Pantaloon
Retail (India) Limited
a future group venture

Regd. Office : Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060
Tel:-91-22-61190000 Fax: 91-22-61995019 Website: www.pantaloonretail.in

COURT CONVENED MEETING OF THE MEMBERS OF PANTALOON RETAIL (INDIA) LIMITED

Day : Monday

Date : 4th March, 2013

Time : 10.00 A.M .

Venue : Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO 108 OF 2013

In the matter of the Companies Act, 1956 (1 of 1956);
AND
In the matter of Sections 391 to 394 read with Section 78 and Sections 100 to 103 of the Companies Act, 1956;
AND
In the matter of Composite Scheme of Arrangement and Amalgamation
Between
Indus League Clothing Limited ("ILCL" or "the Demerged Company No. 1")
and
Lee Cooper (India) Limited ("Lee" or "the Transferor Company No. 1")
and
Future Ventures India Limited ("FVIL" or "the Resulting Company 1/ Transferee Company/ Demerged Company 3")
and
Pantaloon Retail (India) Limited ("PRIL" or "the Demerged Company 2")
and
Future Lifestyle Fashions Limited ("FLFL" or "the Resulting Company 2")
and
their respective shareholders and creditors

PANTALOON RETAIL (INDIA) LIMITED, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at "Knowledge House", Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060.))))) ……..Applicant Company

NOTICE CONVENING THE MEETING OF MEMBERS OF PANTALOON RETAIL (INDIA) LIMITED, THE APPLICANT COMPANY

To,

The Members of **Pantaloon Retail (India) Limited** ("the Applicant Company"),

TAKE NOTICE that by an Order made on 1st day of February 2013, in the above Company Summons for Direction, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Members of Pantaloon Retail (India) Limited, the Applicant Company, comprising of the Equity Shareholders and Class B (Series 1) Shareholders of the Applicant Company, be convened and held at Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021 on Monday, 4th day of March, 2013 at 10:00 a.m. for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed Composite Scheme of Arrangement and Amalgamation between Indus-League Clothing Limited and Lee Cooper (India) Limited and Future Ventures India Limited and Pantaloon Retail (India) Limited and Future Lifestyle Fashions Limited and their respective shareholders and creditors.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Members of Pantaloon Retail (India) Limited, the Applicant Company, comprising of the Equity Shareholders and Class B (Series 1) Shareholders, be convened and held at Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021 on Monday, 4th day of March, 2013 at 10:00 a.m at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060 not later than 48 hours before the time of said meeting. The Hon'ble High Court has appointed Mr. Shailesh Haribhakti, Chairman of the Applicant Company, and failing him, Mr. Kishore Biyani, Managing Director of the Applicant Company, and failing him, Mr. Vijay Biyani, Wholetime Director of the Applicant Company, to be the Chairman of the aforesaid Meeting of the Members comprising of the Equity Shareholders and Class B (Series 1) Shareholders.

A copy of the Explanatory Statement under Section 393 of the Companies Act, 1956, Composite Scheme of Arrangement and Amalgamation, Form of Proxy and Attendance Slip are enclosed.

Sd/-

Chairperson appointed for the meeting

Dated this 1st day of February, 2013

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

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered members of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under Section 187 of the Companies Act, 1956) at the members' meeting. The representative of a body corporate which is a shareholder of the Applicant Company may attend and vote at the members' meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorising such representative to attend and vote at the members' meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the time of the members' meeting.

Encl.: As above

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO 108 OF 2013

In the matter of the Companies Act, 1956 (1 of 1956);
AND
In the matter of Sections 391 to 394 read with Section 78 and Sections 100 to 103 of the Companies Act, 1956;
AND
In the matter of Composite Scheme of Arrangement and Amalgamation
Between
Indus League Clothing Limited ("ILCL" or "the Demerged Company No. 1")
and
Lee Cooper (India) Limited ("Lee" or "the Transferor Company No. 1")
and
Future Ventures India Limited ("FVIL" or "the Resulting Company 1/ Transferee Company/ Demerged Company 3")
and
Pantaloon Retail (India) Limited ("PRIL" or "the Demerged Company 2")
and
Future Lifestyle Fashions Limited ("FLFL" or "the Resulting Company 2")
and
their respective shareholders and creditors

PANTALOON RETAIL (INDIA) LIMITED, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at "Knowledge House", Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060.) ……..Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated 1st day of February 2013 passed by the Hon'ble High Court of Judicature at Bombay in the Company Summons for Direction referred to hereinabove, a meeting of the Members of Pantaloon Retail (India) Limited, the Applicant Company, comprising of the Equity Shareholders and Class B (Series 1) Shareholders of the Applicant Company, is convened and will be held at Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021 on Monday, 4th day of March, 2013 at 10:00 a.m. for the purpose of considering and if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement and Amalgamation between Indus-League Clothing Limited and Lee Cooper (India) Limited and Future Ventures India Limited and Pantaloon Retail (India) Limited and Future Lifestyle Fashions Limited and their respective shareholders and creditors ('the Scheme' or 'this Scheme').

2. A copy of the Scheme setting out in detail the terms and conditions of the arrangement, which has been approved by Board of Directors of the Applicant Company at its meeting held on 09th November, 2012, is attached to this explanatory statement and forms part of this statement.

3. The background of all the companies involved in the scheme is as under:

3.1 **Indus-League Clothing Limited**

a. Indus League Clothing Limited ("ILCL" or "the Demerged Company No. 1") was incorporated on 25th day of November, 1998 in the name of Indus-League Clothing Private Limited under the provisions of the Companies Act, 1956. The name was changed to Indus-League Clothing Limited vide fresh certificate of Incorporation dated 9th April, 1999, upon conversion into public limited company. It's registered office is at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400060, Maharashtra. ILCL is engaged in the business of designing, manufacturing, retailing of ready-made garments & accessories.

b. The objects of ILCL are set out in its Memorandum of Association. Some of the objects of ILCL are as follows: -

"THE MAIN OBJECT OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:

1. To manufacture, process, buy, sell and deal in all types of wearing apparels or readymade garments made of all kinds of cotton, linen, silk, wool, natural/ artificial leather, artificial silk, rayon, nylon, hemp, flax, cellulose fibers, metallic fibers, glass fibers, protein fibers, rubber fibers, polyesters, synthetic polymers and other fibers, or fibrous substances and preparation, natural or otherwise.

2. To sell, purchase or otherwise deal in clothing furnishings, carpets, hosiery and knitted fabrics and all types of goods and textile products made of cotton, synthetic fibers, leather and other substances used or capable of being used in domestic, industrial and consumer needs.

3. To carry on the business of drapers and dealers in cloth of all types and every description and to act as tailors, cutters and outfitters, makers and suppliers of clothing and garments of every kind and descriptions, for household, domestic, commercial, industrial and every other kind of use, hoisers and dealers of all types of readymade garments, all dresses made of natural, synthetic or blended textiles of all types and of every description.

4. To repair or deal in all types of garments and textile accessories and components including thread, interlinings, buttons, zips, needles, spools, bobbins, cones, boxes, tickets, labels, wrappers or other appliances required in and connected with textiles in general."

c. The authorised, issued, subscribed and paid up capital of the ILCL as on September 30, 2012 is as follows:

PARTICULARS	AMOUNT (Rs. In Crores)
AUTHORISED CAPITAL	
6,00,00,000 equity shares of Rs 10 each	60.00
Total:	**60.00**
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	
30,328,227 equity shares of Rs 10 each	30.33
Total:	**30.33**

Subsequent to September 30, 2012, there has been no change in the capital structure of the ILCL.

3.2 **Lee Cooper (India) Limited**

a. Lee Cooper (India) Limited ("Lee" or "the Transferor Company No. 1") was initially incorporated as "Apparrels and Accessories Retail (India) Private Limited" on 21st day of April, 2006 under the provisions of the Companies Act, 1956. The name of the Company was subsequently changed to "Lee Cooper (India) Private Limited" vide fresh Certificate of Incorporation granted on 26th February, 2007. The Company got converted into public limited company and its name was changed to "Lee Cooper (India) Limited" vide fresh certificate of Incorporation granted on 20th November, 2008. It's registered office is at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400060, Maharashtra. Lee is engaged in the business of manufacturing & retailing of lifestyle products, including denims, trousers, jackets, shirts and shoes under the "Lee Cooper" brand.

b. The objects of Lee are set out in its Memorandum of Association. Some of the objects of Lee are as follows: -

"THE MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:

1. To carry on the business of buying, selling, importing, exporting, dealing in all kinds of consumer products related to garments of all varieties and descriptions, fashion, personal effects, shoes, purses, belts and all types of health care, body care, educational products for all age groups, leather goods, cosmetics, lifestyle products of all kinds and descriptions, food, electronics, communication, media, newspaper, magazine, stationary, books, art, decoration, music, entertainment products, character, cartoon and other films, all kinds and varieties of consumer durables, imitation as well as real jewellery and precious, semi-precious stones of various types and other allied products and all kinds of products, articles, things of every description, kind or variety which can be distributed, marketed or sold through retail outlets, departmental stores, malls, chain shops, arcades, value stores, kids stores or specialised shops, designer stores either owned and managed by the Company or taken on lease, rent or through franchisees or any other distribution or marketing set up as may be deem feasible to the Company."

c. The authorised, issued, subscribed and paid up capital of the Lee as on September 30, 2012 is as follows:

PARTICULARS	AMOUNT (Rs. In Crores)
AUTHORISED CAPITAL	
18,00,000 equity shares of Rs 10 each	1.80
1,62,00,000, Non Cumulative Preference Shares of Rs. 10 each redeemable within 20 years	16.20
Total:	**18.00**
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	
18,00,000 Equity Shares of Rs. 10 each, fully paid up	1.80
82,00,000, Non Cumulative Preference Shares of Rs. 10 each redeemable within 20 years	8.20
Total:	**10.00**

Subsequent to September 30, 2012, there has been no change in the capital structure of the Lee.

3.3 Future Ventures India Limited

a. Future Ventures India Limited ("FVIL" or "the Resulting Company 1/ Transferee Company/ Demerged Company 3") was incorporated on 10th day of July, 1996 under the provisions of the Companies Act, 1956 under the name "Subhikshith Finance & Investments Limited". The Company became a private limited company vide fresh Certificate of Incorporation granted on 17th September, 2001 and its name was consequently changed to "Subhikshith Finance & Investments Private Limited". The name of the company was changed to "Future Ventures India Private Limited" vide fresh certificate of incorporation granted on 9th August, 2007. The name of the Company was further changed to "Future Ventures India Limited" vide fresh Certificate of Incorporation granted on 7th September, 2007 after the Company ceased to be a private company. Its registered office is at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400060, Maharashtra. FVIL is engaged in the business of creating, building, investing or acquiring, and operating innovative & emerging businesses in growing consumption-led sectors in India.

b. The objects of FVIL are set out in its Memorandum of Association. Some of the objects of FVIL are as follows: -

THE MAIN OBJECT OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:

1. To carry on the business of an investment and holding company and to subscribe to the share and securities being issued by companies and to generally do all activities and enter into all kinds of financial arrangements so as to enable mobilising of funds by and for such companies and ensuring liquidity for the investor investing in shares and securities issued by such companies and to invest money of the Company (or any of its subsidiaries) in any investments and to hold, sell or otherwise deal with investments or currencies or other financial assets and to carry on the business of investment company.

2. To vary the investment and holdings of the Company as may from time to time be deemed desirable.

3. To subscribe for, absolutely or conditionally, purchase or otherwise acquire and to hold, dispose of and trade in shares, stocks and securities of any other company whether Indian or foreign,

4. To carry on the business of financiers, that is to say, to lend money either with or without security to such person or persons, firms, associations, companies, or bodies corporate and upon such terms and conditions as the Company thinks fit but the Company shall not do banking as defined in the Banking Regulation Act, 1949.

5. To mobilise capital from financial investors and public markets and to manage the investment of such funds in business opportunities in India."

c. The authorised, issued, subscribed and paid up capital of the FVIL as on September 30, 2012 is as follows:

PARTICULARS	**AMOUNT (Rs. In Crores)**
AUTHORISED CAPITAL	
5,00,00,00,000 equity shares of Rs 10 each	5000.00
Total:	**5000.00**
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	
1,57,62,43,700 Equity Shares of Rs. 10 each, fully paid up	1576.24
Total:	**1576.24**

The equity shares of FVIL are listed on the Stock Exchanges at BSE Limited and National Stock Exchange of India Limited. Subsequent to September 30, 2012, there has been no change in the capital structure of the FVIL.

3.4 **Pantaloon Retail (India) Limited:**

a. Pantaloon Retail (India) Limited ("PRIL" or "the Demerged Company 2") was incorporated on 12th day of October, 1987 under the provisions of the Companies Act, 1956 under the name "Manz Wear Private Limited". The name of PRIL was changed to "Manz Wear Limited" with effect from 20th day of September 1991. The name of PRIL was further changed to "Pantaloon Fashion (India) Limited" with effect from 25th day of September 1991. The name of PRIL was further changed to its present name "Pantaloon Retail (India) Limited" with effect from 7th day of July 1999. Its registered office is at "Knowledge House", Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400060. PRIL is a public listed company which, through itself and its subsidiaries, is a diversified retail player and also has interests in financial services, insurance, media and other businesses.

b. The objects of PRIL are set out in its Memorandum of Association. Some of the objects of PRIL are as follows: -

"THE MAIN OBJECT OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:

1. To carry on the business of manufacturing, buying, selling, exchanging, altering, importing, exporting, distributing or otherwise dealing in readymade garments an hosiery made of cotton, silk, rayon, wool, nylon, man-made fabrics, polyester, canvas, jute, leather, any other fabric coated with any chemical or not, or other preparation and other fabric.

2. To carry on the business of manufacturing, processing, dyeing, bleaching, buying, selling, exchanging, importing, exporting or otherwise dealing in yarns and textiles made of cotton, silk, rayon, wool, nylon, man-made fibres, polyester, canvas or any other substances.

2A To carry on trade or retail business in India through retail formats and including but not limited to hyper markets, super markets, mega stores/discount stores, cash & carry, departmental stores, shoppers plaza, direct to home, phone order and mail order, catalogue, through internet and other forms and multi level channels for all products and services, dealing in all kinds of goods, materials and items including but not limited to food & provisions, household goods, consumer durables, jewellery, home improvement products, footwears, luggages, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, agri input products, furniture & furnishings, automobile and accessories, and acquiring and running food, service and entertainment centers including but not limited to multiplexes, cinemas, gaming centers, amusement parks, restaurants and food courts and acquiring of land or building on lease or freehold or any commercial or industrial or residential building for running and management of retail business and to acquire flats, offices and retail spaces for carrying on retail business and to sell them, lease or sublet them and to undertake and execute civil mechanical, electrical and structural works contracts and sub contracts in all their respective branches to carry on retailing business."

c. The authorised, issued, subscribed and paid up capital of the PRIL as on September 30, 2012 is as follows:

PARTICULARS	AMOUNT (Rs. In crores)
AUTHORISED CAPITAL	
30,00,000 Preference Shares of Rs 100 each	30.00
500,000,000 Equity Shares of Rs.2 each [divided into 45,00,00,000 Equity Shares and 5,00,00,000 Equity Shares with Differential Voting Rights (DVRs]	100.00
Total:	**130.00**
ISSUED CAPITAL	
23,15,93,991 equity shares of Rs 2 each (divided into 21,56,64,839 Equity Shares and 1,59,29,152 DVRs)	46.32
SUBSCRIBED CAPITAL	
23,15,82,591 equity shares of Rs 2 each (divided into 21,56,53,439 Equity Shares and 1,59,29,152 DVRs)	46.32
PAID UP CAPITAL	
23,15,82,591 equity shares of Rs 2 each (divided into 21,56,53,439 Equity Shares and 1,59,29,152 DVRs)	46.32

The equity shares of PRIL are listed on BSE Limited and the National Stock Exchange of India Limited. Subsequent to September 30, 2012, there has been no change in the capital structure of PRIL.

3.5 **Future Lifestyle Fashions Limited**

a. Future Lifestyle Fashions Limited ("FLFL" or "the Resulting Company 2") was incorporated on 30th day of May, 2012 under the provisions of the Companies Act, 1956 under the name and style of Future Value Fashion Retail Limited. The name of FLFL was changed to Future Lifestyle Fashions Limited w.e.f. 4 December 2012. Its registered office is at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400060, Maharashtra. FLFL is engaged in the business of fashion.

b. The objects of FLFL are set out in its Memorandum of Association. Some of the objects of FLFL are as follows: -

THE MAIN OBJECT OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:

1. "To carry on in India and elsewhere in any place or places in the world the trade or the business of manufacturers, makers, tailors, designers, exporters, importers, traders, dealers, merchants, shippers, indentors, distributors, wholesalers, retailers, shopkeepers, hirers, commission agents, muccadums, brokers, stockists, mercantile agents, forwarding agents, warehousemen, in all types of all products and services, dealing in all kinds of goods, materials and items including but not limited to clothes, fashion products, life style products, apparels, general

merchandise, food & provisions, household goods, consumer durables, electronic items, arts and crafts, jewellery, home improvement products, footwears, luggages, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, agri input products, furniture & furnishings, automobile & accessories fabrics (including, without limitation, cotton, knitted, dyed, processed wool, jute, hemp, silk, nylon and allied materials and articles), textile of all kinds, non wearables of all kinds (including, without limitation, industrial or domestic wearable and non- wearable, carpets and rugs, strapes, tapes, ribbon, elastic, braids, labels, etc.) and any other products, goods and services not specifically listed above through one stop solution for sale, purchase, export, import, trade and the like through any means and formats, including, without limitation, hyper markets, super markets, mega stores, discount stores, factory outlets, warehouses, cash & carry, departmental stores, shoppers plaza, direct to home, phone order and mail order, catalogue, through internet and other forms and multi level channels for all products and services, dealing in all kinds of goods, materials and items including all types of insurance and/ or financial products, gift card and vouchers, educational products, and such other products which can be distributes, marketed or sold in any other manner whether through retail outlets, departmental stores, chain shops, arcades, value stores or specialised shops, stores either owned and managed by the company or taken on lease, rent or through franchisees as may be deemed feasible by the company."

c. The authorised, issued, subscribed and paid up capital of the FLFL as on September 30, 2012 is as follows:

PARTICULARS	AMOUNT (Rs. In Lacs)
AUTHORISED CAPITAL	
50,000 equity shares of Rs 10 each	5.00
Total:	**5.00**
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	
50,000 Equity Shares of Rs. 10 each, fully paid up	5.00
Total:	**5.00**

Subsequent to above date, FLFL has increased its Auhtorised Share Capital to Rs.50,00,00,000 (Rupees Fifty Crore only) divided into 5,00,00,000 equity shares of Rs.10/- each. Further, FLFL has sub-divided its share capital from Rs.50,00,00,000/- (Rupees Fifty Crore only) divided into 5,00,00,000 (Five Crore) equity shares of Rs.10/- each to Rs.50,00,00,000/- (Rupees Fifty Crore only) divided into 25,00,00,000 (Twenty Five Crore only) equity shares of Rs.2/- each.

Subsequent to the above date, FLFL has issued and allotted 2,54,81,399 equity shares of Rs.2/- each to PRIL aggregating to Rs.5,09,62,798/- taking total paid up capital of the company to Rs.5,14,62,798/-.

The entire equity capital of FLFL is held by PRIL.

4. Description and Rationale for the Transaction

4.1 This Composite Scheme of Arrangement and Amalgamation ("**Scheme**") pursuant to Sections 391 to 394 read with Section 78 and Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 and as per the provisions of Section 2(19AA), Section 47 and other applicable provisions of the Income Tax Act, 1961, *inter alia* provides for:

(i) the transfer by way of demerger of the fashion business of ILCL to FVIL (more particularly described in Part B of this Scheme);

(ii) the transfer by way of amalgamation of Lee with FVIL (more particularly described in Part C of this Scheme).

(iii) the transfer by way of demerger of the fashion business of PRIL into FLFL (more particularly described in Part D of this Scheme);

(iv) the transfer by way of demerger of the fashion business of FVIL into FLFL (more particularly described in Part E of this Scheme);

(v) upon effectiveness of the Scheme, the Reduction in Share Capital of FVIL (more particularly described in Part F of this Scheme); and

(vi) various other matters consequential or integrally connected therewith.

4.2 The consolidation of the businesses of ILCL and LEE with FVIL would inter alia have the following benefits:

i) Removing multiple layer inefficiencies;
ii) Reducing administrative cost; and
iii) Achieving operational and management efficiency.

Further, the transfer and vesting of the fashion business of PRIL and FVIL pursuant to this Scheme is with a view to adopting the best management practices, establishing highest operational standards and also to unlock the economic value of the fashion business.

The management of the Group believes that the fashion business has tremendous growth and profitability potential and is at a stage where it requires focused leadership and dedicated management attention.

The re-organization exercise would inter alia achieve the following synergies:

i) Unlocking of value
ii) Transparent business structure;
iii) Attribution of appropriate risk and valuation to the fashion business based on its risk-return profile and cash flows;
iv) More focused leadership and dedicated management;
v) Greater visibility on the performance of fashion business; and
vi) Facilitate investments by strategic players.

5. The salient features of the Scheme are as follows:

a) **Demerger of the ILCL Demerged Undertaking into FVIL ('Part B' of the Scheme)**

The Appointed Date in relation to the of Part B of this Scheme, the 1st day of December, 2012 or such other date as may be approved by the High Court of Judicature at Bombay or any other appropriate authority.

With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the ILCL Demerged Undertaking, shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in FVIL.

Upon this Scheme coming into effect, in consideration of the transfer of the ILCL Demerged Undertaking by ILCL to FVIL in terms of this Scheme, FVIL shall, without any further act or deed, issue and allot to equity Shareholders whose name appears in the records of ILCL, other than FVIL (whether singly or jointly), on the Record Date, 2,17,32,971(Two Crore Seventeen Lacs Thirty Two Thousand Nine Hundred and Seventy One) equity share of Rs. 10/- each, credited as fully paid in the capital of FVIL on a proportionate basis in the ratio of shares held by them in ILCL (the "ILCL Share Entitlement Ratio")

Record Date" means for the purposes of Part B of the Scheme is the Effective Date;

b) **Amalgamation of LEE with FVIL ('Part C' of the Scheme)**

The Appointed Date in relation to the of Part C of this Scheme, the 1st day of December, 2012 or such other date as may be approved by the High Court of Judicature at Bombay or any other appropriate authority.

After transfer and vesting of the ILCL Demerged Undertaking into FVIL, with effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of LEE, shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in FVIL.

Since the entire share capital of LEE is held by ILCL and consequently, pursuant to Part B of this Scheme, the entire share capital of LEE shall be held by FVIL, no shares or consideration shall be issued / payable pursuant to this Part C of the Scheme.

c) **Demerger of PRIL Demerged Undertaking into FLFL ('Part D' of the Scheme)**

The Appointed Date in relation to the Part D of this Scheme, the 1st day of January, 2013 or such other date as may be approved by the High Court of Judicature at Bombay or any other appropriate authority.

With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the PRIL Demerged Undertaking, shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in FLFL.

Upon this Scheme coming into effect, in consideration of the transfer of the PRIL Demerged Undertaking by PRIL to FLFL in terms of this Scheme, FLFL shall, without any further act or deed, issue and allot to each Shareholders whose name appears in the records of PRIL or as beneficiary in the records of the depositories of PRIL in respect of the shares of PRIL on the Record Date, 1 (One) equity share of Rs. 2/- credited as fully paid in the capital of FLFL, for every 3 (Three) fully paid up PRIL Equity Shares/ PRIL DVRs held by them in PRIL (the "PRIL Share Entitlement Ratio").

"Record Date" for the purposes of Part D of the Scheme, such date to be mutually fixed by the Board of Directors of FLFL and PRIL or any committee / person duly authorized by the respective Board of Directors, after the Effective Date, to determine the members of PRIL to whom equity shares of FLFL will be allotted pursuant to Part D of this Scheme.

d) **Demerger of FVIL Demerged Undertaking into FLFL ('Part E' of the Scheme)**

The Appointed Date in relation to the Part E of this Scheme, the 1st day of January, 2013 or such other date as may be approved by the High Court of Judicature at Bombay or any other appropriate authority.

After the transfer and vesting of the ILCL Demerged Undertaking and merger of LEE with FVIL and the transfer and vesting of the PRIL Demerged Undertaking into FLFL, with effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the FVIL Demerged Undertaking, shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in FLFL.

Upon this Scheme coming into effect, in consideration of the transfer of the FVIL Demerged Undertaking by FVIL to FLFL in terms of this Scheme, FLFL shall, without any further act or deed, issue and allot to each equity Shareholder whose name appears in the records of FVIL or as beneficiary in the records of the depositories of FVIL in respect of the shares of FVIL on the Record Date, 1 (One) equity share of Rs. 2/- credited as fully paid in the capital of FLFL, for every 31 (Thirty One) fully paid up equity shares held by them in FVIL (the "FVIL Share Entitlement Ratio").

"Record Date" for the purposes of Part E of the Scheme, such date to be mutually fixed by the Board of Directors of FLFL and FVIL or any committee / person duly authorized by the respective Board of Directors, after the Effective Date, to determine the members of FVIL to whom equity shares of FLFL will be allotted pursuant to Part E of this Scheme.

e) PRIL shall bear and pay all costs, charges, expenses, taxes including duties, levies in connection with Part D of the Scheme.

f) The Scheme is and shall be conditional upon and subject to:

i) The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of ILCL, LEE, FLFL, PRIL and FVIL as may be directed by the High Court.

ii) The sanction of the High Court under Sections 391 to 394 of the said Act read with Section 78 and Sections 100 to 103 of the Companies Act, 1956 in favour ILCL, LEE, FLFL, PRIL and FVIL under the said provisions and to the necessary Order under Section 394 of the said Act being obtained;

iii) Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai by ILCL, LEE, FLFL, PRIL and FVIL as may be applicable.

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 Section is independent of the other Section of the Scheme and is severable. The Scheme shall be effective upon sanction of the High Court and the certified copy of its Order being filed with the concerned Registrar of Companies. 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 then this shall not result in the whole Scheme failing. It shall be open to the concerned Board of Directors to consent to sever such part(s) of the Scheme and implement the rest of the Scheme with such modification.

Subject to provisions of the Scheme and save as provided in the Scheme, there shall be no change in the shareholding pattern or control in FLFL between the Record Date and the listing which may affect the status of approval of Stock Exchanges.

g) "Effective Date" means the last of the date on which the conditions specified in (f) above of this Scheme are fulfilled with respect to a particular Part of the Scheme.

The features set out above being only the salient features of the Composite Scheme of Arrangement and Amalgamation; the members are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

6. With respect to the issue of shares of FLFL to shareholders of PRIL on demerger of PRIL Demerged Undertaking, a joint Share Entitlement Report has been obtained from Baker Tilly Singhi Consultants Private Limited and Grant Thornton India LLP.

7. Pursuant to the Scheme, there would be no change in the shareholding pattern and share capital structure of PRIL. The shareholding pattern of PRIL as on September 30, 2012 is as under:

SN	Description	Pre-Demerger Shareholding			
		Equity Shares	%	Class B (Series 1) Shares	%
A	**Promoters**				
1	**Indian Promoters**				
A	Individuals / Hindu Undivided Family	0	0.00	10,836	0.07
B	Bodies Corporate	9,41,45,418	43.66	74,76,857	46.94
	Sub-Total (A) (1)	**9,41,45,418**	**43.66**	**74,8,7693**	**47.01**
2	**Foreign**	0	0.00	0	0.00
	Sub-Total (A)(2)	**0**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter	**9,41,45,418**	**43.66**	**74,87,693**	**47.01**
B	**Public Shareholding**				
1	Institution				
A	Mutual Funds/ UTI	74,20,500	3.44	46,973	0.29
B	Financial Institutions/ Banks	43,97,507	2.04	1,68,709	1.06
C	Central/State Government	0	0.00	0	0.00
D	Venture Capital Funds	86,40,739	4.01	0	0.00
E	Insurance Companies	38,47,682	1.78	26,631	0.17
F	Foreign Institutional Investors	4,74,73,949	22.01	47,281	0.30
	Sub-Total (B)(1)	**7,17,80,377**	**33.28**	**2,89,594**	**1.82**
B 2	**Non Institution**				
	Bodies Corporate	2,80,11,862	12.99	3,62,22,32	22.74
	Individuals –				
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	96,64,669	4.48	21,56,526	13.54
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	**87,21,456**	**4.04**	**22,91,376**	**14.38**
	Any Other (specify)				
	NRIs	97,127	0.05	24,047	0.15
	Clearing Member	3,18,47,30	1.48	56,424	0.35
	Directors & their Relatives	37,600	0.02	1,260	0.01
	Trusts	10,200	0.00	0	0.00
	Sub-Total (B)(2)	**4,97,27,644**	**23.06**	**81,51,865**	**51.17**
	(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	**1,21,50,80,21**	**56.34**	**84,41,459**	**52.99**
	TOTAL (A)+(B)	**21,56,53,439**	**100.00**	**1,59,29,152**	**100.00**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**				
1	**Promoter and Promoter Group**	**0**	**0**	**0**	**0**
2	**Public**	**0**	**0**	**0**	**0**
	Sub-Total (C)	**0**	**0**	**0**	**0**
	Grand Total (A+B+C)	**21,56,53,439**	**100.00**	**1,59,29,152**	**100.00**

There would be a change in the shareholding pattern of the FLFL. The pre and post Scheme (expected) shareholding pattern of the FLFL based on shareholding pattern of PRIL and FVIL as on September 30, 2012 (as submitted to Stock Exchanges) is as under:

SN	Description	Pre-Demerger		Post-Demerger	
		Shareholding Equity Shares	%	Shareholding Equity Shares	%
A	**Promoters**				
1	**Indian Promoters**				
A	Individuals/ Hindu Undivided Family	0	0.00	3,612	0.00
B	Bodies Corporate	2,57,31,399	100.00	7,85,80,194	50.87
	Sub-Total (A)(1)	**2,57,31,399**	**100.00**	**7,85,83,806**	**50.87**
2	**Foreign**				
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0.00	0	0.00
B	Bodies Corporate	0	0.00	0	0.00
C	Institutions	0	0.00	0	0.00
D	Any Others(Specify)	0	0.00	0	0.00
	Sub-Total (A)(2)	**0**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter	**2,57,31,399**	**100.00**	**7,85,83,806**	**50.87**
B	**Public Shareholding**				
B1	**Institution**				
A	Mutual Funds/ UTI	0	0.00	24,89,158	1.61
B	Financial Institutions/ Banks	0	0.00	22,77,414	1.47
C	Central/State Government	0	0.00	0	0.00
D	Venture Capital Funds	0	0.00	28,80,246	1.86
E	Insurance Companies	0	0.00	12,91,438	0.84
F	Foreign Institutional Investors	0	0.00	2,07,95,346	13.46
	Sub-Total (B)(1)	**0**	**0.00**	**2,97,33,601**	**19.24**
B 2	**Non Institution**				
	Bodies Corporate	0	0.00	2,72,94,553	17.67
	Individuals				
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	0	0.00	53,30,633	3.45
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0.00	1,22,11,600	7.91
	Any Other (specify)	0	0.00		
	NRIs	0	0.00	1,06,894	0.07
	Clearing Member	0	0.00	11,68,032	0.76
	Directors & their Relatives & Friends	0	0.00	612	0.00
	Trust	0	0.00	43,500	0.03
	Sub-Total (B)(2)	**0**	**0.00**	**4,61,55,824**	**29.88**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**0**	**0.00**	**7,58,89,425**	**49.13**
	TOTAL (A)+(B)	**2,57,31,399**	**100.00**	**15,44,73,231**	**100.00**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**				
1	Promoter and Promoter Group	0	0.00	0	0.00
2	Public	0	0.00	0	0.00
	Sub-Total (C)	**0**	**0.00**	**0**	**0.00**
	Grand Total (A+B+C)	**2,57,31,399**	**100.00**	**15,44,73,231**	**100.00**

8. The directors holding the shares in PRIL do not have any other interest in the Scheme otherwise than that as shareholders in general. Save as aforesaid, none of the Directors of the Companies have any material interest in the proposed Scheme.

The extent of the shareholding of the Directors of ILCL in ILCL, Lee, FVIL, PRIL and FLFL either singly or jointly or as nominee as on December 31, 2012 is as under:

Sr No	Name of the Director	Designation	Equity shares in ILCL	Equity shares in Lee	Equity shares in FVIL	Equity shares in PRIL	Equity shares in FLFL
1	Mr. Rakesh Biyani	Director	Nil	Nil	Nil	1,000 [Class B (Series 1)] Shares	NIL
2	Mr. Krishan Kant Rathi	Director	One share jointly with FVIL	Nil	4,34,845	3,000 Equity Shares	NIL
3	Mr. Kailash Bhatia	Director	Nil	Nil	Nil	NIL	NIL
4	Mr. Jagdish Shenoy	Director	Nil	Nil	Nil	NIL	NIL

The extent of the shareholding of the Directors of Lee in Lee, ILCL, FVIL, PRIL and FLFL either singly or jointly or as nominee as December 31, 2012 is as under:

Sr No	Name of the Director	Designation	Equity shares in Lee	Equity shares in ILCL	Equity shares in FVIL	Equity shares in PRIL	Equity shares in FLFL
1	Ms. Rachna Aggarwal	Director	Nil	1,000 shares , One share jointly with FVIL	18,000	100 Equity Shares	NIL
2	Mr. Manoj Gagvani	Director	One share jointly with ILCL	One share jointly with FVIL	Nil	Nil	Nil
3	Mr. Gopal Bihani	Additional Director	One share jointly with ILCL	One share jointly with FVIL	Nil	Nil	Nil

The extent of the shareholding of the Directors of FVIL in FVIL, ILCL, Lee, PRIL and FLFL either singly or jointly or as nominee as on December 31, 2012 is as under:

Sr No	Name of the Director	Designation	Equity shares in FVIL	Equity shares in ILCL	Equity shares in Lee	Equity shares in PRIL	Equity shares in FLFL
1	Mr. G. N. Bajpai	Chairman	Nil	Nil	Nil	Nil	Nil
2	Mr. Kishore Biyani	Managing Director	Nil	Nil	Nil	1,000 [Class B (Series 1) Shares]	Nil
3	Mr. Anil Harish	Director	Nil	Nil	Nil	10,000 Equity Shares & 1,000 [Class B (Series 1) Shares]	Nil
4	Mr. B. Anand	Director	Nil	Nil	Nil	Nil	Nil
5	Mr. Jagdish Shenoy	Director	Nil	Nil	Nil	Nil	Nil
6	Mr. Gaurav Burman	Director	Nil	Nil	Nil	Nil	Nil
7	Ms. Vibha Rishi	Director	Nil	Nil	Nil	Nil	Nil
8	Mr. Frederic de Mevius	Additional Director	Nil	Nil	Nil	Nil	Nil

The extent of the shareholding of the Directors of PRIL in PRIL, ILCL, Lee, FVIL and FLFL either singly or jointly or as nominee as on December 31, 2012 is as under:

Sr No	Name of the Director	Designation	Equity Shares and Class B (Series-1) shares in PRIL	Equity shares in ILCL	Equity shares in Lee	Equity shares in FVIL	Equity shares in FLFL
1	Mr. Shailesh Haribhakti	Director	25,100 (Equity Shares) and 10 [Class B (Series-1) Shares]	Nil	Nil	3,04,651	Nil
2	Mr. Kishore Biyani	Managing Director	1,000 [Class B (Series-1) Shares]	Nil	Nil	Nil	Nil
3	Mr. Rakesh Biyani	Joint Managing Director	1,000 [Class B (Series-1) Shares]	Nil	Nil	Nil	Nil
4	Mr. Vijay Biyani	Wholetime Director	1,000 [Class B (Series-1) Shares]	Nil	Nil	Nil	Nil
5	Mr. Gopikishan Biyani	Director	1,000 [Class B (Series-1) Shares]	Nil	Nil	Nil	Nil
6.	Mr. S. Doreswamy	Director	Nil	Nil	Nil	Nil	Nil
7.	Dr. Darlie Koshy	Director	Nil	Nil	Nil	Nil	Nil
8	Mr. Anil Harish	Director	10,000 Equity shares and 1,000 [Class B (Series-1) Shares]	Nil	Nil	Nil	Nil
9.	Mrs. Bala Deshpande	Director	Nil	Nil	Nil	Nil	Nil
10.	Mr. V.K. Chopra	Director	Nil	Nil	Nil	Nil	Nil

The extent of the shareholding of the Directors of FLFL in FLFL, ILCL, FVIL and PRIL either singly or jointly or as nominee as on December 31, 2012 is as under:

Sr No	Name of the Director	Designation	Equity shares in FLFL	Equity shares in ILCL	Equity shares in Lee	Equity shares in FVIL	Equity shares in PRIL
1	Mr. Kishore Biyani	Director	Nil	Nil	Nil	Nil	1,000 [Class B (Series-1) Shares]
2	Mr. Sanjay Rathi	Director	1 Equity Share jointly with PRIL	Nil	Nil	15,000	1,822 Equity Shares and 10 [Class B (Series-1) Shares]
3	Mr. Deepak Tanna	Director	Nil	Nil	Nil	Nil	Nil

9. PRIL has obtained the approval to the Scheme in the terms of Clause 24(f) of the Listing Agreement from BSE Limited and National Stock Exchange of India Limited vide their letters dated December 27, 2012 and January 04, 2013, respectively.

10. The financial position of PRIL will not be adversely affected by the Scheme. Further, the rights and interests of the creditors of PRIL will not be prejudicially affected by the Scheme as PRIL, post the Scheme will be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of the PRIL will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.

11. No investigation proceedings are pending or are likely to be pending under Sections 235 to 251 of the Companies Act, 1956 in respect of PRIL.

12. In the event that this Scheme is terminated or withdrawn in the manner set out herein, this Scheme shall stand revoked, cancelled and be of no effect and null and void and in such event each party hereto shall bear and pay their respective costs, charges and expenses for and or in connection with the Scheme and the Demerged Company, and Resulting Company shall withdraw the Scheme.

13. Inspection of the following documents may be had by the members of PRIL at the Registered Office of PRIL between 11:00 am and 1:00 pm up to date of the Court Convening Meeting on all working days (except Saturdays, Sundays and Public holidays):
    (a) Copy of the Order dated 1st day of February, 2013 of the Hon'ble High Court of Judicature at Bombay passed in Company Summons for Direction No. 108 of 2013 directing the convening of the meeting of the members of PRIL;
    (b) Composite Scheme of Arrangement and Amalgamation;
    (c) Memorandum and Articles of Association of ILCL, Lee, FVIL, PRIL and FLFL;
    (d) The Audited Financial Statements of ILCL, Lee and FVIL for last three financial years ended March 31, 2012, March 31, 2011 and March 31, 2010;
    (e) The Audited Financial Statements of PRIL for last three financial years ended June 30, 2011 and June 30, 2010 and June 30, 2009;
    (f) The Unaudited Financial Statements of the ILCL, Lee, FVIL PRIL and FLFL as on September 30, 2012;
    (g) Copy of No Objection Certificate to the Scheme received from the BSE Limited and National Stock Exchange of India Limited vide their letter dated December 27, 2012 and January 04, 2013, respectively;.
    (h) Joint report obtained from Baker Tilly Singhi Consultants Private Limited and Grant Thornton India LLP with respect to demerger of PRIL Demerged Undertaking and FVIL Demerged Undertaking into FLFL;
    (i) Fairness Opinion issued by IDFC Capital Limited with respect to demerger of PRIL Demerged Undertaking and FVIL Demerged Undertaking into FLFL;
    (j) Copies of the resolutions passed by the respective Board/ Committees of ILCL, LEE, FVIL, PRIL and FLFL approving the Scheme.

This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of PRIL and/or at the office of the Advocates M/s Rajesh Shah & Co, 16, Oriental Building, 30, Nagindas Master Road, Flora Fountain, Mumbai- 400 001.

Sd/-

Chairperson appointed for the meeting

Dated this 1st day of February, 2013

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

Note: - All alterations made in the form of proxy should be initialed.

COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMTION BETWEEN

Indus-League Clothing Limited	**…**	**the Demerged Company 1**
Lee Cooper (India) Limited	**…**	**the Transferor Company 1**
Future Ventures India Limited	**…**	**the Resulting Company 1/ Transferee Company/ Demerged Company 3**
Pantaloon Retail (India) Limited	**…**	**the Demerged Company 2**
Future Lifestyle Fashions Limited	**…**	**the Resulting Company 2**

and

their respective shareholders and creditors

PREAMBLE

A. Description of the Companies

(a) Future Ventures India Limited ('FVIL') is a public listed company, engaged in the business of creating, building, investing or acquiring, and operating innovative & emerging businesses in consumption-led sectors investee companies. It is listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

(b) Pantaloon Retail (India) Limited (PRIL) is a fast growing Indian listed company and is India's leading retailer. It is listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

(c) Future Lifestyle Fashions Limited ("FLFL") is a wholly owned subsidiary of PRIL and proposes to engage in fashion business.

(d) Indus-League Clothing Limited ('ILCL"), is a subsidiary of FVIL and Lee Cooper (India) Limited ('LEE)', is a wholly owned subsidiary of ILCL. Both are engaged in fashion business.

B. Rationale and Purpose of the Scheme

All the Companies are part of the Future Group ('the Group'). It is proposed to:

Demerger of fashion business of ILCL and merger of LEE into FVIL; and

Demerger of the fashion business of PRIL and FVIL into FLFL

The consolidation of the businesses of ILCL and LEE with FVIL would inter alia have the following benefits:

i) Removing multiple layer inefficiencies;
ii) Reducing administrative cost; and
iii) Achieving operational and management efficiency.

Further, the transfer and vesting of the fashion business of PRIL and FVIL pursuant to this Scheme is with a view to adopting the best management practices, establishing highest operational standards and also to unlock the economic value of the fashion business.

The management of the Group believes that the fashion business has tremendous growth and profitability potential and is at a stage where it requires focused leadership and dedicated management attention.

The re-organization exercise would inter alia achieve the following synergies:

Unlocking of value

Transparent business structure;

Attribution of appropriate risk and valuation to the fashion business based on its risk-return profile and cash flows;

More focused leadership and dedicated management;

Greater visibility on the performance of fashion business; and

Facilitate investments by strategic players.

In view of the aforesaid, the Board of Directors of all the Companies have considered and proposed the Composite Scheme of Arrangement and Amalgamation under the provisions of Section 391 to Section 394 read with Section 78 and Sections 100 to 103 of the Companies Act, 1956.

C. Sections of the Scheme

The Scheme comprises of the following arrangements:

(a) Demerger of ILCL Demerged Undertaking into FVIL;
(b) Amalgamation of LEE with FVIL;
(c) Demerger of the PRIL Demerged Undertaking into FLFL;
(d) Demerger of the FVIL Demerged Undertaking into FLFL; and
(e) This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

D. Parts of the Scheme

The Scheme is divided into the following parts:

1. PART A which deals with definition, date of taking effect & share capital
2. PART B which deals with demerger of ILCL Demerged Undertaking into FVIL;
3. PART C which deals with amalgamation of LEE with FVIL
4. PART D which deals with demerger of PRIL Demerged Undertaking into FLFL
5. PART E which deals with demerger of FVIL Demerged Undertaking into FLFL
6. PART F which deals with reduction in share capital of FVIL
7. PART G which deals with General terms and conditions

PART A - DEFINITION, DATE OF TAKING EFFECT & SHARE CAPITAL

1. **DEFINITIONS**

In this scheme, unless inconsistent with the subject, the following expression shall have the meanings respectively assigned against them:

1.1 "Act" means the Companies Act, 1956 and shall include any statutory modification, re-enactment or amendments thereof for the time being in force.

1.2 "Appointed Date" means:

1.2.1 For the Purposes of Part B and Part C of this Scheme, the 1st day of December, 2012 or such other date as may be approved by the High Court of Judicature at Bombay or any other appropriate authority.

1.2.2 For the Purposes of Part D, Part E and Part F of this Scheme, the 1st day of January, 2013 or such other date as may be approved by the High Court of Judicature at Bombay or any other appropriate authority.

1.3 "Capital Reserve" means a reserve, not being a free reserve and not available for declaring dividend; however available for the purpose of adjusting value of any asset including Goodwill / investment / offset any charge on account of impairment / write off/ amortisation, which may be deemed fit and for issue of bonus shares.

1.4 "Charter Documents" means Memorandum of Association and Articles of Association;

1.5 **"**Court" or "High Court" means the High Court of Judicature at Bombay and shall include the National Company Law Tribunal, if and when applicable;

1.6 "FLFL" means Future Lifestyle Fashions Limited a company incorporated under the Act and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400060.

1.7 "FVIL" means Future Ventures India Limited a company incorporated under the Act and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400060.

1.8 "the ILCL Demerged Undertaking" shall mean the entire business and undertaking of ILCL relating to its fashion business and related activities as a going concern and shall include (without limitation) the following:

(a) All the assets and properties of ILCL as on the Appointed Date (hereinafter referred to as "the said assets") pertaining to the ILCL Demerged Undertaking;

(b) All the debts, liabilities, duties and obligations including contingent liabilities of ILCL pertaining to the ILCL Demerged Undertaking;

(c) Without prejudice to the generality of above, the ILCL Demerged Undertaking shall include the movable and immovable properties including land and building, plant and machinery, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance, investments including investments in LEE but other than those forming part of Remaining Undertaking, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorisations, trademarks, trade names, labels, brands, patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including labels, designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever,

provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverables and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc, unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the ILCL Demerged Undertaking.

(d) all permanent employees engaged in or in relation to the ILCL Demerged Undertaking as on the Effective Date;

(e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the ILCL Demerged Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the ILCL Demerged Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of ILCL and FVIL;

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the ILCL Demerged Undertaking of ILCL shall comprise the liabilities, borrowings, debts and loans as agreed between ILCL and FVIL which will cover:

(a) The liabilities, which arise out of the activities or operations of ILCL Demerged Undertaking.

(b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the ILCL Demerged Undertaking.

(c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Remaining Undertaking of ILCL, being the amounts of general or multipurpose borrowings of ILCL shall be allocated to the ILCL Demerged Undertaking of ILCL in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of ILCL immediately before giving effect to this Scheme. The parties shall mutually agree upon the identification of the liabilities to be transferred to FVIL as liabilities pertaining to the ILCL Demerged Undertaking.

Any question that may arise as to whether a specified liability pertains or does not pertain to the ILCL Demerged Undertaking of ILCL or whether it arises out of the activities or operations of ILCL Demerged Undertaking of ILCL shall be decided by mutual agreement between the Board of Directors or any Committee thereof of ILCL and FVIL.

1.9 "the PRIL Demerged Undertaking" shall mean the entire business and undertaking of PRIL relating to its fashion business carried on under format brands of Central, Brand Factory, Planet Sports and aLL and related activities as a going concern and shall include (without limitation) the following:

(a) All the assets and properties of PRIL as on the Appointed Date (hereinafter referred to as "the said assets") pertaining to the PRIL Demerged Undertaking;

(b) All the debts, liabilities, duties and obligations including contingent liabilities of PRIL pertaining to the PRIL Demerged Undertaking;

(c) Without prejudice to the generality of above, the PRIL Demerged Undertaking shall include the movable and immovable properties including land and building, plant and machinery, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance, investments including investments as on the Effective Date, but other than other forming part of the Remaining Undertaking of PRIL, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorisations, trademarks, trade names, labels, brands including Central, Brand Factory, Planet Sports and aLL, patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverables and receivables,

whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc, unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the PRIL Demerged Undertaking.

(d) all permanent employees engaged in or in relation to the PRIL Demerged Undertaking as on the Effective Date;

(e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the PRIL Demerged Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the PRIL Demerged Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of PRIL and FLFL;

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the PRIL Demerged Undertaking of PRIL shall comprise the liabilities, borrowings, debts and loans as agreed between PRIL and FLFL which will cover:

(a) The liabilities, which arise out of the activities or operations of PRIL Demerged Undertaking of PRIL.

(b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the PRIL Demerged Undertaking of PRIL.

(c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Remaining Undertaking of PRIL, being the amounts of general or multipurpose borrowings of PRIL shall be allocated to the PRIL Demerged Undertaking of PRIL in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of PRIL immediately before giving effect to this Scheme. The parties shall mutually agree upon the identification of the liabilities to be transferred to FLFL as liabilities pertaining to the PRIL Demerged Undertaking.

Any question that may arise as to whether a specified liability pertains or does not pertain to the PRIL Demerged Undertaking of PRIL or whether it arises out of the activities or operations of PRIL Demerged Undertaking of PRIL shall be decided by mutual agreement between the Board of Directors or any Committee thereof of PRIL and FLFL.

1.10 "Effective Date" means the last of the date on which the conditions specified in Clause 52 of this Scheme are fulfilled with respect to a particular Part of the Scheme.

1.11 "the FVIL Demerged Undertaking" shall mean the entire business and undertaking of FVIL relating to its fashion business and related activities as a going concern and shall include (without limitation) the following:

(a) All the assets and properties of FVIL as on the Appointed Date (hereinafter referred to as "the said assets") pertaining to the FVIL Demerged Undertaking;

(b) All the debts, liabilities, duties and obligations including contingent liabilities of FVIL pertaining to the FVIL Demerged Undertaking;

(c) Without prejudice to the generality of above, the FVIL Demerged Undertaking shall include the movable and immovable properties including land and building, plant and machinery, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance, investments including investments as on the effective date, including investments in Indus-League Clothing Limited, BIBA Apparels Private Limited, AND, Designs India Limited, HOLII Accessories Private Limited, Indus Tree Crafts Private Limited and Clarks Future Footwear Limited, but other than those forming part of the Remaining Undertaking of FVIL, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorisations, trademarks, trade names, brands, patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including labels, designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities,

connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverables and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc, unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the FVIL Demerged Undertaking and also including the entire business and undertaking of ILCL Demerged Undertaking and LEE along with all assets & liabilities, vested with FVIL pursuant to Part B and Part C of this Scheme.

(d) all permanent employees engaged in or in relation to the FVIL Demerged Undertaking as on the Effective Date;

(e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the FVIL Demerged Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the FVIL Demerged Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of FVIL and FLFL;

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the FVIL Demerged Undertaking of FVIL include:

(a) The liabilities, which arise out of the activities or operations of FVIL Demerged Undertaking of FVIL.

(b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the FVIL Demerged Undertaking of FVIL.

(c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Remaining Undertaking of FVIL, being the amounts of general or multipurpose borrowings of FVIL shall be allocated to the FVIL Demerged Undertaking of FVIL in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of FVIL immediately before giving effect to this Scheme. The parties shall mutually agree upon the identification of the liabilities to be transferred to FLFL as liabilities pertaining to the FVIL Demerged Undertaking.

Any question that may arise as to whether a specified liability pertains or does not pertain to the FVIL Demerged Undertaking of FVIL or whether it arises out of the activities or operations of FVIL Demerged Undertaking of FVIL shall be decided by mutual agreement between the Board of Directors or any Committee thereof of FVIL and FLFL.

1.12 "ILCL" means Indus-League Clothing Limited, a Company incorporated under the Act and having its Registered Office at Knowledge House, Shyam Nagar, Opp. Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400060, Maharashtra.

1.13 "LEE" or "Amalgamating Company" means Lee Cooper (India) Limited, a Company incorporated under the Act and having its Registered Office at Knowledge House, Shyam Nagar, Opp. Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400060, Maharashtra.

1.14 "PRIL" means Pantaloon Retail (India) Limited, a company incorporated under the Act and having its registered office at Knowledge House, Off. Shyam Nagar, Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400060.

1.15 "PRIL DVRs" shall mean equity shares of PRIL classified as Class B shares (Series 1) of par value of Rs 2/- each with every four PRIL DVRs having voting rights equal to three PRIL Equity Shares, and every PRIL DVR having the right to receive 2% additional dividend than every PRIL Equity Share;

1.16 "PRIL DVR Shareholders" shall mean the shareholders of PRIL holding PRIL DVRs;

1.17 "PRIL Equity Shares" shall mean equity shares of PRIL having a par value of Rs. 2/- each and having one vote each;

1.18 "PRIL Equity Shareholders" shall mean the shareholders of PRIL holding PRIL Equity Shares;

1.19 "Record Date" means:

1.19.1 For the Purposes of Part B of the Scheme, the Effective Date;

1.19.2 For the Purposes of Part D of the Scheme, such date to be mutually fixed by the Board of Directors of FLFL and PRIL or any committee / person duly authorized by the respective Board of Directors, after the Effective Date, to determine the members of PRIL to whom equity shares of FLFL will be allotted pursuant to Part D of this Scheme;

1.19.3 For the Purposes of Part E of the Scheme, such date to be mutually fixed by the Board of Directors of FLFL and FVIL or any committee / person duly authorized by the respective Board of Directors, after the Effective Date, to determine the members of FVIL to whom equity shares of FLFL will be allotted pursuant to Part E of this Scheme.

1.19.4 For the Purposes of Part F of the Scheme, such date to be fixed by the Board of Directors of FVIL or any committee / person duly authorized by the Board of Directors, after the Effective Date, to determine the members of FVIL whose shares shall be cancelled pursuant to Part F this Scheme. It is clarified that the Record Date for the purposes of Part F shall be on or after the record date for Part E.

1.20 "Remaining Undertaking of ILCL" means all business and undertaking of ILCL other than the ILCL Demerged Undertaking but including investments in Celio Future Fashion Limited, Turtle Limited, Etam Future Fashions Private Limited and SSIPL Retail Limited.

1.21 "Remaining Undertaking of FVIL" means all business and undertaking of FVIL other than the FVIL Demerged Undertaking.

1.22 "Remaining Undertaking of PRIL" means all business and undertaking of PRIL other than the PRIL Demerged Undertaking.

1.23 "Scheme" or "the Scheme" or "this Scheme" means this Composite Scheme of Arrangement and Amalgamation in its present form or with any modification(s) as approved or directed by the High Court of Judicature at Bombay.

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 Regulations Act, 1956, the SEBI Act, 1992, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modifications or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court of Judicature at Bombay, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

3.1 The share capital of LEE as at September 30, 2012 was as under:

Share Capital	**Amount in Rs.**
Authorized Share Capital	
1,800,000 Equity shares of Rs. 10 each	18,000,000
16,200,000 Non Cumulative Preference Shares of Rs. 10 each redeemable within 20 years	162,000,000
TOTAL	**180,000,000**
Issued, subscribed and paid-up Share Capital	
1,800,000 Equity shares of Rs. 10 each	18,000,000
8,200,000 Non Cumulative Preference Shares of Rs. 10 each redeemable within 20 years	82,000,000
TOTAL	**100,000,000**

There has been no change in the capital structure of Lee subsequent to above. The entire equity capital of Lee is held by ILCL.

3.2 The share capital of ILCL as at September 30, 2012 was as under:

Share Capital	**Rupees**
Authorized Share Capital	
60,000,000 Equity Shares of Rs.10 each	600,000,000
TOTAL	**600,000,000**
Issued, subscribed and paid-up Share Capital	
30,328,227 Equity shares of Rs. 10 each fully paid up	303,282,270
TOTAL	**303,282,270**

There has been no change in the capital structure of ILCL subsequent to above.

3.3 The share capital of PRIL as at September 30, 2012 is as under:

Particulars	Amount (Rs.)
Authorised	
50,00,00,000 equity shares of Rs 2 each (divided into 45,00,00,000 PRIL Equity Shares and 5,00,00,000 PRIL DVRs) 30,00,000 Preference Shares of Rs.100/- each	100,00,00,000 30,00,00,000
TOTAL	**1,30,000,00,00**
Issued Subscribed and Paid Up ISSUED 23,15,93,991 equity shares of Rs 2 each (divided into 21,56,64,839 PRIL Equity Shares and 1,59,29,152 PRIL DVRs)	 463,187,982
TOTAL	**463,187,982**
SUBSCRIBED & PAID UP CAPITAL 23,15,82,591 equity shares of Rs 2 each (divided into 21,56,53,439 PRIL Equity Shares and 1,59,29,152 PRIL DVRs)	463,165,182
TOTAL	**463,165,182**

There has been no change in the capital structure of PRIL subsequent to above.

3.4 The share capital of FLFL as at September 30, 2012 is as under:

Particulars	Amount (Rs.)
Authorised	5,00,000
(50,000 Equity Shares of Rs.10/- each)	
TOTAL	**5,00,000**
Issued Subscribed and Paid Up (50,000 Equity Shares of Rs.10/- each)	5,00,000
TOTAL	**5,00,000**

Subsequent to above date, FLFL has increased its Auhtorised Share Capital to Rs.50,00,00,000 (Rupees Fifty Crore only) divided into 5,00,00,000 equity shares of Rs.10/- each. Further, FLFL has sub-divided its share capital from Rs.50,00,00,000/- (Rupees Fifty Crore only) divided into 5,00,00,000 (Five Crore) equity shares of Rs.10/- each to Rs.50,00,00,000/- (Rupees Fifty Crore only) divided into 25,00,00,000 (Twenty Five Crore only) equity shares of Rs.2/- each.

Subsequent to the above date, FLFL has issued and allotted 2,54,81,399 equity shares of Rs.2/- each to PRIL aggregating to Rs.5,09,62,798/- taking total paid up capital of the company to Rs.5,14,62,798/-.

The entire equity capital of FLFL is held by PRIL.

3.5 The share capital of FVIL as at September 30, 2012 is as under:

Particulars	Amount (Rs.)
Authorised	
5,00,00,00,000 equity shares of Rs.10 each	50,00,00,00,000
TOTAL	**50,00,00,00,000**
Issued Subscribed and Paid Up 1,57,62,43,700 equity shares of Rs.10 each fully paid up	 15,76,24,37,000
TOTAL	**15,76,24,37,000**

There has been no change in the capital structure of FVIL subsequent to above.

PART B - DEMERGER OF THE ILCL DEMERGED UNDERTAKING WITH FVIL

4. TRANSFER AND VESTING OF THE ILCL DEMERGED UNDERTAKING OF ILCL

With effect from the Appointed Date, the ILCL Demerged Undertaking of ILCL shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and vested in or deemed to be transferred to and vested in FVIL, as a going concern and in the following manner:

4.1 With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the ILCL Demerged Undertaking, shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in FVIL so as to vest in FVIL all rights, title and interest pertaining to the ILCL Demerged Undertaking.

(i) All the movable assets pertaining to the ILCL Demerged Undertaking, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to FVIL to the end and intent that the property therein passes to FVIL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of ILCL and FVIL;

(ii) In respect of other assets pertaining to ILCL Demerged Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, ILCL shall, on being so requested by FVIL, issue notices in such form as FVIL may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, FVIL as the person entitled thereto, to the end and intent that the right of ILCL to receive, recover or realize the same, stands transferred to FVIL and that appropriate entries should be passed in their respective books to record the aforesaid changes;

(iii) any and all immovable properties (including land together with the buildings and structures standing thereon) of ILCL relating to the ILCL Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in FVIL, without any act or deed done by ILCL or FVIL. With effect from the Appointed Date, FVIL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of FVIL shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on part of FVIL

(iv) In respect of such of the assets belonging to the ILCL Demerged Undertaking other than those referred to in clause (i) to (iii), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in FVIL on the Appointed Date pursuant to the provisions of Section 394 of the Act.

4.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of ILCL pertaining to the ILCL Demerged Undertaking under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to FVIL, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of FVIL and 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 including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

4.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by ILCL required to carry on operations of the ILCL Demerged Undertaking shall stand vested in or transferred to FVIL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of FVIL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to FVIL as if they were originally obtained by FVIL. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by ILCL relating to the ILCL Demerged Undertaking, are concerned, the same shall vest with and be available to FVIL on the same terms and conditions as applicable to ILCL, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to FVIL.

4.4 The transfer and vesting of the ILCL Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relatable to the ILCL Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the ILCL Demerged Undertaking.

In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the ILCL Demerged Undertaking are securities for liabilities of the ILCL Remaining Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets retained by ILCL and shall cease to operate against any of the assets transferred to FVIL in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the ILCL Remaining Undertaking are securities for liabilities of the ILCL Demerged Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets transferred to FVIL and shall cease to operate against any of the assets retained in ILCL in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of FVIL shall continue with respect to such assets or any part thereof of FVIL and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the ILCL Demerged Undertaking vested in FVIL, provided always that this Scheme shall not operate to enlarge the security of any loan, deposit or facility created by ILCL in relation to the ILCL Demerged Undertaking which shall vest in FVIL by virtue of the vesting of the ILCL Demerged Undertaking with FVIL and FVIL shall not be obliged to create any further or additional security therefore after the Scheme has become effective.

Provided further that all the loans, advances and other facilities sanctioned to ILCL in relation to the ILCL Demerged Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to FVIL and the said loans and advances may be drawn and utilized either partly or fully by ILCL from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by ILCL in relation to the ILCL Demerged Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to FVIL and all the obligations of ILCL in relation to the ILCL Demerged Undertaking under any loan agreement shall be construed and shall become the obligation of FVIL without any further act or deed on the part of FVIL.

4.5 It is clarified that if any assets, (estate, claims, rights, title, interest in, or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to any of the ILCL Demerged Undertaking which ILCL owns or to which ILCL is a party and which cannot be transferred to FVIL or to its successor in business, for any reason whatsoever, ILCL shall hold such assets or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of FVIL to which the ILCL Demerged Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is effected.

5. CONSIDERATION

5.1 Upon this Scheme coming into effect, in consideration of the transfer of the ILCL Demerged Undertaking by ILCL to FVIL in terms of this Scheme, FVIL shall, without any further act or deed, issue and allot to equity Shareholders whose name appears in the records of ILCL, other than FVIL (whether singly or jointly), on the Record Date, 2,17,32,971(Two Crore seventeen lacs thirty two thousand nine hundred and seventy one) equity share of Rs. 10/- each, credited as fully paid in the capital of FVIL on a proportionate basis in the ratio of shares held by them in ILCL (the "ILCL Share Entitlement Ratio").

5.2 The equity shares to be issued and allotted by FVIL as per Clause 5.1 hereof shall be at par, credited as fully paid up and shall have rights attached thereto as under:

(a) they shall in all respects, rank *pari passu* with the existing equity shares of FVIL; and

(b) they will be subject to the applicable provisions of the Charter Documents of FVIL.

5.3 Shares to be issued by FVIL pursuant to Clause 5.1 in respect of any equity shares of ILCL which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by FVIL.

5.4 In so far as the issue of shares pursuant to Clause 5.1 is concerned, the same shall be issued and allotted in dematerialized form to those equity shareholders who hold equity Shares in ILCL in dematerialized form, in to the account with the Depository Participant in which the equity shares of ILCL are held or such other account with the Depository Participant as is intimated by the equity shareholders to FVIL before the Record Date. All those equity shareholders of ILCL who hold equity Shares of ILCL in physical form shall also have the option to receive the shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to FVIL before the Record Date. In the event that FVIL has received notice from any equity shareholder of ILCL that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her /its account with a Depository Participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of FVIL, then FVIL shall issue equity shares of FVIL, in accordance with the ILCL Share Entitlement Ratio, as the case may be, in physical form to such equity Shareholder.

5.5 In case any equity shareholder of ILCL has holding in ILCL, such that it becomes entitled to a fraction of an equity share of FVIL, FVIL 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 FVIL 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 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 ILCL and FVIL.

5.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of ILCL, the board of directors or any committee thereof of ILCL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in ILCL as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transfer of the share in ILCL and in relation to the shares issued by FVIL after the effectiveness of this Scheme. The board of directors of ILCL and FVIL shall be empowered to jointly remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in FVIL on account of difficulties faced in the transaction period.

5.7 The shares issued by FVIL in terms of Clause 5.1 of this Scheme and the shares held by shareholders of FVIL prior to such issuance will be listed and / or admitted to trading on the Stock Exchanges, where the shares of FVIL are listed and / or admitted to trading and all necessary applications will be made in this respect by FVIL.

5.8 Approval of this Scheme by the shareholders of FVIL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by FVIL to the equity shareholders of ILCL, as provided in this Scheme.

6. TREATMENT IN THE BOOKS OF FVIL

6.1 Upon the Scheme becoming effective and from the Appointed Date, FVIL shall record the assets and liabilities pertaining to the ILCL Demerged Undertaking at their respective book values.

6.2 The aggregate face value of shares issued by FVIL pursuant to this Part shall be recorded as Share Capital

6.3 The difference between the value of assets and liabilities arising pursuant to Clause 6.1, after adjustment pursuant to Clause 6.2 and reduction in value of investments in ILCL as on the Appointed Date, shall be debited to Goodwill or credited to Capital Reserve as the case may be. Further, it is clarified that any further investment made in ILCL after the Appointed Date but prior to the Effective Date, to the extent of difference between such further investment and the incremental net asset value, shall be debited to Goodwill.

7. ACCOUNTING TREATMENT IN THE BOOKS OF ILCL

7.1 Upon the Scheme becoming effective and from the Appointed Date, ILCL shall reduce from its books, the book value of assets and liabilities transferred as part of the ILCL Demerged Undertaking to FVIL, pursuant to the Scheme.

7.2 The face value per share of ILCL shall be reduced to Re.1 per share & the credit arising on the same shall be credited to Capital Reserve

7.3 The difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be debited to the Securities Premium Account / Capital Reserve/ P & L account or credited to Capital Reserve, as the case may be.

7.4 The application and reduction, if any, of the Securities Premium Account and Share Capital of ILCL as above, shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 78 read with Sections 100 to 103 of the Act. However as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act are not applicable. Therefore no order under section 102 of the Act confirming the reduction shall be required.

8. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

8.1 ILCL in respect of the ILCL Demerged Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for FVIL. ILCL hereby undertakes to hold the said assets with utmost prudence until the Effective Date;

8.2 With effect from the Appointed Date, All the profits or income accruing or arising to ILCL in respect of the ILCL Demerged Undertaking or expenditure or losses arising to or incurred by ILCL in respect of the ILCL Demerged Undertaking, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of FVIL;

8.3 ILCL in respect of the ILCL Demerged Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of FVIL, alienate, charge, mortgage, encumber or otherwise deal with or dispose off the ILCL Demerged Undertaking or any part thereof except in respect of activities in the

ordinary course of business nor shall it undertake any new businesses within the ILCL Demerged Undertaking or a substantial expansion of the ILCL Demerged Undertaking;

8.4 ILCL shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation without the prior written consent of the Board of Directors of FVIL.

8.5 Further, investments made by ILCL from the Appointed Date till the Effective Date shall also be deemed to be investment made on behalf of FVIL.

9. DECLARATION OF DIVIDEND

9.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent FVIL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.

9.2 ILCL shall not utilize the profits or income, if any, relating to the ILCL Demerged 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 FVIL.

10. LEGAL PROCEEDINGS

10.1 All legal proceedings of whatsoever nature by or against ILCL pending and/or arising before the Effective Date and relating to the ILCL Demerged 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 FVIL, 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 ILCL.

10.2 After the Effective Date, if any proceedings are taken against ILCL in respect of the matters referred to in the sub-clause 10.1 above, it shall defend the same at the cost of FVIL, and FVIL shall reimburse and indemnify ILCL against all liabilities and obligations incurred by ILCL in respect thereof.

10.3 FVIL undertakes to have all respective legal or other proceedings initiated by or against ILCL referred to in Clauses 10.1 or 10.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against FVIL as the case may be, to the exclusion of ILCL.

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 ILCL Demerged Undertaking, shall continue in full force and effect against or in favour of FVIL and may be enforced effectively by or against FVIL as fully and effectually as if, instead of ILCL, FVIL had been a party thereto.

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

12. SAVING OF CONCLUDED TRANSACTIONS

12.1 The transfer of assets, properties and liabilities above and the continuance of proceedings by or against FVIL above shall not affect any transaction or proceedings already concluded in ILCL, in relation to the ILCL Demerged Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that FVIL accepts and adopts all acts, deeds and things done and executed by ILCL, in relation to the ILCL Demerged Undertaking in respect thereto as done and executed on their behalf.

13. STAFF, WORKMEN & EMPLOYEES

13.1 Upon the coming into effect of this Scheme, all employees of ILCL engaged in or in relation to the ILCL Demerged Undertaking and who are in such employment as on the Effective Date shall become the employees of FVIL from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by ILCL and without any interruption of or break in service as a result of the transfer of the ILCL Demerged Undertaking.

13.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by ILCL for the employees related to the ILCL Demerged Undertaking (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are referable to the employees related to the ILCL Demerged Undertaking being transferred to FVIL, in terms of the Scheme shall be transferred to FVIL and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of FVIL, either be continued as

separate funds of FVIL for the benefit of the employees related to the ILCL Demerged Undertaking or be transferred to and merged with other similar funds of FVIL. In the event that FVIL does not have its own funds in respect of any of the above, FVIL may, subject to necessary approvals and permissions, continue to contribute to relevant funds of ILCL, until such time that FVIL creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to the ILCL Demerged Undertaking shall be transferred to the funds created by FVIL. Subject to the relevant law, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of ILCL and FVIL may decide to continue to make the said contributions to the Funds of ILCL. It is clarified that the services of the employees of the ILCL Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

13.3 Any question that may arise as to whether any employee belongs to or does not belong to the ILCL Demerged Undertaking shall be decided by the Board of Directors or Committee thereof of ILCL.

14. REMAINING UNDERTAKING OF ILCL

14.1 It is clarified that, the Remaining Undertaking of ILCL shall continue with ILCL as follows:

(a) The Remaining Undertaking of ILCL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by ILCL.

(b) All legal and other proceedings by or against ILCL under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Undertaking of ILCL (including those relating to any property, right, power, liability, obligation or duty, of ILCL in respect of the Remaining Undertaking of ILCL) shall be continued and enforced by or against ILCL.

14.2 With effect from the Appointed Date and including the Effective Date –

(a) ILCL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Undertaking of ILCL for and on its own behalf;

(b) all profit accruing to ILCL thereon or losses arising or incurred by it relating to the Remaining Undertaking of ILCL shall, for all purposes, be treated as the profit, or losses, as the case may be, of ILCL.

15. TAX CREDITS

15.1 FVIL will be the successors of ILCL vis-à-vis the ILCL Demerged Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-à-vis the ILCL Demerged Undertaking and the obligations if any for payment of the tax on any assets forming part of the ILCL Demerged Undertaking or their erection and / or installation, etc. shall be deemed to have been availed by FVIL or as the case may be deemed to be the obligations of FVIL. Consequently, and as the Scheme does not contemplate removal of any asset by FVIL from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by ILCL.

15.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by ILCL relating to the ILCL Demerged Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of FVIL.

ILCL and FVIL are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, excise and service tax credits, set off, etc., on the basis of the accounts of the ILCL Demerged Undertaking of ILCL as vested with FVIL upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

PART C - MERGER OF LEE WITH FVIL

16. TRANSFER AND VESTING OF UNDERTAKING OF LEE

After transfer and vesting of the ILCL Demerged Undertaking into FVIL, with effect from the Appointed Date and upon coming into effect of the Scheme, the entire business and undertaking of LEE shall in accordance with Section 2(1B) of the Income-tax Act, 1961, stand transferred to and vested in or deemed to be transferred to and vested in FVIL, as a going concern and in the following manner:

16.1 With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of LEE, shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in FVIL so as to vest in FVIL all rights, title and interest pertaining to LEE.

(i) (iAll the movable assets pertaining to LEE, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to FVIL to the end and intent that the property therein passes to FVIL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of LEE and FVIL;

(ii) In respect of other assets pertaining to LEE including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, FVIL, may issue notices stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, FVIL as the person entitled thereto, to the end and intent that the right of LEE to receive, recover or realize the same, stands transferred to FVIL and that appropriate entries should be passed in their respective books to record the aforesaid changes;

(iii) any and all immovable properties (including land together with the buildings and structures standing thereon) of LEE, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in FVIL, without any act or deed done by LEE or FVIL. With effect from the Appointed Date, FVIL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of FVIL shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on part of FVIL

(iv) In respect of such of the assets belonging to LEE other than those referred to in clause (i) to (iii), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in FVIL on the Appointed Date pursuant to the provisions of Section 394 of the Act.

16.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities **including accrued interest thereon**, contingent liabilities, duties and obligations of every kind, nature and description of LEE under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to FVIL, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of FVIL and 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 including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

16.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by LEE shall stand vested in or transferred to FVIL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of FVIL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to FVIL as if they were originally obtained by FVIL. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by LEE, are concerned, the same shall vest with and be available to FVIL on the same terms and conditions as applicable to LEE, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to FVIL.

16.4 The transfer and vesting of the entire business and undertaking of LEE as aforesaid shall be subject to the existing securities, charges, mortgages, if any, in respect of any assets of LEE.

Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by LEE and FVIL shall not be obliged to create any further or additional security thereof after the Effective Date or otherwise.

17. CONSIDERATION

17.1 Since the entire share capital of LEE is held by ILCL and consequently, pursuant to Part B of this Scheme, the entire share capital of LEE shall be held by FVIL, no shares or consideration shall be issued / payable pursuant to this Part of the Scheme.

18. ACCOUNTING TREATMENT IN THE BOOKS OF FVIL

18.1 Upon the Scheme becoming effective and from the Appointed Date, FVIL shall record the assets and liabilities pertaining to LEE at their respective fair values;

18.2 Intercompany balances shall stand cancelled;

18.3 The difference between the value of assets and liabilities recorded pursuant to Clause 18.1 and the value of investment in Lee as reflected in the books of ILCL as on the Appointed Date and vested in FVIL pursuant to Part B of this Scheme shall be debited to Goodwill or credited to Capital Reserve as the case may be. Further, it is clarified that any further investment made in LEE after the Appointed Date but prior to the Effective Date, to the extent of difference between such further investment and the incremental net asset value, shall be debited to Goodwill.

19. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

19.1 LEE, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for FVIL. LEE hereby undertake to hold the said assets with utmost prudence until the Effective Date;

19.2 With effect from the Appointed Date, all the profits or income accruing or arising to LEE or expenditure or losses arising to or incurred by LEE, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of FVIL;

19.3 LEE shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of FVIL, alienate, charge, mortgage, encumber or otherwise deal with or dispose any asset except in respect of activities in the ordinary course of business

19.4 LEE shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation without the prior written consent of the Board of Directors of FVIL.

20. DECLARATION OF DIVIDEND

20.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent FVIL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.

20.2 LEE shall not utilize the profits or income, if any, 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 FVIL.

21. LEGAL PROCEEDINGS

21.1 All legal proceedings of whatsoever nature by or against LEE pending and/or arising before the Effective Date, 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 FVIL, 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 LEE.

21.2 FVIL shall have all legal or other proceedings initiated by or against LEE transferred into its name and to have the same continued, prosecuted and enforced by or against FVIL.

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, shall continue in full force and effect against or in favour of FVIL and may be enforced effectively by or against FVIL as fully and effectually as if, instead of LEE, FVIL had been a party thereto.

22.2 FVIL, 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 LEE are a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. FVIL shall, be deemed to be authorised to execute any such writings on behalf of LEE and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of LEE.

23. SAVING OF CONCLUDED TRANSACTIONS

23.1 The transfer of assets, properties and liabilities above and the continuance of proceedings by or against FVIL above shall not affect any transaction or proceedings already concluded in LEE, on or after the Appointed Date till the Effective Date, to the end and intent that FVIL accepts and adopts all acts, deeds and things done and executed by LEE, in respect thereto as done and executed on its behalf.

24. STAFF, WORKMEN & EMPLOYEES

24.1 Upon the coming into effect of this Scheme, all employees of LEE and who are in such employment as on the Effective Date shall become the employees of FVIL from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by LEE and without any interruption of or break in service as a result of the amalgamation of the LEE.

24.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by LEE for its employees (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds being transferred to FVIL, in terms of the Scheme shall be transferred to FVIL and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of FVIL, either be continued as separate funds of FVIL for the benefit of the employees of LEE or be transferred to and merged with other similar funds of FVIL. In the event that FVIL does not have its own funds in respect of any of the above, FVIL may, subject to necessary approvals and permissions, continue to contribute to relevant funds of LEE, until such time that FVIL creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees of LEE shall be transferred to the funds created by FVIL. Subject to the relevant law, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of FVIL may decide to continue to make the said contributions to the Funds of LEE. It is clarified that the services of the employees of LEE will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

25. TAX CREDITS

25.1 FVIL will be the successor of LEE. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed by LEE and the obligations if any for payment of the tax on any assets of LEE or their erection and / or installation, etc. shall be deemed to have been availed by FVIL or as the case may be deemed to be the obligations of FVIL. Consequently, and as the Scheme does not contemplate removal of any asset by FVIL from the premises in which it is installed, no reversal of any tax credit needs to be made.

25.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by LEE including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of FVIL.

25.3 FVIL is expressly permitted to revise its tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, excise and service tax credits, set off, etc., on the basis of the accounts of LEE as vested with FVIL upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

26. WINDING UP OF LEE

26.1 On and from the Effective Date LEE shall stand dissolved without being wound up.

PART D – DEMERGER OF THE PRIL DEMERGED UNDERTAKING OF PRIL

27. TRANSFER AND VESTING OF PRIL DEMERGED UNDERTAKING OF PRIL

With effect from the Appointed Date, the PRIL Demerged Undertaking of PRIL shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and vested in or deemed to be transferred to and vested in FLFL, as a going concern and in the following manner:

27.1 With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the PRIL Demerged Undertaking, shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in FLFL so as to vest in FLFL all rights, title and interest pertaining to the PRIL Demerged Undertaking.

(i) All the movable assets pertaining to the PRIL Demerged Undertaking, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to FLFL to the end and intent that the property therein passes to FLFL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of PRIL and FLFL;

(ii) In respect of other assets pertaining to the PRIL Demerged Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, PRIL shall, on being so requested by FLFL, issue notices in such form as FLFL may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, FLFL as the person entitled thereto, to the end and intent that the right of PRIL to receive, recover or realize the same, stands transferred to FLFL and that appropriate entries should be passed in their respective books to record the aforesaid changes;

(iii) any and all immovable properties (including land together with the buildings and structures standing thereon) of PRIL relating to the PRIL Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in FLFL, without any act or deed done by PRIL or FLFL. With effect from the Appointed Date, FLFL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of FLFL shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on part of FLFL

(iv) In respect of such of the assets belonging to the PRIL Demerged Undertaking other than those referred to in clause (i) to (iii), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in FLFL on the Appointed Date pursuant to the provisions of Section 394 of the Act.

27.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of PRIL pertaining to the PRIL Demerged Undertaking under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to FLFL, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of FLFL and 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 including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the PRIL Demerged Undertaking are securities for liabilities of the PRIL Remaining Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets retained by PRIL and shall cease to operate against any of the assets transferred to FLFL in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the PRIL Remaining Undertaking are securities for liabilities of the PRIL Demerged Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets transferred to FLFL and shall cease to operate against any of the assets retained in PRIL in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of FLFL shall continue with respect to such assets or any part thereof of FLFL and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the PRIL Demerged Undertaking vested in FLFL, provided always that this Scheme shall not operate to enlarge the security of any loan, deposit or facility created by PRIL in relation to the PRIL Demerged Undertaking which shall vest in FLFL by virtue of the vesting of the PRIL Demerged Undertaking with FLFL and FLFL shall not be obliged to create any further or additional security therefore after the Scheme has become effective.

Provided further that all the loans, advances and other facilities sanctioned to PRIL in relation to the PRIL Demerged Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to FLFL and the said loans and advances may be drawn and utilized either partly or fully by PRIL from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by PRIL in relation to the PRIL Demerged Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to FLFL and all the obligations of PRIL in relation to the PRIL Demerged Undertaking under any loan agreement shall be construed and shall become the obligation of FLFL without any further act or deed on the part of FLFL.

27.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by PRIL required to carry on operations of the PRIL Demerged Undertaking shall stand vested in or transferred to FLFL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of FLFL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to FLFL as if they were originally obtained by FLFL. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by PRIL relating to the PRIL Demerged Undertaking, are concerned, the same shall vest with and be available to FLFL on the same terms and conditions as applicable to PRIL, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to FLFL.

27.4 The transfer and vesting of the PRIL Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relatable to the PRIL Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the PRIL Demerged Undertaking.

27.5 It is clarified that if any assets, (estate, claims, rights, title, interest in, or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to any of the PRIL Demerged Undertaking which PRIL owns or to which PRIL is a party and which cannot be transferred to FLFL for any reason whatsoever, PRIL shall hold such assets or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of FLFL to which the PRIL Demerged Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is effected.

28. CONSIDERATION

28.1 Upon this Scheme coming into effect, in consideration of the transfer of the PRIL Demerged Undertaking by PRIL to FLFL in terms of this Scheme, FLFL shall, without any further act or deed, issue and allot to each Shareholders whose name appears in the records of PRIL or as beneficiary in the records of the depositories of PRIL in respect of the shares of PRIL on the Record Date, 1 (One) equity share of Rs. 2/- each, credited as fully paid in the capital of FLFL, for every 3 (Three) fully paid up PRIL Equity Shares/ PRIL DVRs held by them in PRIL (the "PRIL Share Entitlement Ratio").

28.2 The equity shares to be issued and allotted by FLFL as per Clause 28 hereof shall be at par, credited as fully paid up and shall have rights attached thereto as under:

(a) they shall in all respects, rank *pari passu* with the existing equity shares of FLFL; and

(b) they will be subject to the applicable provisions of the Charter Documents of FLFL.

28.3 Shares to be issued by FLFL pursuant to Clause 28 in respect of any PRIL Equity Shares and PRIL DVRs which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by FLFL.

28.4 In so far as the issue of shares pursuant to Clause 28 is concerned, the same shall be issued and allotted in dematerialized form to those PRIL Equity Shareholders and PRIL DVR Shareholders who hold PRIL Equity Shares/ PRIL DVRs in dematerialized form, in to the account with the Depository Participant in which the PRIL Equity Shares/ PRIL DVRs in PRIL are held or such other account with the Depository Participant as is intimated by the PRIL Equity Shareholders and PRIL DVR Shareholders to FLFL before the Record Date. All those PRIL Equity Shareholders and PRIL DVR Shareholders who hold PRIL Equity Shares/ PRIL DVRs of PRIL in physical form shall also have the option to receive the shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to FLFL before the Record Date. In the event that FLFL has received notice from any PRIL Equity Shareholder/ PRIL DVR Shareholder that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her /its account with a Depository Participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of FLFL, then FLFL shall issue equity shares of FLFL, in accordance with the PRIL Share Entitlement Ratio, as the case may be, in physical form to such PRIL Equity Shareholder/ PRIL DVR Shareholder.

28.5 In case any PRIL Equity Shareholder/ PRIL DVR Shareholder has holding in PRIL, such that it becomes entitled to a fraction of an equity share of FLFL, FLFL 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 FLFL 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 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 PRIL and FLFL.

28.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of PRIL, the board of directors or any committee thereof of PRIL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in PRIL as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transfer of the share in PRIL and in relation to the shares issued by FLFL after the effectiveness of this Scheme. The board of directors of PRIL and FLFL shall be empowered to jointly remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in FLFL on account of difficulties faced in the transaction period.

28.7 The shares issued by FLFL in terms of Clause 28 of this Scheme and the shares held by shareholders of FLFL prior to such issuance will be listed and / or admitted to trading on the Stock Exchanges, where the shares of PRIL are listed and / or admitted to trading and all necessary applications will be made in this respect by FLFL.

28.8 Approval of this Scheme by the shareholders of FLFL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by FLFL to the shareholders of PRIL, as provided in this Scheme.

28.9 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

29. ACCOUNTING TREATMENT IN THE BOOKS OF FLFL

29.1 Upon the Scheme becoming effective and from the Appointed Date, FLFL shall record the assets and liabilities pertaining to the PRIL Demerged Undertaking at their respective book values.

29.2 The aggregate face value of shares issued by FLFL pursuant to this Part shall be recorded as Share Capital

29.3 The difference between the value of assets and liabilities arising pursuant to Clause 29.1, after adjustment pursuant to Clause 29.2, shall be credited to Capital Reserve.

30. ACCOUNTING TREATMENT IN THE BOOKS OF PRIL

30.1 Upon the Scheme becoming effective and from the Appointed Date, PRIL shall reduce from its books, the book value of assets and liabilities transferred as part of the PRIL Demerged Undertaking to FLFL, pursuant to the Scheme.

30.2 The difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be debited against the Capital Reserve.

31. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

31.1 PRIL in respect of the PRIL Demerged Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for FLFL. PRIL hereby undertakes to hold the said assets with utmost prudence until the Effective Date;

31.2 With effect from the Appointed Date, All the profits or income accruing or arising to PRIL in respect of the PRIL Demerged Undertaking or expenditure or losses arising to or incurred by PRIL in respect of the PRIL Demerged Undertaking, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of FLFL;

31.3 PRIL in respect of the PRIL Demerged Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of FLFL, alienate, charge, mortgage, encumber or otherwise deal with or dispose off the PRIL Demerged Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the PRIL Demerged Undertaking or a substantial expansion of PRIL Demerged Undertaking;

32. DECLARATION OF DIVIDEND

32.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent FLFL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.

32.2 PRIL shall not utilize the profits or income, if any, relating to the PRIL Demerged 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 FLFL.

33. LEGAL PROCEEDINGS

33.1 All legal proceedings of whatsoever nature by or against PRIL pending and/or arising before the Effective Date and relating to the PRIL Demerged 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 FLFL, 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 PRIL.

33.2 After the Effective Date, if any proceedings are taken against PRIL in respect of the matters referred to in the sub-clause 33.1 above, it shall defend the same at the cost of FLFL, and FLFL shall reimburse and indemnify PRIL against all liabilities and obligations incurred by PRIL in respect thereof.

33.3 FLFL undertakes to have all respective legal or other proceedings initiated by or against PRIL referred to in Clauses 33.1 or 33.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against FLFL as the case may be, to the exclusion of PRIL.

34. CONTRACTS, DEEDS, ETC.

34.1 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 PRIL Demerged Undertaking, shall continue in full force and effect against or in favour of FLFL and may be enforced effectively by or against FLFL as fully and effectually as if, instead of PRIL, FLFL had been a party thereto.

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

35. SAVING OF CONCLUDED TRANSACTIONS

35.1 The transfer of assets, properties and liabilities above and the continuance of proceedings by or against FLFL above shall not affect any transaction or proceedings already concluded in PRIL, in relation to the PRIL Demerged Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that FLFL accepts and adopts all acts, deeds and things done and executed by PRIL, in relation to the PRIL Demerged Undertaking in respect thereto as done and executed on their behalf.

36. STAFF, WORKMEN & EMPLOYEES

36.1 Upon the coming into effect of this Scheme, all employees of PRIL engaged in or in relation to the PRIL Demerged Undertaking and who are in such employment as on the Effective Date shall become the employees of FLFL from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by PRIL and without any interruption of or break in service as a result of the transfer of the PRIL Demerged Undertaking.

36.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by PRIL for the employees related to the PRIL Demerged Undertaking (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are referable to the employees related to the PRIL Demerged Undertaking being transferred to FLFL, in terms of the Scheme shall be transferred to FLFL and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of FLFL, either be continued as separate funds of FLFL for the benefit of the employees related to PRIL Demerged Undertaking or be transferred to and merged with other similar funds of FLFL. In the event that FLFL does not have its own funds in respect of any of the above, FLFL may, subject to necessary approvals and permissions, continue to contribute to relevant funds of PRIL, until such time that FLFL creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to PRIL Demerged Undertaking shall be transferred to the funds created by FLFL. Subject to the relevant law, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of PRIL and FLFL may decide to continue to make the said contributions to the Funds of PRIL. It is clarified that the services of the employees of the PRIL Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

36.3 Any question that may arise as to whether any employee belongs to or does not belong to the PRIL Demerged Undertaking shall be decided by the Board of Directors or Committee thereof of PRIL.

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

36.5 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 PRIL Stock Option Scheme to the employees of the Remaining Undertaking of PRIL 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 PRIL for reduction in the intrinsic value of PRIL pursuant to the demerger of PRIL Demerged Undertaking or suitable provision shall be made for issue of shares in FLFL as an when the options are exercised.

37. REMAINING BUSINESS OF PRIL

37.1 It is clarified that, the Remaining business of PRIL shall continue with PRIL as follows:

(a) The Remaining business of PRIL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by PRIL.

(b) All legal and other proceedings by or against PRIL under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining business of PRIL (including those relating to any property, right, power, liability, obligation or duty, of PRIL in respect of the Remaining business of PRIL) shall be continued and enforced by or against PRIL.

37.2 With effect from the Appointed Date and including the Effective Date –

(a) PRIL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining business of PRIL for and on its own behalf;

(b) all profit accruing to PRIL thereon or losses arising or incurred by it relating to the Remaining business of PRIL shall, for all purposes, be treated as the profit, or losses, as the case may be, of PRIL.

38. TAX CREDITS

38.1 FLFL will be the successors of PRIL vis-à-vis the PRIL Demerged Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-à-vis the PRIL Demerged Undertaking and the obligations if any for payment of the tax on any assets forming part of PRIL Demerged Undertaking or their erection and / or installation, etc. shall be deemed to have been availed by FLFL or as the case may be deemed to be the obligations of FLFL. Consequently, and as the Scheme does not contemplate removal of any asset by FLFL from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by PRIL.

38.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by PRIL relating to the PRIL Demerged Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of FLFL.

38.3 PRIL and FLFL are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, excise and service tax credits, set off, etc., on the basis of the

accounts of the PRIL Demerged Undertaking of PRIL as vested with FLFL upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

PART E – DEMERGER OF THE FVIL DEMERGED UNDERTAKING OF FVIL

39. TRANSFER AND VESTING OF FVIL DEMERGED UNDERTAKING OF FVIL

After the transfer and vesting of the ILCL Demerged Undertaking and merger of LEE with FVIL and the transfer and vesting of the PRIL Demerged Undertaking into FLFL, with effect from the Appointed Date and upon the coming into effect of the Scheme, the FVIL Demerged Undertaking of FVIL shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and vested in or deemed to be transferred to and vested in FLFL, as a going concern and in the following manner:

39.1 With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the FVIL Demerged Undertaking, shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in FLFL so as to vest in FLFL all rights, title and interest pertaining to the FVIL Demerged Undertaking.

(i) All the movable assets pertaining to the FVIL Demerged Undertaking, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to FLFL to the end and intent that the property therein passes to FLFL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of FVIL and FLFL;

(ii) In respect of other assets pertaining to FVIL Demerged Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, FVIL shall, on being so requested by FLFL, issue notices in such form as FLFL may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, FLFL as the person entitled thereto, to the end and intent that the right of FVIL to receive, recover or realize the same, stands transferred to FLFL and that appropriate entries should be passed in their respective books to record the aforesaid changes;

(iii) any and all immovable properties (including land together with the buildings and structures standing thereon) of FVIL relating to the FVIL Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in FLFL, without any act or deed done by FVIL or FLFL. With effect from the Appointed Date, FLFL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of FLFL shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on part of FLFL

(iv) In respect of such of the assets belonging to the FVIL Demerged Undertaking other than those referred to in clause (i) to (iii), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in FLFL on the Appointed Date pursuant to the provisions of Section 394 of the Act.

39.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of FVIL pertaining to FVIL Demerged Undertaking under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to FLFL, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of FLFL and 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 including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

39.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by FVIL required to carry on operations of FVIL Demerged Undertaking shall stand vested in or transferred to FLFL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of FLFL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to FLFL as if they were originally obtained by FLFL. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by FVIL relating to the FVIL Demerged Undertaking, are concerned, the same shall vest with and be available to FLFL on the same terms and conditions as applicable to FVIL, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to FLFL.

39.4 The transfer and vesting of the FVIL Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part

thereof relatable to the FVIL Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the FVIL Demerged Undertaking.

In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the FVIL Demerged Undertaking are securities for liabilities of the FVIL Remaining Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets retained by FVIL and shall cease to operate against any of the assets transferred to FLFL in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the FVIL Remaining Undertaking are securities for liabilities of the FVIL Demerged Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets transferred to FLFL and shall cease to operate against any of the assets retained in FVIL in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of FLFL shall continue with respect to such assets or any part thereof of FLFL and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the FVIL Demerged Undertaking vested in FLFL, provided always that this Scheme shall not operate to enlarge the security of any loan, deposit or facility created by FVIL in relation to the FVIL Demerged Undertaking which shall vest in FLFL by virtue of the vesting of the FVIL Demerged Undertaking with FLFL and FLFL shall not be obliged to create any further or additional security therefore after the Scheme has become effective.

Provided further that all the loans, advances and other facilities sanctioned to FVIL in relation to the FVIL Demerged Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized may be deemed to be the loans and advances sanctioned to FLFL and the said loans and advances shall be drawn and utilized either partly or fully by FVIL from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by FVIL in relation to the FVIL Demerged Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to FLFL and all the obligations of FVIL in relation to the FVIL Demerged Undertaking under any loan agreement shall be construed and shall become the obligation of FLFL without any further act or deed on the part of FLFL.

39.5 It is clarified that if any assets, (estate, claims, rights, title, interest in, or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to any of the FVIL Demerged Undertaking which FVIL owns or to which FVIL is a party and which cannot be transferred to FLFL for any reason whatsoever, FVIL shall hold such assets or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of FLFL to which the FVIL Demerged Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is effected.

40. CONSIDERATION

40.1 Upon this Scheme coming into effect, in consideration of the transfer of the FVIL Demerged Undertaking by FVIL to FLFL in terms of this Scheme, FLFL shall, without any further act or deed, issue and allot to each equity Shareholders whose name appears in the records of FVIL or as beneficiary in the records of the depositories of FVIL in respect of the shares of FVIL on the Record Date, 1 (One) equity share of Rs. 2/- each, credited as fully paid in the capital of FLFL, for every 31 (Thirty One) fully paid up equity shares held by them in FVIL (the "FVIL Share Entitlement Ratio").

40.2 The equity shares to be issued and allotted by FLFL as per Clause 40 hereof shall be at par, credited as fully paid up and shall have rights attached thereto as under:

(a) they shall in all respects, rank *pari passu* with the existing equity shares of FLFL; and

(b) they will be subject to the applicable provisions of the Charter Documents of FLFL.

40.3 Shares to be issued by FLFL pursuant to Clause 40 in respect of any equity shares of FVIL which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by FLFL.

40.4 In so far as the issue of shares pursuant to Clause 40 is concerned, the same shall be issued and allotted in dematerialized form to those equity shareholders who hold equity Shares in FVIL in dematerialized form, in to the account with the Depository Participant in which the equity shares of FVIL are held or such other account with the Depository Participant as is intimated by the equity shareholders to FLFL before the Record Date. All those equity shareholders of FVIL who hold equity Shares of FVIL in physical form shall also have the option to receive the shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to FLFL

before the Record Date. In the event that FLFL has received notice from any equity shareholder of FVIL that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her /its account with a Depository Participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of FLFL, then FLFL shall issue equity shares of FLFL, in accordance with the FVIL Share Entitlement Ratio, as the case may be, in physical form to such equity Shareholder.

40.5 In case any equity shareholder of FVIL has holding in FVIL, such that it becomes entitled to a fraction of an equity share of FLFL, FLFL 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 FLFL 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 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 FVIL and FLFL.

40.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of FVIL, the board of directors or any committee thereof of FVIL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in FVIL as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transfer of the share in FVIL and in relation to the shares issued by FLFL after the effectiveness of this Scheme. The board of directors of FVIL and FLFL shall be empowered to jointly remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in FLFL on account of difficulties faced in the transaction period.

40.7 The shares issued by FLFL in terms of Clause 40 of this Scheme and the shares held by shareholders of FLFL prior to such issuance will be listed and / or admitted to trading on the Stock Exchanges, where the shares of FVIL are listed and / or admitted to trading and all necessary applications will be made in this respect by FLFL.

40.8 Approval of this Scheme by the shareholders of FLFL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by FLFL to the equity shareholders of FVIL, as provided in this Scheme.

40.9 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

41. ACCOUNTING TREATMENT IN THE BOOKS OF FLFL

41.1 Upon the Scheme becoming effective and from the Appointed Date, FLFL shall record the assets and liabilities pertaining to the FVIL Demerged Undertaking at their respective book values.

41.2 The aggregate face value of shares issued by FLFL pursuant to this Part shall be recorded as Share Capital

41.3 The difference between the value of assets and liabilities arising pursuant to Clause 41.1, after adjustment pursuant to Clause 41.2, shall be credited to Capital Reserve.

42. ACCOUNTING TREATMENT IN THE BOOKS OF FVIL

42.1 Upon the Scheme becoming effective and from the Appointed Date, FVIL shall reduce from its books, the book value of assets and liabilities transferred as part of the FVIL Demerged Undertaking to FLFL, pursuant to the Scheme.

42.2 The difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be debited to the Goodwill account of FVIL.

43. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

43.1 FVIL in respect of the FVIL Demerged Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for FLFL. FVIL hereby undertakes to hold the said assets with utmost prudence until the Effective Date;

43.2 With effect from the Appointed Date, All the profits or income accruing or arising to FVIL in respect of the FVIL Demerged Undertaking or expenditure or losses arising to or incurred by FVIL in respect of the FVIL Demerged Undertaking, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of FLFL;

43.3 FVIL in respect of the FVIL Demerged Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of FLFL, alienate, charge, mortgage, encumber or

otherwise deal with or dispose off the FVIL Demerged Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the FVIL Demerged Undertaking or a substantial expansion of the FVIL Demerged Undertaking;

44. DECLARATION OF DIVIDEND

44.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent FLFL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.

44.2 FVIL shall not utilize the profits or income, if any, relating to the FVIL Demerged 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 FLFL.

45. LEGAL PROCEEDINGS

45.1 All legal proceedings of whatsoever nature by or against FVIL pending and/or arising before the Effective Date and relating to the FVIL Demerged 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 FLFL, 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 FVIL.

45.2 After the Effective Date, if any proceedings are taken against FVIL in respect of the matters referred to in the sub-clause 45.1 above, it shall defend the same at the cost of FLFL, and FLFL shall reimburse and indemnify FVIL against all liabilities and obligations incurred by FVIL in respect thereof.

45.3 FLFL undertakes to have all respective legal or other proceedings initiated by or against FVIL referred to in Clauses 45.1 or 45.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against FLFL as the case may be, to the exclusion of FVIL.

46. CONTRACTS, DEEDS, ETC.

46.1 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 FVIL Demerged Undertaking, shall continue in full force and effect against or in favour of FLFL and may be enforced effectively by or against FLFL as fully and effectually as if, instead of FVIL, FLFL had been a party thereto.

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

47. SAVING OF CONCLUDED TRANSACTIONS

47.1 The transfer of assets, properties and liabilities above and the continuance of proceedings by or against FLFL above shall not affect any transaction or proceedings already concluded in FVIL, in relation to the FVIL Demerged Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that FLFL accepts and adopts all acts, deeds and things done and executed by FVIL, in relation to the FVIL Demerged Undertaking in respect thereto as done and executed on their behalf.

48. STAFF, WORKMEN & EMPLOYEES

48.1 Upon the coming into effect of this Scheme, all employees of FVIL engaged in or in relation to the FVIL Demerged Undertaking and who are in such employment as on the Effective Date shall become the employees of FLFL from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by FVIL and without any interruption of or break in service as a result of the transfer of the FVIL Demerged Undertaking.

48.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by FVIL for the employees related to the FVIL Demerged Undertaking (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are referable to the employees related to the FVIL Demerged Undertaking being transferred to FLFL, in terms of the Scheme shall be transferred to FLFL and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of FLFL, either be continued as separate funds of FLFL for the benefit of the employees related to FVIL Demerged Undertaking or be transferred to and merged with other similar funds of FLFL. In the event that FLFL does not have its own funds in respect of any of the above, FLFL may, subject to necessary approvals and permissions, continue to contribute to relevant funds of FVIL, until such time that FLFL creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to FVIL Demerged Undertaking shall be transferred to the funds created by FLFL. Subject to the relevant law, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of FVIL and FLFL may decide to

continue to make the said contributions to the Funds of FVIL. It is clarified that the services of the employees of the FVIL Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

48.3 Any question that may arise as to whether any employee belongs to or does not belong to FVIL Demerged Undertaking shall be decided by the Board of Directors or Committee thereof of FVIL.

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

48.5 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 FVIL Stock Option Scheme to the employees of the Remaining Undertaking of FVIL 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 FVIL for reduction in the intrinsic value of FVIL pursuant to the demerger of FVIL Demerged Undertaking or suitable provision shall be made for issue of shares in FLFL as an when the options are exercised.

49. REMAINING BUSINESS OF FVIL

49.1 It is clarified that, the Remaining business of FVIL shall continue with FVIL as follows:

(a) The Remaining business of FVIL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by FVIL.

(b) All legal and other proceedings by or against FVIL under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining business of FVIL (including those relating to any property, right, power, liability, obligation or duty, of FVIL in respect of the Remaining business of FVIL) shall be continued and enforced by or against FVIL.

49.2 With effect from the Appointed Date and including the Effective Date –

(a) FVIL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining business of FVIL for and on its own behalf;

(b) all profit accruing to FVIL thereon or losses arising or incurred by it relating to the Remaining business of FVIL shall, for all purposes, be treated as the profit, or losses, as the case may be, of FVIL.

50. TAX CREDITS

50.1 FLFL will be the successors of FVIL vis-à-vis the FVIL Demerged Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-à-vis the FVIL Demerged Undertaking and the obligations if any for payment of the tax on any assets forming part of the FVIL Demerged Undertaking or their erection and / or installation, etc. shall be deemed to have been availed by FLFL or as the case may be deemed to be the obligations of FLFL. Consequently, and as the Scheme does not contemplate removal of any asset by FLFL from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by FVIL.

50.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by FVIL relating to the FVIL Demerged Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of FLFL.

50.3 FVIL and FLFL are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, excise and service tax credits, set off, etc., on the basis of the accounts of the FVIL Demerged Undertaking of FVIL as vested with FLFL upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

PART F – REDUCTION OF SHARE CAPITAL OF FVIL

51. REDUCTION

51.1 The face value of shares held by shareholders of FVIL, as on the Record Date shall be reduced from Rs. 10 each to Rs. 6 each.

51.2 The credit arising pursuant to the above reduction shall be credited to Business Restructuring Reserve

51.3 The reduction of capital of the Company pursuant to the Scheme shall be given effect as an integral part of the Scheme without having to follow the process under Section 100 to 103 of the Act separately 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 unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable.

51.4 Notwithstanding the reduction of subscribed and paid up equity share capital of FVIL, FVIL shall not be required to add "And Reduced" as suffix to its name.

51.5 The Business Restructuring Reserve arising pursuant to this Part shall be available for set off of Goodwill, if any arising in the books of FVIL pursuant to this Scheme or otherwise. The balance, if any, left in the Business Restructuring Reserve, after the aforesaid adjustment, shall be transferred to Capital Reserve. The balance Goodwill, if any, shall be amortised as per the accounting standards or generally accepted accounting principles.

PART G – GENERAL TERMS & CONDITIONS

52. CONDITIONALITY OF THE SCHEME

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

(a) The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of ILCL, LEE, FLFL, PRIL and FVIL as may be directed by the High Court.

(b) The sanction of the High Court under Sections 391 to 394 of the said Act read with Section 78 and Sections 100 to 103 of the Companies Act, 1956 in favour ILCL, LEE, FLFL, PRIL and FVIL under the said provisions and to the necessary Order under Section 394 of the said Act being obtained;

(c) Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai by ILCL, LEE, FLFL, PRIL and FVIL as may be applicable.

52.2 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 Section is independent of the other Section of the Scheme and is severable. The Scheme shall be effective upon sanction of the High Court. 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 concerned Board of Directors to consent to sever such part(s) of the Scheme and implement the rest of the Scheme with such modification.

52.3 Subject to provisions of the Scheme and save as provided in the Scheme, there shall be no change in the shareholding pattern or control in FLFL between the Record Date and the listing which may affect the status of approval of Stock Exchanges.

53. MODIFICATION OR AMENDMENTS TO THE SCHEME

53.1 ILCL, LEE, FLFL, PRIL and FVIL by their respective Board of Directors or any duly authorised committee may make or consent to any modifications or amendments to the Scheme or to any conditions or limitations that the Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them 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.

53.2 ILCL, LEE, FLFL, PRIL and FVIL shall be at liberty to withdraw from this Scheme, in case of any condition or alteration imposed by the Honourable High Court or any other authority or any bank or financial institution is unacceptable to them or otherwise if so mutually agreed.

54. EFFECT OF NON-RECEIPT OF APPROVALS

54.1 In the event of any of the approvals or conditions enumerated in the Scheme not being obtained or complied, or for any other reason, this Scheme cannot be implemented, then the Board of Directors of ILCL, LEE, FLFL, PRIL and FVIL shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with this Scheme.

55. RESOLUTIONS

55.1 Approval to the Scheme by shareholders of FLFL shall be deemed to be approval under Section 372A and all other applicable provisions of the Act for the holding of investments vested pursuant to the Scheme, by FLFL

56. COSTS, CHARGES AND EXPENSES

56.1 FVIL shall bear and pay all costs, charges, expenses, taxes including duties, levies in connection with Part B, Part C and Part E of the Scheme.

56.2 PRIL shall bear and pay all costs, charges, expenses, taxes including duties, levies in connection with Part D of the Scheme.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO 108 OF 2013

In the matter of the Companies Act, 1956 (1 of 1956);
AND
In the matter of Sections 391 to 394 and Section 78 and Sections 100 to 103 of the Companies Act, 1956;
AND
In the matter of Composite Scheme of Arrangement and Amalgamation
Between
Indus-League Clothing Limited ("ILCL" or "the Demerged Company No. 1")
and
Lee Cooper (India) Limited ("Lee" or "the Transferor Company No. 1")
and
Future Ventures India Limited ("FVIL" or "the Resulting Company 1/ Transferee Company/ Demerged Company 3")
and
Pantaloon Retail (India) Limited ("PRIL" or "the Demerged Company 2")
and
Future Lifestyle Fashions Limited ("FLFL" or "the Resulting Company 2")
and
their respective shareholders and creditors.

PANTALOON RETAIL (INDIA) LIMITED, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at "Knowledge House", Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060.)))) ……..Applicant Company

FORM OF PROXY

I/ We ……, the undersigned, being the member of Pantaloon Retail (India) Limited, the Demerged Company do hereby appoint Mr./ Ms. _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of Members to be held at Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021 on Monday, 4th day of March, 2013 at 10.00 a.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed arrangement embodied in the Composite Scheme of Arrangement and Amalgamation between Indus-League Clothing Limited and Lee Cooper (India) Limited and Future Ventures India Limited and Pantaloon Retail (India) Limited and Future Lifestyle Fashions Limited and their respective shareholders and creditors and at such meeting, and any adjournment / adjournments thereof, to vote, for me/us and in my/ our name(s) _____ (herein, if 'for' insert **'FOR'**, if 'against' insert **'AGAINST'** and in the later case strike out the words "either with or without modifications" after the word "Arrangement") the said arrangement embodied in the Composite Scheme of Arrangement and Amalgamation either with or without modifications as my/our proxy may approve.

*Strike out what is not necessary

Affix Re.1 Revenue Stamp

Dated this ____ day of _____, 2013

Name _____
Address _____
_____
_____

Reg. Folio No. _____
Client ID No. _____
DP ID No. _____
No. of equity shares: _____
No. of DVR shares: _____

Signature across the Revenue Stamp

Signatures of
Shareholder(s)

Sole / First Holder: _____
Second Holder: _____
Third Holder: _____

Signature of Proxy

Proxy: _____

Notes:

(1) Please affix Revenue Stamp before putting Signature.
(2) All alterations made in the Form of proxy should be initialed.
(3) The Proxy must be deposited at the Registered Office of the Company at **Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060** at least 48 hours before the time for holding the Court Convening meeting.
(4) In case of multiple proxies, the proxy later in time shall be accepted.
(5) Proxy need not be a member.

Pantaloon
Retail (India) Limited
a future group venture

Regd. Office : Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060
Tel:-91-22-61190000 Fax: 91-22-61995019 Website: www.pantaloonretail.in

ATTENDANCE SLIP

COURT CONVENED MEETING OF MEMBERS ON MONDAY, 4TH DAY OF MARCH, 2013

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I/We hereby record my/our presence at the Meeting of the Member of the Company, convened pursuant to the Order dated 1st day of February, 2013 of the Hon'ble High Court of Judicature at Bombay at Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021 on Monday, 4th day of March, 2013 at 10.00 a.m.

Name & Address of Member (IN BLOCK LETTERS):

_____

_____

_____

_____

Signature : _____

Class of the Shares held*: Equity Shares / Class B (Series 1) Shares

(*Please select (✓) the appropriate class)

Reg. Folio No. : _____

Client ID : _____

D.P. I.D. : _____

No. of Equity Shares : _____

No. of DVR Shares : _____

Name of the Proxy holders* **(IN BLOCK LETTERS)** : _____

Signature : _____

* (To be filled in by the Proxy in case he/she attends instead of the shareholder)

NOTE:

Members attending the Meeting in person or by Proxy or through authorized representative are requested to complete and bring the Attendance Slip and hand it over at the entrance of the meeting hall.

REGISTERED PARCEL POST

If undelivered please return to:
Future Retail Home Office
Pantaloon Retail (India) Limited
Secretarial Department
247 Park, Tower ‘C’, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083.