed or unpaid dividend shall be forfeited by the Board of Directors until the claim becomes barred by law.

### **CAPITALISATION**

#### **Capitalisation**

207. (1) The Company in General Meeting may, upon the recommendation of the Board, resolve :
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the Profit and Loss Account or otherwise available for distributions; and
  - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3), either in or towards:
- (i) paying up any amount for the time being unpaid on any shares held by such members respectively;
  - (ii) paying up in full unissued shares of the Company to be allocated and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; or
  - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii);
- (3) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (4) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

#### **Fractional Certificates**

208. (1) Whenever such a resolution as aforesaid shall have been passed, the Board

shall:

- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, if any, and
  - (b) generally do all acts and things required to give effect thereto.
- (2) The Board shall have full power :
- (a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions; and also
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an arrangement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized to the amounts of any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.
- (4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificate as they think fit.

## **ACCOUNTS**

### **Books to be kept**

209. (1) The Company shall prepare and keep at its registered office proper books of account and other relevant books and papers and financial statement for every financial year in accordance with Section 128 of the Companies Act, 2013, as would give a true and fair view of the state of affairs of the Company including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting: Provided that all or any of the books of accounts aforesaid and other relevant papers may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decide the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place. Provided further that the company may keep such books of account or other relevant papers in electronic mode in such manner as may be prescribed.
- (2) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of sub-clause (1) if proper books of accounts relating to the transactions affected at the branch are kept at that office and proper summarised returns made

upto date at intervals of not more than three months are sent by the branch office to the Company at its registered office or the other place referred to in sub-clause (1). The books of accounts and other books and paper maintained by the Company within India shall be open to inspection at the registered office of the Company or at such other place in India by any Director during business hours and in the case of financial information, if any, maintained outside the country, copies of such financial information shall be maintained and produced for inspection by any Director subject to such conditions as may be prescribed:

Provided that the inspection in respect of any subsidiary of the Company shall be done only by the person authorised in this behalf by a resolution of the Board of Directors.

- (3) The books of account of the Company relating to a period of not less than eight financial years immediately preceding a financial year, or where the Company had been in existence for a period less than eight years, in respect of all the preceding years together with the vouchers relevant to any entry in such books of account shall be kept in good order:

Provided that where an investigation has been ordered in respect of the Company under Chapter XIV of the Companies Act, 2013, the Central Government may direct that the books of account may be kept for such longer period as it may deem fit.

### **Financial Statements**

210. (1) The Board of Directors shall in accordance with Section 129, 133 and 134 of the Companies Act, 2013 and the rules made there under, cause to be prepared and laid before each annual general meeting, financial statements for the financial year of the Company which shall be a date which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.
- (2) The financial statements of the Company shall give a true and fair view of the state of affairs of the Company and comply with the accounting standard notified under Section 133 of the Companies Act, 2013 and shall be in the form set out in Schedule III to the Companies Act, 2013. Provided that the items contained in such financial statements shall be in accordance with the accounting standards.
- (3) In case the Company has one or more subsidiaries, it shall, in addition to financial statements provided under sub-clause (1), prepare a consolidated financial statement of the Company and of all the subsidiaries in the same form and manner as that of its own which shall also be laid before the annual general meeting of the company along with the laying of its financial statement under sub-section (1) Provided that the Company shall also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries in such form as may be prescribed, provided further that the Central Government may provide for the consolidation of accounts of companies in such manner as may be prescribed. For the purposes of this sub-clause, the word “subsidiary” shall include associate company and joint venture.

## **AUDIT**

### **Account to be audited**

211. Once at least in every year the accounts of the Company shall be audited and the correctness of the financial statements ascertained by one or more Auditor or Auditors.

### **Appointment of Auditors**

212. (1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with the provisions of Chapter X of the Companies Act, 2013 and the rules made thereunder.
- (2) Subject to the provisions of Section 139 of the Companies Act, 2013, the Company shall at the first annual general meeting appoint an individual or a firm as an Auditor to hold office from conclusion of that meeting until the conclusion of its sixth annual general meeting and thereafter till the conclusion of every sixth meeting and the manner and procedure of selection of auditors by the members of the Company at such meeting shall be such as may be prescribed.

Provided that the Company shall place the matter relating to such appointment for ratification by members at every annual general meeting;

Provided further that before such appointment is made, the written consent of the auditor to such appointment, and a certificate from him or it that the appointment, if made, shall be in accordance with the conditions as may be prescribed, shall be obtained from the auditor: Provided also that the certificate shall also indicate whether the auditor satisfies the criteria provided in Section 141 of the Companies Act, 2013:

Provided also that the Company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within fifteen days of the meeting in which the auditor is appointed. "Appointment" includes reappointment

## **DOCUMENTS AND NOTICES**

### **Service of documents or notices on members by the Company**

213. (1) A document or notice may be served by the Company on any member thereof either personally or by sending it by registered post or by speed post or by courier service or by leaving it at his registered address or if he has no registered address in India, to the address if any, within India supplied by him to the Company for serving documents or notice on him or by means of such electronic or other mode as may be prescribed.
- (2) A document or notice advertised in a newspaper circulating in the neighbourhood of the registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears, on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him.
- (3) A document or notice may be served by the Company on the joint holders of a share by serving it on the jointholder named first in the Register in respect

of the share.

- (4) A document or notice may be served by the Company on the person entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter, addressed to them by name or by title of representatives of the deceased, or assignees of the insolvent or by any like description, at the address, if any, in India supplied for the purpose by the person claiming to be so entitled, or until such an address has been so supplied, serving the document or notice in any manner in which it might have been served if the death or insolvency had not occurred.
- (5) The signature to any document or notice to be given by the Company may be written or printed or lithographed.

#### **To whom documents must be served or given**

214. Document or notice of every general meeting shall be served or given in the same manner hereinbefore authorised on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the auditor or auditors for the time being of the Company, PROVIDED that when the notice of the meeting is given by advertising the same in newspaper circulating in the neighbourhood of the office of the Company under Article 95 a statement of material facts referred to in Article 95 need not be annexed to the notice, as is required by that Article, but is shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

#### **Members bound by documents or notices served on or given to previous holders**

215. Every person who by operation of law, transfer or other means whatsoever, has become entitled to any share shall be bound by every document or notice in respect of such share, which prior to his name and address being entered on the Register of Members, shall have been duly served on or give to the person from whom he derived his title to such share.

#### **Service of documents on Company**

216. A document may be served on the Company or an officer thereof by sending it to the Company or officer at the registered office of the Company by Registered Post or by speed post or by courier service or by leaving it at its registered office or by means of such electronic or other mode as may be prescribed. Provided that where securities are held with a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic or other mode.

#### **Service of documents by Company on the Registrar**

217. Save as provided in the Act or the rules made thereunder for filing of documents with the Registrar in electronic mode, a document may be served on the Registrar or any member by sending it to him at his office by post or by Registered Post or by speed post or by courier or delivering it to or leaving it for him at his office, or by such electronic or other mode as may be prescribed. Provided that a member may request for delivery of any document through a particular mode, for which he shall pay such fees as may be determined by the company in its annual general meeting. The term "courier" means a person or agency which delivers the document and provides proof of its delivery.

## **Registers and documents to be maintained by the Company**

218. The Company shall keep and maintain Registers, Books and Documents as required by the Act or these Articles, including the following:

- (1) Register of Investments made by the Company but not held in its own name, as required by Section 187(3) of the Companies Act, 2013, and shall keep it open for inspection by any member or debenture holder of the Company without charge.
- (2) Register of Mortgages and Charges and copies of instrument creating any charge requiring registration according to Section 85 of the Companies Act, 2013, and shall keep them open for inspection by any creditor or member of the Company without fee and for inspection by any person on payment of a fee of rupee ten for each inspection.
- (3) Register and Index of Members as required by Section 88 of the Companies Act, 2013, and shall keep the same open for inspection during business hours, at such reasonable time on every working day as the Board may decide by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of a fee of rupees fifty for each inspection.
- (4) Register and Index of Debenture Holders or Security Holders under Section 88 of the Companies Act, 2013, and keep it open for inspection during business hours, at such reasonable time on every working day as the Board may decide by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of rupees fifty for each inspection.
- (5) Foreign Register, if so thought fit, as required by Section 88 of the Companies Act, 2013, and it shall be open for inspection and may be closed and extracts may be taken there from and copies thereof as maybe required in the manner, mutatis mutandis, as is applicable to the Principal Register.
- (6) Register of Contracts with related parties and companies and firms etc. in which Directors are interested as required by Section 189 of the Companies Act, 2013, and shall keep it open for inspection at the registered office of the Company during business hours by any member of the Company. The Company shall provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment of fee of ten rupees per page.
- (7) Register of Directors and Key Managerial Personnel etc., as required by Section 170 of the Companies Act, 2013 and shall keep it open for inspection during business hours and the members of the Company shall have a right to take extracts therefrom and copies thereof, on a request by the members, be provided to them free of cost within thirty days. Such register shall also be kept open for inspection at every annual general meeting of the Company and shall be made accessible to any person attending the meeting.
- (8) Register of Loans, Guarantee, Security and Acquisition made by the Company as required by Section 186(9) of the Companies Act, 2013. The extracts from

such register may be furnished to any member of the Company on payment of fees of ten rupees for each page.

- (9) Books recording minutes of all proceedings of general meeting and all proceedings at meetings of its Board of Directors or of Committee of the Board in accordance with the provisions of Section 118 of the Companies Act, 2013.
- (10) Copies of Annual Returns prepared under Section 92 of the Companies Act, 2013, together with the copies of certificates and documents required to be annexed thereto. Provided that any member, debenture holder, security holder or beneficial owner or any other person may require a copy of any such register referred to sub-clause (3), (4) or (5), or the entries therein or the copies of annual returns referred to in sub-clause (10) above on payment of a fee of ten rupees for each page. Such copy or entries or return shall be supplied within seven days of deposit of such fee.

## **WINDING UP**

### **Distribution of assets**

219. If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively, and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

### **Distribution in specie or kind**

220. (1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them as a Liquidator, with such sanction shall think fit.
- (2) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed) by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined upon, any contributory who would be prejudiced thereby shall have a right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 319 of the Companies Act, 2013.
- (3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall if practicable act accordingly.



### **Right of shareholders in case of sales**

221. A special resolution sanctioning a sale to any other Company duly passed pursuant to Section 319 of the Companies Act, 2013 may subject to the provisions of the Act in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidator be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said sanction.

## **INDEMNITY**

### **Directors' and others' rights to indemnity**

222. Subject to provisions of Section 197 of the Companies Act, 2013, every Director, or Officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor, shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Officer or Auditor or other Officer of the Company in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 463 of the Companies Act, 2013 in which relief is granted to him by the Court.

### **Director, Officer not responsible for acts of others**

223. Subject to the provisions of Section 197 of the Companies Act, 2013, no Director, Auditor or other Officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for insufficiency or deficiency of any of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damages arising from insolvency or tortuous act of any person, firm or company to or with whom any monies, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgement, omission, default or oversight on his part or for any other loss, damage, or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

## **SECURITY CLAUSE**

### **Secrecy Clause**

224. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required, by the Director, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy and confidentiality in respect of all transactions and affairs of the Company and shall by such declaration pledge himself not to reveal

any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions, in these presents contained.

**No member to enter the premises of the Company without permission**

225. No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Directors or Managing Director or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Director; it would be inexpedient in the interest of the Company to disclose.

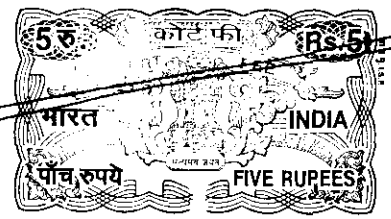
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We the several persons whose names and addresses and occupations are hereunder subscribed below, are desirous of being formed into a Company in pursuance of these **ARTICLES OF ASSOCIATION** and we respectively agree to take the number of shares in the Capital of the Company set opposite to our respective names:-

Name, Address, Description and Occupation of each Subscriber	Signature of Subscriber	Signature of witness his Name, Address, Description & Occupation
<p><b>SUNIL BHARTI MITTAL</b> S/O LATE SH. SAT PAUL MITTAL (INDUSTRIALIST) 19, AMRITA SHERGILL MARG, NEW DELHI – 110003</p> <p><b>RAJAN BHARTI MITTAL</b> S/O LATE SH. SAT PAUL MITTAL (INDUSTRIALIST) E-9/17, VASANT VIHAR, NEW DELHI – 110057</p>	<p>Sd/-</p> <p>Sd/-</p>	<p>I witness the signatures of all the subscribers who have signed in my presence.</p> <p><b>Sd/-</b> KIRAN SHARMA FCS, C.P. 3116 W/O SHRI SANJAY SHARMA R/O 134, NEHRU PLACE APPARTMENTS, OUTER RING ROAD, NEW DELHI – 110 019</p>

Place: New Delhi

Dated: 06.02.2007



IN THE HIGH COURT OF DELHI AT NEW DELHI

ORIGINAL COMPANY JURISDICTION

COMPANY PETITION NO. 372 OF 2009

CONNECTED WITH

COMPANY APPLICATION NO. (M) 132 OF 2009

For Private Use

Examiner Judicial Dept  
High Court of Delhi

MEMO OF PARTIES

IN THE MATTER OF :

Bharti Retail Resources Private Limited  
Aravali Crescent, 1,  
Nelson Mandela Road,  
Vasant Kunj, Phase -II  
New Delhi – 110070

... Transferor Company  
(Petitioner)

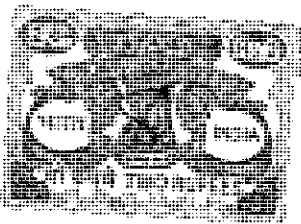
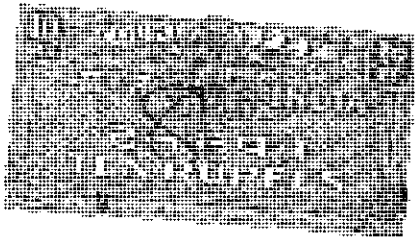
Vs.

Bharti Retail Limited  
Aravali Crescent, 1,  
Nelson Mandela Road,  
Vasant Kunj, Phase -II  
New Delhi – 110070

... Transferee Company

PLACE : NEW DELHI

DATED : 28 AUGUST, 2009



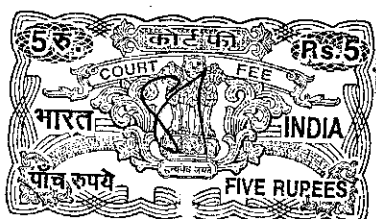
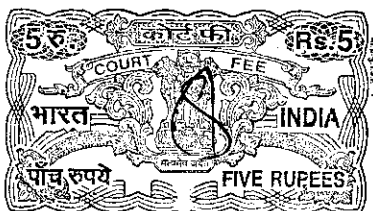
THROUGH

P. Nagesh  
(P. NAGESH)

Advocate for Transferor Company  
30, SAHYOG APARTMENT,  
MAYUR VIHAR, PHASE -1  
NEW DELHI - 110091

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High Court of Delhi  
Authorised Under Section 10  
of The Indian Evidence Act



**IN THE HIGH COURT OF DELHI**

COMPANY PETITION NO. 372/2009

**Reserved on 3<sup>rd</sup> February, 2010**

**Date of pronouncement: 11 February, 2010**

**In the matter of**  
The Companies Act, 1956:

And

**Petition under Sections 391(2) &  
394 of the Companies Act, 1956**

Scheme of Amalgamation of:

M/s. Bharti Retail Resources Private Limited

.. Petitioner/Transferor  
Company

WITH

M/s. Bharti Retail Limited

.. Transferee Company

**Through Mr. P. Nagesh with  
Mr. Anand M. Mishra, Advocates  
for the petitioners  
Mr. V. K. Gupta, Dy. Registrar of  
Companies  
Mr. Rajiv Bahl, Advocate for the  
Official Liquidator**

**SUDERSHAN KUMAR MISRA, J.**


1. This petition has been filed under Sections 391(2) & 394 of the Companies Act, 1956 by the petitioner/ transferor company seeking sanction of the Scheme of Amalgamation of M/s. Bharti Retail Resources Private Limited (hereinafter referred to as the petitioner/transferor company) with M/s. Bharti Retail Limited (hereinafter referred to as the transferee company).

2. The registered offices of the transferor and transferee companies are situated at New Delhi, within the jurisdiction of this court.

3. The petitioner/transferor company was incorporated under the Companies Act, 1956 on 8<sup>th</sup> February, 2008 with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi.

4. The transferee company was originally incorporated under the Companies Act, 1956 on 7<sup>th</sup> February, 2007 with the Registrar of Companies, NCT of Delhi & Haryana at New Delhi under the name and style of Bharti Retail Private Limited. The company changed its name to Bharti Retail Limited after passing the necessary resolution to this effect and obtained the fresh certificate of incorporation on 21<sup>st</sup> May, 2009.


5. The authorized share capital of the petitioner/transferor company, as on 31<sup>st</sup> December, 2008, is Rs.1,00,000/- divided into 10,000 equity shares of Rs.10/- each. Subsequently, the company has increased its authorized share capital to Rs.5,00,000/- divided into 50,000 equity shares of Rs.10/- each. The issued, subscribed and paid up capital of the company, as on 31<sup>st</sup> December, 2008, is Rs.1,00,000/- divided

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into 10,000 equity shares of Rs.10/- each. Subsequently, the issued, subscribed and paid up capital of the company has been increased to Rs.5,00,000/- divided into 50,000 equity shares of Rs.10/- each by way of allotment of 40,000 equity shares of Rs.10/- each fully paid up on 06.01.2009.


6. The authorized share capital of the transferee company, as on 31<sup>st</sup> December, 2008, is Rs.50,00,00,000/- divided into 5,00,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid up capital of the company, as on 31<sup>st</sup> December, 2008, is Rs.28,00,00,000/- divided into 2,80,00,000 equity shares of Rs.10/- each fully paid up. Subsequently, the issued, subscribed and paid up share capital of the company has been increased to Rs.31,86,60,000/- divided into 3,18,66,000 equity shares of Rs.10/- each fully paid up by way of allotment of 38,66,000 equity shares of Rs.10/- each fully paid up on 20.03.2009.

7. Copies of the Memorandum and Articles of Association of the transferor and transferee companies have been filed on record. The annual reports of the petitioner/ transferor company and the transferee company containing their audited balance sheets, as on 31<sup>st</sup> December, 2008, along with the report of the auditors, have also been filed.

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8. A copy of the Scheme of Amalgamation has been placed on record and the salient features of the Scheme have been incorporated and detailed in the petition and the accompanying affidavits. It is submitted by the petitioners that the transferor company is a wholly owned subsidiary of the transferee company and since it is working for and on behalf of the transferee company, therefore, by the proposed amalgamation, the overheads of both the companies shall be reduced and the amalgamated company will be in a stronger position, as regards liquidity. It is claimed that the amalgamation of the companies would enable economies in administration and management, which will improve the combined profitability, as there would be reduction in management and overhead costs. It is also claimed that the consolidation of businesses will achieve rationalization of the management structure and economies of scale for further and stable growth, expansion and diversification and for better and more profitable utilization of combined resources.

9. So far as the share exchange ratio is concerned, the Scheme provides that, as the transferor company is a wholly owned subsidiary of the transferee company, the shares held by the transferee company in the transferor company shall be cancelled upon the Scheme becoming effective.

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10. It has been submitted by the petitioner that no proceedings under Sections 235 to 251 of the Companies Act, 1956 are pending against the transferor and transferee companies.

11. The Board of Directors of the transferor and transferee companies in their separate meetings held on 29<sup>th</sup> May, 2009 have unanimously approved the proposed Scheme of Amalgamation. Copies of the Resolutions passed at the meetings of the Board of Directors of the transferor and transferee companies have been placed on record.

12. The petitioner/transferor company had earlier filed CA (M) No. 132/2009 seeking directions of this court to dispense with the requirement of convening the meetings of its equity shareholders and creditors, which are statutorily required for sanction of the Scheme of Amalgamation. Vide order dated 28<sup>th</sup> July, 2009, this court allowed the application and dispensed with the requirement of convening and holding the meeting of the equity shareholders of the transferor company to consider and, if thought fit, approve, with or without modification, the proposed Scheme of Amalgamation. There are no secured or unsecured creditors of the petitioner/transferor company.

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Indian Evidence Act

13. The petitioner/transferor company has thereafter filed the present petition seeking sanction of the Scheme of Amalgamation. Vide order dated 1<sup>st</sup> September, 2009, notice in the petition was directed to be issued to the Official Liquidator and the Regional Director, Northern Region. Citations were also directed to be published in 'Statesman' (English) and 'Veer Arjun' (Hindi) in terms of the Companies (Court) Rules, 1959. Affidavit of service has been filed by the petitioner showing compliance regarding service on the Official Liquidator and the Regional Director, Northern Region and also regarding publication of citations in the aforesaid newspapers on 14<sup>th</sup> September, 2009. Copies of the newspaper clippings containing the publications have been filed along with the affidavit of service.

14. Pursuant to the notices issued, the Official Liquidator sought information from the transferor company. Based on the information received, the Official Liquidator has filed his report dated 4<sup>th</sup> December, 2009 wherein he has stated that he has not received any complaint against the proposed Scheme of Amalgamation from any person/party interested in the Scheme in any manner and that the affairs of the transferor company do not appear to have been conducted in a manner prejudicial to the interest of its members, creditors or to public interest.

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15. In response to the notices issued in the petition, Dr. Navrang Saini, Regional Director, Northern Region, Ministry of Corporate Affairs has filed his report dated 27<sup>th</sup> November, 2009. Relying on Clause-9 of the Scheme, he has stated that, upon sanction of the Scheme of Amalgamation, all the employees of the transferor company shall become the employees of the transferee company without any break or interruption in their services.

16. The Regional Director has further submitted that the transferee company has not filed any application/petition under Section 391/394 of the Companies Act, 1956, being the holding company of the transferor company.

17. In response to the above objection, learned counsel for the petitioner submits that the transferor company is 100% wholly owned subsidiary of the transferee company and since the transferee company shall not be required to issue any share, once the Scheme is sanctioned by this court, therefore, its paid up share capital will not be affected. It is further submitted that since there will be no introduction of new shareholders, therefore, the interest of the shareholders of the transferee company will not be affected.

18. In support of his submission, learned counsel for the petitioner placed reliance on the judgment of Bombay High Court in **Mahaamba Investments Ltd. Vs. IDI Ltd. [2001 (105) Comp. Cas. 0016 (Bom.)]** wherein, while considering a similar matter, the court has held as under:-

“....in the present case, having regard to the relevant clauses of the proposed Scheme and particularly the provision whereby no new shares are sought to be issued to the members of the transferor company by the transferee company, the Scheme will not affect the members of the transferee company. The creditors of the transferee company are not likely to be affected by the Scheme in view of the financial position of the transferee company. In para 13 & 14 of the affidavit in support of the company application, the financial position of the transferor and transferee companies has been set out and which would show that in so far as the transferor company is concerned, it has an excess of assets over liabilities to the extent of Rs.508 lacs whereas in the case of the transferee company, there is an excess of assets over liabilities to the extent of Rs.6900 lacs.

In the circumstances, the office objection is accordingly disposed of with the clarification that filing of a separate petition by the transferee company is not necessary, in the facts and circumstances of the present case...”

Learned counsel for the petitioner has also placed reliance on the judgments of this court in **M/s. Sharat Hardware Industries P. Ltd. [1978 (048) Com Cas 0023 (Del)]** & **M/s. Arjay Fin Invest Private Limited & Anr. (CP 257/2009)** wherein this court has held that since the transferor company

was a wholly owned subsidiary of the transferee company, therefore, it was not necessary for the transferee company to seek approval of the Scheme.

Having regard to the submissions made at the bar and the settled law on the subject, the objection raised by the Regional Director is overruled.

19. No objection has been received to the Scheme of Amalgamation from any other party. The petitioner/transferor company, in the affidavit dated 5<sup>th</sup> December, 2009 of Mr. Inderjit Walia, has submitted that the counsel for the petitioner have not received any objection pursuant to the citation published on 14<sup>th</sup> September, 2009.

20. In view of the approval accorded by the equity shareholders of the petitioner/transferor company and the Official Liquidator to the proposed Scheme of Amalgamation, and there being no surviving objection to the same by the Regional Director, Northern Region, there appears to be no impediment to the grant of sanction to the Scheme of Amalgamation. Consequently, sanction is hereby granted to the Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956. The petitioner company will comply with

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Indian Evidence Act

the statutory requirements in accordance with law. Certified copy of this order be filed with the Registrar of Companies within five weeks. It is also clarified that this order will not be construed as an order granting exemption from payment of stamp duty as payable in accordance with law. Upon the sanction becoming effective from the appointed date of Amalgamation, that is 1<sup>st</sup> January, 2009, the transferor company shall stand dissolved without undergoing the process of winding up.

21. The petition is allowed in the above terms.

Dasti.

-Sd-

**SUDERSHAN KUMAR MISRA, J.**

February 11, 2010  
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IN THE HIGH COURT OF DELHI AT NEW DELHI  
(ORIGINAL JURISDICTION)  
IN THE MATTER OF THE COMPANIES ACT, 1956  
AND  
IN THE MATTER OF SCHEME OF AMALGAMATION  
OF  
COMPANY PETITION NO.372/2009  
CONNECTED WITH  
COMPANY APPLICATION (M) NO.132/2009

IN THE MATTER OF M/s Bharti Retail Resources Pvt. Ltd.  
having its Regd. Office at:  
Aravali Crescent, 1, Nelson Mandela Road,  
Vasant Kunj, Phase-II, New Delhi-110070  
...Petitioner/Transferor Company

WITH  
IN THE MATTER OF M/s Bharti Retail Ltd.  
having its Regd. Office at:  
Aravali Crescent, 1, Nelson Mandela Road,  
Vasant Kunj, Phase-II, New Delhi-110070  
...Non-applicant/Transferee Company

**BEFORE HON'BLE MR. JUSTICE SUDERSHAN KUMAR MISRA**  
**DATED THIS THE 11<sup>th</sup> DAY OF FEBRUARY, 2010**

**ORDER UNDER SECTION 394 OF THE COMPANIES ACT, 1956**

The above petition came up for hearing on 11/02/2010 for sanction of Scheme of Amalgamation proposed to be made of M/s Bharti Retail Resources Pvt. Ltd. (hereinafter referred to as Transferor Company) with M/s Bharti Retail Ltd. (hereinafter referred to as Transferee Company). The Court examined the petition; the order dated 28/07/2009, passed in CA(M) 132/2009, whereby the requirement of convening and holding the meetings of the Equity Shareholders of the Transferor Company for the purpose of considering and if thought fit approving with or without modification, the Scheme of Amalgamation annexed to the affidavit of Sh. Inderjit Walia, Director of the Petitioner Company, filed on 20<sup>th</sup> day of July, 2009 was dispensed with; there being no Secured and Unsecured Creditors of the Transferor Company and the publication in the newspapers namely Statesman (English) and Veer Arjun (Hindi) dated 14/09/2009 containing the notice of the Petition.

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The Court also examined the affidavit dated 27/11/2009 of Dr. Navrang Saini, Regional Director, Northern Region, Ministry of Corporate Affairs, Noida on behalf of Central Government submitting that the Transferee Company has not filed any application/petition under Section 391/394 of the Companies Act, 1956, being the holding company of the Transferor Company. In response thereto, learned counsel for the petitioner submits that the Transferor Company is 100% wholly owned subsidiary of the Transferee Company and since the Transferee Company shall not be required to issue any share, once the Scheme is sanctioned by this Court, therefore, its paid up share capital will not be affected. It was further submitted that since there will be no introduction of new Shareholders, therefore, the interest of the Shareholders of the Transferee Company will not be affected. Having regard to the decision in M/s Sharat Hardware Industries P. Ltd. [1978 (048) Com Cas 0023 (Del)] & M/s Arjay Fin Invest Private Limited & Anr. (CP 257/2009) holding that since the Transferor Company was a wholly owned subsidiary company of the Transferee Company, therefore, it was not necessary for the Transferee Company to seek approval of the Scheme, the Court overruled the objection raised by the Regional Director.

Upon hearing Sh. P. Nagesh with Mr. Anand M. Mishra, Advocates for the Petitioner, Mr. Rajiv Bahl for the Official Liquidator and Mr. V. K. Gupta, Dy. Registrar of Companies in person; and in view of the approval of the Scheme of Amalgamation without any modification; by the Equity Shareholders of the Transferor Company; and in view of the affidavit of Sh. S. B. Gautam, Official Liquidator filed on 04/12/2009 stating therein that the affairs of the Transferor Company have not been conducted in a manner prejudicial to the interest of its Members or Creditors or to public interest; and there being no investigation proceedings pending in relation to the Petitioner Company under Section 235 to 251 of the Companies Act, 1956,

THIS COURT DOETH HEREBY SANCTION THE SCHEME OF AMALGAMATION set forth in Schedule-I annexed hereto and Doeth hereby declare the same to be binding on all the Shareholders & Creditors of the Transferor Company and all

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concerned and doth approve the said Scheme of Amalgamation with effect from the appointed date i.e. 01/01/2009.

AND THIS COURT DOTH FURTHER ORDER:

1. That all the property, rights and powers of the Transferor Company specified in First, Second and Third parts of Schedule-II hereto and all other property, right and powers of the Transferor Company be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 394 (2) of the Companies Act, 1956 be transferred to and vest in the Transferee Company for all the estate and interest of the Transferor Company therein but subject nevertheless to all charges now affecting the same; and
2. That all the liabilities and duties of the Transferor Company be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 394 (2) of the Companies Act, 1956 be transferred to and become the liabilities and duties of the Transferee Company; and
3. That all the proceedings now pending by or against the Transferor Company be continued by or against the Transferee Company; and
4. That the Transferor Company is a wholly owned subsidiary of the Transferee Company, the shares held by the Transferee Company in the Transferor Company shall be cancelled upon the Scheme becoming effective in consideration of the merging and vesting of the undertaking of the Transferor Company with the Transferee Company; and
5. That the Transferor Company do within five weeks after the date of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Transferor Company shall be dissolved without undergoing the process of winding up and the Registrar of Companies shall place all documents relating to the Transferor Company and registered with him on the file kept in relation to the Transferee Company and the files relating to the said Transferor and Transferee Companies shall be consolidated accordingly. It is also clarified that

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High Court of Delhi  
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this order will not be construed as an order granting exemption from payment of stamp duty that is payable in accordance with law; and

6. That any person interested shall be at liberty to apply to the Court in the above matter for any directions that may be necessary.




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High Court of Madhya Pradesh  
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Indian Evidence Act

Exhibit - I

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SCHEDULE - I

- 5 -

**SCHEME OF AMALGAMATION**

**BETWEEN**

**BHARTI RETAIL RESOURCES PRIVATE LIMITED**  
(Transferor Company)

**WITH**

**BHARTI RETAIL LIMITED**  
(Transferee Company)

**1. Introduction**

This scheme of amalgamation provides for amalgamation of BHARTI RETAIL RESOURCES PRIVATE LIMITED having its Registered Office at Aravali Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase - II, New Delhi - 110070. (Transferor Company)

With

BHARTI RETAIL LIMITED having its Registered Office at Aravali Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase - II, New Delhi - 110070. (Transferee Company).

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For BHARTI RETAIL RESOURCES PVT. LTD.

*Uradia*  
Director

*Qays*

For BHARTI RETAIL LIMITED

*Ramaram*  
(K. Venkat Ramana)  
Head Legal & Company Secretary

**2. Definitions** In this scheme, unless the context otherwise requires, the following expressions shall have the meaning ascribed to them.

**2.1. "Act"** means the Companies Act, 1956.

**2.2. "Appointed date"** means 01.01.2009 or such other date as the Hon'ble High Court at Delhi may direct.

**2.3. "Effective date"** means the later of the dates on which certified copies of the orders of the Hon'ble High Court of Delhi at New Delhi, vesting of the assets, properties, rights, liability, obligations, duties and the like of the Transferor Company in the Transferee Company are filed with the Registrar of Companies, National Capital Territory of Delhi & Haryana, after obtaining of consents, resolutions, approvals, permissions, agreements and orders necessary thereof.

**2.4. "Proceedings"** shall have the meaning assigned to it in paragraph 7 hereof.

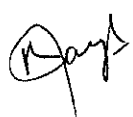
**2.5. "Scheme"** means this scheme of amalgamation in its present form or with such modification(s) as approved or imposed or directed by the Hon'ble High Court at New Delhi.

**2.6. "Transferor Company"** means BHARTI RETAIL RESOURCES PRIVATE LIMITED having its Registered Office at Aravali Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase - II, New Delhi - 110070.

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For BHARTI RETAIL RESOURCES PVT. LTD.

  
Director



For BHARTI RETAIL LIMITED

  
(K. Venkat Ramana)  
Legal & Company Secretary

2.7 "Transferee Company"

means BHARTI RETAIL LIMITED having its Registered Office at Aravali Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

2.8 "Undertaking"

means the entire business of the Transferor Company including:

- (a) all the assets, properties, immovable properties, rights, permissions, privileges, tax credits, claims of the Transferor Company as on the appointed date.
- (b) all the debts, liabilities, requirements and dues of the Transferor Company as on the appointed date.
- (c) without prejudice to the generality of sub-paragraphs (a) and (b), the undertaking of the Transferor Company shall include its reserves and surplus, if any, movable and immovable properties, assets including leasehold rights, investments, holdings, tenancy rights, licences, statutory relief and concessions, permits authorisations, intellectual property, brand, goodwill, telephones, telexes, computers, facsimile, electronic and electricity gadgets and instruments, transmissions lines and communication facilities and equipment, rights, benefits and privileges of all agreements and all other interests, rights and powers of every kind and description whatsoever, privileges, liberty, easement, advantage, benefits and approvals.

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For BHARTI RETAIL RESOURCES PVT. LTD.

*[Signature]*  
Director

*[Signature]*

For BHARTI RETAIL LIMITED

*[Signature]*  
(K. Venkat Ramana)  
Head Legal & Company Secretary

3. "Share Capital"

3.1. The Authorised Share Capital of the Transferor Company as on 31.12.2008 is Rs. 1,00,000/- (Rupees One Lac) divided into 10,000 (Ten Thousands) equity shares of Rs. 10/- (Rupees Ten) each. The Company has increased its Authorised Share Capital from Rs. 1,00,000/- (Rupees One Lac) divided into 10,000 (Ten Thousands) equity shares of Rs. 10/- (Rupees Ten) each to Rs. 5,00,000 (Rupees Five Lacs) divided into 50,000 (Fifty Thousands) equity shares of Rs. 10/- (Rupees Ten) each in the Extra Ordinary General Meeting held on 05.01.2009. The Issued, Subscribed and Paid Up Share Capital as at 31.12.2008 of the Transferor Company is Rs. 1,00,000/- (Rupees One Lac) comprising of 10,000 (Ten Thousands) equity shares of Rs. 10/- (Rupees Ten) each fully paid up. Subsequently, the Issued, Subscribed and Paid Up Share Capital has been increased to Rs. 5,00,000/- (Rupees Five Lacs) comprising of 50,000 (Fifty Thousands) equity shares of Rs. 10/- (Rupees Ten) each fully paid up by way of allotment of 40,000 equity shares of Rs. 10/- each fully paid up on 06.01.2009.

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3.2. The Authorised Share Capital of the Transferee Company as on 31.12.2008 is Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) equity shares of Rs. 10/- (Rupees Ten) each. The Issued, Subscribed and Paid Up Share Capital as on 31.12.2008 of Transferee Company is Rs. 28,00,00,000/- (Rupees Twenty Eight Crores) comprising of 2,80,00,000 (Two Crores Eighty Lacs) equity shares of Rs. 10/- (Rupees Ten) each fully paid up. As on 31.12.2008 the

For BHARTI RETAIL RESOURCES PVT. LTD.

  
 Director

For BHARTI RETAIL LIMITED  
  
 (K. Venkat Ramana)  
 Head Legal & Company Secretary

- 8 -

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Company is having Share Application Money Pending Allotment of Rs. 39,00,000 which has subsequently been allotted. Further, the Issued, Subscribed and Paid Up Share Capital has been increased to Rs. 31,86,60,000/- (Rupees Thirty One Crores Eighty Six Lacs Sixty Thousand) comprising of 3,18,66,000 (Three Crore Eighteen Lacs Sixty Six Thousand) equity shares of Rs. 10/- (Rupees Ten) each fully paid up by way of allotment of 38,66,000 equity shares of Rs. 10/- each fully paid up on 20.03.2009.

4. "Increase in Authorised Share Capital"

Upon the Scheme being sanctioned by the Hon'ble High Court of Delhi at New Delhi, on and from the effective date, the Authorised Share Capital of the Transferee Company shall stand increased by the Authorised Share Capital of Transferor Company without any further act or deed.

5. "Transfer of undertaking"

5.1. Subject to the provisions of this scheme, with effect from the opening of business as on the appointed date, the undertaking of the Transferor Company shall, without any further act or deed, be and the same shall stand transferred to and vested in or deemed to have been transferred to and vested to the Transferee Company pursuant to the provisions of Section 394 and other applicable provisions of the Act,

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**Authorized under Section 79 of Indian Evidence Act**

For BHARTI RETAIL RESOURCES PVT. LTD.

*[Signature]*  
Director

*[Signature]*

For B...

**BHARTI LIMITED**  
*[Signature]*  
(Sd/- Ramana)  
Secretary

5.2. With effect from the effective date and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required, the reserves, if any, of the Transferor Company will be merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Company. In other words, the identity of the reserves of the Transferor Company shall be preserved at the hands of the Transferee Company.

5.3. In case of any difference in accounting policies between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation shall be quantified and adjusted in the revenue reserve(s) to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of its consistent accounting policies.

5.4. Save as otherwise, an account as on close of business on the day immediately preceding the appointed date shall be taken of the undertaking of the Transferor Company and all the assets and liabilities of the undertaking shall be incorporated in the books of account of the Transferee Company at the respective book value thereof appearing in the books of account of the Transferor Company.

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 All  
 Examiners, Judicial Department  
 High Court of Karnataka  
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For BHARTI RETAIL RESOURCES PVT. LTD.

*[Signature]*  
 Director

*[Signature]*

For BHARTI RETAIL LIMITED

Head Le

*[Signature]*  
 (Nat Ramana)  
 Secretary



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6. "Contracts, Deeds and Other Instruments"

On and from the Appointed Date and subject to the provisions to the contrary herein contained, if any, all contracts, deeds, bonds, agreements, engagements and other instruments, if any, of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company is entitled and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectively as if, instead of the Transferor Company it had been a party thereto or beneficiary in respect thereof. The Transferee Company shall if and to the extent by law required, enter into and/or execute deeds, writings or confirmations to give formal effect to the provisions of this Clause and to the extent that the Transferor Company is required prior to the Effective Date to join in such deeds, writings or confirmations, the Transferee Company shall be entitled to act for and on behalf of and in the name of the Transferor Company.

7. "Legal Proceedings"

All legal and other proceedings of whatsoever nature by and against the Transferor Company, if any, pending, the same shall not abate, shall not be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company or of anything contained in the scheme, but the said proceedings may be continued, prosecuted and enforced by and

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For BHARTI RETAIL RESOURCES PVT. LTD.

*[Signature]*  
Director

*[Signature]*

For BHARTI RETAIL LIMITED

*[Signature]*  
(K. Venkat Ramana)  
Company Secretary

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against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the scheme had not been made. On and from the effective date, the Transferee Company shall or may continue, prosecute, enforce or initiate any legal proceedings for and on behalf of the Transferor Company.

**8. Operative Date of the Scheme"**

The scheme, although operative from the appointed date, shall become effective from the effective date.

**9. Employees of the Transferor Company"**

All the staff and other employees, if any, in the service of the Transferor Company immediately preceding the effective date shall become staff and employees of the Transferee Company on the basis that:

9.1. The said staff and employees' services shall be deemed to have been continuous and not interrupted by reason of the said transfer.

9.2. The terms and conditions of service applicable to the said employees, staff after such transfer shall not in any way be less favourable to them than those applicable to them immediately preceding the transfer.

9.3. It is expressly provided that as far as the provident fund, gratuity fund, employees state insurance or any other special fund or policy credited or existing for the benefit of the employees, staff of the Transferor Company are concerned, upon the scheme becoming

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For BHARTI RETAIL RESOURCES PVT. LTD.

*[Signature]*  
Director

For BHARTI RETAIL LIMITED  
*[Signature]*  
(K. Venkat Ramana)  
Head Legal & Company Secretary

*[Signature]*

finally effective, the Transferee Company shall stand substituted for the Transferor Company and shall for all purposes whatsoever in respect of the administrative or the operation of such scheme or funds or in relation to the obligations to make contributions to the said funds in accordance with the provision of such scheme or funds according to the terms provided in the respective trust deeds. It is the aim and objectives of the scheme that all rights and duties, powers and obligations of the Transferor Company in relation to such schemes or the funds shall be continued and shall be the funds of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous for the purpose of aforesaid schemes or funds.

**10. "Conduct of business by the Transferor Company"**

With effect from the appointed date and up to the effective date, the Transferor Company:

- (a) shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all the profits accruing to the Transferor Company or losses arising or incurred by it shall for all purposes, be treated as the profits or losses of the Transferee Company as the case may be.

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 Indian Evidence Act

*(Signature)*

For BHARTI RETAIL RESOURCES PVT. LTD.

*(Signature)*  
 Director

For BHARTI RETAIL LIMITED

*(Signature)*  
 (K. Venkat Ramana)  
 Head Legal & Company Secretary

(b) undertakes that it shall carry on its business activities with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encounter or otherwise deal with the assets or any part thereof except in the ordinary course of business. The Transferor Company shall not alienate charge, mortgage, encumber or otherwise deal with the assets or any part thereof without the prior consent of the Board of Directors of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the appointed date.

(c) shall not make any change in its capital structure either by any increase (by issue of rights shares, equity or preference shares, bonus shares, convertible debentures or otherwise) decrease, reduction except reclassification, subdivision or consolidation, reorganization, or in any other manner, except with prior written consent of the Board of Directors of the Transferee Company.

(d) shall not, without the prior written consent of the Board of Directors of the Transferee Company, undertake any new business.

11. "Contracts or Proceedings"

The transfer of the undertaking to the Transferee Company and the continuance of the contracts or proceedings by or against the Transferee Company shall not affect any contracts or proceedings relating to the undertaking of the Transferor Company on or after the appointed date.

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*[Handwritten initials]*

For BHARTI RETAIL RESOURCES PVT. LTD.

*[Signature]*  
 Director

For BHARTI RETAIL LIMITED

*[Signature]*  
 (K. Venkat Ramana)  
 Head Legal & Company Secretary

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12. "Cancellation of Shares of the Transferor Company held by the Transferee Company"

As the Transferor Company is wholly owned subsidiary of the Transferee Company, the shares held by the Transferee Company in the Transferor Company shall be cancelled upon the scheme becoming effective in consideration of the merging and vesting of the undertaking of the Transferor Company with the Transferee Company.

13. "Dividends, Profits, Bonus/Right Shares"

13.1 Dividends (interim/final) in respect of the period commencing from the Appointed Date may be declared or paid by the Transferor Company or Transferee Company after mutual consultation with each other.

13.2 Except as envisaged under this Scheme, the Transferor Company shall not issue or allot after the Appointed Date any rights shares, bonus shares or other shares out of their respective authorised or unissued share capital for the time being, without the consent of the other.

*K. Venkat Ramana*

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Authorised under Section 70  
Indian Evidence Act

For BHARTI RETAIL RESOURCES PVT. LTD.

*M. Mahesh*  
Director

BHARTI RETAIL LIMITED

*K. Venkat Ramana*  
(K. Venkat Ramana)  
Head Legal & Company Secretary

**14. "Dissolution of Transferor Company"**

On the Scheme becoming operative, the Transferor Company shall be dissolved without the process of winding up in accordance with the provisions of the Act and the Rules made thereunder.

**15. "Application to High Court"**

The Transferor Company, with all reasonable dispatch, make applications under Sections 391, 394 and other applicable provisions, if any, of the Act, to the Hon'ble High Court of Delhi at New Delhi for sanctioning of this Scheme and for dissolution of the Transferor Company without winding up.

**16. "Modifications/ Amendments to the Scheme"**

**16.1.** The Transferor Company (by or through its Directors) and the Transferee Company (by or through its Director) may assent to any modification or amendment to the scheme or agree to any terms and/or conditions which the Courts and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise of implementing and/or carrying out the scheme and to all acts, deeds and things as may be necessary, desirable or expedient for putting the scheme into effect.

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For BHARTI RETAIL RESOURCES PVT. LTD.

*Shahi*  
Director

For BHARTI RETAIL LIMITED

*K. Venkat Ramana*  
(K. Venkat Ramana)  
Head Legal & Company Secretary

16.2. For the purpose of giving effect to the scheme or to any modification thereof, the Board of Directors of the Transferor Company as well as the Transferee Company are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

17. "Scheme conditional

upon approvals: This scheme is conditional upon and subject to:

(a) sanction of the scheme by the Hon'ble High Court of Delhi at New Delhi under Section 391 and 394 and any other applicable provision of the Act in favour of the Transferor Company and the Transferee Company respectively and to the necessary orders from the Hon'ble High Court under Section 394 of the Act being obtained.

(b) any other sanction or approval or permission or consent of banks, financial institutions or other appropriate authorities, as may be considered necessary and appropriate by the respective Board of Directors of the Transferor Company and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.

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Authorised Under Section 79  
Indian Evidence Act

*[Handwritten Signature]*

For BHARTI RETAIL RESOURCES PVT. LTD.

*[Handwritten Signature]*  
Director

FOR BHARTI RETAIL LIMITED

*[Handwritten Signature]*  
(K. Venkat Ramana)  
Head Legal & Company Secretary

**18. "Expenses connected with the scheme"**

All costs, charges and expenses of the Transferor Company and Transferee Company respectively in relation to or in connection with the scheme and of carrying out and implementing and completing the terms and provisions of the scheme and/or and incidental to the completion of the amalgamation of the said undertaking of the Transferor Company in pursuance of this scheme shall, except as specifically provided herein be borne and paid by the Transferee Company. In the event of the amalgamation being not approved by the shareholders or sanctioned by the Hon'ble High Court of Delhi at New Delhi, the Transferee Company shall debit to the Transferor Company the expenses connected with the scheme proportionately.

**19. "Effect of non-receipt of Approvals"**

In the event of any of the said sanctions and approvals referred to in paragraph 17 above not being obtained or having been obtained subject to certain conditions which are unacceptable and/or the scheme not being sanctioned by the Hon'ble High Court of Delhi at New Delhi and/or the order or orders not being passed as aforesaid before 31.12.2010 or within such further period or periods as may be agreed upon between the Transferor Company and the Transferee Company through their respective Directors (and which the Board of Directors of both the companies are hereby empowered and authorised to agree to and extend from time to time without

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Indian Evidence Act

*[Handwritten signature]*

For BHARTI RETAIL RESOURCES PVT. LTD.

*[Handwritten signature]*  
Director

For BHARTI RETAIL LIMITED

*[Handwritten signature]*  
(K. Venkat Ramana)  
Head Legal & Company Secretary



any limitation), the scheme shall become null and void save and except in respect of any act or deed done prior thereto as in contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the scheme or as may otherwise arise in law, and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the scheme.

**20. "Accounting Treatment"**

The Accounting Treatment shall be as per the Accounting Standard 14, i.e. 'Accounting for Amalgamation' prescribed by the Institute of Chartered Accountants of India and in accordance with Companies (Accounting Standards) Rules, 2006.

For BHARTI RETAIL RESOURCES PRIVATE LIMITED

For BHARTI RETAIL RESOURCES PVT. LTD.  
(Transferee Company)

  
Director  
(Inderjit Walia)  
Director

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Indian Evidence Act

For BHARTI RETAIL LIMITED

(Transferee Company)

For BHARTI RETAIL LIMITED

  
(K. Venkat Ramana)  
Head Legal & Company Secretary

(K. Venkatramana)  
Head – Legal & Company Secretary



**BHARTI RETAIL RESOURCES PRIVATE LIMITED**

**TRANSFEROR COMPANY**

**SCHEDULE OF PROPERTIES (AS ON 01.01.2009)**

Particulars	Amount
<b>PART - I</b>	
<b>SHORT DESCRIPTION OF THE FREE HOLD PROPERTY OF THE TRANSFEROR COMPANY</b>	NIL
<b>PART - II</b>	
<b>SHORT DESCRIPTION OF THE LEASEHOLD PROPERTY OF THE TRANSFEROR COMPANY</b>	NIL
<b>PART - III</b>	
<b>SHORT DESCRIPTION OF THE ALL STOCKS SHARES, DEBENTURES AND OTHER CHARGES IN ACTION OF THE TRANSFEROR COMPANY</b>	NIL
<b><u>FIXED ASSETS</u></b>	
<b>TOTAL</b>	NIL
<b><u>CURRENT ASSETS</u></b>	
Sundry Debtors	NIL
Cash & Bank Balances	198,939
Software Work in progress	NIL
Loans & Advances	5,275,545
Other Current Assets	387,069
<b>TOTAL</b>	5,861,553
<b><u>CURRENT LIABILITIES</u></b>	
Current Liabilities	5,968,365
Expenses payable	1,41,311
Provision for taxation	NIL
<b>TOTAL</b>	6,109,676
<b>Net current assets</b>	(248,123)
Miscellaneous Expenditure	NIL
<b>TOTAL</b>	5,861,553

Dated this the 11<sup>th</sup> February, 2010  
(By order of the Court)

-Sd-  
Joint Registrar (Co.)  
for Registrar General

**Certified to be True Copy**

**Examiner Judicial Department  
High Court of Delhi  
Authorised Under Section 19  
of The Indian Evidence Act**

# HIGH COURT, BOMBAY

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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**

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: 4<sup>th</sup> March, 2016

PC:

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.

- 
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 2<sup>nd</sup> 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 4<sup>th</sup> 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. Petitioner 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 3<sup>rd</sup> 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 18<sup>th</sup> 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,

# HIGH COURT, BOMBAY

585779

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 3<sup>rd</sup> 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.

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(S. S. AGATE)  
THE 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)

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**(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:

- 1.1 **"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 31<sup>st</sup> 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 6<sup>th</sup> & 7<sup>th</sup> 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 nominees 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 relating to the Retail Business Undertaking of FRL and all deposits and or moneys paid or received by FRL in connection with or pertaining or relating 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 relating 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 relating 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
<b>Authorized Share Capital</b>	
140,00,00,000 Equity Shares of Rs. 10 each	1,400.00
<b>Total</b>	<b>1,400.00</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
139,86,60,000 Equity Shares of Rs. 10 each, fully paid up	1,398.66
<b>Total</b>	<b>1,398.66</b>

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

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
<b>Authorized Share Capital</b>	
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
<b>Total</b>	<b>130.00</b>
<b>Issued, Share Capital</b>	
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
<b>Total</b>	<b>82.86</b>
<b>Subscribed and Paid-up Share Capital</b>	
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
<b>Total</b>	<b>82.84</b>

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 11<sup>th</sup> February, 2014, have not been considered as the conversion price of these securities would be determinable on 15<sup>th</sup> 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 31<sup>st</sup> 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 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.



5.7 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

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- 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 immoveable, 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.

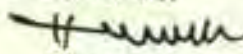
**32. UNDERTAKING IN RESPECT OF CAPITAL STRUCTURE OF BRL**

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

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

IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORDINARY ORIGINAL CIVIL JURISDICTION  
COMPANY SCHEME PETITION NO. 909 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;

  
BHARTI RETAIL LIMITED, [CIN: )  
U51909MH2007PLC268269] a company )  
incorporated under the Companies Act, )  
1956 having its registered office at 6th & )  
7th Floor, Interface Building No. 7, Link )  
Road, Mindspace, Malad (West), )  
Mumbai - 400 064 ) .....Petitioner Company

**FORM OF MINUTES PROPOSED TO BE REGISTERED UNDER SECTION 103(1)(B)**

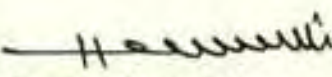
**OF THE COMPANIES ACT 1956**

To reduce and re-organise the existing issued, subscribed and paid-up share capital of the  
Petitioner Company from 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/- (Rupees Ten only)  
each, fully paid up, 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 and such re-organisation and reduction of capital shall be carried out by reducing the face value of each equity share of Rs. 10/- each to Rs. 0.05/- per share and reconsolidating the same 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 payment.

M/S HEMANT SETHI & CO

TRUE-COPY  
S.S. Agate  
30-4-16  
(S. S. AGATE)  
HC COMPANY REGISTRAR  
HIGH COURT (O.S.)  
BOMBAY

  
Advocates for Petitioner





IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORDINARY ORIGINAL CIVIL JURISDICTION  
COMPANY SCHEME PETITION NO 909 OF 2015  
CONNECTED WITH  
COMPANY SUMMONS FOR DIRECTION NO 798 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

Bharti Retail Limited

..... Petitioner Company



AUTHENTICATED COPY OF MINUTES OF ORDER DATED  
4<sup>TH</sup> DAY OF MARCH 2016 ALONG WITH MODIFIED  
SCHEME AND FORM OF MINUTES ANNEXED TO THE  
ADDITIONAL AFFIDAVIT DATED 3<sup>RD</sup> DAY OF MARCH 2016

Applied for authenticated copies on... 05/03/2016  
Authenticated copies submitted on... 11/04/2016  
Engrossed on... 30/04/2016  
Examined by... *Vivek*  
Compared with...  
Ready on... 30 APR 2016  
Delivered on... 30 APR 2016

HEMANT SETHI & CO.  
ADVOCATES FOR APPLICANT COMPANY

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH

COMPANY SCHEME PETITION NO 276 OF 2017

IN

COMPANY SCHEME APPLICATION NO 163 OF 2017

Future Retail Limited

.....Petitioner Company

In the matter of the Companies Act, 2013;

AND

In the matter of Heritage Foods Limited ('Transferor  
Company') and Heritage Foods Retail Limited ('Transferee  
Company' or 'Demerged Company') and Future Retail Limited  
( 'Resulting Company' or 'Petitioner Company') and their  
respective Shareholders

AND

In the matter of Sections 230 read with Section 232 and Section  
52 and Section 66 and other applicable provisions of the  
Companies Act, 2013

**Called for hearing**

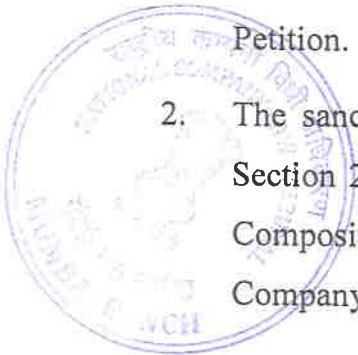
Mr. Gaurav Joshi, Senior Counsel, with Mr. Hemant Sethi, M/s Hemant Sethi & Co.,  
Advocate for the Petitioner

Mr. Ramesh Gholap, Assistant Director in the office of Regional Director

**Coram: B.S.V. Prakash Kumar, Member (Judicial)**

**Date: 11<sup>th</sup> May, 2017**

1. Heard the learned counsel for the Petitioner Company. None appears before this Tribunal either to oppose the Scheme or to contravene averments made in the Petition.
2. The sanction of this Tribunal is sought under section Sections 230 read with Section 232 and Section 52 and Section 66 of the Companies Act, 2013, to the Composite Scheme of Arrangement among Heritage Foods Limited ('Transferor Company') and Heritage Foods Retail Limited ('Transferee Company' or



‘Demerged Company’) and Future Retail Limited (‘Resulting Company’ or ‘Petitioner Company’) and their respective Shareholders and Creditors.

3. The learned Counsel for the Petitioner Company submit that Petitioner Company 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.
4. The Composite Scheme of Arrangement involving the Transferor Company, the Transferee Company and the Petitioner Company would have the following benefits:
  - a. facilitate each business to be effectively integrated for achieving growth for each of the verticals independently;
  - b. enhance management focus and operational flexibility;
  - c. facilitate investment by strategic players;
  - d. create a platform to enhance financial flexibility to pursue growth;
  - e. consolidation of the retail operations of the Petitioner Company and the Transferee Company;
  - f. unlocking of value; and
  - g. synergies expected to bring in cost savings in the marketing, selling and distribution expenses for the Petitioner Company.
5. Petitioner Company has approved the said Scheme by passing the Board Resolution which is annexed to the Company Scheme Petition.
6. The learned Counsel for the Petitioner Company further states that, the Petitioner Company has complied with all the directions passed in Company Scheme Application and that the Company Scheme Petition has been filed in consonance with the orders passed in the Company Scheme Application.
7. The learned Counsel for the Petitioner Company further states that the Petitioner Company has complied with all requirements as per the directions of this Tribunal and they have filed necessary Affidavits of compliance in the Tribunal. Moreover, the Petitioner Company through their Counsel undertakes to comply with all statutory requirements, if any, as required under the Companies Act, 2013 and the rules made there under. The said undertaking is accepted.
8. The Regional Director has filed his Report dated 2<sup>nd</sup> May, 2017 stating therein that save and except as stated in paragraph IV of the said Affidavit, it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV of the said Affidavit, the Regional Director has stated that:



1. *The tax implication if any arising out of the scheme is subject to final decision of Income Tax Authorities. The approval of the scheme by this Hon'ble Tribunal may not deter the Income Tax Authority to scrutinize the tax return filed by the transferee company after giving effect to the scheme. The decision of the Income Tax Authority is binding on the Petitioner Company.*
2. *The Petitioners have submitted the proof of serving notice, upon the Income Tax Authorities for comments on 06.03.2017. This Directorate has also issued a reminder letter to the Income Tax Department dated 02.05.2017.*
3. *Petitioner in clause 13 of the Scheme has inter alia mentioned that in consideration of the transfer of and vesting of the Retail Undertaking and the VetCa Undertaking with the Transferee Company in accordance with the Scheme by way of slump sale as defined under the provisions of section 2(42C) of the Income-tax Act, the Transferee Company shall pay a consideration of INR 135,00,00,000/- (Rupees One Hundred and Thirty Five Crores) subject to adjustment of net working capital between the Slump Sale Appointed Date and the Effective Date, which shall be discharged in the manner specified in Clause 13.2.*

*The consideration would be discharged by the Transferee Company, without any further application, deed, action or thing, by way of issuance and allotment of 1,40,00,000 (One Crore Forty Lakhs) equity shares of the Transferee Company, each of a face value of INR 10 (Rupees Ten only) and a premium of INR 86.43 (Rupees Eighty Six and Paise Forty Three), credited as fully paid-up to the Transferor Company.*

*Upon the issuance of the Equity Shares as per Clause 13.1, the issued, subscribed and paid-up share capital of the Transferee Company shall stand increased to INR 14,16,56,000 (Rupees Fourteen Crores Sixteen Lakhs Fifty Six Thousand ) comprising of 1,41,65,600 (One Crore Forty One Lakhs Sixty Five Thousand and Six Hundred only) equity shares having a face value of INR 10 (Rupees Ten only).*

*In this regard it is submitted that the Transferor Company (Heritage Foods Limited) is selling through slump sale, 2 undertakings to Transferee Company (HFRL) for which consideration is received. Further Transferee Company is allotting shares to Transferor Company. No shares are allotted to shareholders of Transferor Company.*



*In this regard Petitioner Company undertake to provide accounting standards and accounting principles adopted and the provisions of Companies Act complied with.*

4. *Petitioner in clause 31 of the Scheme has inter alia mentioned that on and from the Effective Date, and with effect from the Demerger Appointed Date and after giving effect to Part II and Part III of the Scheme, the issued, subscribed and paid up equity share capital of the Demerged Company shall, without any further application, act, instrument or deed and without any payment, be reduced.*

*In this regard it is submitted that in the Scheme not mentioning about the share capital of the demerged company that would be reduced. Therefore the petitioner company undertake to mention the same.*

5. *The Transferee Company shall credit its share capital account in its books of account with the aggregate face value of the equity shares issued to the Transferor Company pursuant to Clause 13.2 of the Scheme. Further, the Transferee Company shall credit to its securities premium account, the aggregate premium on securities issued by it pursuant to Clause 13.2 of the Scheme. The securities premium account recorded by the Transferee Company shall be applied as per the provisions of Section 52 of Companies Act, 2013. Petitioner in clause 30 of the Scheme has inter alia mentioned about Accounting Treatment In The Books Of The Shareholders Of Demerged Company the adjustment required in the book value of investment in the Demerged Company for reduction by the value of the net assets transferred by Demerged Company to Resulting Company, shall be recorded as cost of the New Equity Shares issued by the Resulting Company.*

*In this regard Petitioner Company undertake to provide the accounting standards and accounting principles adopted and the provisions of the Companies Act complied with.*

6. *Petitioner has received NOC from NSE and BSE dated 18.01.2017. However the Petitioner has to undertake to comply with the conditions given in the letter.*

9. *In so far as observations made in paragraph IV (1) and (2) of the Report of Regional Director is concerned, the Petitioner Company through its Counsel undertakes to comply with all applicable provisions of the Income Tax Act, 1961 and all tax issues arising out of the Scheme will be met and answered in accordance with law.*

10. As far as observations made in paragraph IV (3) of the Report of the Regional Director is concerned, the Petitioner Company through its Counsel submit that the Transferor Company and the Transferee Company have obtained certificate from their respective statutory auditors confirming that the accounting treatment contained in the Scheme is in compliance with all the applicable accounting standards notified by the Central Government read with relevant rules issued thereunder. The Counsel for the Petitioner Company further submit that the Slump Sale of Retail Undertaking and VetCa Undertaking by the Transferor Company to the Transferee Company is an arrangement between the Transferor Company and the Transferee Company and their respective shareholders under Section 230 of the Companies Act, 2013 which is analogous to Section 391 of the Companies Act, 1956. The Counsel for the Petitioner Company further submit that the Transferor Company and the Transferee Company are under the jurisdiction of NCLT, Hyderabad Bench and the Petitioner Company shall seek to ensure that the applicable accounting standards and principles and the applicable provisions of the Companies Act are complied with by the Transferor Company and the Transferee Company.
11. As far as observations made in paragraph IV (4) of the Report of the Regional Director is concerned, the Counsel for the Petitioner Company submit that the Transferee Company is under the jurisdiction of NCLT, Hyderabad Bench and utilization of balance in the Securities Premium Account pursuant to Clause 31.2 of the Scheme shall be to the extent of Rs. 121,00,20,000/- (Rupees One Hundred Twenty One Crores and Twenty Thousand) and the paid up equity share capital of the Transferee Company shall be reduced by an amount not exceeding Rs 14,15,00,000/- (Rupees Fourteen Crores and Fifteen Lacs). The Counsel for the Petitioner further submits that the National Company Law Tribunal, Hyderabad Bench, being the jurisdictional bench of the National Company Law Tribunal for the Transferee Company, has already approved the aforesaid reduction of capital of the Transferee Company.
12. As far as observations made in paragraph IV (5) of the Report of the Regional Director is concerned, the Counsel for the Petitioner Company submit that the Transferor Company has obtained certificate from its statutory auditors confirming that the accounting treatment contained in the Scheme is in compliance with all the applicable accounting standards notified by the Central Government read with relevant rules issued thereunder. The Counsel for the Petitioner Company further submit that the Transferor Company is under the jurisdiction of NCLT, Hyderabad Bench and the Petitioner Company shall seek to ensure that the applicable

accounting standards and principles and the applicable provisions of the Companies Act are complied with by the Transferor Company.

13. As far as observations made in paragraph IV (6) of the Report of the Regional Director is concerned, the Counsel for the Petitioner Company undertake that it shall comply with all the conditions given in the requisitions NOC received from BSE and NSE to the extent applicable.
14. The observations made by the Regional Director have been explained by the Petitioner Company in paragraphs 9 to 13 above. The clarifications and undertakings given by the Petitioner Company are hereby accepted.
15. From the material on record, the Scheme appears to be fair and reasonable and is not in violation of any provisions of law and is not contrary to public policy. None of the parties concerned have come forward to oppose the Scheme.
16. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition No. 276 of 2017 filed by the Petitioner Company is made absolute in terms of prayer clause (a) to (d) of the Petition.
17. The Petitioner Company to lodge a copy of this order and the Scheme duly authenticated by the Deputy Director, National Company Law Tribunal, Mumbai Bench, 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 the order.
18. Petitioner Company is directed to file a certified copy of this order along with a copy of the Scheme with the concerned Registrar of companies, electronically, along with E-form INC 28 in addition to the physical copy, within 30 days from the date of issuance of the order by the Registry.
19. The Petitioner Company to pay costs of Rs. 25,000/- to the Regional Director, Western Region, Mumbai. Cost to be paid within four weeks from the date of receipt of Order.

20. All authorities concerned to act on a certified copy of this order along with Scheme duly certified by the Deputy Director, National Company Law Tribunal, Mumbai Bench.

21. Any person interested shall be at liberty to apply to the Tribunal in the above matter for any direction that may be necessary.

Date of Application 12.05.2017

Number of Pages 6

Fee Paid Rs. 30

Applicant called for collection copy on 16.5.2017

Copy prepared on 16.5.2017

Copy issued on 16.5.2017



Deputy Director

National Company Law Tribunal, Mumbai Bench

**COMPOSITE SCHEME OF ARRANGEMENT**

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

**AMONG**

**HERITAGE FOODS LIMITED (“Transferor Company” or “HFL”)**

**AND**

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

**AND**

**FUTURE RETAIL LIMITED (“Resulting Company” or “FRL”)**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**PREAMBLE**

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

**A. Description of Companies:**

**(a) Heritage Foods Limited (“Transferor Company” or “HFL”)**

- i. HFL is a public limited company incorporated under the Companies Act, 1956 (CIN: L15209TG1992PLC014332) and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad - 500082.
- ii. The equity shares of HFL are listed on the BSE Limited (Stock Code: 519552) and the National Stock Exchange (Stock Code: HERITGFOOD).





iii. HFL, formerly known as Heritage Foods (India) Limited, is a company which has 6 (six) key business verticals:

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

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

(b) Heritage Foods Retail Limited (“Transferee Company” or “Demerged Company” or “HFRL”)

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

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

- i. FRL is a public limited company incorporated under the Companies Act, 1956 (CIN: U51909MH2007PLC268269) and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060.
- ii. The equity shares of FRL are listed on the BSE Limited (Stock Code: 540064) and the National Stock Exchange (Stock Code: FRETAIL).
- iii. FRL currently operates multiple retail formats in the Indian consumer market under



different brand names including: Big Bazaar; FBB; Food Bazaar; Foodhall; Home Town and eZone.

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

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

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

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

- I. facilitate each business to be effectively integrated for achieving growth for each of the verticals independently;
- II. enhance management focus and operational flexibility;
- III. facilitate investment by strategic players;
- IV. create a platform to enhance financial flexibility to pursue growth;
- V. consolidation of the retail operations of FRL and HFRL;



- VI. unlocking of value; and
- VII. synergies expected to bring in cost savings in the marketing, selling and distribution expenses for FRL.

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

C. Parts of the Scheme:

The Scheme is divided into the following parts:

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

PART I

DEFINITIONS, SHARE CAPITAL AND DATE OF TAKING EFFECT

1. DEFINITIONS:

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

- 1.1 “Act” means the Companies Act, 1956 or, as the case may be, the Companies Act, 2013 (to the extent applicable) and the rules made thereunder and any statutory modification, amendment or re-enactment thereof for the time being in force.
- 1.2 “Board of Directors” or “Board” shall mean the Board of Directors or any duly authorized committee thereof of HFL, HFRL or FRL, as the case maybe or any other person duly authorized by the Board for the purpose of this Scheme.
- 1.3 “Companies” means HFL, HFRL and FRL, collectively and “Company” means HFL, HFRL or FRL, as the context may require.



1.4 **“Demerged Undertaking”** means the entire undertaking of HFRL pertaining to its Retail Undertaking and includes:

1.4.1 All assets (whether moveable or immoveable) and liabilities pertaining to the Retail Undertaking, comprising the retail business, agri business and the bakery business, as on Demerger Appointed Date (as hereinafter defined) (after giving effect to Part II of the Scheme);

1.4.2 Without prejudice to the generality of the provisions of the sub-Clause 1.4.1 above, the Retail Undertaking of HFRL shall include without limitation the following:

1.4.3 All assets (whether moveable or immoveable) including freehold land, leasehold land, leasehold premises, office premises, all other assets and properties (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments including investments in overseas subsidiaries, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts and all other rights, title, interests, privileges and benefits of every kind wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by the Demerged Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the Retail Undertaking of the Demerged Company;

1.4.4 All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relatable to the Retail Undertaking of the Demerged Company;

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

- (i) liabilities, which accrue or arise out of the activities or operations of the Retail Undertaking of the Demerged Company;
- (ii) specific loans and borrowings raised, incurred and utilized solely for the activities or operations of the Retail Undertaking of the Demerged Company; and



- (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above, so much of the amounts of general corporate nature or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of assets transferred in the demerger bears to the total value of assets of such Demerged Company immediately before the demerger.
- 1.4.5 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Demerged Company is a party, relating to its Retail Undertaking, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to or relatable to the Retail Undertaking of the Demerged Company;
- 1.4.6 All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, designs, software and computer programmes, databases, domain names, including those pending registrations and applications for brands, trademarks, labels, trade names, service marks, copyrights, patents, designs, software and computer programs, databases and domain names, used by the Demerged Company exclusively in the business, activities and operations pertaining to its Retail Undertaking;
- 1.4.7 All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to or pertaining to its Retail Undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or quasi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Demerged Company in respect of business, activities and operations pertaining to its Retail Undertaking;
- 1.4.8 All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the Retail Undertaking of the Demerged Company;
- 1.4.9 All rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by the Demerged Company, whether in India or abroad, all pertaining to or relatable to the Retail Undertaking of the Demerged Company;



1.4.10 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relatable to the Retail Undertaking of the Demerged Company;

1.4.11 All such employees including contract employees of the Demerged Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the Retail Undertaking of the Demerged Company, its respective offices, branches, or by its subsidiaries, etc, that are in the employment of the Demerged Company as of the Effective Date, and any other employees/personnel hired by the Transferor Company on and after the Demerger Appointed Date (as hereinafter defined) who are primarily engaged in or in relation to the business, activities and operations pertaining to its Retail Undertaking, that are in the employment of the Demerged Company as of the Effective Date;

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

1.5 **“Demerger Appointed Date”** shall mean the close of business on 31 March, 2017.

1.6 **“Effective Date”** or **“coming into effect of this Scheme”** or **“upon the Scheme becoming effective”** means the date on which last of the actions set out in Clause 36 are fulfilled.

1.7 **“Encumbrances”** shall mean: (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, (b) proxy, any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favor of any Person, or any other preferential arrangement having a similar effect, of any kind or nature, whether arising by agreement, by statute or otherwise, (c) any adverse claim as to title, possession or use, and (d) a contract to give or refrain from giving any of the foregoing.

1.8 **“Governmental Authority”** means any applicable central, state or local government (including Municipality, Municipal Corporation), statutory, legislative, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction, exercising powers conferred by Applicable Law in India.

1.9 **“HFL”** or the **“Transferor Company”** means Heritage Foods Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad - 500082.

1.10 **“HFRL”** or the **“Transferee Company”** or the **“Demerged Company”** means Heritage Foods Retail Limited, a public limited company incorporated under the Companies Act, 1956 and having its



registered office at #6-3-541 / C, Punjagutta, Hyderabad – 500082.

- 1.11 “**High Courts**” means the High Court of Judicature at Hyderabad and the Mumbai High Court and/or, as the case may be, the National Company Law Tribunal, Mumbai Bench and National Company Law Tribunal, Hyderabad Bench.
- 1.12 “**Income-tax Act**” means the Income-tax Act, 1961 and the rules framed thereunder, including any statutory modification, re-enactment or amendment thereto, for the time being in force.
- 1.13 “**Permitted Encumbrances**” shall mean the list of litigation pending in respect of the Retail Undertaking and Demerged Undertaking, more specifically set out in **Schedule I**.
- 1.14 “**Person**” shall mean any individual, entity, joint venture, company (including a limited liability company), corporation, partnership (whether limited or unlimited), proprietorship, trust or other enterprise (whether incorporated or not), Hindu undivided family, union, association of persons, government (central, state or otherwise), or any agency, department, authority or political subdivision thereof, and shall include their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees and the beneficiary or beneficiaries from time to time;
- 1.15 “**Record Date**” shall mean the date to be fixed by the Board of Directors of the Demerged Company or a committee thereof in consultation with the Board of Directors of the Resulting Company or a committee thereof for the purpose of determining the members of the Demerged Company to whom shares of the Resulting Company will be allotted pursuant to Part III of this Scheme in terms of Clause 26.1.1.
- 1.16 “**Remaining Undertaking of the Demerged Company**” means all the undertakings, business, activities and operations, including all the assets and liabilities of the Demerged Company (including but not limited to the VetCa Undertaking), excluding the Demerged Undertaking.
- 1.17 “**Remaining Business of the Transferor Company**” means all the undertakings, business, activities and operations, including all the assets and liabilities, of the Transferor Company, excluding the Retail Undertaking and the VetCa Undertaking. It is clarified that the dairy business and the renewable energy business, along with all their assets and liabilities, shall form part of the Remaining Business of the Transferor Company.
- 1.18 “**Retail Undertaking**” means the entire undertaking, business, activities and operations of Transferor Company, pertaining to: (i) grocery and food retail business, undertaken from its dedicated retail stores; (ii) sourcing, processing and marketing fresh fruits and vegetables; and (iii) manufacturing and supplying bakery products to the retail outlets of HFL and other customers, and which shall include:
- 1.18.1 All assets (whether moveable or immovable), wherever situated, whether leasehold or freehold, including land, building, plant and machinery, installations, equipments, capital works-in-progress, vehicles, furniture, fixtures, appliances, accessories, stocks, inventory, receivables, cash on hand, balance with banks (including bank fixed deposits), advances paid to any persons, loans, advances and deposits, of the Transferor Company with respect to the Retail Undertaking, along with all rights, title, liability and interest in connection therewith.



1.18.2 All trade liabilities, obligations and debts, accruing or arising out of the business, activities or operations of the Retail Undertaking of the Transferor Company; whether secured or unsecured, present or future, raised or incurred, including obligations of every kind, nature and description whatsoever and howsoever arising or accruing, guarantees, advances from customers, bills payable and interest, in relation to the Retail Undertaking of the Transferor Company.

Further, it is clarified that apart from the abovementioned liabilities of the Transferor Company pertaining to the Retail Undertaking, any other liabilities of the Transferor Company shall not be allocated towards the Retail Undertaking of the Transferor Company.

1.18.3 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature, whether written or otherwise, relating to the Retail Undertaking of the Transferor Company, along with all rights, title, liability and interest in connection therewith.

1.18.4 All trademarks, trade names, service marks, copyrights, patents, designs, databases, whether registered or not, used by the Transferor Company exclusively in the business, activities and operations of the Retail Undertaking.

1.18.5 All permits, licenses, registrations, certificates, consents, approvals, authorizations, no-objection certificates, quotas, rights (including rights under any agreement, contracts, applications, letter of intent or any other contract), subsidies, grants, exemptions, tax benefits, tax credits, refunds, quality certifications and approvals, product registrations, industrial and other licences, granted by any authority including from central government, state government, local authority, customs, central excise, income tax, service tax, sales tax, value added tax, Reserve Bank of India, department of Weights & Measures, Food Safety & Standards Authority of India, of the Transferor Company in relation to the Retail Undertaking, registrations.

1.18.6 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relating to the Retail Undertaking of the Transferor Company;

1.18.7 All employees, staff and workers of the Transferor Company, as are primarily engaged in the Retail Undertaking.

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

1.19 **“Scheme of Arrangement”** or **“Scheme”** means this Composite Scheme of Arrangement as submitted in the present form to the High Courts, with any modification(s) approved or imposed or directed by the High Courts or made pursuant to Clause 34 of this Scheme.





- 1.20 “SEBI” means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;
- 1.21 “SEBI Circular” means Circular number CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by the SEBI including any amendment thereof;
- 1.22 “SEBI LODR Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 1.23 “Slump Sale Appointed Date” shall mean the commencement of business on November 1, 2016;
- 1.24 “Slump Sale” means sale of an undertaking on a going concern basis as defined under Section 2(42C) of the Income Tax Act, for a lump sum consideration without values being assigned to individual assets and liabilities;
- 1.25 “Stock Exchanges” means BSE Limited and the National Stock Exchange of India Limited;
- 1.26 “VetCa Undertaking” means the entire undertaking of HFL pertaining to its VetCa Undertaking and includes:
- 1.26.1 All assets (whether moveable or immovable) including freehold land, office premises, all other assets and properties (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments including investments in overseas subsidiaries, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts and all other rights, title, interests, privileges and benefits of every kind wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by the Transferor Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.2 All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to the VetCa Undertaking of the Transferor Company;

**Explanation:** For the purpose of this Scheme, it is hereby clarified that the liabilities



pertaining to the VetCa Undertaking of the Transferor Company shall include:

- (i) liabilities, which accrue or arise out of the activities or operations of the VetCa Undertaking of the Transferor Company; and
  - (ii) specific loans and borrowings raised, incurred and utilized for the activities or operations of the VetCa Undertaking of the Transferor Company.
- 1.26.3 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Transferor Company is a party, relating to its VetCa Undertaking, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.4 All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, designs, software and computer programmes, databases, domain names, including those pending registrations and applications for brands, trademarks, labels, trade names, service marks, copyrights, patents, designs, software and computer programs, databases and domain names, used by the Transferor Company or held for use by the Transferor Company exclusively in the business, activities and operations of the VetCa Undertaking;
- 1.26.5 All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Transferor Company in relation to or pertaining to its VetCa Undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or quasi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Transferor Company in respect of business, activities and operations pertaining to its VetCa Undertaking;
- 1.26.6 All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.7 All rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in



favour of or enjoyed by the Transferor Company, whether in India or abroad, all pertaining to the VetCa Undertaking of the Transferor Company;

- 1.26.8 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to the VetCa Undertaking of the Transferor Company;
- 1.26.9 All such employees including contract employees of the Transferor Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the VetCa Undertaking of the Transferor Company its respective offices, branches, or by its subsidiaries, etc, and any other employees/personnel hired by the Transferor Company on and after the date hereof who are primarily engaged in or in relation to the business, activities and operations pertaining to its VetCa Undertaking;

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

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

## 2. SHARE CAPITAL

### 2.1 HFL:

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

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



Particulars	INR
<b>Total</b>	<b>23,19,90,000</b>

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

## 2.2 HFRL:

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

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

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

## 2.3 FRL:

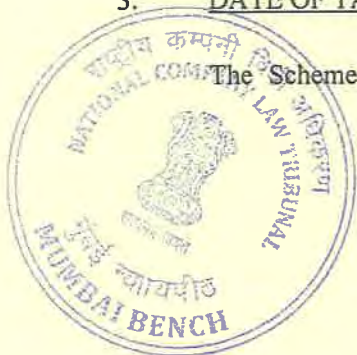
The authorised share capital and the issued, subscribed and fully paid-up share capital of FRL, as on September 30, 2016, was as follows:

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

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

## 3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme shall be operative from the Effective Date, but shall be effective from and be



implemented with effect from the Slump Sale Appointed Date and the Demerger Appointed Date, as may be applicable.

## PART II

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

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

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

#### 5. ASSETS AND LICENCES

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



Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Transferee Company so as to vest in the Transferee Company all the rights, title and interest in such assets. The transfer or vesting pursuant to this sub-Clause shall be deemed to have occurred by physical delivery or endorsement and delivery, as appropriate to the property being transferred/ vested and the title to such property shall be deemed to have been transferred and vested accordingly. Such property transferred shall be free from all Encumbrances except the Permitted Encumbrances.

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



thereof to which they are related or attached. Further, the Encumbrances, if any, on the assets of the Remaining Business of the Transferor Company in relation to the liabilities of the Retail Undertaking and / or the VetCa Undertaking, shall without any further act, instrument or deed be released and discharged from such Encumbrance.

- 5.1.7 All the existing Encumbrances, if any, on the assets of the Retail Undertaking and / or the VetCa Undertaking relating to the liabilities of the Remaining Business of the Transferor Company, shall without any further act, instrument or deed be released and discharged from such Encumbrance.
- 5.1.8 The Transferee Company shall be entitled to benefit of all insurance policies which have been issued in relation to the Retail Undertaking and / or VetCa Undertaking and the name of the Transferee Company shall be substituted as the "insured party" in the policies as if the Transferee Company was initially a party.

## 6. LIABILITIES

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

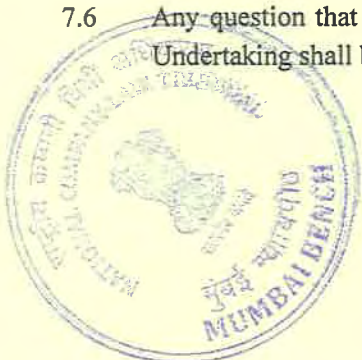
## 7. EMPLOYEES, STAFF AND WORKMEN

- 7.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all employees, staff and workmen of the Transferor Company engaged in the Retail Undertaking and the VetCa Undertaking and who are in such employment as on



the Effective Date shall become employees of the Transferee Company from the Slump Sale Appointed Date or their respective joining date, whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall be no less favourable than those on which they are engaged in the Transferor Company.

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





7.7 Any question that may arise as to whether any employee belongs or does not belong to the VetCa Undertaking shall be decided by the Board of the Transferor Company and the Transferee Company.

8. CONTRACTS AND DEEDS

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



9. LEGAL PROCEEDINGS

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

10. TAXES

- 10.1 Upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all taxes, duties, cess of any nature (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable, including any tax deduction or collection at source, service tax input credit receivables, by the Transferor Company in relation to the Retail Undertaking and the VetCa Undertaking and relating to the period after the Slump Sale Appointed Date until the Effective Date,



shall be deemed to have been on account of or on behalf of or paid or payable by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

- 10.2 On the Scheme becoming effective, the Transferor Company and the Transferee Company may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits, including credits for tax deducted at source, as applicable pursuant to the provisions of this Scheme.

11. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

- 11.1 With effect from the Slump Sale Appointed Date and till the Effective Date:

11.1.1 The Transferor Company shall carry on, and shall be deemed to have carried on, all the business, activities and operations relating to the Retail Undertaking and/or the VetCa Undertaking, and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of each of the Retail Undertaking and/or the VetCa Undertaking, on account of and / or on behalf of and / or for the benefit of and / or in trust for, the Transferee Company.

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

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

12. SAVING OF CONCLUDED TRANSACTIONS

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

13. CONSIDERATION

- 13.1 In consideration of the transfer of and vesting of the Retail Undertaking and the VetCa Undertaking with the Transferee Company in accordance with this Scheme by way of slump sale as defined under the provisions of section 2(42C) of the Income-tax Act, the Transferee Company shall pay a consideration of INR 135,00,00,000/- (Rupees One Hundred and Thirty Five Crores), subject to adjustment of net working capital between the Slump Sale Appointed Date and the Effective Date,



which shall be discharged in the manner specified in Clause 13.2.

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

14. REMAINING BUSINESS OF THE TRANSFEROR COMPANY

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



Remaining Business of the Transferor Company.

- 14.5 The Transferor Company shall be entitled to enter into such contracts as the Transferor may deem fit and proper in respect of the Remaining Business of the Transferor Company.
- 14.6 All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company in relation to Remaining Business of the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes, or as the case may be, expenditure or losses (including taxes) of, the Transferor Company.
- 14.7 All the legal and other proceedings by or against the Transferor Company under any statute, whether pending on the Slump Sale Appointed Date or which may be instituted after the Slump Sale Appointed Date, relating to the Remaining Business of the Transferor Company shall be continued and enforced by or against the Transferor Company.

15. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY

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

16. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY

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



- 16.4 The excess or shortfall of aggregate value of the equity shares allotted under Clause 13.2 above along with the premium over the book value of Retail Undertaking and VetCa Undertaking and directly attributable transaction cost shall be adjusted to the capital reserve account.

### PART III

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

##### 17. TRANSFER OF DEMERGED UNDERTAKING

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

##### 18. ASSETS AND LICENCES

- 18.1 Without prejudice to the generality of Clause 17.1 above, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme:
- 18.1.1 All the immovable properties (including land, building and other immovable property) of the Demerged Undertaking shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such demerger, become the property of the Resulting Company so as to vest in the Resulting Company all the rights, title and interest in such immovable properties, on and from the Demerger Appointed Date and after giving effect to Part II of this Scheme. Such immovable property transferred shall be free from all Encumbrances except Permitted Encumbrances. With effect from the Demerger Appointed Date and after giving effect to Part II of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be



liable to pay all taxes and charges, and fulfil all obligations, in relation to or applicable to such immovable properties.

- 18.1.2 All the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by endorsement and delivery, shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Resulting Company so as to vest in the Resulting Company all the rights, title and interest in such assets, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The transfer or vesting pursuant to this sub-Clause shall be deemed to have occurred by physical delivery or endorsement and delivery, as appropriate to the property being transferred/ vested and the title to such property shall be deemed to have been transferred and vested accordingly. Such property transferred shall be free from all Encumbrances except Permitted Encumbrances.
- 18.1.3 All the intellectual property relating exclusively to the Demerged Undertaking, shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requiring any act or deed to be done by the Demerged Company and / or the Resulting Company, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme.
- 18.1.4 All the assets (other than those specified in sub-Clause 18.1.2 and 18.1.3 above) of the Demerged Undertaking, including sundry debtors, receivables, bills, outstanding loans and advances, bank balances, deposits, etc., the same shall stand transferred to and vested in the Resulting Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, without requirement of any notice or other intimation to any person, to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The Resulting Company shall at its sole and absolute discretion, and without being obliged and if it so deems appropriate, give notice in such form as it may deem fit and proper to each person, debtor or deposittee that pursuant to the Scheme sanctioned by the High Courts, the said debt, receivable, bill, loan, advance or deposit stands transferred and vested in the Resulting Company and the same be paid to or made good to or held on account of the Resulting Company.
- 18.1.5 All licences, permissions, approvals, consents, certificates, registrations, no-objections, clearances, concessions, exemptions or rights granted to, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, stand vested in or transferred to or deemed amended in favour of the Resulting Company as if the same were originally granted to, issued to or executed in favour of the Resulting Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Resulting Company upon vesting of the Demerged Undertaking on and



from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to the Demerged Company pursuant to the Scheme, on and from the Demerger Appointed Date.

- 18.1.6 All the existing Encumbrances other than the Permitted Encumbrances, on the assets of the Demerged Undertaking shall be released. Such Encumbrances shall not relate to or attach to any assets of the Demerged Undertaking or any other assets of the Resulting Company.
- 18.1.7 The Encumbrances, other than the Permitted Encumbrances, shall after the Effective Date relate and attach to the assets or any part thereof of the Remaining Undertaking of the Demerged Company.
- 18.1.8 The Resulting Company shall be entitled to benefit of all insurance policies which have been issued in relation to the Demerged Undertaking and the name of the Resulting Company shall be substituted as the "insured party" in the policies as if the Resulting Company was initially a party.

19. LIABILITIES

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

20. EMPLOYEES, STAFF & WORKMEN

- 20.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, all employees,





staff and workmen of the Demerged Company engaged in the Demerged Undertaking and who are in such employment as on the Effective Date, shall become employees, staff and workmen of the Resulting Company from the Demerger Appointed Date or their respective joining date, whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall be no less favourable than those on which were immediately prior to the Effective Date in the Demerged Company.

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



21. CONTRACTS, DEEDS, ETC.

- 21.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of the Demerged Company or powers or authorities granted by or to it) of whatsoever nature to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, all in relation to the Demerged Undertaking and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee or obligor thereto or thereunder. It is hereby clarified that upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II and Part III of the Scheme, the Demerged Company shall have no rights and liabilities in respect of any of the aforesaid contracts / arrangements transferred to the Resulting Company for the period after the Demerger Appointed Date.
- 21.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, take such actions or enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised without requirement of any consent, approval or authority of the Demerged Company, whether in writing or verbal, to execute any such writings in place and substitution of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above.
- 21.3 Upon the coming into effect of the Scheme, all powers of attorney given, issued or executed by the Demerged Company, in relation to the Demerged Undertaking, in favour of any person shall cease to have effect without any further act, deed or instrument.
- 21.4 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and with effect from the Demerger Appointed Date, all consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company, as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company.
- 21.5 On and from the Effective Date, the Resulting Company shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking in the name of the Demerged Company but for the benefits and entitlement of



the Resulting Company, in so far as may be necessary, until the transfer of rights and obligations of the Demerged Company to the Resulting Company under this Scheme is formally accepted by the parties concerned.

- 21.6 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do, till such time as the transfer is given effect to.

22. LEGAL PROCEEDINGS

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



Resulting Company as the case may be, to the exclusion of the Demerged Company.

- 22.5 Notwithstanding the above, in case the proceedings referred to in Clause 22.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Demerged Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company shall reimburse, indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

23. TAXES

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

- 23.2 On the Scheme becoming effective and after giving effect to Part II of the Scheme, the Demerged Company and the Resulting Company may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits including credits relating to tax deducted at source, as applicable pursuant to the provisions of this Scheme.

24. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 24.1 With effect from the Demerger Appointed Date and till the Effective Date:

- 24.1.1 The Demerged Company shall carry on and shall be deemed to have carried on, all the business, activities and operations relating to the Demerged Undertaking and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of the Demerged Undertaking on account of, and/or on behalf of and/or for the benefit of, and/or in trust for, the Resulting Company.

- 24.1.2 All the profits or incomes accruing or arising to the Demerged Company and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Demerged Company in relation to the Demerged Undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Resulting Company.

- 24.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to the Demerged Undertaking and exercised by or available to the Demerged Company, shall be deemed to have been exercised by the Demerged Company for and on behalf of and as an agent for the Resulting Company. Further, any of the obligations, duties and commitments attached, relating or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Resulting Company.



25. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Demerged Undertaking of the Demerged Company under this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company on or after the Demerger Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company in relation to the Demerged Undertaking as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

26. ISSUE OF SHARES BY RESULTING COMPANY

26.1 Issue of Shares:

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

1,78,47,420 (One Crore seventy eight lakhs forty seven thousand four hundred and twenty) equity shares of the face value of INR 2/- (Rupees Two), each fully paid-up, of the Resulting Company to be issued on a proportionate basis to members or his / her / their respective heirs, executors, administrators or, as the case may be, successors holding fully paid-up equity shares in the Demerged Company on the Record Date. The new equity shares to be issued by the Resulting Company under this Clause are in this Scheme referred to as the "New Equity Shares".

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

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

26.1.4 Upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of the Resulting Company shall stand suitably increased consequent upon the issuance of the New Equity Shares in accordance with Clause 26.1.1. The approval of this Scheme by the shareholders of the Resulting Company and the Demerged Company, under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Act, and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, shall also be deemed to be the approval by the shareholders under the provisions of Section 62 of the Companies Act, 2013 and all other applicable provisions of the Act and applicable law for the purpose of subscription and issuance and allotment of the New Equity Shares in accordance with the Scheme. It



is clarified that no additional special resolution under Section 62(1)(c) of the Companies Act, 2013 or any other provision of the Act or applicable law shall be required to be passed for issuance and allotment of the New Equity Shares under this Scheme.

26.2 Issue in Dematerialized Form:

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

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

26.3 New Equity Shares to rank pari passu:

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

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

26.4 Listing:

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

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

26.5 Resulting Company to obtain necessary approvals:

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

27. REMAINING UNDERTAKING OF THE DEMERGED COMPANY

27.1 The Remaining Undertaking of the Demerged Company including all the properties and assets, investments in all subsidiaries, debts, liabilities and obligations of the Demerged Company, relating to the Remaining Undertaking of the Demerged Company and which do not form part of the



Demerged Undertaking shall continue to belong to and remain vested in the Demerged Company.

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

28. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

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

29. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

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

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



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

#### PART IV

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

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

- 31.1 On and from the Effective Date, and with effect from the Demerger Appointed Date and after giving effect to Part II and Part III of the Scheme, the issued, subscribed and paid-up equity share capital of the Demerged Company shall, without any further application, act, instrument or deed and without any payment, be reduced.
- 31.2 On and from the Effective Date and with effect from the Demerger Appointed Date, the balance in the Securities Premium Account of the Demerged Company shall be adjusted against the debit balance of Capital Reserve Account of the Demerged Company. The debit balance, if any, in the Capital Reserve Account of the Demerged Company, post the adjustment of Securities Premium Account, shall be adjusted against the equity share Capital, as per Clause 31.1. The above reduction of equity share capital shall be carried out by reducing the number of shares held by existing shareholders of the demerged company on a proportionate basis.
- 31.3 Such reduction of Equity Share Capital and Securities Premium Account of the Demerged Company as provided in Clause 31.1 above, shall be effected as an integral part of the Scheme on the Effective Date and the order of the High Courts sanctioning the Scheme shall be deemed to be an order under Section 102 of the Companies Act, 1956, and/or Section 66 of the Companies Act, 2013, as may be applicable, confirming the reduction in share capital of the Demerged Company, and no separate sanction under Sections 100 to 103 of the Companies Act, 1956 and/or Section 66 of the Companies Act, 2013, as may be applicable, and Section 52 of the Companies Act, 2013 will be necessary.
- 31.4 The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Companies Act, 1956 and/or Section 66 of the Companies Act, 2013, will not be applicable.
- 31.5 Notwithstanding the reduction of the issued, subscribed and paid-up equity share capital of the Demerged Company, it shall not be required to add the words "And Reduced" as suffix to its name.





## PART V

### GENERAL TERMS AND CONDITIONS

#### 32 APPROVALS

32.1 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and operate the Retail Undertaking and the VetCa Undertaking to be transferred to them under this Scheme.

32.2 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to own and operate the Demerged Undertaking to be transferred to it under this Scheme.

#### 33 ADMINISTRATIVE CONVENIENCE

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

33.2 Notwithstanding anything contained in other clauses of this Scheme but in accordance with the Act and other applicable laws, the Transferor Company, the Demerged Company and the Resulting Company, may enter into such documents, agreements, arrangements and make applications to various authorities, regulatory bodies to facilitate the sharing of, inter alia any common services, employees, intellectual properties and other assets (whether moveable or immovable).

#### 34 MODIFICATION OF SCHEME

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



High Courts.

- 34.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of the Companies may give and are authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

35 FILING OF APPLICATIONS

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

36 CONDITIONALITY OF SCHEME

- 36.1 This Scheme is conditional upon and subject to:

36.1.1 The Scheme being approved by the requisite majority of the members and/or creditors of the Companies and/or by such other persons as may be required under the Act and as directed by the High Courts;

36.1.2 The requisite sanctions and approvals of any Governmental Authority including Stock Exchanges, the Securities and Exchange Board of India, and the Competition Commission of India, as may be required by law, in respect of the Scheme being obtained;

36.1.3 The sanction of this Scheme by the High Courts;

36.1.4 Copies of the orders of the High Courts sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra and the Registrar of Companies, Andhra Pradesh and Telangana;

36.1.5 The Scheme being approved by the Stock Exchanges in terms of Regulations 37 and 94 of the SEBI LODR Regulations and the SEBI Circular.

37 EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS

- 37.1 In the event of the Scheme not being sanctioned by the High Courts and/or the order or orders not being passed by December 31, 2017, or by such later date as may be agreed by the respective Boards of Directors of the Companies, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and/ or in connection with the Scheme.



38 CHANGE IN OBJECTS CLAUSE OF FRL

38.1 With effect from the Demerger Appointed Date, and upon the Scheme becoming effective, the main object clause of the Memorandum of Association of the Resulting Company shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of Demerged Undertaking, pursuant to the provisions of Sections 13 and 14 of the Companies Act, 2013 and other applicable provisions of the Act. The following clause shall be added to the Memorandum of Association of the Resulting Company in addition to its main object clause:

- "i. To manufacture, process, prepare, preserve, refine, bottle, buy, sell and deal whether as wholesaler or retailers or as exporters or importers or as Principals or agents or as keepers or dealers in all kinds of milk products, including Cheese, Butter, Ghee, Ice creams, Baby foods, Instant foods and any by-products or co-products thereof and to carry on the business and setting up of dairy farms, milk processing plants, food processing plants, cold storage plants, research laboratories, packing units, bottling plants and to manufacture and deal in all kinds and varieties of foods for human or animal consumption.*
- ii. To carry on the business of manufacturers, millers, grinders, rollers, processors, tankers, packers and preserves, and dealers of all foods from agriculture products, dairy products, horticulture and poultry products, fruits, vegetables, flowers, meats, processed meat scanned and tinned and processed foods, fast foods, processed fish and sea foods, frozen foods, potential foods, health and instant foods of all kinds, including baby and dietic foods, cereals, beverages, restoratives and aerated mineral waters and food stuffs and consumable provisions and to extract by-products, derivatives food preparations of every kind and description."*

38.2 For the purposes of amendment in the Memorandum of Association of the Resulting Company as provided in this clause, the consent / approval given by the shareholders of the Resulting Company to this Scheme pursuant to Section 391 of the Companies Act, 1956 and any other applicable provisions of the Act and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, shall be deemed to be sufficient and no further resolution of members of FRL as required under the provisions of Sections 13 and 14 of the Companies Act, 2013 and any other applicable provisions of the Act shall be required to be passed for making such change / amendment in the Memorandum of Association of the Resulting Company.

39 SEVERABILITY

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

40 COSTS, CHARGES AND EXPENSES

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



**SCHEDULE I**

**LIST OF PERMITTED ENCUMBRANCES**

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

**9. Financial Lease:**

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

Certified True Copy  
Date of Application 12. 05. 2017

Number of Pages 37

Fee Paid Rs. 185/-

Applicant called for collection copy on 16. 5. 2017

Copy prepared on 18. 5. 2017

Copy issued on 16. 5. 2017



*[Handwritten Signature]*

Deputy Director

National Company Law Tribunal, Mumbai Bench





BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH  
COMPANY SCHEME PETITION NO 276 OF 2017  
IN  
COMPANY SCHEME APPLICATION NO 163 OF 2017

In the matter of the Companies Act, 2013;

AND

In the matter of Heritage Foods Limited ('Transferor Company') and Heritage Foods Retail Limited ('Transferee Company' or 'Demerged Company') and Future Retail Limited ('Resulting Company' or 'Petitioner Company') and their respective Shareholders

AND

In the matter of Sections 230 read with Section 232 and Section 52 and Section 66 and other applicable provisions of the Companies Act, 2013

Future Retail Limited .....Petitioner Company

**CERTIFIED COPY OF ORDER DATED 11<sup>th</sup> DAY OF MAY 2017 AND  
THE SCHEME ANNEXED TO THE PETITION**



HS

HEMANT SETHI & CO  
ADVOCATES FOR PETITIONER  
PH: 9820244453

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL**

**MUMBAI BENCH**

CSP 906/230-232/NCLT/MB/MAH/2017

CSP 907/230-232/NCLT/MB/MAH/2017

CSP 908/230-232/NCLT/MB/MAH/2017

Under Section 230-232 and Section 66 and  
other applicable provisions of the Companies  
Act, 2013

In the matter of

M/s. Future Retail Limited

.....Petitioner in CSP 908/2017

(First Demerged Company)

M/s. Bfuerock eServices Private Limited

.....Petitioner in CSP 907/2017

(Second Demerged Company)

M/s. Praxis Home Retail Limited

.....Petitioner in CSP 906/2017

(Resulting Company)

Order delivered on: 10.11.2017

**Coram:**

Hon'ble M. K. Shrawat, Member (J)

Hon'ble Bhaskara Pantula Mohan, Member (J)

**For the Petitioners:**

Mr. Gaurav Joshi and Ms. Alpana Ghone with Mr. Hemant Sethi i/b M/s. Hemant Sethi &  
Co., Advocates for the Petitioners

Per: Bhaskara Pantula Mohan, Member (J)





**ORDER**

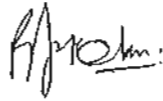
1. The sanction of this Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013, to a Composite Scheme of Arrangement between M/s. Future Retail Limited (First Demerged Company or FRL) and M/s. Bluerock eServices Private Limited (Second Demerged Company or BSPL) and Praxis Home Retail Limited, (Resulting Company or PHRL).
2. The Petitioner Companies have approved the said Composite Scheme of Arrangement by passing the Board Resolutions and thereafter they have approached the Tribunal for sanction of the Scheme.
3. The First Demerged Company currently operates multiple retail formats in the Indian consumer market under different brand names including: Big Bazaar; FBB; Food Bazaar; Foodhall; Home Town; easyday; eZone etc. The Second Demerged Company is engaged in the business of operating a web portal for online sale of furniture & furnishing products and providing services for operation & maintenance of IT enabled platforms and the Resulting Company is proposed to be engaged in Home Retail Business through retail outlets and online portal upon the Scheme becoming effective.
4. The rationale of the Composite Scheme of Arrangement is as under:
  - spin off specialty retail business and focusing on large format and small format pure retail businesses from FRL;
  - consolidation of offline and online Home Retail Business under a single entity;
  - attribution of appropriate risk and valuation to the respective businesses based on risk-return profile and cash flows;
  - more focused leadership and dedicated management; and
  - greater visibility on the performance of Home Retail Business and e-Commerce Home Retail Business.
5. The Authorised Share Capital of the First Demerged Company is ₹ 2500,00,00,000/- comprising of 1250,00,00,000 equity shares of ₹ 2/- each and the Issued Share capital is ₹ 98,55,37,076/- comprising of 49,27,68,538 equity

*[Handwritten Signature]*



shares of ₹ 2/- each and the Subscribed and Paid Up Share capital is ₹ 98,53,28,334/- comprising of 49,26,64,167 equity shares of ₹ 2/- each, fully paid up.

6. The Authorised Share Capital of the Second Demerged Company is ₹ 30,00,00,000/- comprising of 3,00,00,000 equity shares of ₹ 10/- each and the Issued, Subscribed and Paid- up Share Capital of the Second Demerged Company is ₹ 22,45,20,990/- comprising of 2,24,52,099 equity shares of ₹ 10/- each, fully paid up.
7. The Authorised Share Capital of the Resulting Company on the date of filing petition was ₹ 1,00,00,000/- comprising of 10,00,000 equity shares of ₹ 10/- each and the Issued, Subscribed and Paid- up Share Capital of the Second Demerged Company is ₹ 5,00,000/- comprising of 50,000 equity shares of ₹ 10/- each, fully paid up. Currently the Authorised Share Capital of the Resulting Company is ₹ 24,00,00,000/- comprising of 1,77,00,000 equity shares of ₹ 10/- each and 6,30,000 preference shares of ₹ 100/- each.
8. The averments made in the Petition and the submissions made by the Learned Representative for the Petitioners are:
  - a. The Petitioner Companies have complied with all requirements as per directions of the Tribunal and they have filed necessary Affidavits of compliance in this Tribunal. Moreover, the Petitioner Companies undertake to comply with all the statutory requirements if any, as required under the Companies Act, 2013 and the Rules made there under whichever is applicable.
  - b. The Regional Director has filed his Report on 13<sup>th</sup> day of October, 2017 *inter alia* stating therein that save and except as stated in paragraph IV of the said report, it appears that the Scheme is not prejudicial to the interest of shareholders and public. In paragraph IV of the said Report, the Regional Director has stated that:-
    - a) *The tax implication if any arising out of the Scheme is subject to final decision of Income Tax Authorities. The approval of the Scheme by this Hon'ble Court may not deter the Income Tax Authority to scrutinize the tax return filed by*



BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

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*the Petitioner Companies after giving effect to the scheme.  
The decision of the Income Tax Authority is binding on the  
Petitioner Companies.*

*b) As per existing practice, the Petitioner Companies are required to serve Notice for Scheme of Amalgamation to the Income Tax Department for their comments. It is observed that the Petitioner Companies vide letter dated 21.08.2017 has served a copy of scheme application no. 826 to 828 of 2017 along with relevant orders etc. Further this Directorate has also issued a reminder on 12.10.2017 to IT Department.*

*c) In addition to compliance of AS-14 (IND-AS 103) the Petitioner Companies shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards such as AS-5 (IND AS-8), etc.*

*d) Petitioner Companies in the clause 16 of the scheme inter alia mentioned that upon coming into effect of the Scheme and in consideration for the transfer and vesting of the e-Commerce Home Retail Business Undertaking in PHRL, PHRL shall, without any further application or deed, issue and allot 9% Redeemable Preference Shares (hereinafter referred to as 'Preference Shares'), 6,30,000 (Six Lacs Thirty Thousand) Preference shares of the face value of INR 100/- (Rupees One Hundred only), each fully paid-up, of PHRL to be issued on a proportionate basis to members of his / her / their respective heirs, executors, administrators or as the case may be, successors holding fully paid-up equity shares in BSPL on the Record Date.*

*In this regard, petitioner companies have to undertake to reclassify the share capital of the resulting company or issue / increase preference share capital.*

*A. K. Sharma:*

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e) ROC Mumbai vide report / letter No. ROC/JTA(C)/u/s.230(Amlga)/212866/957 dated 13.10.2017 has mentioned that there are no complaints, no prosecution, no technical scrutiny pending. He has mentioned in vide point no. (32) as follows:

- 1<sup>st</sup> Demerged Company to comply the requirements of Companies Act, 2013 and to recover the excess remuneration paid to Shri. Rakesh Biyani as its Joint Managing Director in excess of the limits of the Companies Act.
- Section 232 (6) of the Companies Act, 2013 shall prevail for the effective date regarding para 1.7 of the scheme.

- c. Apropos observations made in paragraph IV (a) and (b) of the Report of Regional Director is concerned, the Petitioner Companies undertakes to comply with all applicable provisions of the Income-tax Act and all tax implications arising out of the Scheme of Arrangement will be met and answered or complied with in accordance with applicable law.
- d. Apropos observations made in paragraph IV (c) of the Report of Regional Director is concerned, the Petitioner Companies submits that in addition to accounting treatment given in the Scheme, the Petitioner Companies shall pass such accounting entries as may be necessary in connection with the Scheme to comply with any other applicable accounting standards.
- e. Apropos observations made in paragraph IV (d) of the Report of Regional Director is concerned, the Resulting Company has already increased its authorized share capital to ₹ 24,00,00,000/- comprising of 1,77,00,000 equity shares of ₹ 10/- each and 6,30,000 preference shares of ₹ 100/- each. The Resulting Company undertakes to take the necessary steps and compliances applicable under the Companies Act, 2013 to reclassify its share capital as may be necessary to comply with requirements of Scheme.



BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

CSP 906/230-232/NCLT/MB/MAH/2017  
CSP 907/230-232/NCLT/MB/MAH/2017  
CSP 908/230-232/NCLT/MB/MAH/2017

- f. Apropos observations made in paragraph IV (e) of the Report of Regional Director is concerned, the First Demerged Company undertakes to comply with the requirements of the Companies Act, 2013 in relation to the excess remuneration paid to Shri. Rakesh Biyani. Further, the arrangement embodied in the composite scheme of arrangement shall take effect from the Appointed Date as stipulated in clause 1.3 and 1.4 of the Scheme.
- g. No objector has approached, neither to the Petitioner nor before Tribunal, to oppose this Scheme of Arrangement.
9. From the material on record, the Scheme of Arrangement appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy. And hereby this bench, to the Petitioner Companies, do Order that:
- a. All the assets and liabilities including taxes and charges if any, and duties of the 'Home Retail Business Undertaking' of the First Demerged Company and the e-Commerce Home Retail Business Undertaking of the Second Demerged Company be transferred to the Resulting Company and accordingly the same shall pursuant to Section 232 of the Companies Act, 2013, be transferred to and become the assets, liabilities including taxes and charges if any, and duties of the Resulting Company.
- b. The cancellation and reduction in paid up share capital of the Resulting Company shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 230 to 232 read with Section 66 of the Act and any other applicable provisions of the Act and this order of the NCLT shall be deemed to be also the Order under Section 66 of the Act for the purpose of confirming the reduction. Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name. The clarifications and undertakings given by the Learned Counsel for the Petitioners to the observations made in the Report of the Regional Director are considered by this Bench and those are hereby accepted. Subsequently, this bench hereby directs petitioners to comply with the provisions / statements which the Petitioners undertakes herein.

*[Handwritten Signature]*



- c. In lieu of consideration of the Scheme, 1 fully paid up Equity Share of ₹ 5/- each of the Resulting Company will be issued and allotted for every 20 fully paid up equity shares of ₹ 2/- each held in the First Demerged Company and 6,30,000 fully paid 9% Redeemable Preference Shares of ₹ 100/- each of the Resulting Company shall be issued on a proportionate basis to the shareholders of the Second Demerged Company.
- d. Petitioner Companies are directed to lodge a copy of this Order along with a copy of the Scheme of Arrangement with the concerned Registrar of Companies, electronically, along with E-Form INC-28, in addition to the physical copy within 30 days from the date of issuance of the Order by the Registry, duly certified by the Deputy Director or Assistant Registrar, as the case may be, of the National Company Law Tribunal, Mumbai Bench.
- e. The Petitioner Companies to lodge a copy of this order and the Scheme duly Certified by the Deputy Director or the Assistant Registrar, as the case may be, National Company Law Tribunal, Mumbai Bench, 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 the Order.
- f. Each Petitioner Company to pay costs of ₹ 25,000/- each to the Regional Director, Western Region, Mumbai. Costs to be paid within four weeks from the date of the receipt of the duly Certified Copy of this Order.
- g. All authorities concerned, to act on a copy of this Order along with Scheme duly Certified by the Deputy Director or Assistant Registrar, as the case may be, National Company Law Tribunal, Mumbai Bench.
- h. Any person interested is at liberty to apply to the Tribunal in these matters for any directions or modification that may be necessary.

*[Handwritten Signature]*



BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

CSP 906/230-232/NCLT/MB/MAH/2017  
CSP 907/230-232/NCLT/MB/MAH/2017  
CSP 908/230-232/NCLT/MB/MAH/2017

- i. The Scheme is sanctioned and the appointed date of the Scheme is fixed as 1<sup>st</sup> August, 2017 for demerger of the Home Retail Business Undertaking of the First Demerged Company into the Resulting Company and 15<sup>th</sup> April, 2016 for demerger of the e-Commerce Home Retail Business Undertaking of the Second Demerged Company into the Resulting Company.

10. Ordered accordingly. Consigned to Records.

*Sdl-*

**BHASKARA PANTULA MOHAN**  
MEMBER (JUDICIAL)

Date: 10.11.2017

*Sdl-*

**M. K. SHRAWAT**  
MEMBER (JUDICIAL)

Certified True Copy  
Date of Signature: 20-11-17  
Number of Pages: 8  
Page No: 40/-  
Date of Issuance: 20-11-17  
Date of Receipt: 20-11-17  
*[Signature]*  
Member (Judicial)  
National Company Law Tribunal, Mumbai Bench



**COMPOSITE SCHEME OF ARRANGEMENT**  
**BETWEEN**  
**FUTURE RETAIL LIMITED ('FRL' OR 'FIRST DEMERGED COMPANY')**  
**AND**  
**BLUEROCK ESERVICES PRIVATE LIMITED ('BSPL' OR 'SECOND DEMERGED**  
**COMPANY')**  
**AND**  
**PRAXIS HOME RETAIL LIMITED ('PHRL' OR 'RESULTING COMPANY')**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS**

(Under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013)

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**(A) PREAMBLE**

This Composite Scheme of Arrangement is presented under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 for demerger of the Home Retail Business Undertaking (*defined hereinafter*) of Future Retail Limited ('FRL') and demerger of the e-Commerce Home Retail Business Undertaking (*defined hereinafter*) of Bluerock eServices Private Limited ('BSPL') into Praxis Home Retail Limited ('PHRL'). 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; easyday, Foodhall; Home Town and eZone. Home Retail Business of FRL is carried on through HomeTown stores operated by FRL.
2. BSPL is inter-alia engaged in the business of operating a web portal for online sale of furniture & furnishing products (*viz;* [www.fabfurnish.com](http://www.fabfurnish.com)) and providing services for operation & maintenance of IT enabled platforms.
3. Demerger of the Home Retail Business Undertaking from FRL and demerger of the e-Commerce Home Retail Business Undertaking from BSPL into PHRL shall have the following benefits:
  - (a) spin off specialty retail business and focusing on large format and small format pure retail businesses from FRL;
  - (b) consolidation of offline and online Home Retail Business under a single entity;
  - (c) attribution of appropriate risk and valuation to the respective businesses based on risk-return profile and cash flows;
  - (d) more focused leadership and dedicated management; and
  - (e) greater visibility on the performance of Home Retail Business and e-Commerce Home Retail Business.





(C) Parts of the Scheme:

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

- (i) PART I deals with the definitions and share capital;
- (ii) PART II deals with the transfer and vesting of the Home Retail Business Undertaking of FRL into PHRL;
- (iii) PART III deals with the transfer and vesting of the e-Commerce Home Retail Business Undertaking of BSPL into PHRL;
- (iv) PART IV deals with cancellation and reduction of share capital of PHRL; and
- (v) PART V deals with general terms and conditions applicable to this Scheme.

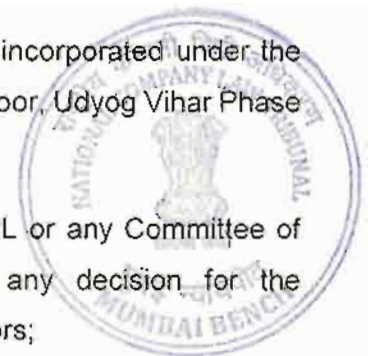
PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- 1.1 “Act” means the Companies Act, 1956 and / or the Companies Act, 2013 (as the case may be and to the extent applicable) as in force from time to time (including any statutory modifications(s) or re-enactment(s) thereof) and rules and regulations made thereunder, for the time being in force, and which may relate or are applicable to the arrangement.
- 1.2 “Applicable Law” means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/or jurisdiction, (b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or governmental approvals of, or agreements with, any governmental authority or recognized stock exchange, and (c) international treaties, conventions and protocols, as may be in force from time to time;
- 1.3 “1<sup>st</sup> Appointed Date” means commencement of business on August 1, 2017 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authority as may be applicable;
- 1.4 “2<sup>nd</sup> Appointed Date” means commencement of business on April 15, 2016 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authority as may be applicable;
- 1.5 “BSPL” means Bluerock eServices Private Limited a company incorporated under the Companies Act, 1956, and having its registered office at 521, III Floor, Udyog Vihar Phase III, Gurgaon, Haryana – 122 106;
- 1.6 “Board” means the Board of Directors of FRL, BSPL and PHRL or any Committee of Directors constituted or appointed and authorized to take any decision for the implementation of this Scheme on behalf of such Board of Directors;



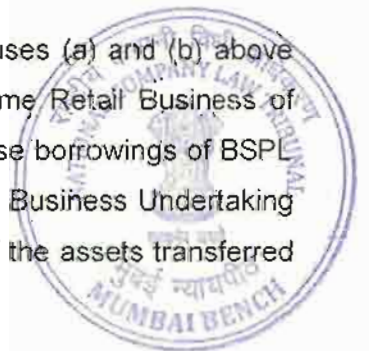
1.7 “Effective Date” or “coming into effect of this Scheme” or “upon the Scheme becoming effective” means the last of the dates on which the certified copy of the Order of the National Company Law Tribunal sanctioning the Composite Scheme of Arrangement is filed by FRL, BSPL and PHRL with the concerned Registrar of Companies;

1.8 “e-Commerce Home Retail Business Undertaking” means the business of BSPL comprising of the operation of web portal for online sale of furniture & furnishing products (viz; www.fabfurnish.com), on a going concern basis and includes without limitation:

- (i) All assets and liabilities (excluding assets and liabilities pertaining to Remaining Business of BSPL as defined in Clause 1.15 below) pertaining to the the e-Commerce Home Retail Business Undertaking including but not limited to intellectual property rights, inventories, stock-in-trade or stock-in-transit and merchandising including raw materials, supplies, finished goods, wrapping supply and packaging items, all earnest moneys and / or security deposits, cash and bank balances, advances, receivables, together with all present and future liabilities (including contingent liabilities) appertaining or relatable thereto;
- (ii) Without prejudice to the provisions of sub-Clause (i) above, the e-Commerce Home Retail Business Undertaking of BSPL 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 e-Commerce Home Retail Business Undertaking of BSPL such as goodwill, customer lists, customer connects, licenses, permits, quotas, registrations, agreements, contracts, arrangements, privileges or all other rights including tax deferrals and tax credits and other benefits, incentives, tenancy rights, if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the e-Commerce Home Retail Business Undertaking of BSPL and all deposits and / or moneys paid or received by BSPL in connection with or pertaining or relatable to the e-Commerce Home Retail Business Undertaking and all statutory licences, permissions, approvals or consents to carry on the operations of the e-Commerce Home Retail Business Undertaking of BSPL;

For the purpose of this Scheme, it is clarified that liabilities pertaining to the e-Commerce Home Retail Business Undertaking of BSPL include:

- (a) The liabilities, which arise out of the activities or operations of the e-Commerce Home Retail Business Undertaking of BSPL;
- (b) Specific loans and borrowings raised, incurred and / or utilized solely for the activities or operation of the e-Commerce Home Retail Business Undertaking of BSPL; and
- (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the e-Commerce Home Retail Business of BSPL, being the amounts of general or multipurpose borrowings of BSPL shall be allocated to the e-Commerce Home Retail Business Undertaking of BSPL in the same proportion which the value of the assets transferred



under this Clause bears to the total value of the assets of BSPL immediately before giving effect to this Scheme.

- (iii) All employees of BSPL employed in and / or relatable to the e-Commerce Home Retail Business Undertaking of BSPL 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 BSPL directly or indirectly in connection with or relating to the e-Commerce Home Retail Business 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 e-Commerce Home Retail Business Undertaking of BSPL.

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

- 1.9 "FRL" means Future Retail Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060;
- 1.10 "FRL Employees Stock Option Plan" means the Employee Stock Option Plan 2016 (FRL ESOP 2016);
- 1.11 "Home Retail Business Undertaking" means business of FRL comprising of the furniture and furnishing business operated by it through HomeTown stores, on a going concern basis and includes without limitation:
  - (i) All assets and liabilities (excluding assets and liabilities pertaining to Remaining Business of FRL as defined in Clause 1.16 below) pertaining to the Home Retail Business Undertaking 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, cash and bank balances, advances, receivables, together with all present and future liabilities (including contingent liabilities) appertaining or relatable thereto;
  - (ii) Without prejudice to the provisions of sub-Clause (i) above, the Home 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 relatable to the Home 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, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the Home 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 Home Retail Business Undertaking and all statutory licences, permissions, approvals or consents to carry on the operations of the Home Retail Business Undertaking of FRL;

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

- (a) The liabilities, which arise out of the activities or operations of the Home Retail Business Undertaking of FRL;
  - (b) Specific loans and borrowings raised, incurred and / or utilized solely for the activities or operation of the Home Retail Business Undertaking of FRL; and
  - (c) Liabilities other than those referred to in sub-Clauses (a) and (b) above and not directly relatable to the Home Retail Business of FRL, being the amounts of general or multipurpose borrowings of FRL shall be allocated to the Home 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 employees of FRL employed in and / or relatable to the Home 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 Home 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 Home 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 Home Retail Business Undertaking of FRL or whether it arises out of the activities or operations of the Home Retail Business Undertaking of FRL shall be decided by mutual agreement between the Board of Directors of FRL and PHRL.

- 1.12 "National Company Law Tribunal" or "NCLT" or "Tribunal" the National Company Law Tribunal having applicable jurisdiction;



- 1.13 "PHRL" means Praxis Home Retail Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 32-D, Khotachi Wadi, Ideal Wafer House Compound, Girgaum, Mumbai – 400 004;
- 1.14 "Record Date" shall mean such date to be fixed by the Board of Directors of FRL and BSPL 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 and BSPL to whom shares of PHRL will be allotted pursuant to this Scheme in terms of Clause 5 and Clause 16 below;
- 1.15 "Remaining Business of BSPL" or "Remaining Undertaking of BSPL" means all the undertakings, businesses, activities and operations of BSPL other than the e-Commerce Home Retail Business Undertaking (as defined in Clause 1.8 above);
- 1.16 "Remaining Business of FRL" or "Remaining Undertaking of FRL" means all the undertakings, businesses, activities and operations of FRL other than the Home Retail Business Undertaking (as defined in Clause 1.11 above);
- 1.17 "Scheme" or "the Scheme" or "this Scheme" means this Composite Scheme of Arrangement in its present form as submitted to the NCLT or this Scheme with such modification(s), if any made, as per Clause 30 of the Scheme;
- 1.18 "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 PHRL as on December, 31, 2016 is as under:

Share Capital	Amount in Rs. Crores
<b>Authorized Share Capital</b>	
10,00,000 Equity Shares of Rs. 10/- each	1.00
<b>Total</b>	<b>1.00</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
50,000 Equity Shares of Rs. 10 each, fully paid up	0.05
<b>Total</b>	<b>0.05</b>

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid up share capital of PHRL.



2.2 The authorized, issued, subscribed and paid-up share capital of FRL as on December 31, 2016 is as under:

Share Capital	Amount in Rs. Crores
<b>Authorized Share Capital</b>	
12,50,00,00,000 Equity Shares of Rs. 2/- each	2500.00
<b>Total</b>	<b>2500.00</b>
<b>Issued Share Capital</b>	
47,14,42,928 Equity Shares of Rs.2/- each, fully paid-up	94.28
<b>Total</b>	<b>94.28</b>
<b>Subscribed and Paid up Capital</b>	
47,13,38,557 Equity Shares of Rs.2/- each, fully paid-up	94.26
<b>Total</b>	<b>94.26</b>

The shares of FRL are currently listed on the National Stock Exchange of India Limited and BSE Limited. Subsequent to the above date and on January 19<sup>th</sup>, 2017 and March 21<sup>st</sup>, 2017, the Nomination and Remuneration Committee of FRL has approved the allotment of 4,67,558 and 6,624 equity shares of Rs. 2/- each respectively to eligible employee(s) of FRL under Employee Stock Option Plan.

Upon allotment, the Issued equity share capital of FRL stands increased to Rs. 94,38,34,220/- (Rupees Ninety Four Crore Thirty Eight Lacs Thirty Four Thousand Two Hundred and Twenty only) divided into 47,19,17,110 (Forty Seven Crore Nineteen Lacs Seventeen Thousand One Hundred and Ten only) equity shares of Rs. 2/- (Rupees Two only) each and the paid equity share capital of FRL stands increased to Rs. 94,36,25,478/- (Rupees Ninety Four Crore Thirty Six Lacs Twenty Five Thousand Four Hundred and Seventy Eight only) divided into 47,18,12,739 (Forty Seven Crore Eighteen Lacs Twelve Thousand Seven Hundred and Thirty Nine only) equity shares of Rs. 2/- (Rupees Two only) each, fully paid up.

Pursuant to the applicable provisions of Companies Act, total 1,04,371 Equity Shares of Rs. 2/- each of the Company are kept in abeyance.



- 2.3 The authorized, issued, subscribed and paid-up share capital of BSPL as on December 31, 2016 is as under:

Share Capital	Amount in Rs. Crores
<b>Authorized Share Capital</b>	
3,00,00,000 Equity Shares of Rs. 10/- each	30.00
<b>Total</b>	<b>30.00</b>
<b>Issued, Share Capital</b>	
2,24,52,099 Equity Shares of Rs. 10/- each, fully paid-up	22.45
<b>Total</b>	<b>22.45</b>

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid up share capital of BSPL.

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

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

## PART II

### 4. TRANSFER AND VESTING OF HOME RETAIL BUSINESS UNDERTAKING OF FRL INTO PHRL

- 4.1 Upon the Scheme becoming effective, with effect from the 1<sup>st</sup> Appointed Date, the Home Retail Business Undertaking of FRL shall, in accordance with Section 2(19AA) of the Income Tax Act, 1961 and Sections 230 to 232 of the Act and all other applicable laws, if any, stand transferred to and vested in or be deemed to be transferred to and vested in PHRL as a going concern and all the properties whether moveable or immovable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all assets, inventories, work in progress, current assets, investments, deposits, reserves, provisions, funds and all other entitlements, licenses, registrations, patents, trade names, trademarks, leases, tenancy rights, flats, telephones, telexes, facsimile, connections, email connections, internet connections, installations and utilities, benefits of agreements and arrangements, powers, authorities, permits, allotments, approvals, permissions, sanctions, consents, privileges, liberties, easements and all the rights, titles, interests, other benefits (including tax benefits), tax holiday benefit, incentives, credits (including tax credits), tax losses and advantages of whatsoever nature and where so ever situated belonging to or in possession of or granted in favour of or enjoyed by Home Retail Business Undertaking of FRL shall be transferred to and vested in or deemed to be transferred to and vested in PHRL in the following manner:



- 4.1.1 Upon the Scheme becoming effective, with effect from the 1<sup>st</sup> Appointed Date, the whole of the said assets, as aforesaid, of Home Retail Business Undertaking of FRL, of whatsoever nature and where so ever situated and incapable of passing by manual delivery and/or endorsement or otherwise however, shall, under the provisions of Sections 230 to 232 and all other provisions, if any of the Act, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in PHRL so as to vest in PHRL all the rights, title and interest of Home Retail Business Undertaking of FRL therein.
- 4.1.2 Upon the Scheme becoming effective, with effect from the 1<sup>st</sup> Appointed Date, all the moveable assets including cash in hand, if any, of Home 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 PHRL. On such delivery or endorsement and delivery, the same shall become the property of PHRL to the end and intent that the ownership and property therein passes to PHRL on such handing over in pursuance of the provisions of Section 230 to 232 of the Act.
- 4.1.3 In respect of the moveable properties of Home Retail Business Undertaking of FRL other than specified in Clause 4.1.2 above and any intangible assets, including sundry debtors, loans receivable, advances, if any, recoverable in cash or kind or for value to be received, bank balances and deposits, if any, with the government, semi-government, local and other authorities and bodies, companies, firm, individuals, trusts, etc., PHRL may itself or require FRL and FRL shall upon such requisition from PHRL, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, give notices in such form as it may deem fit and proper, to each person, debtors or depositors, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, the said debt, loan receivable, advance or deposit be paid or made good or held on account of PHRL 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 PHRL and that appropriate entries should be passed in their respective books to record the aforesaid change.
- 4.1.4 Upon the Scheme becoming effective, with effect from the 1<sup>st</sup> 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 Home Retail Business Undertaking of FRL shall also, under the provisions of Sections 230 to 232 of the Act without any further act or deed be transferred or deemed to be transferred to PHRL so as to become as from the 1<sup>st</sup> Appointed Date the debts, liabilities, duties, obligations of PHRL and it shall not be necessary to obtain consent of any person in order to give effect to the provisions of this Clause.
- 4.2 The transfer and/or vesting of the properties as aforesaid shall be subject to the charges, hypothecation and mortgages as on the Effective Date, if any, over or in respect of all the said assets or any part thereof of Home 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 Home Retail Business Undertaking of FRL which shall vest in PHRL 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.

- 4.3 Without prejudice to the generality of the forgoing, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations, privileges, easements and advantages, facilities, rights, powers and interest (whether vested or contingent), of every kind and description of whatsoever nature in relation to the Home 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 1<sup>st</sup> Appointed Date shall stand transferred to and vested in or shall be deemed to be transferred to and vested in PHRL as if the same were originally given or issued to or executed in favour of PHRL and the rights and benefits under the same shall be available to PHRL. Further, FRL shall execute such further deeds, documents, etc. as may be required to give effect to this Clause 4.3.
- 4.4 All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of FRL (in relation to Home Retail Business Undertaking) after the Effective Date shall be accepted by the bankers of PHRL and credited to the account of PHRL, if presented by PHRL or received through electronic transfers. Similarly, the banker of PHRL shall honour all cheques / electronic fund transfer instructions issued by FRL (in relation to Home Retail Business Undertaking) for payment after the Effective Date. If required, the bankers of FRL and PHRL shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of FRL by PHRL in relation to the Home Retail Business Undertaking for such time as may be determined to be necessary by PHRL for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of PHRL.
- 4.5 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.
- 4.6 Upon the Scheme becoming effective, FRL and PHRL are expressly permitted to revise their financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other tax laws, and to claim refunds and/or credit for taxes paid (including, tax deducted at source, wealth tax, etc) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 4.7 Any tax liabilities under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies of Home 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 1<sup>st</sup> Appointed Date shall be transferred to PHRL.

- 4.8 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 Home 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 1<sup>st</sup> Appointed Date shall also belong to and be received by PHRL upon this Scheme becoming effective.
- 4.9 Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax etc.) to which Home Retail Business Undertaking of FRL is entitled to in terms of applicable laws, shall be available to and vest in PHRL, upon this Scheme coming into effect.

## 5. CONSIDERATION

- 5.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the Home Retail Business Undertaking in PHRL, PHRL shall, without any further application or deed, issue and allot equity shares, credited as fully paid up, to all the shareholders of FRL 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 / Committee of Directors of FRL for the purpose of reckoning names of the shareholders of FRL in the following ratio:

1 (one) fully paid up equity share of Rs. 5/- each of PHRL to be issued for every 20 (twenty) fully paid up equity shares of Rs. 2/- each of FRL to the equity shareholders of FRL as on the Record Date

- 5.2 In case any shareholder of FRL has holding in FRL, such that it becomes entitled to a fraction of an equity share of PHRL, PHRL 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 PHRL 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) 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 PHRL.

- 5.3 Equity Shares to be issued by PHRL pursuant to Clause 5.1 above in respect of any equity shares of FRL 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 PHRL.

- 5.4 Equity shares to be issued by PHRL to the shareholders of FRL as above shall be subject to the Memorandum and Articles of Association of PHRL and shall rank *pari passu* with the existing equity shares of PHRL in all respects including dividends.
- 5.5 Equity shares in PHRL 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 PHRL 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.
- 5.6 The Board of Directors of PHRL 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 5.1 of the Scheme.
- 5.7 Equity shares to be issued by PHRL to the members of FRL pursuant to Clause 5.1 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. PHRL 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 equity shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchange.
- 5.8 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. ACCOUNTING TREATMENT IN THE BOOKS OF FRL AND PHRL

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

## 7. TRANSACTIONS UPTO THE EFFECTIVE DATE

- 7.1 With effect from the date of approval of this Scheme by Board of Directors of FRL and PHRL and up to and including the Effective Date:
- (a) FRL shall stand possessed of the properties and assets relating to the Home Retail Business Undertaking for and in trust for PHRL.
  - (b) FRL shall not without the prior written consent of the Board of Directors of PHRL 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 Home 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 Home Retail Business Undertaking except in the ordinary course of its business or as per past prevailing practices.
- (d) PHRL 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 PHRL may require to carry on the business of Home Retail Business Undertaking. Further, FRL shall extend all assistance to PHRL, if requested by PHRL, in obtaining the said consents, approvals and sanctions.

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

#### **8. DECLARATION OF DIVIDEND, BONUS, ETC.**

8.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent FRL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of dividend.

8.2 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent FRL from issuing fully paid up bonus equity shares to its shareholders by capitalization of reserves.

8.3 FRL shall not utilize the profits or income, if any, relating to the Home Retail Business Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the date of approval of this Scheme by the Board of Directors of FRL and PHRL, without the prior written consent of the Board of Directors of PHRL.

8.4 Until the coming into effect of this Scheme, the holders of equity shares of FRL and equity shares of PHRL shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Associations.

8.5 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, or issuance of fully paid bonus equity shares, are enabling provisions only and shall not be deemed to confer any right on any member of FRL and/or PHRL to demand or claim any dividends / bonus which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of FRL and PHRL and subject, wherever necessary, to the approval of the shareholders of FRL and PHRL, respectively.

#### **9. EMPLOYEES**

9.1 On the Scheme becoming effective, all employees of the Home Retail Business Undertaking in service on the Effective Date, shall be deemed to have become employees

of PHRL with effect from the 1<sup>st</sup> 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 PHRL shall not be less favorable than those applicable to them with reference to the Home 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 Home Retail Business Undertaking shall be decided by Board of Directors of FRL.

9.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts created or existing for the benefit of the employees of the Home Retail Business Undertaking shall be deemed to have been created by PHRL 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 PHRL. It is clarified that the services of the employees of the Home Retail Business Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

9.3 Upon the coming into effect of this Scheme, the options granted and / or vested, under and pursuant to the FRL Stock Option Plan 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 Home Retail Business Undertaking of FRL or suitable provision shall be made for issue of shares in FRL as and when the options are exercised.

9.4 Approval granted to the Scheme by the shareholders of FRL shall also be deemed to be approval granted to any modifications made to the existing FRL Stock Option Plan.

9.5 The variations to the FRL Stock Option Plan made pursuant to this Clause 9 shall not be detrimental or prejudicial to the interests of the concerned employees.

#### 10. LEGAL PROCEEDINGS

10.1 All legal proceedings of whatsoever nature by or against FRL pending and/or arising before the Effective Date and relating to the Home 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 PHRL, 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.

10.2 After the 1<sup>st</sup> Appointed Date, if any proceedings are taken against FRL in respect of the matters referred to in the Clause 10.1 above, FRL shall defend the same in accordance with advise and instructions of PHRL at the cost of PHRL, and PHRL shall reimburse and indemnify FRL against all liabilities and obligations incurred by FRL in respect thereof.

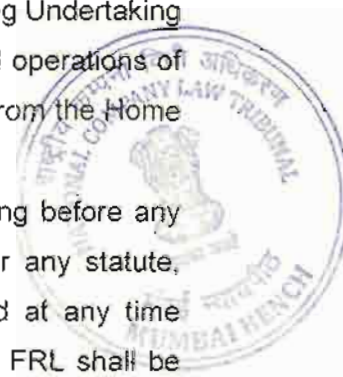
10.3 PHRL undertakes to have all legal or other proceedings initiated by or against FRL referred to in Clause 10.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against PHRL as the case may be, to the exclusion of FRL and FRL shall extend all assistance in such transfer into PHRL's name, if required by PHRL.

**11. CONTRACTS, DEEDS, ETC.**

- 11.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Home 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 PHRL, and may be enforced effectively by or against PHRL as fully and effectually as if, instead of FRL, PHRL had been a party thereto from inception.
- 11.2 PHRL 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. PHRL 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.
- 11.3 It is hereby clarified that (i) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Home Retail Business Undertaking to which FRL is a party to, cannot be transferred to PHRL 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 PHRL; and (ii) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature relate to the Home Retail Business Undertaking as well as FRL (pursuant to the transfer of the Home Retail Business Undertaking), FRL and PHRL shall both be entitled to all rights and benefits and be liable for all obligations under the said arrangements, each to the extent of its respective undertaking only.

**12. REMAINING UNDERTAKING OF FRL**

- 12.1 The Remaining Undertaking of FRL 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 PHRL shall have no right, claim or obligation in relation to the Remaining Undertaking of FRL. From the 1<sup>st</sup> Appointed Date, FRL shall carry on the activities and operations of the Remaining Undertaking of FRL distinctly and as a separate business from the Home Retail Business Undertaking.
- 12.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi judicial authority or tribunal) by or against FRL under any statute, whether pending on the 1<sup>st</sup> Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking of FRL shall be continued and enforced by or against FRL after the Effective Date. PHRL shall in no event be responsible or liable in relation to any such legal or other proceeding against FRL.
- 12.3 With effect from the date of approval of this Scheme by the Board of Directors of FRL and PHRL and up to, including and beyond the Effective Date, FRL:
- 12.3.1 shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking of FRL for and on its own behalf; and



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

### 13. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

13.1 With effect from the 1<sup>st</sup> Appointed Date and till the Effective Date:

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

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

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

### 14. SAVING OF CONCLUDED TRANSACTIONS

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

## PART III

### 15. TRANSFER AND VESTING OF e-COMMERCE HOME RETAIL BUSINESS UNDERTAKING OF BSPL INTO PHRL

15.1 Upon the Scheme becoming effective, with effect from the 2<sup>nd</sup> Appointed Date, the e-Commerce Home Retail Business Undertaking of BSPL shall, in accordance with Section 2(19AA) of the Income Tax Act, 1961 and Sections 230 to 232 of the Act and all other applicable laws, if any, stand transferred to and vested in or be deemed to be transferred

to and vested in PHRL as a going concern and all the properties whether moveable or immoveable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all assets, inventories, work in progress, current assets, investments, deposits, reserves, provisions, funds and all other entitlements, licenses, registrations, patents, trade names, trademarks, leases, tenancy rights, flats, telephones, telexes, facsimile, connections, email connections, internet connections, installations and utilities, benefits of agreements and arrangements, powers, authorities, permits, allotments, approvals, permissions, sanctions, consents, privileges, liberties, easements and all the rights, titles, interests, other benefits (including tax benefits), tax holiday benefit, incentives, credits (including tax credits), tax losses and advantages of whatsoever nature and where so ever situated belonging to or in possession of or granted in favour of or enjoyed by e-Commerce Home Retail Business Undertaking of BSPL shall be transferred to and vested in or deemed to be transferred to and vested in PHRL in the following manner:

- 15.1.1 Upon the Scheme becoming effective, with effect from the 2<sup>nd</sup> Appointed Date, the whole of the said assets, as aforesaid, of e-Commerce Home Retail Business Undertaking of BSPL, of whatsoever nature and where so ever situated and incapable of passing by manual delivery and/or endorsement or otherwise however, shall, under the provisions of Sections 230 to 232 and all other provisions, if any of the Act, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in PHRL so as to vest in PHRL all the rights, title and interest of e-Commerce Home Retail Business Undertaking of BSPL therein.
- 15.1.2 Upon the Scheme becoming effective, with effect from the 2<sup>nd</sup> Appointed Date, all the moveable assets including cash in hand, if any, of e-Commerce Home Retail Business Undertaking of BSPL, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed as the case may be to PHRL. On such delivery or endorsement and delivery, the same shall become the property of PHRL to the end and intent that the ownership and property therein passes to PHRL on such handing over in pursuance of the provisions of Section 230 to 232 of the Act.
- 15.1.3 In respect of the moveable properties of e-Commerce Home Retail Business Undertaking of BSPL other than specified in Clause 15.1.2 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., PHRL may itself or require BSPL and BSPL shall upon such requisition from PHRL, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, give notices in such form as it may deem fit and proper, to each person, debtors or depositors, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, the said debt, loan receivable, advance or deposit be paid or made good or held on account of PHRL as the person entitled thereto to the end and intent that the right of BSPL to recover or realize all such debts (including the debts payable by such persons or depositors to BSPL) stands transferred and assigned to PHRL 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 2<sup>nd</sup> 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 e-Commerce Home Retail Business Undertaking of BSPL shall also, under the provisions of Sections 230 to 232 of the Act without any further act or deed be transferred or deemed to be transferred to PHRL so as to become as from the 2<sup>nd</sup> Appointed Date the debts, liabilities, duties, obligations of PHRL and it shall not be necessary to obtain consent of any person in order to give effect to the provisions of this Clause.
- 15.2 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 e-Commerce Home Retail Business Undertaking of BSPL.
- Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to e-Commerce Home Retail Business Undertaking of BSPL which shall vest in PHRL by virtue of the Scheme and BSPL shall not be obliged to create any further or additional security therefore after the Scheme has become effective or otherwise.
- 15.3 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 e-Commerce Home Retail Business Undertaking of BSPL, to which BSPL is a party to or to the benefit of which BSPL may be eligible and which are subsisting or having effect immediately before the 2<sup>nd</sup> Appointed Date shall stand transferred to and vested in or shall be deemed to be transferred to and vested in PHRL as if the same were originally given or issued to or executed in favour of PHRL and the rights and benefits under the same shall be available to PHRL. Further, BSPL shall execute such further deeds, documents, etc. as may be required to give effect to this Clause 15.3.
- 15.4 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 BSPL (in relation to e-Commerce Home Retail Business Undertaking) after the Effective Date shall be accepted by the bankers of PHRL and credited to the account of PHRL, if presented by PHRL or received through electronic transfers. Similarly, the banker of PHRL shall honour all cheques / electronic fund transfer instructions issued by BSPL (in relation to e-Commerce Home Retail Business Undertaking) for payment after the Effective Date. If required, the bankers of BSPL and PHRL shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of BSPL by PHRL in relation to the e-Commerce Home Retail Business Undertaking for such time as may be determined to be necessary by PHRL for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of PHRL.

- 15.5 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.
- 15.6 Upon the Scheme becoming effective, BSPL and PHRL are expressly permitted to revise their financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws 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.
- 15.7 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 the e-Commerce Home Retail Business Undertaking of BSPL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the 2<sup>nd</sup> Appointed Date shall be transferred to PHRL.
- 15.8 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 BSPL in relation to the e-Commerce Home Retail Business Undertaking consequent to the assessment made on BSPL and for which no credit is taken in the accounts as on the date immediately preceding the 2<sup>nd</sup> Appointed Date shall also belong to and be received by PHRL upon this Scheme becoming effective.
- 15.9 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 e-Commerce Home Retail Business Undertaking of BSPL is entitled to in terms of applicable laws, shall be available to and vest in PHRL, 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 e-Commerce Home Retail Business Undertaking in PHRL, PHRL shall, without any further application or deed, issue and allot 9% Redeemable Preference Shares (hereinafter referred to as 'Preference Shares'), credited as fully paid up, to all the shareholders of BSPL 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 BSPL for the purpose of reckoning names of the shareholders of BSPL in the following ratio:

6,30,000 (Six Lacs Thirty Thousand) Preference Shares of the face value of INR 100/- (Rupees One Hundred only), each fully paid-up, of PHRL to be issued on a proportionate basis to members or his / her / their respective heirs, executors, administrators or, as the case may be, successors holding fully paid-up equity shares in BSPL on the Record Date.

- 16.2 In case any shareholder of BSPL has holding in BSPL, such that it becomes entitled to a fraction of Preference Shares of PHRL, PHRL 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 PHRL 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) deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders of BSPL and PHRL.
- 16.3 Preference Shares to be issued by PHRL pursuant to Clause 16.1 above in respect of any equity shares of BSPL 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 PHRL.
- 16.4 Preference Shares to be issued by PHRL to the shareholders of BSPL as above shall be subject to the Memorandum and Articles of Association of PHRL.
- 16.5 Preference Shares in PHRL shall be issued in dematerialized form to those shareholders who hold shares of BSPL in dematerialized form, in to the account in which BSPL shares are held or such other account as is intimated by the shareholders to BSPL and / or its Registrar. All those shareholders who hold shares of BSPL in physical form shall also have the option to receive the Preference Shares in PHRL in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to BSPL and / or its Registrar. Otherwise, they would be issued Preference Shares in physical form.
- 16.6 The Board of Directors of PHRL shall, if and to the extent required, apply for and obtain any approvals from concerned government / regulatory authorities for the issue and allotment of Preference Shares to the shareholders of BSPL 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 BSPL, the Board of Directors or any committee thereof of BSPL 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 PHRL 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 Preference Shares by PHRL to the shareholders of BSPL, as provided in this Scheme.
- 16.9 The approval of this Scheme by the shareholders of the companies under Sections 230 and 232 of the Act shall be deemed to have been the approval under Sections 13 and 14 of Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.



**17. ACCOUNTING TREATMENT IN THE BOOKS OF BSPL AND PHRL**

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

**18. TRANSACTIONS UPTO THE EFFECTIVE DATE**

18.1 With effect from the date of approval of this Scheme by Board of Directors of BSPL and PHRL and up to and including the Effective Date:

- (a) BSPL shall stand possessed of the properties and assets relating to the e-Commerce Home Retail Business Undertaking for and in trust for PHRL.
- (b) BSPL shall not without the prior written consent of the Board of Directors of PHRL 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 e-Commerce Home Retail Business Undertaking or any part thereof except in the ordinary course of its business.
- (c) BSPL shall not vary the terms and conditions of service of its permanent employees relating to the e-Commerce Home Retail Business Undertaking except in the ordinary course of its business or as per past prevailing practices.
- (d) PHRL 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 PHRL may require to carry on the business of e-Commerce Home Retail Business Undertaking. Further, BSPL shall extend all assistance to PHRL, if requested by PHRL, 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 BSPL and PHRL until the Effective Date, BSPL shall preserve and carry on the business and activities of e-Commerce Home Retail Business Undertaking with reasonable diligence and business prudence and BSPL shall not, without the prior consultation with PHRL, alienate, charge or otherwise deal with or dispose of the e-Commerce Home Retail Business Undertaking or any part thereof or recruit any new employee (in each case except in the ordinary course of business) or employees..

**19. DECLARATION OF DIVIDEND, BONUS, ETC.**

19.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent BSPL 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 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent BSPL from issuing fully paid up bonus equity shares to its shareholders by capitalization of reserves.

19.3 BSPL shall not utilize the profits or income, if any, relating to the e-Commerce Home Retail Business Undertaking for the purpose of declaring or paying any dividend to its

shareholders or for any other purpose in respect of the period falling on and after the date of approval of this Scheme by the Board of Directors of BSPL and PHRL, without the prior written consent of the Board of Directors of PHRL.

- 19.4 Until the coming into effect of this Scheme, the holders of equity shares of BSPL and equity shares of PHRL 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, or issuance of fully paid bonus equity shares, are enabling provisions only and shall not be deemed to confer any right on any member of BSPL and/or PHRL to demand or claim any dividends / bonus which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of BSPL and PHRL and subject, wherever necessary, to the approval of the shareholders of BSPL and PHRL, respectively.

## **20 EMPLOYEES**

- 20.1 On the Scheme becoming effective, all employees of the e-Commerce Home Retail Business Undertaking in service on the Effective Date, shall be deemed to have become employees of PHRL with effect from the 2<sup>nd</sup> 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 PHRL shall not be less favorable than those applicable to them with reference to the e-Commerce Home 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 e-Commerce Home Retail Business Undertaking shall be decided by Board of Directors of BSPL.
- 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 e-Commerce Home Retail Business Undertaking shall be deemed to have been created by PHRL in place of BSPL 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 BSPL in relation to such fund or funds shall become those of PHRL. It is clarified that the services of the employees of the e-Commerce Home Retail 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 BSPL pending and/or arising before the Effective Date and relating to the e-Commerce Home 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 PHRL, 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 BSPL.
- 21.2 After the 2<sup>nd</sup> Appointed Date, if any proceedings are taken against BSPL in respect of the matters referred to in the Clause 21.1 above, BSPL shall defend the same in accordance with advise and instructions of PHRL at the cost of PHRL, and PHRL shall reimburse and

indemnify BSPL against all liabilities and obligations incurred by BSPL in respect thereof.

21.3 PHRL undertakes to have all legal or other proceedings initiated by or against BSPL referred to in Clause 21.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against PHRL as the case may be, to the exclusion of BSPL and BSPL shall extend all assistance in such transfer into PHRL's name, if required by PHRL.

## 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 e-Commerce Home Retail Business Undertaking of BSPL to which BSPL is a party or to the benefit of which BSPL may be eligible, shall continue in full force and effect against or in favour of PHRL, and may be enforced effectively by or against PHRL as fully and effectually as if, instead of BSPL, PHRL had been a party thereto from inception.

22.2 PHRL 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 BSPL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. PHRL shall be deemed to be authorised to execute any such writings on behalf of BSPL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of BSPL.

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 e-Commerce Home Retail Business Undertaking to which BSPL is a party to, cannot be transferred to PHRL for any reason whatsoever, BSPL shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of PHRL; and (ii) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature relate to the e-Commerce Home Retail Business Undertaking as well as BSPL (pursuant to the transfer of the e-Commerce Home Retail Business Undertaking), BSPL and PHRL 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 OF BSPL

23.1 The Remaining Undertaking of BSPL and all the assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by BSPL and PHRL shall have no right, claim or obligation in relation to the Remaining Undertaking of BSPL. From the 2<sup>nd</sup> Appointed Date, BSPL shall carry on the activities and operations of the Remaining Undertaking of BSPL distinctly and as a separate business from the e-Commerce Home Retail 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 BSPL under any statute, whether pending on the 2<sup>nd</sup> Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking of BSPL shall be



continued and enforced by or against BSPL after the Effective Date. PHRL shall in no event be responsible or liable in relation to any such legal or other proceeding against BSPL.

23.3 With effect from the date of approval of this Scheme by the Board of Directors of BSPL and PHRL and up to, including and beyond the Effective Date, BSPL:

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 of BSPL for and on its own behalf; and

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

## 24 CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

24.1 With effect from the 2<sup>nd</sup> Appointed Date and till the Effective Date:

24.1.1 BSPL shall carry on, and shall be deemed to have carried on, all the business, activities and operations relating to the e-Commerce Home Retail Business Undertaking, and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of each of the e-Commerce Home Retail Business Undertaking, on account of and / or on behalf of and / or for the benefit of and / or in trust for, PHRL.

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

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

## 25 SAVING OF CONCLUDED TRANSACTIONS

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



## PART IV

### 26 CANCELLATION AND REDUCTION OF SHARE CAPITAL OF PHRL

- 26.1 Upon the Scheme becoming effective and upon the allotment of equity shares and Preference Shares by PHRL in accordance with provisions of Clause 5.1 and Clause 16.1 above, the existing paid up equity share capital of PHRL amounting to Rs. 500,000/- comprising of 50,000 equity shares of Rs. 10/- each fully paid up shall stand cancelled without any consideration and accordingly, the paid up share capital of PHRL shall stand reduced to the extent of face value of such equity shares cancelled.
- 26.2 The amount of paid up equity share capital of PHRL cancelled as per Clause 26.1 above shall be credited to the Capital Reserve Account in the books of PHRL.
- 26.3 The cancellation and reduction in paid up share capital of PHRL shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 230 to 232 read with Section 66 of the Act and any other applicable provisions of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the Order under Section 66 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 66 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of PHRL, PHRL shall not be required to add "And Reduced" as suffix to its name.

## PART V

### GENERAL TERMS AND CONDITIONS

#### 27 APPROVALS

- 27.1 PHRL shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which it may require to own and operate the Home Retail Business Undertaking and the e-Commerce Home Retail Business Undertaking to be transferred under this Scheme.
- 27.2 PHRL shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which it may require to own and operate the Home Retail Business Undertaking and the e-Commerce Home Retail Business Undertaking to be transferred to it under this Scheme.

#### 28 ADMINISTRATIVE CONVENIENCE

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





**29 APPLICATION TO NCLT**

- 29.1 FRL, BSPL and PHRL shall as may be required make applications and/or petitions under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Act to the NCLT or such other appropriate authority for sanction of this Scheme and all matters ancillary or incidental thereto.

**30 MODIFICATION OR AMENDMENTS TO THE SCHEME**

- 30.1 On behalf of FRL, BSPL and PHRL, the Board of Directors of respective companies, may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of the Scheme and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e. the Board of Directors of FRL, the Board of Directors of BSPL and Board of Directors of PHRL) 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.
- 30.2 For the purpose of giving effect to this Scheme or to any modification thereof the Board of Directors of FRL, BSPL and PHRL 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.

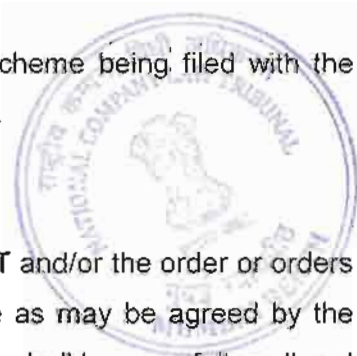
**31 CONDITIONALITY OF THE SCHEME**

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

- 31.1 The requisite consent, approval or permission of the Central Government including Stock Exchange, Securities and Exchange Board of India or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;
- 31.2 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, BSPL and PHRL as may be directed by the NCLT or any other competent authority, as may be applicable;
- 31.3 The Scheme being sanctioned by the NCLT or any other authority under Sections 230 to 232 read with Section 66 of the Companies Act, 2013; and
- 31.4 Certified copy of the Order of the NCLT sanctioning the Scheme being filed with the concerned Registrar of Companies by FRL, BSPL and PHRL.

**32 EFFECT OF NON-RECEIPT OF APPROVALS**

- 32.1 In the event of the Scheme not being sanctioned by the NCLT and/or the order or orders not being passed by March 31, 2018, or by such later date as may be agreed by the respective Boards of Directors of the Companies, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out



as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and/ or in connection with the Scheme.

**33 UNDERTAKING IN RESPECT OF CAPITAL STRUCTURE OF PHRL**

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

**34 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 as agreed between FRL, BSPL and PHRL.



**SCHEDULE I**

**TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES BY PHRL TO  
SHAREHOLDERS OF BSPL**

Issuer	Praxis Home Retail Limited
Instrument	Non-Cumulative Redeemable Preference Shares
Face value	Rs. 100/- per Preference Share
Coupon Rate	9% per annum Non-Cumulative
Redemption	To be redeemed at the end of 60 months from the date of allotment
Call Option	PHRL will have an option to redeem the Preference Shares at any time after the end of 24 months from the date of allotment. PHRL, upon exercise of such option or on redemption, will pay the amount of face value of the Preference Shares along with dividend accrued up to that date, if any. PHRL'S liability to the Preference Shareholders shall stand extinguished from the date of dispatch of the cheques / pay order for the redemption amount along with dividend, if any.



Certified True Copy  
Date of Application 20/11/2017  
Number of Pages 29  
Fee Paid Rs. 14.5  
Applicant's name for collection copy on 20/11/2017  
Copy prepared on 20/11/2017  
Copy Issued on 20/11/2017

Assistant Registrar  
National Company Law Tribunal, Mumbai Bench

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH

COMPANY SCHEME PETITION NO 908 OF 2017

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 to 232 and Section  
66 of the Companies Act, 2013;

AND

In the matter of Composite Scheme of  
Arrangement of Future Retail Limited ('First  
Demerged Company') and Bluerock eServices  
Private Limited ('Second Demerged Company')  
and Praxis Home Retail Limited ('Resulting  
Company') and their respective shareholders.

FUTURE RETAIL LIMITED .....Petitioner Company



CERTIFIED COPY OF ORDER DATED 10<sup>TH</sup> DAY OF  
NOVEMBER 2017 AND THE SCHEME ANNEXED TO  
THE PETITION

HEMANT SETHI & CO  
ADVOCATES FOR PETITIONERS

9820244453

HS

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
MUMBAI BENCH**

CSP No. 129 of 2018  
CSP No. 130 of 2018  
In  
CSA No. 27 of 2018  
CSA No. 28 of 2018

In the matter of Companies Act, 2013

AND

Under Section 230-232 of the Companies  
Act, 2013 and other applicable provisions  
of the Companies Act, 2013

AND

In the matter of Scheme of Arrangement  
between Hypercity Retail (India) Limited  
(‘Demerged Company’) and Future Retail  
Limited (‘Resulting Company’) and their  
respective shareholders

M/s. Hypercity Retail (India) Limited ..... Petitioner/ Demerged  
Company (CSP No. 129/2018)

M/s. Future Retail Limited ..... Petitioner/ Resulting  
Company (CSP No. 130/2018)

Order delivered on 4<sup>th</sup> April, 2018

**Coram:**

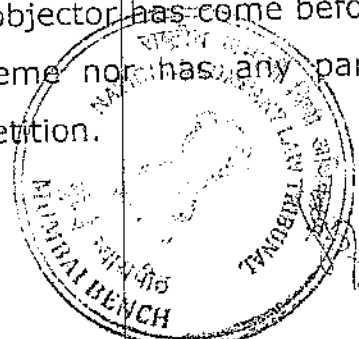
Hon’ble Shri. B.S.V. Prakash Kumar, Member (Judicial)  
Hon’ble Shri. Ravikumar Duraisamy, Member (Technical)

For the Petitioner(s) : Mr. Hemant Sethi i/b M/s. Hemant Sethi & Co.,  
Advocates for the Petitioners

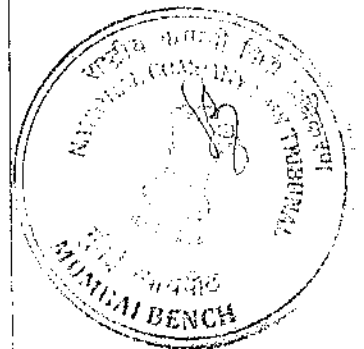
*Per: Shri. Ravikumar Duraisamy, Member (Technical)*

**ORDER**

1. Heard learned counsel for the parties. No objector has come before this Hon’ble Tribunal to oppose the Scheme nor has any party controverted any averments made in the Petition.



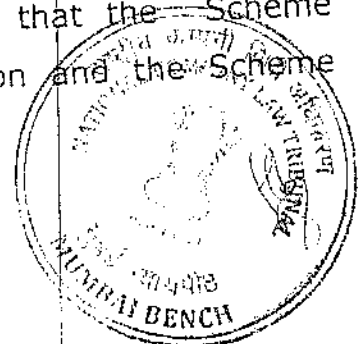
2. The sanction of this Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013, to a Scheme of Arrangement between Hypercity Retail (India) Limited ('Demerged Company' or 'HRIL') and Future Retail Limited ('Resulting Company' or 'FRL') and their respective shareholders.
3. Learned Counsel for the Petitioners states that the Demerged Company inter-alia is engaged in retailing a variety of household and consumer products through hypermarket stores and property options business. Demerged Company currently operates through 19 such stores located in different cities of India. Learned Counsel for the Petitioners further states that the Resulting Company currently operates multiple retail formats in the Indian consumer market under different brand names including: Big Bazaar; fbb; Food Bazaar; easyday, Foodhall; and eZone.
4. The Petitioner Companies have approved the said Scheme of Arrangement by passing the Board Resolutions and thereafter they have approached the Tribunal for sanction of the Scheme.
5. The Learned Counsel appearing on behalf of the Petitioner Companies states that the Petitions have been filed in consonance with the order passed in Company Scheme Application Nos. 27 of 2018 and 28 of 2018 of the Hon'ble Tribunal
6. The Learned Counsel appearing on behalf of the Petitioners states that the Petitioner Companies have complied with all requirements as per directions of the Hon'ble Tribunal and they have filed necessary Affidavits of compliance with Hon'ble Tribunal. Moreover, Petitioner Companies undertake to comply with all statutory requirements, if any, as required under the Companies Act, 2013 and the Rules made there under. The said undertaking is accepted
7. The Regional Director has filed his Report on 24<sup>th</sup> March, 2018 *inter alia* stating therein that save and except the observations as stated in paragraph IV of the said report, it appears that the Scheme is not prejudicial to the interest of shareholders and public. In



paragraph IV of the said Report, the Regional Director has stated that:-

- a) *Petitioner companies have not submitted a copy of the admitted petition, minutes of order and chairman's report. In this regard, the Petitioner companies shall submit the copy of admitted petition, minutes of order and chairman's report before sanction of the Scheme by Hon'ble NCLT for the record of Regional Director.*
- b) *The Hon'ble NCLT may kindly direct the Petitioners to file an undertaking to the extent that the Scheme enclosed to the Company Application and the Scheme enclosed to the Company Petition are one and the same and there is no discrepancy or deviation.*
- c) *As per Clause 1.3 under 'Definition' of the Scheme, 'Appointed Date' means 1<sup>st</sup> December, 2017 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authority as may be applicable; In this regard, it is submitted that Section 232(6) of the Companies Act, 2013 states that the Scheme under this section shall clearly indicate an appointed date from which it shall be effective and the Scheme shall be deemed to be effective from such date and not a date subsequent to the appointed date. However, this aspect may be decided by the Hon'ble Tribunal taking into account its inherent powers.*
- d) *Petitioner companies in clause 6 of the Scheme inter alia mentioned that upon the coming into effect of this Scheme, HRIL and FRL shall account for the demerger in their books as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS) or such other accounting principles as may be applicable or prescribed under the Act. In this regard, the deponent submits that, in addition to compliance of IND AS-103, the Petitioner Companies shall pass such accounting entries which are necessary in connection with the Scheme to comply with other applicable Accounting Standards such as Ind AS-8 etc*

8. In so far as observations made in paragraph IV (a) of the Report of Regional Director is concerned, the Petitioner Companies submit that the copy of admitted petition and chairman's report has already been filed with the office of Regional Director vide a letter dated 13<sup>th</sup> March, 2018. In so far as observations made in paragraph IV (b) of the Report of Regional Director is concerned, the Petitioners through their Counsel clarify that the Scheme enclosed to the Company Scheme Application and the Scheme



enclosed to the Company Scheme Petition are one & the same and there is no discrepancy or deviation except the correction of typographical error with respect to Authorised Share Capital of HRIL in the table under Clause 2.1 of the Scheme and the scheme which has been circulated to the Regulatory Authorities and the members of the Petitioner Companies have been circulated with correct capital structure.

9. In so far as observations made in paragraph IV (c) of the Report of Regional Director is concerned, the Petitioner Companies clarifies that the Appointed Date shall be 1<sup>st</sup> December, 2017, as stated in the Scheme.
10. In so far as observations made in paragraph IV (d) of the Report of Regional Director is concerned, the Petitioner Companies undertakes to comply with the applicable Accounting Standards (including IND AS 103 and IND AS 8) and pass such accounting entries which are necessary in connection with the Scheme.
11. The observations made by the Regional Director have been explained by the Petitioner Companies in Para 8 to 11 above. The clarifications and undertakings given by the Petitioner Companies are accepted.
12. From the material on record, the Scheme appears to be fair, reasonable and is not in violation of any provisions of law nor is contrary to public interest.
13. Since all the requisite statutory compliances have been fulfilled, the above Company Scheme Petition No. 129 and 130 of 2018 are made absolute in terms of prayer as provided therein and fixed Appointed date as 1<sup>st</sup> December, 2017.
14. The Petitioner Companies are directed to file a copy of this order along with a copy of the Scheme of Arrangement with the concerned Registrar of Companies, electronically, along with e-Form INC-28, in addition to physical copy, within 30 days from the date of receipt of the order from the Registry duly Certified by the





Deputy Director or the Assistant Registrar, as the case may be, National Company Law Tribunal, Mumbai Bench.

15. The Petitioner Companies to lodge a copy of this order and the Scheme duly Certified by the Deputy Director or the Assistant Registrar, as the case may be, National Company Law Tribunal, Mumbai Bench, 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 the Order.
16. Each Petitioner Company to pay costs of Rs. 25,000/- each to the Regional Director, Western Region, Mumbai. Costs to be paid within four weeks from the date of the receipt of the duly Certified Copy of this Order.
17. All authorities concerned, to act on a copy of this Order along with Scheme duly Certified by the Deputy Director or Assistant Registrar, as the case may be, National Company Law Tribunal, Mumbai Bench.

*Sd/-*

**RAVIKUMAR DURAISAMY  
MEMBER (TECHNICAL)**

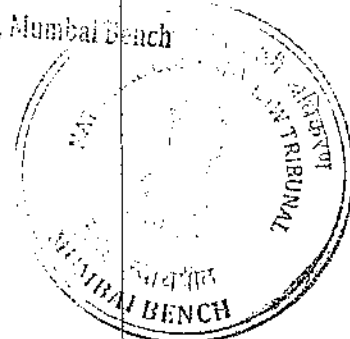
*Sd/-*

**B.S.V. PRAKASH KUMAR  
MEMBER (JUDICIAL)**

Certified True Copy  
Copy issued "free of cost"  
On 26/4/2018

*[Signature]*

Deputy Director  
National Company Law Tribunal, Mumbai Bench



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

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**(A) PREAMBLE**

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

**(B) RATIONALE FOR THE SCHEME**

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

**(C) Parts of the Scheme:**

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

- (i) **PART I** deals with the definitions and share capital;



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



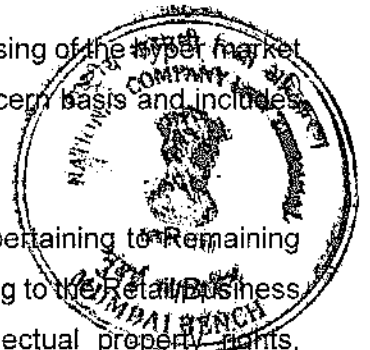
## PART I

### DEFINITIONS AND SHARE CAPITAL

#### 1. DEFINITIONS

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

- 1.1 **“Act”** means the Companies Act, 1956 and / or the Companies Act, 2013 (as the case may be and to the extent applicable) as in force from time to time (including any statutory modifications(s) or re-enactment(s) thereof) and rules and regulations made thereunder, for the time being in force, and which may relate or are applicable to the arrangement.
- 1.2 **“Applicable Law”** means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/or jurisdiction, (b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or governmental approvals of, or agreements with, any governmental authority or recognized stock exchange, and (c) international treaties, conventions and protocols, as may be in force from time to time;
- 1.3 **“Appointed Date”** means 1<sup>st</sup> December, 2017 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authority as may be applicable;
- 1.4 **“Board”** means the Board of Directors of HRIL and FRL or any Committee of Directors constituted or appointed and authorized to take any decision for the implementation of this Scheme on behalf of such Board of Directors;
- 1.5 **“Effective Date” or “coming into effect of this Scheme” or “upon the Scheme becoming effective”** means the last of the dates on which the certified copy of the Order of the National Company Law Tribunal sanctioning the Scheme of Arrangement is filed by HRIL and FRL with the concerned Registrar of Companies;
- 1.6 **“FRL”** means Future Retail Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060;
- 1.7 **“HRIL”** means Hypercity Retail (India) Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Umang Tower, 2<sup>nd</sup> Floor, Mindspace, Off. Link Road, Malad (W), Mumbai – 400 064;
- 1.8 **“National Company Law Tribunal” or “NCLT” or “Tribunal”** the National Company Law Tribunal having applicable jurisdiction;
- 1.9 **“Remaining Business of HRIL” or “Remaining Undertaking of HRIL”** means all the undertakings, businesses, activities and operations of HRIL other than the Retail Business Undertaking (as defined in Clause 1.10 below);
- 1.10 **“Retail Business Undertaking”** means business of HRIL comprising of the hyper market stores operated by it under the name 'Hypercity', on a going concern basis and includes without limitation:
- (i) All assets and liabilities (excluding assets and liabilities pertaining to Remaining Business of HRIL as defined in Clause 1.9 above) pertaining to the Retail Business Undertaking of HRIL including but not limited to intellectual property rights,

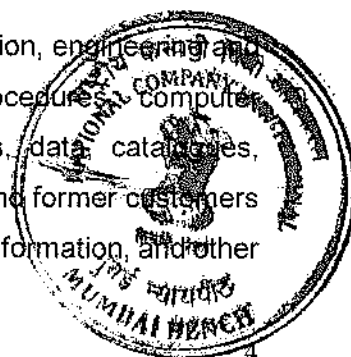


inventories, stock-in-trade or stock-in-transit and merchandising including raw materials, supplies, finished goods, wrapping supply and packaging items, all earnest moneys and / or security deposits, cash and bank balances, advances, receivables, together with all present and future liabilities appertaining or relating thereto;

- (ii) Without prejudice to the provisions of sub-clause (i) above, the Retail Business Undertaking of HRIL shall include all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets in connection with or pertaining or relating to the Retail Business Undertaking of HRIL such as goodwill, customer lists, customer connects, licenses, permits, quotas, registrations, agreements, contracts, arrangements, privileges or all other rights including tax deferrals and tax credits and other benefits, incentives, tenancy rights, if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relating to the Retail Business Undertaking of HRIL and all deposits and or moneys paid or received by HRIL in connection with or pertaining or relating to the Retail Business Undertaking and all statutory licences, permissions, approvals or consents to carry on the operations of the Retail Business Undertaking of HRIL;

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

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



records whether in physical or electronic form in connection with or relating to the Retail Business Undertaking of HRIL.

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

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

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

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996, other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

## 2. SHARE CAPITAL

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

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

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

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

Share Capital	Amount in Rs. Crores
<b>Authorized Share Capital</b>	



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

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

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

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

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

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

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

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



## PART II

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

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

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

4.1.2 Upon the Scheme becoming effective, with effect from the Appointed Date, all the moveable assets including cash in hand, if any, of Retail Business Undertaking of HRIL, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed as the case may be to FRL. On such delivery or endorsement and delivery, the same shall become the property of FRL to the end and intent that the ownership and property therein passes to FRL on such handing over in pursuance of the provisions of Section 230 to 232 of the Act.

4.1.3 In respect of the moveable properties of Retail Business Undertaking of HRIL other than specified in Clause 4.1.2 above and any intangible assets, including sundry debtors, loans receivable, advances, if any, recoverable in cash or kind or for value to be received, bank balances and deposits, if any, with the government, semi-government, local and other authorities and bodies, companies, firms, individuals, trusts, etc., FRL may itself or require HRIL and HRIL shall upon such request from FRL, at any time after coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, give notices in such form as it may deem fit and proper, to each person, debtors or depositors as the case may be, that pursuant to the NCLT having sanctioned the Scheme,



the said debt, loan receivable, advance or deposit be paid or made good or held on account of FRL as the person entitled thereto to the end and intent that the right of HRIL to recover or realize all such debts (including the debts payable by such persons or depositors to HRIL) stands transferred and assigned to FRL and that appropriate entries should be passed in their respective books to record the aforesaid change.

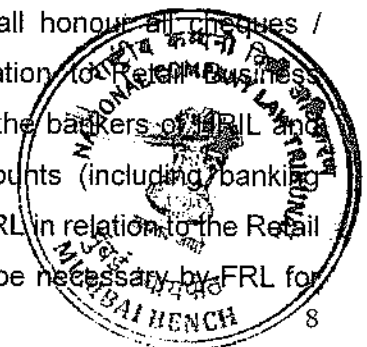
4.1.4 Upon the Scheme becoming effective, with effect from the Appointed Date, all debts, liabilities, duties, obligations of every kind, nature and description including all income taxes, excise duty, custom duty, sales tax, value added tax, service tax, goods and services tax and other government and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

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

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

4.3 Without prejudice to the generality of the forgoing, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations, privileges, easements and advantages, facilities, rights, powers and interest (whether vested or contingent), of every kind and description of whatsoever nature in relation to the Retail Business Undertaking of HRIL, to which HRIL is a party to or to the benefit of which HRIL may be eligible and which are subsisting or having effect immediately before the Appointed Date shall stand transferred to and vested in or shall be deemed to be transferred to and vested in FRL as if the same were originally given or issued to or executed in favour of FRL and the rights and benefits under the same shall be available to FRL. Further, HRIL shall execute such further deeds, documents, etc. as may be required to give effect to this Clause 4.3.

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



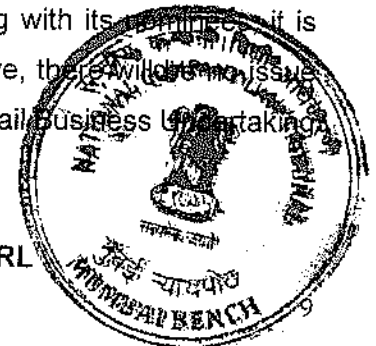
presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of FRL.

- 4.5 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.
- 4.6 Upon the Scheme becoming effective, HRIL and FRL are expressly permitted to revise their financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws, goods and services tax and other tax laws, and to claim refunds and/or credit for taxes paid (including, tax deducted at source, wealth tax, etc) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 4.7 Any tax liabilities under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, goods and services tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies of Retail Business Undertaking of HRIL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to FRL.
- 4.8 Any refund, under the Income Tax Act, 1961, service tax laws, excise duty laws, central sales tax, goods & services tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies due to HRIL in relation to the Retail Business Undertaking consequent to the assessment made on HRIL and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by FRL upon this Scheme becoming effective.
- 4.9 Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, goods & services tax, applicable state value added tax etc.) to which Retail Business Undertaking of HRIL is entitled to in terms of applicable laws, shall be available to and vest in FRL, upon this Scheme coming into effect.
- 4.10 Upon the Scheme becoming effective, the amount of capital reserve in the books of FRL as on 31<sup>st</sup> March, 2017 shall be reorganized and be recorded as Securities Premium Account in the books of FRL.

## 5. CONSIDERATION

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

## 6. ACCOUNTING TREATMENT IN THE BOOKS OF HRIL AND FRL



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

## 7. TRANSACTIONS UPTO THE EFFECTIVE DATE

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

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

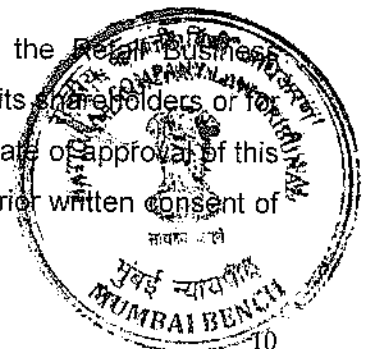
7.2 With effect from the date of approval to the Scheme by Board of Directors of HRIL and FRL until the Effective Date, HRIL shall preserve and carry on the business and activities of Retail Business Undertaking with reasonable diligence and business prudence and HRIL shall not, without the prior consultation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

## 8. DECLARATION OF DIVIDEND, BONUS, ETC.

8.1 For the avoidance of doubt, it is hereby clarified that nothing in this Scheme shall prevent HRIL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of dividend.

8.2 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent HRIL from issuing fully paid up bonus equity shares to its shareholders by capitalization of reserves.

8.3 HRIL shall not utilize the profits or income, if any, relating to the Retail Business Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the date of approval of this Scheme by the Board of Directors of HRIL and FRL, without the prior written consent of the Board of Directors of FRL.



8.4 Until the coming into effect of this Scheme, the holders of equity shares of HRIL and equity shares of FRL shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Associations.

8.5 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, or issuance of fully paid bonus equity shares, are enabling provisions only and shall not be deemed to confer any right on any member of HRIL and/or FRL to demand or claim any dividends / bonus which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of HRIL and FRL and subject, wherever necessary, to the approval of the shareholders of HRIL and FRL, respectively.

## 9. EMPLOYEES

9.1 On the Scheme becoming effective, all employees of the Retail Business Undertaking in service on the Effective Date, shall be deemed to have become employees of FRL with effect from the Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with FRL shall not be less favorable than those applicable to them with reference to the Retail Business Undertaking on the Effective Date. Any question that may arise as to whether any employee belongs to or does not belong to the Retail Business Undertaking shall be decided by Board of Directors of HRIL in consultation with FRL.

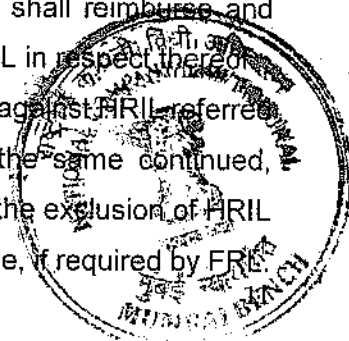
9.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts created or existing for the benefit of the employees of the Retail Business Undertaking shall be deemed to have been created by FRL in place of HRIL for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of HRIL in relation to such fund or funds shall become those of FRL. It is clarified that the services of the employees of the Retail Business Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

## 10. LEGAL PROCEEDINGS

10.1 All legal proceedings of whatsoever nature by or against HRIL pending and/or arising before the Effective Date and relating to the Retail Business Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against FRL, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against HRIL.

10.2 After the Appointed Date, if any proceedings are taken against HRIL in respect of the matters referred to in the Clause 10.1 above, HRIL shall defend the same in accordance with advise and instructions of FRL at the cost of FRL, and FRL shall reimburse and indemnify HRIL against all liabilities and obligations incurred by HRIL in respect thereof.

10.3 FRL undertakes to have all legal or other proceedings initiated by or against HRIL referred to in Clause 10.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against FRL as the case may be, to the exclusion of HRIL and HRIL shall extend all assistance in such transfer into FRL's name, if required by FRL.

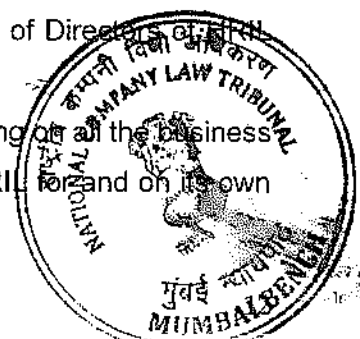


## 11. CONTRACTS, DEEDS, ETC.

- 11.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Retail Business Undertaking of HRIL to which HRIL is a party or to the benefit of which HRIL may be eligible, shall continue in full force and effect against or in favour of FRL, and may be enforced effectively by or against FRL as fully and effectually as if, instead of HRIL, FRL had been a party thereto from inception.
- 11.2 FRL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which HRIL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. FRL shall be deemed to be authorised to execute any such writings on behalf of HRIL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of HRIL.
- 11.3 It is hereby clarified that (i) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Retail Business Undertaking to which HRIL is a party to, cannot be transferred to FRL for any reason whatsoever, HRIL shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of FRL; and (ii) if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature relate to the Retail Business Undertaking as well as HRIL (pursuant to the transfer of the Retail Business Undertaking), HRIL and FRL shall both be entitled to all rights and benefits and be liable for all obligations under the said arrangements, each to the extent of its respective undertaking only.

## 12. REMAINING UNDERTAKING OF HRIL

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



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

### 13. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

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

- 13.1.1 HRIL shall carry on, and shall be deemed to have carried on, all the business, activities and operations relating to the Retail Business Undertaking, and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of the Retail Business Undertaking, on account of and / or on behalf of and / or for the benefit of and / or in trust for, FRL.
- 13.1.2 All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by HRIL in relation to the Retail Business Undertaking shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes, or as the case may be, expenditure or losses (including taxes) of, FRL.
- 13.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to the Retail Business Undertaking and exercised by or available to HRIL, shall be deemed to have been exercised for and on behalf of and as an agent for FRL. Further, any of the obligations, duties and commitments attached, relating or pertaining to the Retail Business Undertaking that have been undertaken or discharged by HRIL shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for FRL.

### 14. SAVING OF CONCLUDED TRANSACTIONS

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



### PART III

#### GENERAL TERMS AND CONDITIONS

##### 15. APPROVALS

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

##### 16. ADMINISTRATIVE CONVENIENCE

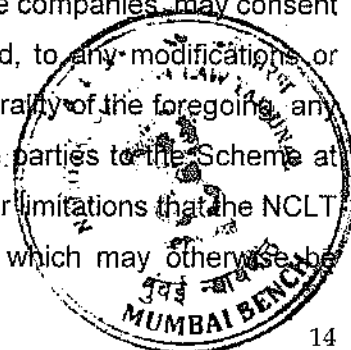
- 16.1 Notwithstanding anything contained in other clauses of this Scheme, HRIL and FRL, shall enter into such documents, agreements, make applications to various authorities, regulatory bodies to facilitate the uninterrupted transitions of the business from HRIL to FRL.
- 16.2 Notwithstanding anything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

##### 17. APPLICATION TO NCLT

- 17.1 HRIL and FRL shall as may be required make applications and/or petitions under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act to the NCLT or such other appropriate authority for sanction of this Scheme and all matters ancillary or incidental thereto.

##### 18. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 18.1 On behalf of HRIL and FRL, the Board of Directors of respective companies may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of the Scheme and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be



considered necessary, desirable or appropriate by all of them (i.e. the Board of Directors of HRIL and Board of Directors of FRL) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.

- 18.2 For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of HRIL and FRL may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

## 19. CONDITIONALITY OF THE SCHEME

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

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

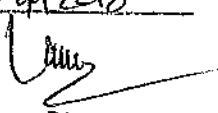
## 20. EFFECT OF NON-RECEIPT OF APPROVALS

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

## 21. COSTS, CHARGES & EXPENSES

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

~~Certified~~ True Copy  
Copy Issued "free of cost"  
On 24/11/2018



Deputy Director  
National Company Law Tribunal, Mumbai Bench





BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,

MUMBAI BENCH

**COMPANY SCHEME PETITION NO 130 OF 2018**

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 to 232 of the  
Companies Act, 2013;

AND

In the matter of Scheme of Arrangement between  
Hypercity Retail (India) Limited ('Demerged  
Company') and Future Retail Limited ('Resulting  
Company') and their respective shareholders

**FUTURE RETAIL LIMITED** .....Petitioner Company

**CERTIFIED COPY OF ORDER DATED 4<sup>TH</sup> DAY OF  
APRIL 2018 AND THE SCHEME ANNEXED TO THE  
PETITION**



HEMANT SETHI & CO  
ADVOCATES FOR PETITIONERS

9820244453

HS