Ref: SECT: STOC: 10 – 17

17th February, 2017

To
The Secretary,
The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

To
The Manager,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, C-1,
G Block, Bandra - Kurla Complex,
Bandra (East), Mumbai – 400 051

Dear Sir / Madam,

Sub: Submission of Notice of the Tribunal Convened Meeting of the Equity Shareholders of Heritage Foods Limited pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Stock Code: 519552 / HERITGFOOD

We wish to inform you that by an Order made on 10th February, 2017 in the Company Application No. CA (CAA) NO.6/230/HDB/2017, the National Company Law of Tribunal, Hyderabad Bench at Hyderabad has directed that a meeting of the Equity Shareholders of the Company be convened and held on Monday, 20th March, 2017 at 11:00 AM at Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad – 500045 to consider and approve the Composite Scheme of Arrangement amongst Heritage Foods Limited ("Transferor Company") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company") and Future Retail Limited ("Resulting Company") and their respective Shareholders

Accordingly a Tribunal Convened Meeting of the Equity Shareholders of Heritage Foods Limited is scheduled to be held on Monday, 20th March, 2017 at 11:00 AM at Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad – 500045 and the Notice of Tribunal Convened Meeting along with Explanatory Statement in this regard has been dispatched to all Equity shareholders of the Company. We enclosed herewith a copy of the said Notice along with the Explanatory Statement, Attendance Slip, Proxy Form, Route Map, and Postal Ballot Form. The said Notice is also place on the website of our Company at www.heritagefoods.in.

The National Company Law of Tribunal, Hyderabad Bench at Hyderabad vide their order dated 10th February, 2017, dispensed with the requirement of convening the meetings of the secured and unsecured creditors of the Company.

Kindly take the above information on record and acknowledge receipt.

Thanking you,

Yours Faithfully,

For HERITAGE FOODS LIMITED

UMAKANTA BARIK
Company Secretary
M. No: FCS-6317

Encl: a/a

HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332

Regd. Office: # 6-3-541/C, Punjagutta, Hyderabad-500082, Telangana, India

Tel:+91-40-23391221/2, Fax:+91-40-30685458

e-mail: hfl@heritagefoods.in Website: www.heritagefoods.in

TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF HERITAGE FOODS LIMITED

TRIBUNAL CONVENED MEETING		
Day	:	**Monday**
Date	:	**20th March, 2017**
Time	:	**11:00 am**
Venue	:	**Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-500 045, Telangana, India**

REMOTE E-VOTING		
Start Date	:	**9:00 am on 17th March, 2017**
Last Date	:	**5:00 pm on 19th March, 2017**

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IN THE NATIONAL COMPANY LAW TRIBUNAL HYDERABAD BENCH AT HYDERABAD FOR THE STATE OF TELANGANA AND ANDHRA PRADESH COMPANY APPLICATION NO. CA(CAA) NO.6/230/HDB OF 2017

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

And

In the matter of Sections 391 to 394 read with Section 100 to 104 of the Companies Act, 1956 and Section 52 and / or Sections 230 to 232 and Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and/or Companies Act, 2013, as may be applicable;

And

In the matter of the Composite Scheme of Arrangement under Sections 391 to 394 read with Sections 100-104 of the Companies Act, 1956 and Section 52 and / or Sections 230 to 232 and Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and /or Companies Act, 2013, as may be applicable amongst Heritage Foods Limited ("Transferor Company" or "HFL") CIN:L15209TG1992PLC014332 and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") CIN:U15400TG2008PLC062054 and Future Retail Limited ("Resulting Company" or "FRL") CIN: L51909MH2007PLC268269 and their respective shareholders and creditors.

Heritage Foods Limited)
CIN No: L15209TG1992PLC014332)
a company Incorporated under the)
Companies Act, 1956 and having its)
registered office at #6-3-541/C)
Panjagutta, Hyderabad-500082, Telangana, India) **……Applicant/Transferor Company**

NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY

To,

The Equity Shareholders of **Heritage Foods Limited ("Applicant Company"):**

Notice is hereby given that by an order dated 10th February, 2017 the National Company Law Tribunal at Hyderabad has directed a meeting to be held of equity shareholders of the Heritage Foods Limited - the Applicant Company for the purpose of considering, and if thought fit, approving with or without modification(s), the Composite Scheme of Arrangement proposed to be made among Heritage Foods Limited ("Transferor Company") and Heritage Foods

Retail Limited ("Transferee Company" or "Demerged Company") and Future Retail Limited ("Resulting Company") and their respective Shareholders.

In pursuance of the said order and as directed therein further notice is hereby given that a meeting of Equity Shareholders of Heritage Foods Limited - the Applicant Company shall be convened and held at Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad – 500045 on Monday, 20th March, 2017 at 11:00 AM, the equity shareholders are requested to attend. Notice of the said meeting has been posted to the Shareholders on 17th February, 2017 and also posted at the website of the Applicant Company (www.heritagefoods.in), website of Karvy, (https://evoting.karvy.com) and website of the Stock Exchanges i.e. BSE & NSE www.bseindia.com & www.nseindia.com respectively.

To consider and, if thought fit, to approve with or without modification(s), the following resolution under Sections 391 to 394 of the Companies Act, 1956 and / or Sections 230 to 232 and Section 66 of the Companies Act, 2013, any other provisions of Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) as may be applicable, for approval of the Composite Scheme of Arrangement ("the Scheme") among Heritage Foods Limited ("Transferor Company" or "HFL") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") and Future Retail Limited ("Resulting Company" or "FRL") and their respective Shareholders.

"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 and / or Sections 230 to 232 and Section 66 of the Companies Act, 2013 provisions of Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) as may be applicable, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 read with, the observation letters issued by each of the BSE Limited and the National Stock Exchange of India Limited, dated January 18, 2017 and January 18, 2017 respectively, relevant provisions of other applicable laws, the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the National Company Law Tribunal at Hyderabad, bench and National Company Law Tribunal of Bombay, the Competition Commission of India, and such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to mean and include the committee constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the proposed arrangement embodied in the Scheme placed before this meeting and initialed by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."

Members 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 authorized representative, is deposited at the Registered Office of the Applicant Company at #6-3-541/C, Punjagutta, Hyderabad-500082, Telangana, India not later than 48 hours before the scheduled time of commencement of the aforesaid meeting.

Members may note that the Applicant Company has provided the facility of remote e-voting. Accordingly, you may also cast your vote electronically, i.e. through remote e-voting.

The members can opt for only one mode of voting i.e. either at the venue of the meeting of the equity shareholders of the Applicant Company or by remote e-voting, as mentioned above. If you opt for remote e-voting, then do not vote at the venue of the meeting and vice-versa. In case of shareholders exercising their right to vote via both modes, i.e. at the venue of the meeting of the equity shareholders of the Applicant Company as well as remote e-voting, then remote e-voting shall prevail over voting by the said shareholder at the venue of the meeting of the equity shareholders and the vote cast at the venue of the meeting by that shareholder shall be treated as invalid.

The National Company Law Tribunal at Hyderabad, vide the Order dated 10th February, 2017 has appointed Mr. K Ram Murthy, as the Chairman of the said meeting or for any adjournment(s) thereof.

A copy of the Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956 and Section 102 of the Companies Act, 2013, observation letter issued by BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"), Fairness Opinion, Complaints Report, Pre-scheme shareholding pattern of the Applicant Company, Pre-scheme and Post-scheme shareholding pattern of the Transferee Company and Pre-scheme and Post-scheme shareholding pattern of the Resulting Company, Form of Proxy and Attendance Slip etc., are enclosed and can be obtained free of charge form the registered office of the Applicant Company.

Dated : 14th February, 2017
Place : Hyderabad

Sd/-
K Ram Murthy
Chairman appointed for the meeting

Notes:

1. **A REGISTERED EQUITY SHAREHOLDER OF THE APPLICANT COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE APPLICANT COMPANY. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED, NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING OF THE EQUITY SHAREHOLDERS.**
2. As per Section 105 of the Companies Act, 2013 and rules made there under, a person can act as Proxy on behalf of not more than 50 (fifty) members holding in aggregate, not more than 10% (ten percent) of the total share capital of the Applicant Company carrying voting rights. Further, a member holding more than 10% of the total share capital of the Applicant Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other person or shareholder.
3. The equity shareholders of the Applicant Company whose names appearing in the records of the Company as on 13th March, 2017 shall be eligible to attend and vote at the meeting of the equity shareholders of the Applicant Company or cast their votes using remote e-voting facility. Members attending the meeting are requested to bring duly filled attendance slips.
4. Any alterations made in the Form of Proxy should be initialled.
5. Only registered equity shareholders of the Applicant Company may attend and vote (either in person or by Proxy or by Authorised Representative under Sections 112 and 113 and other applicable provisions of the Companies Act, 2013) at the Tribunal convened equity shareholders meeting. The Authorised Representative of a Body Corporate which is a registered equity shareholder of the Applicant Company may attend and vote at the equity shareholders meeting provided a certified true copy of the resolution of the Board of Directors or

other governing body of the Body Corporate under Section 113 of the Companies Act, 2013 authorizing such representative to attend and vote at the equity shareholders' meeting is deposited at the Registered Office of the Applicant Company not later than 48 (forty eight) hours before the commencement of the meeting.

6. Companies or Body Corporate or Foreign Portfolio Investors (FPIs)/ Foreign Institutional Investors (FIIs) who are registered equity shareholder(s) of the Applicant Company would be required to deposit certified copies of Resolution/Power of Attorney, as the case may be, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of the Applicant Company not later than 48 (forty eight) hours before the commencement of the meeting. Registered equity shareholders who hold shares in dematerialised form are requested to bring their Client ID and DP ID details for easy identification of the attendance at the meeting.

7. The quorum of the meeting of the Equity Shareholders of the Applicant Company shall be 30 (thirty) Equity Shareholders of the Applicant Company, present in person in terms of the order passed by the National Company Law Tribunal at Hyderabad, bench.

8. Members are informed that in case of joint holders attending the meeting, only such joint holder whose name stands first in the Register of Members of the Applicant Company in respect of such joint holding will be entitled to vote.

9. The Notice is being sent to all the equity shareholders, whose names appeared in the records of the Company as on 11th February, 2017. This notice of the Tribunal Convened Meeting of the Members of the Applicant Company is also display/posted on the website of the Company (www.heritagefoods.in) and also on the website of Karvy Computershare Private Limited ("**Karvy**") at (https://evoting.karvy.com).

10. The notice convening the aforesaid meeting will be published in the English and Regional Language Newspapers.

11. The Applicant Company has engaged Karvy to provide remote e-voting facilities to the Shareholders of the Applicant Company to exercise votes on the business given in Notice, through electronic voting system to those shareholders holding shares as on 13th March, 2017 being the cut-off date fixed for determining voting rights of shareholders entitled to participate in the remote e-voting process. The remote e-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on 13th March, 2017.

12. The Chairman appointed for the meeting may appoint the Scrutinizer to conduct the remote e-voting process in a fair and transparent manner.

13. The material documents referred to in the accompanying Explanatory Statement shall be open for inspection by the equity shareholders at the Registered Office of the Applicant Company on all working days between 11:00 a.m. to 1:00 p.m upto 19th March, 2017.

14. Any person who acquires shares of the Company and becomes member of the Applicant Company after the cutoff date i.e. 13th March, 2017 shall not be eligible to vote either electronically or at the Tribunal Convened Meeting. However, members who have acquired shares after the dispatch of the Notice of the Tribunal Convened Meeting and before the cutoff date may obtain the User ID and Password by sending a request at evoting@karvy.com

15. The queries, if any, related to the scheme of arrangement should be sent to the Applicant Company in the name of Company Secretary at its Registered Office or an email to umakanta@heritagefoods.in in such a way that the Applicant Company will receive the same at least 7 (seven) days before the meeting.

16. **VOTING THROUGH REMOTE E-VOTING**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Applicant Company is pleased

to offer remote e-voting facility as an alternate mode of voting, for its Equity Shareholders, to enable them to cast their votes electronically. For this purpose, necessary arrangements have been made with M/s. Karvy Computershare Private Limited (Karvy) to facilitate remote e-Voting. It may be noted that the facility for voting through ballot paper will also be made available at the meeting and the Equity Shareholders attending the meeting who have not already cast their before the meeting by way of remote e-Voting shall be able and entitled to exercise their right at the meeting through ballot paper. Members who have cast their votes by remote e-voting prior to the Meeting may attend the Tribunal Convened Meeting but shall not be entitled to cast their votes again.

The remote e-voting period begins at 9:00 am on 17th March, 2017 and ends at 5:00 pm on 19th March, 2017. During this period shareholders of the Applicant Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 13th March, 2017 may cast their vote electronically. The Remote E-Voting module shall be disabled by Karvy for voting thereafter.

The procedure and instructions for remote e-voting are as follows:

a) Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'.

b) Enter the login credentials (i.e., user-id & password) mentioned on the e-voting form. Your Folio/DP Client ID will be your User-ID.

1) **User – ID**

i. For Members holding shares in Demat Form:-

(a) For NSDL:- 8 Character DP ID followed by 8 Digits Client ID

(b) For CDSL:- 16 digits beneficiary ID

ii. For Members holding shares in Physical Form:-

Event no. followed by Folio Number registered with the Company

2) **Passwords/PIN:** Your Unique password is printed separately or sent via email and forwarded through the electronic notice

3) **Captcha:** Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

c) If you are already registered with Karvy for e-voting then you can use your existing user ID and password / PIN for casting your vote.

d) After entering these details appropriately, click on "LOGIN".

e) Members holding shares in dematarialised/physical form will now reach password change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the dematarialised shares' holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st (first) login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

f) You need to login again with the new credentials.

g) On successful login, system will prompt to select the E-Voting Event Number for Heritage Foods Limited.

h) If you are holding shares in dematarialised form and had logged on to https://evoting.karvy.com and casted your vote earlier for any company, then your existing login id and password are to be used.

i) On the voting page, you will see Resolution description and against the same, the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If you do not want to vote FOR/AGAINST a resolution you can select 'ABSTAIN'.

j) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", or to change your vote, click on "CANCEL" and accordingly modify your vote.

k) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

l) Corporate/Institutional Members (corporate/Fls/FPIs/Flls/Trust/Mutual Funds/Banks etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to hfl@heritagefoods.in. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_ Event no."

m) Once the vote on a resolution has been cast by a member, the member shall not be allowed to change it subsequently or cast the vote again. If a shareholder casts the vote using remote e-voting facility, he shall not be eligible to vote at the venue of the meeting of the equity shareholders of the Applicant Company and vice versa.

n) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the Downloads section of https://evoting.karvy.com.

IN THE NATIONAL COMPANY LAW TRIBUNAL HYDERABAD BENCH AT HYDERABAD FOR THE STATE OF TELANGANA AND ANDHRA PRADESH

COMPANY APPLICATION NO. CA (CAA) NO.6/230/HDB OF 2017

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

And

In the matter of Sections 391 to 394 read with Section 100 to 104 of the Companies Act, 1956 and Section 52 and / or Sections 230 to 232 and Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and/or Companies Act, 2013, as may be applicable;

And

In the matter of the Composite Scheme of Arrangement under Sections 391 to 394 read with Sections 100-104 of the Companies Act, 1956 and Section 52 and / or Sections 230 to 232 and Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and /or Companies Act, 2013, as may be applicable amongst Heritage Foods Limited ("Transferor Company" or "HFL") CIN:L15209TG1992PLC014332 and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") CIN:U15400TG2008PLC062054 and Future Retail Limited ("Resulting Company" or "FRL") CIN: L51909MH2007PLC268269 and their respective shareholders and creditors.

Heritage Foods Limited)
CIN No: L15209TG1992PLC014332,)
a company Incorporated under the)
Companies Act, 1956 and having its)
registered office at #6-3-541/C,)
Panjagutta, Hyderabad-500082, Telangana, India) ……Applicant/Transferor Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 AND SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF HERITAGE FOODS LIMITED

In this statement, Heritage Foods Limited is referred to as the "**Applicant Company**" or "**HFL**" or "**Transferor Company**", Heritage Foods Retail Limited is referred to as the "**Transferee Company**" or "**HFRL**" or "**Demerged Company**" and Future Retail Limited is referred to as the "**Resulting Company**" or "**FRL**". The other definitions contained in the enclosed Composite Scheme of Arrangement ("**Scheme**") will apply to this Explanatory Statement.

The following statement as required under Section 393 of the Companies Act, 1956 and Section 102 of the Companies Act, 2013, sets forth the details of the Scheme, its effects and any material interests of the directors and key managerial personnel in their capacity as members.

1. This is a statement accompanying the Notice convening the meeting of the Equity Shareholders of HFL, pursuant to an Order dated 10th February, 2017 passed by the National Company Law Tribunal at Hyderabad in the Company Application for Direction referred to hereinabove, to be held on Monday of 20th March, 2017 at 11:00 a.m. at Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad – 500 045, for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement under the Composite Scheme of Arrangement amongst HFL, HFRL and FRL and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013, as applicable. The Scheme, inter alia, provides that (a) the Retail, Bakery, Agri & Vetca verticals of the Applicant Company shall be transferred to the Transferee Company by way of slump sale; and (b) the Retail, Bakery & Agri verticals of the Transferee Company shall be transferred to the Resulting Company by way of a demerger. The Scheme also provides for various other matters consequential to or otherwise integrally connected with the above. A copy of the Scheme setting out in detail terms and conditions of the Scheme which has been approved by the Audit Committee and the Board of Directors at their respective meetings held on 7th November, 2016, is attached to this Explanatory Statement (annexed at **Annexure 1**).

2. Further, as required under paragraph 9(c) of Annexure I of the SEBI Circular bearing number CIR/CFD/CMD/16/2015 dated November 30, 2015, HFL has furnished an undertaking certified by the Statutory Auditor (M/s. Raju and Prasad Chartered Accountants, Hyderabad) and duly approved by the Board of Directors stating the non-applicability of paragraph 9(a) of the said circular to the proposed Scheme. The said undertaking is displayed on the website of HFL.

BACKGROUND OF THE COMPANIES

3. **HFL - Transferor Company – Applicant**

3.1. Heritage Foods Limited, CIN:L15209TG1992PLC014332, the Applicant Company was incorporated on June 5th, 1992 as a public limited company under the name "Heritage Foods (India) Limited" under the Companies Act, 1956 and the Registrar of Companies, Hyderabad issued a certificate of incorporation dated June 5th, 1992. The name was changed to "Heritage Foods Limited" and the Registrar of Companies; Hyderabad issued a fresh certificate of incorporation on August 16th, 2013. 3.1. Permanent Account Number of the Applicant Company is AAACH2778K. Email id for the Applicant Company is hfl@heritagefoods.in

3.2. HFL has its registered office situated at #6-3-541/C, Punjagutta, Hyderabad-500 082, in the State of Telangana, India.

3.3. The share capital of HFL as on 30th September, 2016 is as under:

Particulars	Rupees
Authorized Capital	
4,80,00,000 equity shares of Rs. 10 each	**48,00,00,000**
20,00,000 preference shares of INR 10 each	**2,00,00,000**
Total	**50,00,00,000**
Issued, Subscribed and fully Paid-up Share Capital	
2,31,99,000 equity shares of INR 10 each	**23,19,90,000**
Total	**23,19,90,000**

3.4. The equity shares of HFL are listed on BSE Limited and the National Stock Exchange of India Limited ("**Stock Exchanges**").

3.5. The main objects of Applicant or Transferor Company or HFL along with serial numbers as stated in its Memorandum of Association, are set out as under::

III. (A) 1. To manufacture, process, prepare, preserve, refine, bottle, buy, sell and deal whether as wholesaler or retailers or as exporters or importers or as Principals or agents or

as keepers or dealers in all kinds of milk products, including Cheese, Butter, Ghee, Ice creams, Baby foods, Instant foods and any by-products or co-products thereof and to carry on the business and setting up of Dairy Farms, Milk Processing Plants, Food Processing Plants, Cold Storage Plants, Research laboratories, Packing units, Bottling Plants and to manufacture and deal in all kinds and varieties of foods for human or animal consumption.

III. (A) 2. To carry on the business of Manufacturers, Millers, Grinders, Rollers, Processors, Tankers, Packers and Preserves, and dealers of all foods from agriculture products, Dairy products, Horticulture and Poultry products, Fruits, Vegetables, Flowers, Meats, Processed meat scanned and tinned and processed foods, fast foods, processed fish and sea foods, frozen foods, Protential foods, health and instant foods of all kinds, including baby and dietic foods, cereals, beverages, restoratives and aerated mineral waters and food stuffs and consumable provisions and to extract by-products, derivatives food preparations of every kind and description.

There is no change in the object clause of the company during the last five years.

4. **HFRL - Transferee or Demerged Company**

4.1. Heritage Foods Retail Limited, CIN: U15400TG2008PLC062054, an unlisted public limited company, was incorporated on December 1st, 2008 in the name 'Heritage Foods Retail Limited.' under the provisions of the Companies Act, 1956 and the Registrar of Companies, Hyderabad issued a certificate of incorporation dated December 1st, 2008 and a certificate of commencement of business on December 1st, 2008. HFRL is the wholly owned subsidiary of HFL. Permanent Account Number of the HFRL is AACCH1365A. Email id for the Applicant Company is hfl@heritagefoods.in

4.2. HFRL has its registered office situated at #6-3-541/C, Punjagutta, Hyderabad-500082, in the State of Telangana, India

4.3. The share capital of HFRL as on 30th September, 2016 is as under:

Particulars	Rupees
Authorised Capital	
1,50,00,000 equity shares of INR 10 each	**15,00,00,000**
Total	**15,00,00,000**
Issued, Subscribed and fully Paid-up Share Capital	
1,65,600 equity shares of INR 10 each	**16,56,000**
Total	**16.56,000**

The entire paid up share capital of HFRL is held by HFL and its nominees.

4.4. The equity shares of HFRL are not listed on Stock Exchanges.

4.5. The main objects of Transferee or Demerged Company or HFRL along with serial numbers as stated in its Memorandum of Association, are set out as under::

III. (A) 1. To carry on business as merchants, traders, commission agents, buying and selling agents, brokers, importers, buyers, sellers, exporters, dealers and to import, export, buy, sell, barter, exchange, or otherwise trade and deal in goods, produce, articles and merchandise of any kind whatsoever in India or any where in the world as allowed under Trade Laws.

III. (A) 2. To carry on business of manufacturing, producing, processing, treating, making, taking on hire or otherwise acquiring, blending, formulating, packaging, finishing, distributing, selling, marketing, whole selling, retailing, importing, exporting, buying,

fabricating, assembling, servicing, repairing, maintaining of all types/grades, kinds, sizes and descriptions of agri-products

III. (A) 3. To carry on the business of merchants and importers, commission and other agents, exporters, wholesale and retail dealers in manufactured goods, products, agri produce, materials and other articles and goods manufactured, fabricated or readymade mixed.

There is no change in the object clause of the company during the last five years.

5. **FRL - Resulting Company**

5.1. Future Retail Limited was incorporated on February 7, 2007 under the name and style of Bharti Retail Private Limited at NCT of Delhi under the provision of the Companies Act, 1956. Further, the name of the Company was changed to Bharti Retail Limited vide the necessary resolution dated April 24, 2009 and a fresh certificate of incorporation was obtained on May 21, 2009. Further, name was changed to its present name viz, Future Retail Limited vide special resolution dated November 18, 2015 and fresh certificate of incorporation pursuant to change of name dated May 25, 2016 was obtained from the Registrar of Companies, Maharashtra at Mumbai. Permanent Account Number of the FRL is AADCB1093N. Email id for the Applicant Company is investorrelation@futureretail.in

5.2. W.e.f. 2nd May, 2016 FRL has its registered office situated at Knowledge House, Shyam Nagar, Off. Jogeshwari- Vikhroli Link Road, Jogeshwari (E), Mumbai – 400060 in the State of Maharashtra. During the last five years the Company has changed the Registered Office as follows:

Sr. No.	Date of resolution	Address of the registered office prior to the change	Address of the registered office after the change
1.	May 4, 2015	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj Phase II, New Delhi – 110070, Delhi, India	6th & 7th Floor, Interface Building No. 7, Link Road, Malad (West), Mumbai – 400064, Maharashtra, India
2.	May 2, 2016	6th & 7th Floor, Interface Building No. 7, Link Road, Malad (West), Mumbai-400064, Maharashtra, India	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai-400 060

5.3. The share capital of FRL as on September 30, 2016 is as under:

Particulars	Rupees
Authorized Capital	
12,50,00,00,000 Equity Shares of INR 2 each	**25,00,00,00,000**
Total	**25,00,00,00,000**
Issued Share Capital	
47,14,42,928 Equity Shares of INR 2 each	**94,28,85,856**
Total	**94,28,85,856**
Subscribed and Paid-up Share Capital	
47,13,38,557 Equity Shares of INR 2 each	**94,26,77,114**
Total	**94,26,77,114**

Subsequent to the above date and on 19th January, 2017, the Nomination and Remuneration Committee of the FRL has approved the allotment of 4,67,558 (Four Lac sixty seven thousand five hundred and fifty eight equity shares of Rs. 2/- each to eligible employee(s) of the FRL under their employees' stock option scheme.

Upon allotment, the paid equity share capital of the FRL will stand increased from Rs. 94,26,77,114/- (Rupees Ninety Four Crore Twenty Six Lac Seventy Seven Thousand One Hundred Fourteen only) divided into 47,13,38,557 (Forty Seven Crore Thirteen Lac Thirty Eight Thousand Five Hundred Fifty Seven only) equity shares of Rs. 2/- (Rupees Two only) each to Rs. 94,36,12,230/- (Rupees Ninety

Four Crore Thirty Six Lac Twelve Thousand Two Hundred Thirty only) divided into 47,18,06,115 (Forty Seven Crore Eighteen Lac Six Thousand One Hundred Fifteen only) equity shares of Rs. 2/- (Rupees Two only) each.

5.4. The equity shares of FRL are listed on BSE Limited and the National Stock Exchange of India Limited ("**Stock Exchanges**").

5.5. The main objects of Resulting Company or FRL along with serial numbers as stated in its Memorandum of Association, are set out as under::

III. (A) 1. To initiate, acquire, set up, construct, establish, maintain, run, operate and manage business centre, hyper markets, departmental stores, super markets, shopping malls, discount stores, specialty stores, shopping outlets, convenience stores, commercial complexes, showrooms and for the purpose to give on lease or hire, to deal in, trade, import, export, market, distribute, process, pack, repack, move, preserve, produce, repair, wholesale, retail, exchange, stock, supply indent or otherwise to act as agents, sub-agents, wholesalers, retailers, representatives, commissions agents, franchisers and dealers of all commercial industrial, scientific, household, domestic, forest and food products and services, consumer goods, consumer durables and other consumer's necessities of every kind, make and sorts, whatsoever, including cosmetic, pharmaceuticals, automobile, plants, machineries, equipments, apparatus, gadgets, appliances, computer hardware, computer parts, software's, components, communication equipments, petroleum products, steel, accessories, spare parts or other merchandise such as food products, confectionery, beverages, beer housekeepers, licensed victuallers, wine and spirit merchants, tea, coffee and refreshment rooms, cafe , ice cream parlours, video parlours, jute, textiles, linens, furnishing fabrics and fabrics of all kinds, readymade garments and clothing lingetic, hosiery, leather, rubber and plastic products, foot wears, glass wares, enamelware's, carthwares, porcelain wares, handicrafts, antiques, accessories, home decor items furniture, stationery, personal care products, toiletries, metals, cookeries, precious and semi precious and semi precious stones, paper and paper products, perfumery, engineering goods, health and beauty products, pets and supplies, household chemical, impulse merchandise, oil seeds toys, sporting goods, automotive, hardware, paint and accessories, house wares, small appliances, lawn & garden, home furnishings, seasonal, horticulture, large appliances, wireless, fabrics and craft, domestic goods, curtains and drap, bedding, mens wear, boys wear, infants/ toddlers, girls wear, ladies socks, sheer hosiery, sleepwear, bras & shape wear, accessories, ladies wear, swimwear. Outerwear, seafood, meat-fresh & frozen, floral, dairy products, frozen foods, commercial bread, bakery, candy and tobacco, grocery dry goods, grocery, liquor, wine, beer, pharmacy, jewelry and sunglasses, shoes optical-frames, optical-lenses, cameras photo films and reels, concept stores, optical-doctors, financial services, electrical & electronic goods and all other types of general good, consumables, materials, accessories, commodities and equipments or any other general merchandise or services of every nature, types and descriptions on ready or forward basis.

There is no change in the object clause of the company during the last five years.

6. BACKGROUND OF THE SCHEME

The Scheme provides for:

6.1. Slump Sale from HFL into HFRL

The Demerged Undertaking (comprising of the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking shall be transferred to HFRL on a slump sale basis, and HFRL shall discharge the consideration by issuing the Shares to HFL (the "**Slump Sale**");

Pursuant to the Slump Sale and subject to the terms of the Scheme:

a) the Demerged Undertaking and the VetCa Undertaking shall be transferred to HFRL as a going concern, for a consideration of INR 135,00,00,000 (Rupees One Hundred and Thirty Five Crores only) and HFRL shall discharge the aforesaid consideration for the Slump Sale by issuing of 1,40,00,000 (One Crore Forty Lakhs) equity shares with a face value of Rs.10 (Rupees Ten only) each and a premium of Rs.86.43 (Rupees Eighty Six and Paisa Forty Three) each credited as fully paid-up to the to HFL.

6.2. **Demerger of the Demerged Undertaking into FRL**

In consideration for the demerger of Retail Business of HFRL into FRL in terms of the Scheme and based on share entitlement report issued by M/s S.R. Batliboi & Co. LLP, Independent Chartered Accountants and fairness opinion provided by M/s Keynote Corporate Services Ltd, a Category I Merchant Banker, FRL shall issue an aggregate of 1,78,47,420 (One Crore Seventy Eight Lakhs Forty Seven Thousand Four Hundred Twenty) equity shares of Rs. 2/- (Rupees Two) each, fully paid up to the equity shareholders of HFRL as on the Record Date (as of now HFL).

7. **RATIONALE OF THE SCHEME:**

HFL is inter alia engaged in six different business verticals: the Dairy business, the Retail business, the Agri business, the Bakery business, the Veterinary Care business and the Renewable Energy business.

The risk and reward associated with each of the aforesaid business verticals is different. Further, the reorganization / arrangement will enable HFL to provide greater business attention and focus on the dairy and renewable energy business verticals which have high growth potential, which may result in increasing the profitability while simultaneously attracting strategic partners and lenders for the retail, agri and bakery business verticals of HFL and creating long term value for the various stakeholders. In addition, the veterinary care business vertical, which supplements the agri business vertical, will be restructured into a wholly owned subsidiary to unlock value. Accordingly, the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking (comprising the veterinary care business vertical) should be transferred to a wholly owned subsidiary (HFRL) of HFL.

Upon such transfer: (i) HFL would continue to carry on the dairy business, the renewable energy business and other businesses not transferred pursuant to this Scheme; and (ii) the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking would be transferred to HFRL. Subsequently, the Demerged Undertaking (comprising of the retail business vertical, the agri business vertical and the bakery business vertical) would be demerged from HFRL into FRL. This would inter alia help in consolidation of the retail operations of FRL and HFRL in FRL. Upon such demerger, HFRL would continue to carry on the VetCa Undertaking and FRL would continue to carry on retail business transferred to it pursuant to the Scheme.

- facilitate each business to be effectively integrated for achieving growth for each of the verticals independently;
- enhance management focus and operational flexibility;
- facilitate investment by strategic players;
- create a platform to enhance financial flexibility to pursue growth;
- consolidation of the retail operations of FRL and HFRL;
- unlocking of value; and
- synergies expected to bring in cost savings in the marketing, selling and distribution expenses for FRL.

8. **SALIENT FEATURES OF THE SCHEME**

a) The Composite Scheme of Arrangement is pursuant to the relevant provisions of Companies Act, 1956/ Companies Act, 2013.The Scheme is divided into the following parts:

i. **PART I** sets out the Definitions, Share Capital and date of taking effect of the Scheme;

ii. **PART II** sets out provisions with respect to Slump Sale of the Retail Undertaking and VetCa Undertaking to the Transferee Company;

iii. **PART III** sets out provisions for transfer and vesting of the Demerged Undertaking (as defined hereinafter) to and in the Resulting Company;

iv. **PART IV** sets out provisions with respect to the reduction of share capital of the Demerged Company through a cancellation of the shares held by its existing shareholders; and

v. **PART V** sets out the General Terms and Conditions.

b) In consideration of the transfer and vesting of the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking with the Transferee Company in accordance with this Scheme by way of slump sale as defined under the provisions of section 2(42C) of the Income-tax Act, the Transferee Company shall pay a consideration of INR 135,00,00,000/- (Rupees One Hundred and Thirty Five Crores), subject to adjustment of net working capital between the Slump Sale Appointed Date and the Effective Date, which shall be discharged in the manner specified in Clause 13.2 of the Scheme.

c) In consideration of the transfer and vesting of the Demerged Undertaking to and in the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act, instrument or deed and without any payment but subject to applicable law, after the Effective Date after giving effect to Part III of this Scheme, issue and allot to the members of the Demerged Company whose names appear on the Register of Members of the Demerged Company (HFRL). FRL shall issue 1,78,47,420 (One Crore seventy eight lakhs forty seven thousand four hundred and twenty) equity shares of the face value of INR 2/- (Rupees Two), each fully paid-up to HFL. The new equity shares to be issued by the Resulting Company under this Clause are in this Scheme referred to as the "New Equity Shares".

d) Equity shares issued by resulting company to HFL shall be listed on the BSE and the NSE upon the Scheme becoming effective;

e) First appointed Date (Appointed Date for Slump Sale) for the Scheme shall be 1st November, 2016; and the Second appointed date (Appointed Date for Demerger) shall be 31st March, 2017.

f) Conduct of Business

(a) With effect from the Slump Sale Appointed Date till the Effective Date, HFL shall carry on all business activities relating to the Retail and VetCa Undertakings and shall hold assets, properties and liabilities of the Demerged Undertaking on behalf of HFRL

(b) With effect from the Demerger Appointed Date till the Effective Date, HFRL shall carry on all business activities relating to the Demerged Undertaking and shall hold assets, properties and liabilities of the Demerged Undertaking on behalf of FRL

g) Reduction of Capital

(a) On and from the Effective Date, with effect from the Demerger Appointed Date and after giving effect to the Slump Sale and Demerger, the paid-up equity share capital of HFRL shall, without any further application, act, instrument or deed and without any payment, be reduced

(b) Such reduction of equity share capital shall be carried out by reducing the number of shares held by existing shareholders of the demerged company on a proportionate basis.

h) Accounting Treatment

(a) Upon the Scheme becoming effective, HFRL shall record the assets and liabilities comprised in the Retail Undertaking and VetCa Undertaking of the HFL transferred to the HFRL, by undertaking a purchase price allocation for the consideration.

(b) Pursuant to the Demerger, HFRL shall transfer and reduce its assets and liabilities by the values relating to the Demerged Undertaking immediately before the Demerger, with the resulting adjustment to be recorded in the capital reserve account.

(c) In the books of HFL the adjustment required in the book value of investment in HFRL for reduction by the value of the net assets transferred by HFRL to FRL, shall be recorded as cost of the New Equity Shares issued by FRL.

i) The Effective Date shall mean the date on which last of the dates on which the following conditions are satisfied:

(a) The Scheme being approved by the requisite majority of the members and/or creditors of the Companies and/or by such other persons as may be required under the Act and as directed by the National Company Law Tribunal;

(b) The requisite sanctions and approvals of any Governmental Authority including Stock Exchanges, the Securities and Exchange Board of India, and the Competition Commission of India, as may be required by law, in respect of the Scheme being obtained;

(c) The Scheme being sanctioned by the National Company Law Tribunal at Hyderabad or National Company Law Tribunal of Bombay (or National Company Law Tribunal, if and when applicable).

(d) Copies of the orders of the National Company Law Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Andhra Pradesh & Telangana and the Registrar of Companies, Maharashtra;

(e) The Scheme being approved by the Stock Exchanges in terms of Regulations 37 and 94 of the SEBI LODR Regulations and the SEBI Circular.

Please note that the features of the Scheme set out herein are only the salient features of the Scheme which are subject to the details set out in the Scheme. The members are requested to read the entire text of the Scheme to get acquainted with the provisions thereof.

9. **APPROVALS AND ACTIONS TAKEN IN RELATION TO THE SCHEME**

9.1. The Audit Committee of the Applicant Company at their meetings held on November 7th, 2016 recommended the draft Composite Scheme of Arrangement and the Board of Directors of the Applicant Company at their meeting held on November 7th, 2016 approved the Scheme after taking into account the Valuation Certificate of Retail, Agri, Bakery & VetCa verticals of the Holding Company as of close of business on 31st October, 2016 issued by M/s Raju & Prasad, Chartered Accountants, Hyderabad Statutory Auditor, Valuation report dated November 7th, 2016 (annexed at **Annexure 2**) issued by M/s S R Batliboi & Co LLP, Chartered Accountants, recommending the issue of an aggregate of 17,847,420 equity shares (face value of Rs.2/- each, fully paid up), by FRL to the shareholders of HFRL (as of now HFL) and Fairness Opinion (annexed at **Annexure 3 & 4**) issued by M/s. Keynote Corporate Service Limited.

9.2. Pursuant to applicable SEBI requirements, including specifically Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, HFL has filed necessary applications before the Stock Exchanges seeking their no-objection to the Scheme. HFL has received the observation letters dated 18th January, 2017 from BSE and 18th January, 2017 from NSE, conveying their no-objection to the Scheme ("**Observation Letters**"). Copies of the aforesaid Observation Letters are enclosed herewith (annexed at **Annexure 5 and Annexure 6**, respectively).

9.3. BSE and NSE vide their Observation Letters dated 18th January, 2017 have advised that SEBI has given the following comments on the draft Scheme of Arrangement:

- Company shall ensure that additional information, if any, submitted by the company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges

- The Company shall duly comply with various provisions of the Circulars.

9.4. HFL has also filed a Complaints Report with BSE and NSE on December 14, 2016. This report indicates that HFL received nil complaints. A copy of the aforementioned Complaints Report is enclosed herewith (annexed at **Annexure 7**).

9.5. The approval of the Competition Commission of India is awaited.

10. **EXTENT OF SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Directors and Key Managerial Personnel (KMP) of the Applicant/Transferor Company, Transferee Company and Resulting Company may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in their respective companies, or to the extent said directors/KMP are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies. Save as aforesaid, none of the directors, managing director or the manager or KMP of the Applicant/Transferor Company, Transferee Company and Resulting Company has any material interest in the Scheme.

None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules formed there under) and their respective relatives (as defined under the Companies Act, 2013 and rules formed there under) have any interest in the Scheme except to the extent of equity shares held by them. The effect of the Scheme on the interests of the Directors and Key Managerial Personnel and their relatives, is not any different from the effect of the Scheme on other shareholders of HFL.

The shareholding of the present Directors and KMPs of the Applicant/Transferor Company, Transferee Company and Resulting Company as on 30th September, 2016 is as under:

Shareholding of Directors and KMP of the Applicant/Transferor Company

Name	Position	Equity Shares of Rs.10/- each in		Equity Shares of Rs.2/- each in
		Applicant/ Transferor Company	Transferee/ Demerged Company	Resulting Company
Mr. D Seetharamaiah	Director	Nil	100*	Nil
Mr. N Sri Vishnu Raju	Director	Nil	Nil	Nil
Mr. Rajesh Thakur Ahuja	Director	Nil	Nil	Nil
Dr. V Nagaraja Naidu	Director	50,000	Nil	Nil
Mr. N Lokesh	Director	23,66,400	100*	Nil
Mrs. N Bhuvaneswari	Director	53,30,826	100*	Nil
Mrs. N Brahmani	Director	1,01,000	100*	Nil
Mr. A Prabhakar Naidu	Chief Financial Officer	Nil	Nil	Nil
Mr. Umakanta Barik	Company Secretary	Nil	Nil	Nil

*Holding shares on behalf of HFL.

Shareholding of Directors and KMP of the Transferee/Demerged Company

Name	Position	Equity Shares of Rs.10/- each in		Equity Shares of Rs.2/- each in
		Applicant/ Transferor Company	Transferee/ Demerged Company	ResultingCompany
Mr. D Seetharamaiah	Director	Nil	100*	Nil
Mr. N Lokesh	Director	23,66,400	100*	Nil
Mrs. N Bhuvaneswari	Director	53,30,826	100*	Nil
Dr. M Sambasiva Rao	Director	1,35,000	100*	Nil
Mrs. N Brahmani	Director	1,01,000	100*	Nil

*Holding shares on behalf of HFL.

Shareholding of Directors and KMP of the Resulting Company

Name	Position	Equity Shares of Rs.10/- each in		Equity Shares of Rs.2/- each in
		Applicant/ Transferor Company	Transferee/ Demerged Company	Resulting Company
Mr. Kishore Biyani	Director	Nil	Nil	2,121
Mr. Rakesh Biyani	Director	Nil	Nil	2,121
Mr. Rajan Bharti Mittal	Director	Nil	Nil	Nil
Mr. Ravindra Dhariwal	Director	Nil	Nil	Nil
Mr. Shailendra Bhandari	Director	Nil	Nil	Nil
Ms. Gagan Singh	Director	Nil	Nil	Nil
Mr. Chandra Prakash Toshniwal	Chief Financial Officer	Nil	Nil	11,000
Mr. Chandra Prakash Toshniwal - HUF				20,000
Mr. Virendra Samani	Company Secretary	Nil	Nil	5,450

11. **PRE AND POST SCHEME SHAREHOLDING PATTERN**

Pursuant to the Listing Regulations 2015, pre and post Scheme shareholding pattern of the Applicant/ Transferor Company, Transferee/Demerged Company and Resulting Company is annexed at **Annexure-8, Annexure-9 & Annexure-10** respectively.

12. The financial statements of HFL, HFRL and FRL for last three years are available for inspection by the shareholders.

13. The Resolution is subject to the confirmation of the Scheme of Arrangement by the National Company Law Tribunal at Hyderabad and the National Company Law Tribunal of Bombay and/or appropriate authorities as may be necessary under the applicable law.

14. The total amount due to the unsecured creditors/trade payble are changing in daily basis, however the amount due from HFL to its unsecured creditors is Rs. 9,943/- lakhs, from HFRL to its unsecured creditors is NIL and from FRL to its unsecured creditors is Rs. 2,87,792/- lakhs as on 30th September, 2016

15. Names and addresses of the directors and promoters of HFL are as under:

Sr. No	Name of Director	Address
1	Mr. D Seetharamaiah	Plot No.1303A, Road No.65, Jubilee Hills, Hyderabad – 500 033, Telangana, India
2	Mr. N Sri Vishnu Raju	Plot No.616, Road Noo.33 Jubilee Hills, Hyderabad-500033 Telangana, India
3	Mr. Rajesh Thakur Ahuja	Mehrise Flat no.501, Gujar lane, Near Poddar school, Santacruz (W) Mumbai-400054, Maharastra, India
4	Dr. V Nagaraja Naidu	Plot No. 238 Road No. 18, Jubilee Hills, Hyderabad – 500033 Telangana, India
5	Mr. N Lokesh	Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033 Telangana, India
6	Mrs. N Bhuvaneswari	Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033 Telangana, India
7	Mrs. N Brahmani	Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033 Telangana, India

Sr. No	Name of Promoter	Address
1	Mr. N Lokesh	Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033, Telangana, India
2	Mrs. N Bhuvaneswari	Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033, Telangana, India
3	M/s. Megabid Finance and Investment Pvt. Limited	#6-3-541/C, Panjagutta, Hyderabad - 500082, Telangana, India

16. The Board of Directors of HFL unanimously approved the Composite Scheme of Arrangements at the meeting held on 7th November, 2016.

17. Names and addresses of the directors and promoters of HFRL are as under;

Sr. No	Name of Director	Address
1	Mr. D Seetharamaiah	Plot No.1303A, Road No.65, Jubilee Hills, Hyderabad – 500 033 Telangana, India
2	Mr. N Lokesh	Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033 Telangana, India
3	Mrs. N Bhuvaneswari	Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033, Telangana, India
4	Mrs. N Brahmani	Plot No.1310, Road No.65, Jubilee Hills, Hyderabad – 500 033, Telangana, India
5	Dr. M Sambasiva Rao	Plot No. 242, Lane No. 12, Road No. 72, Prashasan Nagar, Jubilee Hills, Hyderabad - 500033, Telangana, India

Sr. No	Name of Promoter	Address
1	M/s. Heritage Foods Limited	#6-3-541/C, Panjagutta, Hyderabad - 500082, Telangana, India

18. The Board of Directors of HFRL unanimously approved the Composite Scheme of Arrangements at the meeting held on 7th November, 2016.

19. Names and addresses of the directors and promoters of FRL are as under:

Sr. No	Name of Director	Address
1	Mr. Kishore Biyani	406, Jeevan Vihar, Manav Mandir Road, Mumbai-400 006, Maharastra, India
2	Mr. Rakesh Biyani	Flat No. 1903,19th Floor, B Wing, Vivarea Building, Sane Guruji Marg, Jacob Circle, Mumbai 400 011, Maharastra, India
3	Mr. Rajan Bharti Mittal	E-9/ 17, Vasant Vihar, Vasant Marg, New Delhi-110057, India
4	Mr. Shailendra Bhandari	E 27 Dhanraj Mahal, Chhatrapati Shivaji Maharaj Marg, Apollo Bundar, Mumbai 400001, Maharastra, India
5	Mr. Ravindra Dhariwal	Aashray Farm, Opp. N.V. Farm, Sub P.O., S P School, Bhatti Mines, Asola Village, New Delhi - 110030, India
6	Ms. Gagan Singh	L – 4/4 Qutab Enclave, DLF Phase – II, Gurgaon – 122 002, Haryana, India

Sr. No	Name of Promoter	Address
1	Mr. Kishore Biyani	406, Jeevan Vihar, 5, Manav Mandir Road, Mumbai - 400 006, Maharastra, India
2	M/s. Future Corporate Resources Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai 400 060, Maharastra, India
3	M/s. PIL Industries Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai 400 060, Maharastra, India
4	M/s. Gargi Business Ventures Private Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai 400 060, Maharastra, India
5	M/s. Ryka Commercial Ventures Private Limited	5th Floor, Sobo Central, 28, P.T. Madan Mohan Malviya Road, Tardeo, Mumbai 400034, Maharastra, India
6	M/s. Manz Retail Private Limited	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (E), Mumbai 400 060, Maharastra, India

20. The Board of Directors of FRL unanimously approved the Composite Scheme of Arrangements at the meeting held on 7th November, 2016.

21. For the purpose of transfer of Retail and VetCa undertaking from HFL to HFRL, M/s Raju & Prasad Chartered Accountants have certified the value of these two undertakings of HFL as per the Net Asset Method (using book values) as at October 31, 2016 (closing hours) to be Rs 134.49 Crores. Accordingly the Board of Directors of HFL and HFRL have finalised the consideration to be paid by HFRL to HFL at Rs. 135 Crores (Rupees One Hundred Thirty Five Crores) to be discharged by issuance and allotment of 1,40,00,000 (One Crore Forty Lakhs) equity shares of HFRL, each of face value INR 10 (Rupees Ten only) and a premium of INR 86.43 (Rupees Eighty Six and Paisa Forty Three) credited as fully paid up to HFL.

22. For the purpose of demerger of the Retail undertaking from HFRL into FRL, M/s S.R. Batliboi & Co. LLP, Chartered Accountants have valued the Retail Undertaking at Rs. 2,955.7 mn after adjusting for debt, cash and surplus assets. The above value has been arrived after applying the Discounted Cash Flow ('DCF') method based on the projections provided to them. In the case of FRL, the Market Price method has been used. Accordingly the number of shares to be issued by FRL is 1,78,47,420 (One Crore Seventy Eight Lakhs Fourty Seven Thousand Four Hundred Twenty) equity shares of Rs. 2/- (Rupees Two) each, fully paid up to the equity shareholders of HFRL as on the Record Date (as of now HFL) on a proportionate basis. M/s Keynote Corporate Services Limited, a category I Merchant Banker after having reviewed the draft valuation report of M/s S.R. Batliboi & Co. LLP, Chartered Accountants and on consideration of all the relevant factors and circumstances, opined that in their view the independent valuer's proposed valuation and share entitlement ratio is fair.

23. The Board of Directors of the Company involved in the Composite Scheme of Arrangement discussed and adopted after explaining effect of the scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio etc.

24. HFL does not have any depositors, debenture holders, deposit trustee and debenture trustee. As far as the employees of HFL are concerned, pursuant to clause 7.1 of the Scheme, the employees of the Retail and VetCa division will get transferred to HFRL upon slump sale and subsequently pursuant to clause 20.1 of the Scheme, the employees of Retail division of HFRL will get transferred to FRL upon demerger. However, there would not be any change in their terms of employment on account of the Scheme. Further, no change in the Board of Directors of HFL is envisaged on account of the Scheme.

25. **GENERAL**

a) The rights and interests of the Equity Shareholders and creditors (secured and unsecured) of the Applicant/ Transferor Company, Transferee/Demerged Company and Resulting Company will not be prejudicially affected by this Scheme as no sacrifice or waiver is, at all called from them nor their rights sought to be modified in any manner.

b) In relation to the Tribunal Convened Meeting, the equity shareholders of the Applicant Company whose names appearing in the records of the Company as on 15th March 2017 shall be eligible to attend and vote at the Tribunal convened meeting of the equity shareholders of the Applicant Company or cast their votes using remote e-voting facility.

c) The Scheme is not prejudicial to the interest of the creditors (secured and unsecured) of HFL and there is no compromise proposed with the creditors under the proposed Scheme nor is any liability of the creditors of HFL proposed to be reduced or extinguished.

d) No investigation proceedings are pending or are likely to be pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of the Applicant Company.

e) The Company has filed draft Composite Scheme of Arrangement with Register of Companies as per the applicable provisions of Companies Act, 2013.

26. Inspection of the following documents specified under Rule 6(3)(ix) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 may be carried out by the Equity Shareholders of HFL at the Registered Office of the Applicant Company on any working days prior to the date of the meeting between 11.00 am and 1.00 pm.

i. Copy of the Tribunal Order dated 10th February 2017, vide Application No. CA (CAA) NO.6/230/HDB of 2017 directing the convening of the meeting of the Equity Shareholders of HFL,

ii. Pre and Post Merger Capital Structure and Shareholding Pattern of HFL, HFRL and FRL,

iii. Memorandum and Articles of Association of HFL, HFRL and FRL,

iv. Audited Financial Statements of HFL, HFRL and FRL for last three financial years ended 31st March, 2016, 31st March, 2015 and 31st March, 2014, Unaudited financial statement of HFL and FRL as on 30th September, 2016 and Audited Accounts of HFRL as on 30th September, 2016,

v. Copy of the observation letters from BSE and NSE on 18th January, 2017,

vi. Copy of the Complaints Report dated 14th December, 2016 filed with BSE and NSE,

vii. Contracts or agreements material to the Scheme,

viii. Copy of the Audit Committee Report dated 7th November, 2016 of Applicant Company;

ix. Valuation Report dated 7th November, 2016 issued by M/s. Raju and Prasad Chartered Accountants, Hyderabad and M/s. S R Batliboi & Co. LLP, Chartered Accountants,

x. Fairness Opinion Report dated 7th November, 2016 and 5th January, 2017 issued by M/s Keynote Corporate Services Limited.

xi. Certificate issued by the auditor dated 7th November, 2016 stating that the accounting treatment proposed in the Scheme is in conformity with accounting standards prescribed under Section 133 of the Companies Act, 2013.

This statement is the Explanatory Statement under Section 393 of the Companies Act, 1956 and Section 102 of the Companies Act, 2013. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the registered office of HFL on all days (except Saturdays, Sundays and public holidays).

Dated : 14th February, 2017

Place : Hyderabad

Sd/-

K Ram Murthy

Chairman appointed for the meeting

COMPOSITE SCHEME OF ARRANGEMENT

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

AMONG

HERITAGE FOODS LIMITED ("Transferor Company" or "HFL")

AND

HERITAGE FOODS RETAIL LIMITED ("Transferee Company" or "Demerged Company" or "HFRL")

AND

FUTURE RETAIL LIMITED ("Resulting Company" or "FRL")

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS PREAMBLE

This Composite Scheme of Arrangement is presented pursuant to the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 (as may be applicable) to reorganize the business of Heritage Foods Limited (hereinafter referred to as the "**Transferor Company**" or "**HFL**") by way of Slump Sale (as hereinafter defined) of the Retail Undertaking (as hereinafter defined) and the VetCa Undertaking (as hereinafter defined) to Heritage Foods Retail Limited ("**Transferee Company**" or "**Demerged Company**" or "**HFRL**") and demerger of the Retail Undertaking by the Demerged Company to Future Retail Limited ("Resulting Company" or "**FRL**").

A. Description of Companies:

(a) Heritage Foods Limited ("**Transferor Company**" or "**HFL**")

i. HFL is a public limited company incorporated under the Companies Act, 1956 (CIN: L15209TG1992PLC014332) and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad - 500082.

ii. The equity shares of HFL are listed on the BSE Limited (Stock Code: 519552) and the National Stock Exchange (Stock Code: HERITGFOOD).

iii. HFL, formerly known as Heritage Foods (India) Limited, is a company which has 6 (six) key business verticals:

a. Dairy business vertical – HFL produces, sources and markets a complete range of dairy products including fresh milk, curd, buttermilk, ice creams and other value added products across various States in India.

b. Retail business vertical – HFL is engaged in the grocery and food retail business, undertaken from its dedicated retail stores.

c. Agri business vertical – HFL is engaged in the business of sourcing, processing and marketing fresh fruits and vegetables. This business vertical acts as the supply chain arm for the Retail Undertaking vertical while also supplying the products to other retail chains and stores.

d. Bakery business vertical – HFL is engaged in the business of manufacturing and supplying bakery products to other customers, besides HFL retail outlets.

e. Veterinary care business vertical – HFL supplies cattle feed to dairy farmers and general traders and maize to poultries and distilleries.

f. Renewable energy business vertical – HFL is engaged in the production of solar energy (2.34 MW) and wind energy (4.2 MW) for captive consumption.

The Retail Undertaking (as hereinafter defined) comprises the retail business vertical, the agri business vertical, and the bakery business vertical. The VetCa Undertaking (as hereinafter defined) comprises the veterinary care business vertical.

(b) Heritage Foods Retail Limited ("**Transferee Company**" or "**Demerged Company**" or "HFRL")

HFRL is a public limited company incorporated under the Companies Act, 1956 (CIN: U15400TG2008PLC062054) and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad – 500082 for undertaking the following activities: trading and dealing in goods and produce, and processing, packaging and selling agri products. HFRL is a wholly owned subsidiary of the Transferor Company.

(c) Future Retail Limited ("Resulting Company" or "FRL")

i. FRL is a public limited company incorporated under the Companies Act, 1956 (CIN: U51909MH2007PLC268269) and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshewari – Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060.

ii. The equity shares of FRL are listed on the BSE Limited (Stock Code: 540064) and the National Stock Exchange (Stock Code: FRETAIL).

iii. FRL currently operates multiple retail formats in the Indian consumer market under different brand names including: Big Bazaar; FBB; Food Bazaar; Foodhall; Home Town and eZone.

B. Rationale and Purpose of the Scheme of Arrangement:

HFL is inter alia engaged in six different business verticals: the dairy business, the retail business, the agri business, the bakery business, the veterinary care business and the renewable energy business.

The Board of Directors and management of HFL believe and are of the view that risk and reward associated with each of the aforesaid business verticals is different. Further, the reorganization / arrangement will enable HFL to provide greater business attention and focus on the dairy and renewable energy business verticals which have high growth potential, which may result in increasing the profitability while simultaneously attracting strategic partners and lenders for the retail, agri and bakery business verticals of HFL and creating long term value for the various stakeholders. In addition, the veterinary care business vertical, which supplements the agri business vertical, will be restructured into a wholly owned subsidiary to unlock value. Accordingly, the Board of Directors of HFL and HFRL are of the opinion that the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking (comprising the veterinary care business vertical) should be transferred to a wholly owned subsidiary (HFRL) of HFL. Upon such transfer: (i) HFL would continue to carry on the dairy business, the renewable energy business and other businesses not transferred pursuant to this Scheme; and (ii) the Retail Undertaking (comprising the retail business vertical, the agri business vertical and the bakery business vertical) and the VetCa Undertaking would be transferred to HFRL. Subsequently, the Demerged Undertaking (comprising of the retail business vertical, the agri business vertical and the bakery business vertical) would be demerged from HFRL into FRL; each in terms of this Scheme. This would inter alia help in consolidation of the retail operations of FRL and HFRL in FRL. Upon such demerger, HFRL would continue to carry on the VetCa Undertaking and FRL would continue to carry on retail business transferred to it pursuant to the Scheme.

The Board of Directors of the Transferor Company and the Demerged Company are of the opinion that the arrangement under this Scheme would result in benefit to members, creditors and employees of each of the Transferor Company and the Demerged Company and will not be detrimental to the public. The Board of Directors of the Resulting Company is of the opinion that the demerger under this Scheme would result in

expansion of retail business attached with the increase in the value for its members in long run. Further, the proposed arrangement would inter alia achieve the following objectives:

I. facilitate each business to be effectively integrated for achieving growth for each of the verticals independently;

II. enhance management focus and operational flexibility;

III. facilitate investment by strategic players;

IV. create a platform to enhance financial flexibility to pursue growth;

V. consolidation of the retail operations of FRL and HFRL;

VI. unlocking of value; and

VII. synergies expected to bring in cost savings in the marketing, selling and distribution expenses for FRL.

In view of the aforesaid, the Board of Directors of all the Companies have considered and proposed this Composite Scheme of Arrangement under the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 (as may be applicable).

C. Parts of the Scheme:

The Scheme is divided into the following parts:

A. **PART I** sets out the Definitions, Share Capital and date of taking effect of the Scheme;

B. **PART II** sets out provisions with respect to Slump Sale of the Retail Undertaking and VetCa Undertaking to the Transferee Company;

C. **PART III** sets out provisions for transfer and vesting of the Demerged Undertaking (as defined hereinafter) to and in the Resulting Company;

D. **PART IV** sets out provisions with respect to the reduction of share capital of the Demerged Company through a cancellation of the shares held by its existing shareholders; and

E. **PART V** sets out the General Terms and Conditions.

PART I

DEFINITIONS, SHARE CAPITAL AND DATE OF TAKING EFFECT

1. DEFINITIONS:

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

1.1 "**Act**" means the Companies Act, 1956 or, as the case may be, the Companies Act, 2013 (to the extent applicable) and the rules made thereunder and any statutory modification, amendment or re-enactment thereof for the time being in force.

1.2 "**Board of Directors**" or "**Board**" shall mean the Board of Directors or any duly authorized committee thereof of HFL, HFRL or FRL, as the case maybe or any other person duly authorized by the Board for the purpose of this Scheme.

1.3 "**Companies**" means HFL, HFRL and FRL, collectively and "**Company**" means HFL, HFRL or FRL, as the context may require.

1.4 "**Demerged Undertaking**" means the entire undertaking of HFRL pertaining to its Retail Undertaking and includes:

1.4.1 All assets (whether moveable or immoveable) and liabilities pertaining to the Retail Undertaking, comprising the retail business, agri business and the bakery business, as on Demerger Appointed Date (as hereinafter defined) (after giving effect to Part II of the Scheme);

1.4.2 Without prejudice to the generality of the provisions of the sub-Clause 1.4.1 above, the Retail Undertaking of HFRL shall include without limitation the following:

1.4.3 All assets (whether moveable or immoveable) including freehold land, leasehold land, leasehold premises, office premises, all other assets and properties (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments including investments in overseas subsidiaries, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts and all other rights, title, interests, privileges and benefits of every kind wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by the Demerged Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the Retail Undertaking of the Demerged Company;

1.4.4 All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relatable to the Retail Undertaking of the Demerged Company;

Explanation: For the purpose of this Scheme, it is hereby clarified that the liabilities pertaining to the Retail Undertaking of the Demerged Company shall include:

(i) liabilities, which accrue or arise out of the activities or operations of the Retail Undertaking of the Demerged Company;

(ii) specific loans and borrowings raised, incurred and utilized solely for the activities or operations of the Retail Undertaking of the Demerged Company; and

(iii) liabilities other than those referred to in sub-clauses (i) and (ii) above, so much of the amounts of general corporate nature or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of assets transferred in the demerger bears to the total value of assets of such Demerged Company immediately before the demerger.

1.4.5 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Demerged Company is a party, relating to its Retail Undertaking, or otherwise identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to or relatable to the Retail Undertaking of the Demerged Company;

1.4.6 All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, designs, software and computer programmes, databases, domain names, including those pending registrations and applications for brands, trademarks, labels, trade names,

service marks, copyrights, patents, designs, software and computer programs, databases and domain names, used by the Demerged Company exclusively in the business, activities and operations pertaining to its Retail Undertaking;

1.4.7 All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to or pertaining to its Retail Undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or quasi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Demerged Company in respect of business, activities and operations pertaining to its Retail Undertaking;

1.4.8 All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the Retail Undertaking of the Demerged Company;

1.4.9 All rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by the Demerged Company, whether in India or abroad, all pertaining to or relatable to the Retail Undertaking of the Demerged Company;

1.4.10 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relatable to the Retail Undertaking of the Demerged Company;

1.4.11 All such employees including contract employees of the Demerged Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the Retail Undertaking of the Demerged Company, its respective offices, branches, or by its subsidiaries, etc, that are in the employment of the Demerged Company as of the Effective Date, and any other employees/personnel hired by the Transferor Company on and after the Demerger Appointed Date (as hereinafter defined) who are primarily engaged in or in relation to the business, activities and operations pertaining to its Retail Undertaking, that are in the employment of the Demerged Company as of the Effective Date;

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Retail Undertaking of the Demerged Company or whether it arises out of the activities or operations of the Retail Undertaking of the Demerged Company shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.

1.5 "**Demerger Appointed Date**" shall mean the close of business on 31 March, 2017.

1.6 **"Effective Date"** or "**coming into effect of this Scheme**" or "**upon the Scheme becoming effective**" means the date on which last of the actions set out in Clause 36 are fulfilled.

1.7 **"Encumbrances"** shall mean: (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, (b) proxy, any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favor of any Person, or any other preferential arrangement having a similar effect, of any kind or nature, whether arising by agreement, by statute or otherwise,(c) any adverse claim as to title, possession or use, and (d) a contract to give or refrain from giving any of the foregoing.

1.8 "**Governmental Authority**" means any applicable central, state or local government (including Municipality, Municipal Corporation), statutory, legislative, regulatory or administrative authority, agency or commission or any tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction, exercising powers conferred by Applicable Law in India.

1.9 "**HFL**" or the "**Transferor Company**" means Heritage Foods Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad - 500082.

1.10 "**HFRL**" or the "**Transferee Company**" or the "**Demerged Company**" means Heritage Foods Retail Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at #6-3-541 / C, Punjagutta, Hyderabad – 500082.

1.11 "**High Courts**" means the National Company Law Tribunal at Hyderabad and the Mumbai National Company Law Tribunal and/or, as the case may be, the National Company Law Tribunal, Mumbai Bench and National Company Law Tribunal, Hyderabad Bench.

1.12 "**Income-tax Act**" means the Income-tax Act, 1961 and the rules framed thereunder, including any statutory modification, re-enactment or amendment thereto, for the time being in force.

1.13 "**Permitted Encumbrances**" shall mean the list of litigation pending in respect of the Retail Undertaking and Demerged Undertaking, more specifically set out in **Schedule I**.

1.14 "**Person**" shall mean any individual, entity, joint venture, company (including a limited liability company), corporation, partnership (whether limited or unlimited), proprietorship, trust or other enterprise (whether incorporated or not), Hindu undivided family, union, association of persons, government (central, state or otherwise), or any agency, department, authority or political subdivision thereof, and shall include their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees and the beneficiary or beneficiaries from time to time;

1.15 "**Record Date**" shall mean the date to be fixed by the Board of Directors of the Demerged Company or a committee thereof in consultation with the Board of Directors of the Resulting Company or a committee thereof for the purpose of determining the members of the Demerged Company to whom shares of the Resulting Company will be allotted pursuant to Part III of this Scheme in terms of Clause 26.1.1.

1.16 "**Remaining Undertaking of the Demerged Company**" means all the undertakings, business, activities and operations, including all the assets and liabilities of the Demerged Company (including but not limited to the VetCa Undertaking), excluding the Demerged Undertaking.

1.17 "**Remaining Business of the Transferor Company**" means all the undertakings, business, activities and operations, including all the assets and liabilities, of the Transferor Company, excluding the Retail Undertaking and the VetCa Undertaking. It is clarified that the dairy business and the renewable energy business, along with all their assets and liabilities, shall form part of the Remaining Business of the Transferor Company.

1.18 "**Retail Undertaking**" means the entire undertaking, business, activities and operations of Transferor Company, pertaining to: (i) grocery and food retail business, undertaken from its dedicated retail stores; (ii) sourcing, processing and marketing fresh fruits and vegetables; and (iii) manufacturing and supplying bakery products to the retail outlets of HFL and other customers, and which shall include:

1.18.1 All assets (whether moveable or immoveable), wherever situated, whether leasehold or freehold, including land, building, plant and machinery, installations, equipments, capital works-in-progress, vehicles, furniture, fixtures, appliances, accessories, stocks, inventory, receivables, cash on hand, balance with banks (including bank fixed deposits), advances paid to any persons, loans, advances and deposits, of the Transferor Company with respect to the Retail Undertaking, along with all rights, title, liability and interest in connection therewith.

1.18.2 All trade liabilities, obligations and debts, accruing or arising out of the business, activities or operations of the Retail Undertaking of the Transferor Company; whether secured or unsecured, present or future, raised or incurred, including obligations of every kind, nature and description whatsoever and howsoever arising or accruing, guarantees, advances from customers, bills payable and interest, in relation to the Retail Undertaking of the Transferor Company.

Further, it is clarified that apart from the abovementioned liabilities of the Transferor Company pertaining to the Retail Undertaking, any other liabilities of the Transferor Company shall not be allocated towards the Retail Undertaking of the Transferor Company.

1.18.3 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature, whether written or otherwise, relating to the Retail Undertaking of the Transferor Company, along with all rights, title, liability and interest in connection therewith.

1.18.4 All trademarks, trade names, service marks, copyrights, patents, designs, databases, whether registered or not, used by the Transferor Company exclusively in the business, activities and operations of the Retail Undertaking.

1.18.5 All permits, licenses, registrations, certificates, consents, approvals, authorizations, no-objection certificates, quotas, rights (including rights under any agreement, contracts, applications, letter of intent or any other contract), subsidies, grants, exemptions, tax benefits, tax credits, refunds, quality certifications and approvals, product registrations, industrial and other licences, granted by any authority including from central government, state government, local authority, customs, central excise, income tax, service tax, sales tax, value added tax, Reserve Bank of India, department of Weights & Measures, Food Safety & Standards Authority of India, of the Transferor Company in relation to the Retail Undertaking, registrations.

1.18.6 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to or relating to the Retail Undertaking of the Transferor Company;

1.18.7 All employees, staff and workers of the Transferor Company, as are primarily engaged in the Retail Undertaking.

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Retail Undertaking of the Transferor Company or whether it arises out of the activities or operations of the Retail Undertaking of the Transferor Company shall be decided by mutual agreement between the Board of the Transferor Company and the Transferee Company but with the written consent of the Resulting Company.

1.19 "**Scheme of Arrangement**" or "**Scheme**" means this Composite Scheme of Arrangement as submitted in the present form to the National Company Law Tribunal, with any modification(s) approved or imposed or directed by the National Company Law Tribunal or made pursuant to Clause 34 of this Scheme.

1.20 "**SEBI**" means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;

1.21 "**SEBI Circular**" means Circular number CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by the SEBI including any amendment thereof;

1.22 "**SEBI LODR Regulations**" means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

1.23 **"Slump Sale Appointed Date"** shall mean the commencement of business on November 1, 2016;

1.24 **"Slump Sale"** means sale of an undertaking on a going concern basis as defined under Section 2(42C) of the Income Tax Act, for a lump sum consideration without values being assigned to individual assets and liabilities;

1.25 "**Stock Exchanges**" means BSE Limited and the National Stock Exchange of India Limited;

1.26 "**VetCa Undertaking**" means the entire undertaking of HFL pertaining to its VetCa Undertaking and includes:

1.26.1 All assets (whether moveable or immoveable) including freehold land, office premises, all other assets and properties (whether tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) including, without limitation, interests, loans, deposits, advances (including accrued interest), investments including investments in overseas subsidiaries, receivables, cash on hand, investment in mutual funds, liquid funds, balance with banks (including bank fixed deposits), equipment, plant and machinery and the related assets and agreements, capital work in progress, unbilled revenue, furniture, fixtures, office equipment, appliances, accessories, vehicles, power connections, utilities and other service connections, all customer contracts, forward cover contracts, hedging contracts, receivables, claims, refunds, earnest moneys paid, rights and benefits under any agreements or security arrangements and funds, contingent rights, rights arising under contracts and all other rights, title, interests, privileges and benefits of every kind wherever located (including in the possession of vendors, third parties or elsewhere) and used or held, by the Transferor Company in, or otherwise identified for use in, or relating to, the business activities and operations pertaining to the VetCa Undertaking of the Transferor Company;

1.26.2 All liabilities and all debts, guarantees, assurances, commitments, obligations, loans, and undertakings of any kind, nature and description whatsoever and howsoever arising, present or future and including, without limitation, borrowings, working capital facilities, advances from customers, unearned revenues, bills payable, interest, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to the VetCa Undertaking of the Transferor Company;

Explanation: For the purpose of this Scheme, it is hereby clarified that the liabilities pertaining to the VetCa Undertaking of the Transferor Company shall include:

(i) liabilities, which accrue or arise out of the activities or operations of the VetCa Undertaking of the Transferor Company; and

(ii) specific loans and borrowings raised, incurred and utilized for the activities or operations of the VetCa Undertaking of the Transferor Company.

1.26.3 All contracts, agreements, leases, memoranda of understanding, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Transferor Company is a party, relating to its VetCa Undertaking, or otherwise

identified to be for the benefit of the same, approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extension pertaining to the VetCa Undertaking of the Transferor Company;

1.26.4 All intellectual properties, labels, brands, trademarks, trade names, service marks, copyrights, patents, designs, software and computer programmes, databases, domain names, including those pending registrations and applications for brands, trademarks, labels, trade names, service marks, copyrights, patents, designs, software and computer programs, databases and domain names, used by the Transferor Company or held for use by the Transferor Company exclusively in the business, activities and operations of the VetCa Undertaking;

1.26.5 All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Transferor Company in relation to or pertaining to its VetCa Undertaking, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or quasi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Transferor Company in respect of business, activities and operations pertaining to its VetCa Undertaking;

1.26.6 All tax credits, including cenvat credits, refunds, reimbursements, claims, exemptions, benefits under service tax laws, value added tax (VAT), purchase tax, sales tax or any other duty or tax or cess or imposts under any Central or State law including sales tax deferrals, special economic zone benefits, excise duty benefits, tax deducted at source, right to carry forward and set-off unabsorbed losses, and depreciation, if any and exemptions, deductions, benefits and incentives under the Income-tax Act in respect of business, activities and operations pertaining to the VetCa Undertaking of the Transferor Company;

1.26.7 All rights, benefits and other interest, whether held in trust or otherwise, contracts, agreements, powers, engagements, arrangements of all kind, privileges and all other rights including title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, possession, power or custody of or in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, whether in India or abroad, all pertaining to the VetCa Undertaking of the Transferor Company;

1.26.8 All records, files, papers, manuals, data, sales and advertising materials, lists and other details of customers and suppliers, credit information, pricing information, whether in physical or electronic form, all pertaining to the VetCa Undertaking of the Transferor Company;

1.26.9 All such employees including contract employees of the Transferor Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the VetCa Undertaking of the Transferor Company its respective offices, branches, or by its subsidiaries, etc, and any other employees/personnel hired by the Transferor Company on and after the date hereof who are primarily engaged in or in relation to the business, activities and operations pertaining to its VetCa Undertaking;

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the VetCa Undertaking of the Transferor Company or whether it arises out of the activities or operations of the VetCa Undertaking of the Transferor Company shall be decided by mutual agreement between the Board of Directors of the Transferor Company and the Transferee Company.

1.27 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, the

Securities Contracts Regulation Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

1.28 References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme.

1.29 The headings herein shall not affect the construction of this Scheme.

2. SHARE CAPITAL

2.1 HFL:

The authorised share capital and the issued, subscribed and fully paid-up share capital of HFL, as on September 30, 2016, was as follows:

Particulars	INR
Authorised Share Capital	50,00,00,000
4,80,00,000 equity shares of INR 10	48,00,00,000
each 20,00,000 preference shares of INR 10 each	2,00,00,000
Total	**50,00,00,000**
Issued, Subscribed & Fully Paid-up Share	
Capital 2,31,99,000 equity shares of INR 10 each	23,19,90,000
Total	23,19,90,000

The shares of HFL are currently listed on the Stock Exchange.

2.2 HFRL:

The authorised share capital and the issued, subscribed and fully paid-up share capital of HFRL, as on September 30, 2016, was as follows:

Particulars	INR
Authorised Share Capital	
1,50,00,000 equity shares of INR 10 each	15,00,00,000
Total	**15,00,00,000**
Issued, Subscribed & Fully Paid-up Share Capital	
1,65,600 equity shares of INR 10 each	16,56,000
Total	**16,56,000**

The entire paid up share capital of HFRL is held by HFL and its nominees.

2.3 FRL:

The authorised share capital and the issued, subscribed and fully paid-up share capital of FRL, as on September 30, 2016, was as follows:

Particulars	INR
Authorised Share Capital	
12,50,00,00,000 Equity Shares of INR 2 each	**25,00,00,00,000**
Total	**25,00,00,00,000**
Issued Share Capital 47,14,42,928	
Equity Shares of INR 2 each	**94,28,85,856**
Subscribed and Paid-up Share Capital	
47,13,38,557 Equity Shares of INR 2 each	**94,26,77,114**

The shares of FRL are currently listed on the Stock Exchange.

Subsequent to the above date and on January 19th, 2017, the Nomination and Remuneration Committee of the FRL has approved the allotment of 4,67,558 (Four Lac sixty seven thousand five hundred and fifty eight equity shares of Rs. 2/- each to eligible employee(s) of the FRL under their employees' stock option scheme.

Upon allotment, the paid equity share capital of the FRL will stand increased from Rs. 94,26,77,114/- (Rupees Ninety Four Crore Twenty Six Lac Seventy Seven Thousand One Hundred Fourteen only) divided into 47,13,38,557 (Forty Seven Crore Thirteen Lac Thirty Eight Thousand Five Hundred Fifty Seven only) equity shares of Rs. 2/- (Rupees Two only) each to Rs. 94,36,12,230/- (Rupees Ninety Four Crore Thirty Six Lac Twelve Thousand Two Hundred Thirty only) divided into 47,18,06,115 (Forty Seven Crore Eighteen Lac Six Thousand One Hundred Fifteen only) equity shares of Rs. 2/- (Rupees Two only) each.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme shall be operative from the Effective Date, but shall be effective from and be implemented with effect from the Slump Sale Appointed Date and the Demerger Appointed Date, as may be applicable.

PART II

TRANSFER OF THE RETAIL UNDERTAKING AND THE VETCA UNDERTAKING BY WAY OF SLUMP SALE TO HFRL

4. TRANSFER OF THE RETAIL UNDERTAKING AND THE VETCA UNDERTAKING

4.1 On the coming into effect of this Scheme and with effect from the Slump Sale Appointed Date, each of the Retail Undertaking and the VetCa Undertaking together with their respective assets, properties, liabilities, rights, benefits and interests therein, subject to existing charges if any, thereon, shall, without any further deed, act, matter or thing, stand transferred to and vested with Transferee Company pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and/ or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable on a going concern and a 'Slump Sale' basis for lump sum consideration as set out hereinafter in this Part II of the Scheme, free from all Encumbrances and litigations, except the Permitted Encumbrances.

4.2 The transfer of each of the Retail Undertaking and the VetCa Undertaking under this Scheme is in compliance with the Income-tax Act, specifically Section 2(42C) and other relevant provisions. If any of the terms of this Scheme are inconsistent with the provisions of Sections 2(42C) of the Income-tax Act, the provisions of Sections 2(42C) of the Income-tax Act shall to the extent of such inconsistency, prevail and the Scheme shall, stand and be deemed to be modified to that extent to comply with the said provisions and such modifications shall not affect the other parts of the Scheme.

5. ASSETS AND LICENCES

5.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date:

5.1.1 All the immovable properties (including land, building and other immovable property) of each of the Retail Undertaking and VetCa Undertaking shall stand transferred to, and be vested in, the Transferee Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Transferee Company so as to vest in the Transferee Company all the rights, title and interest in such immovable properties. Such immovable property transferred shall be free from all Encumbrances except the Permitted Encumbrances. With effect from the Slump Sale Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties.

5.1.2 All the assets of each of the Retail Undertaking and the VetCa Undertaking as are movable in nature or are otherwise capable of transfer by endorsement and delivery, shall stand transferred to, and be vested in, the Transferee Company, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Transferee Company so as to vest in the Transferee Company all the rights, title and interest in such assets. The transfer or vesting pursuant to this sub-Clause shall be deemed to have occurred by physical delivery or endorsement and delivery, as appropriate to the property being transferred/ vested and the title to such property shall be deemed to have been transferred and vested accordingly. Such property transferred shall be free from all Encumbrances except the Permitted Encumbrances.

5.1.3 All the intellectual property which relate exclusively to the Retail Undertaking and the VetCa Undertaking, shall stand transferred to, and be vested in, the Transferee Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, without requiring any act or deed to be done by the Transferor Company and / or the Transferee Company.

5.1.4 All the assets (other than those specified in sub-clauses 5.1.1, 5.1.2 and 5.1.3 above) of each of the Retail Undertaking and the VetCa Undertaking, including sundry debtors, receivables, bills, outstanding loans and advances, bank balances, deposits, etc., the same shall stand transferred to and vested in the Transferee Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/ or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, without requirement of any notice or other intimation to any person, to the end and intent that right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company. The Transferee Company shall at its sole and absolute discretion, and without being obliged and if it so deems appropriate, give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant to the Scheme sanctioned by the National Company Law Tribunal, the said debt, receivable, bill, loan, advance or deposit stands transferred and vested in the Transferee Company and the same be paid to or made good to or held on account of the Transferee Company

5.1.5 All licences, permissions, approvals, consents, certificates, registrations, no-objections, clearances, concessions, exemptions or rights granted to, issued to or executed in favour of the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking, shall, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, of the Act, stand vested in or transferred to or deemed amended in favour of the Transferee Company as if the same were originally granted to, issued to or executed in favour of the Transferee Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Transferee Company upon vesting of the Retail Undertaking and / or the VetCa Undertaking, as the case may be, pursuant to this Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to the Transferee Company pursuant to the Scheme.

5.1.6 All the existing Encumbrances, if any, on the assets of the Retail Undertaking and / or the VetCa Undertaking relating to the liabilities of the Retail Undertaking and / or the VetCa Undertaking, shall, after the Slump Sale Appointed Date, continue to relate and attach to only such assets or any part thereof to which they are related or attached. Further, the

Encumbrances, if any, on the assets of the Remaining Business of the Transferor Company in relation to the liabilities of the Retail Undertaking and / or the VetCa Undertaking, shall without any further act, instrument or deed be released and discharged from such Encumbrance.

5.1.7 All the existing Encumbrances, if any, on the assets of the Retail Undertaking and / or the VetCa Undertaking relating to the liabilities of the Remaining Business of the Transferor Company, shall without any further act, instrument or deed be released and discharged from such Encumbrance.

5.1.8 The Transferee Company shall be entitled to benefit of all insurance policies which have been issued in relation to the Retail Undertaking and / or VetCa Undertaking and the name of the Transferee Company shall be substituted as the "insured party" in the policies as if the Transferee Company was initially a party.

6. LIABILITIES

6.1.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all secured and unsecured debts, sundry creditors, liabilities, contingent liabilities, guarantees, duties and obligations of every kind, nature and description (whether in Indian Rupees or foreign currency) whatsoever and howsoever arising, raised or incurred or utilised by the Transferor Company in relation to each of the Retail Undertaking and the VetCa Undertaking, shall become and be the debts, liabilities, guarantees, duties and obligations of the Transferee Company along with any charge, lien, encumbrance or security thereon, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, without requirement of any further act, instrument, matter, thing or deed. It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. Further, all debts and loans raised and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Company in relation to each of the Retail Undertaking and the VetCa Undertaking on or after the Slump Sale Appointed Date till the Effective Date, shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme. Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Transferor Company in relation to each of the Retail Undertaking and the VetCa Undertaking as on the Slump Sale Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Transferor Company after the Slump Sale Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

7. EMPLOYEES, STAFF AND WORKMEN

7.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all employees, staff and workmen of the Transferor Company engaged in the Retail Undertaking and the VetCa Undertaking and who are in such employment as on the Effective Date shall become employees of the Transferee Company from the Slump Sale Appointed Date or their respective joining date, whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall be no less favourable than those on which they are engaged in the Transferor Company.

7.2 The Transferee Company agrees that the services of all the employees of each of the Retail Undertaking and the VetCa Undertaking prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in the Transferor Company.

7.3 In the event of retrenchment of the employees of the Retail Undertaking and/or the VetCa Undertaking, the Transferee Company will be liable to pay compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such Slump Sale.

7.4 Till the Effective Date of this Scheme, the Transferor Company shall make contributions to the government maintained provident fund and / or other funds in relation to the staff, workmen and employees of each of the Retail Undertaking and the VetCa Undertaking. On and from the Effective Date, the Transferee Company shall make appropriate contributions to such provident fund and/or other funds in respect of the staff, workmen and employees taken over by it pursuant to this Scheme. The contributions, and all accretions thereto, in the provident fund account, superannuation fund, gratuity fund and other benefit funds if any, of which such employees are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities be transferred (in such proportion as is allocable to the employees of the Retail Undertaking and/or the VetCa Undertaking being transferred to the Transferee Company) to the relevant funds of the Transferee Company for the benefit of the employees of the Retail Undertaking and/or the VetCa Undertaking on terms no less favourable. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds. In the event that the Transferee Company does not have its own fund in respect of any of the aforesaid matters, the Transferor Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Retail Undertaking and/or the VetCa Undertaking to the existing funds, until such time that the Transferee Company creates its own fund, at which time the investments and contributions pertaining to the employees of the Retail Undertaking and/or the VetCa Undertaking shall be transferred to the funds created by the Transferee Company. In case, necessary approvals are not received and there is delay, all such amounts shall continue to be administered by the Transferor Company in trust for the Transferee Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Transferee Company *suo moto*.

7.5 Any disciplinary action initiated by the Transferor Company against any employee of the Retail Undertaking and/or the VetCa Undertaking shall have full force, effect and continuity as if it was initiated by the Transferee Company instead of the Transferor Company.

7.6 Any question that may arise as to whether any employee belongs or does not belong to the Retail Undertaking shall be decided by the Board of the Companies.

7.7 Any question that may arise as to whether any employee belongs or does not belong to the VetCa Undertaking shall be decided by the Board of the Transferor Company and the Transferee Company.

8. CONTRACTS AND DEEDS

8.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, all in relation to the Retail Undertaking and/or the VetCa Undertaking and which are subsisting or having effect immediately before the Effective Date, shall, without any further

act, instrument or deed, continue in full force and effect in favour of, by, for or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder. It is hereby clarified that upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, the Transferor Company shall have no liabilities in respect of any of the aforesaid contracts / arrangements transferred to the Transferee Company.

8.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Retail Undertaking and/or the VetCa Undertaking of the Transferor Company in the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, under any law or otherwise, take such actions or enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes referred to above.

8.3 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company.

8.4 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Retail Undertaking and/or the VetCa Undertaking which the Transferor Company owns or to which the Transferor Company is a party, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, in so far as it is permissible so to do, till such time as the transfer is given effect to.

9. LEGAL PROCEEDINGS

9.1 Without limiting the generality of Clause 4.1, upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all Permitted Encumbrances of whatever nature pending and / or arising after the Slump Sale Appointed Date, in any Tribunal or before any authority, judicial, quasi- judicial or administrative or any adjudicating authority or any arbitral tribunal, by or against the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking shall be continued and/or enforced until the Effective Date as desired by the Transferor Company, and on and from the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this Slump Sale or by anything contained in this Scheme, but the said suits, appeals or other legal proceeding shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against the Transferee Company.

9.2 On and from the Effective Date, the Transferee Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings in relation to the Permitted Encumbrances relating to the Retail Undertaking and / or the VetCa Undertaking, in the same manner and to the same extent as it would or might have been initiated by the Transferor Company, as the case may be, had the Scheme not been made.

9.3 On and from the Slump Sale Appointed Date, if any proceedings in relation to the Permitted Encumbrances are taken by or against the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking, the Transferor Company shall till the Effective Date continue and/or defend the same at the cost of the Transferee Company, and the Transferee Company shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.

9.4 The Transferee Company undertakes to have all legal or other proceedings in relation to the Permitted Encumbrances initiated by or against the Transferor Company referred to in Clause 9.1 above transferred to its name on and after the Effective Date, and to have the same continued, prosecuted and enforced by or against the Transferee Company as the case may be, to the exclusion of the Transferor Company.

9.5 Notwithstanding the above, in case the proceedings referred to in Clause 9.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Transferor Company shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the Transferee Company shall reimburse, indemnify and hold harmless the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.

10. TAXES

10.1 Upon the Scheme becoming effective, and with effect from the Slump Sale Appointed Date, all taxes, duties, cess of any nature (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable, including any tax deduction or collection at source, service tax input credit receivables, by the Transferor Company in relation to the Retail Undertaking and the VetCa Undertaking and relating to the period after the Slump Sale Appointed Date until the Effective Date, shall be deemed to have been on account of or on behalf of or paid or payable by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

10.2 On the Scheme becoming effective, the Transferor Company and the Transferee Company may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits, including credits for tax deducted at source, as applicable pursuant to the provisions of this Scheme.

11. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

11.1 With effect from the Slump Sale Appointed Date and till the Effective Date:

11.1.1 The Transferor Company shall carry on, and shall be deemed to have carried on, all the business, activities and operations relating to the Retail Undertaking and/or the VetCa Undertaking, and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of each of the Retail Undertaking and/or the VetCa Undertaking, on account of and / or on behalf of and / or for the benefit of and / or in trust for, the Transferee Company.

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

11.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to each of the Retail Undertaking and the VetCa Undertaking and exercised by or available to the Transferor Company, shall be deemed to have been exercised for and on behalf of and as an agent for the Transferee Company. Further, any of the obligations, duties and commitments attached, relating or pertaining to each of the Retail Undertaking and the VetCa Undertaking

that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Transferee Company.

12. SAVING OF CONCLUDED TRANSACTIONS

12.1 Subject to the terms of this Scheme, the transfer and vesting of the Retail Undertaking and the VetCa Undertaking under this Scheme shall not affect any transactions or proceedings already concluded on or after the Slump Sale Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company in relation to the Retail Undertaking and/or the VetCa Undertaking as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

13. CONSIDERATION

13.1 In consideration of the transfer of and vesting of the Retail Undertaking and the VetCa Undertaking with the Transferee Company in accordance with this Scheme by way of slump sale as defined under the provisions of section 2(42C) of the Income-tax Act, the Transferee Company shall pay a consideration of INR 135,00,00,000/- (Rupees One Hundred and Thirty Five Crores), subject to adjustment of net working capital between the Slump Sale Appointed Date and the Effective Date, which shall be discharged in the manner specified in Clause 13.2.

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

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

13.4 The approval of this Scheme by the shareholders of the Transferee Company and the Transferor Company, under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, shall also be deemed to be the approval by the shareholders under the provisions of Section 62 of the Companies Act, 2013 and all other applicable provisions of the Act and applicable law for the purpose of subscription and issuance and allotment of the Equity Shares of the Transferee Company to the Transferor Company in accordance with the Scheme. It is clarified that no additional special resolution under Section 62(1)(c) of the Companies Act, 2013 or any other provision of the Act or applicable law shall be required to be passed for issuance and allotment of the equity shares of the Transferee Company to the Transferor Company under this Scheme.

14. REMAINING BUSINESS OF THE TRANSFEROR COMPANY

14.1 The Remaining Business of the Transferor Company including all the properties and assets, investments including investments in subsidiaries, debts, liabilities and obligations of the Transferor Company relating to the Remaining Business of the Transferor Company and which do not form part of the Retail Undertaking or the VetCa Undertaking shall continue to belong to and remain vested in the Transferor Company.

14.2 The Transferor Company shall be entitled to carry on its business and activities pertaining to the Remaining Business of the Transferor Company in such manner as it may deem fit and proper and nothing herein contained shall affect the business and activities of the Transferor Company in relation to the Remaining Business. Further, the Transferor Company shall be deemed to have been carrying on all business and activities relating to the Remaining Business of the Transferor Company for and on its own behalf.

14.3 All assets and properties acquired by the Transferor Company at any time including on and after the start of business on the Slump Sale Appointed Date shall, to the extent that the same do not relate to the Retail Undertaking or the VetCa Undertaking, form part of the Remaining Business.

14.4 All liabilities, debts and obligations incurred by or arising against the Transferor Company at any time including on and after the start of business on the Slump Sale Appointed Date shall, to the extent that the same do not relate to the Retail Undertaking or the VetCa Undertaking, form part of the Remaining Business of the Transferor Company.

14.5 The Transferor Company shall be entitled to enter into such contracts as the Transferor may deem fit and proper in respect of the Remaining Business of the Transferor Company.

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

14.7 All the legal and other proceedings by or against the Transferor Company under any statute, whether pending on the Slump Sale Appointed Date or which may be instituted after the Slump Sale Appointed Date, relating to the Remaining Business of the Transferor Company shall be continued and enforced by or against the Transferor Company.

15. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY

15.1 Upon the Scheme becoming effective, the Transferee Company shall record the assets and liabilities comprised in the Retail Undertaking and VetCa Undertaking of the Transferor Company transferred to the Transferee Company pursuant to this Scheme, by undertaking a purchase price allocation for the Slump Sale consideration to the respective assets and liabilities based upon the values determined by an independent valuer or by the Board of the Transferee Company.

15.2 The Transferee Company shall credit its share capital account in its books of account with the aggregate face value of the equity shares issued to the Transferor Company pursuant to Clause 13.2 of the Scheme. Further, the Transferee Company shall credit to its securities premium account, the aggregate premium on securities issued by it pursuant to Clause 13.2 of the Scheme. The securities premium account recorded by the Transferee Company shall be applied as per the provisions of Section 52 of Companies Act, 2013.

15.3 The difference, if any, in the value of consideration and net value of assets and liabilities of the Retail Undertaking and the VetCa Undertaking, as determined under Clause 15.1 above, shall be accounted in accordance with principles as laid down in the applicable accounting standards, the applicable provisions of the Act and generally accepted accounting principles in India.

16. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY

16.1 Upon the Scheme becoming effective, the Transferor Company shall transfer the Retail Undertaking and the VetCa Undertaking on a going concern basis along with all their assets, liabilities, rights and obligations as defined in Clause 1.19 and Clause 1.25 respectively of this Scheme, to the Transferee Company.

16.2 The Transferor Company shall reduce the book value of assets and liabilities comprised in the Retail Undertaking and the VetCa Undertaking from its books of account.

16.3 The aggregate value of the equity shares allotted under Clause 13.2 above, along with the premium shall be debited to the investments account.

16.4 The excess or shortfall of aggregate value of the equity shares allotted under Clause 13.2 above along with the premium over the book value of Retail Undertaking and VetCa Undertaking and directly attributable transaction cost shall be adjusted to the capital reserve account.

PART III

TRANSFER AND VESTING OF DEMERGED UNDERTAKING TO AND IN THE RESULTING COMPANY

17. TRANSFER OF DEMERGED UNDERTAKING

17.1 For the purposes of this Part III, "after giving effect to Part II of the Scheme" will be determined mutually by the Board of Directors of the Demerged Company and the Resulting Company.

17.2 With effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, the Demerged Undertaking, together with its assets, properties, liabilities, rights, benefits and interests therein, shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, and without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in the Resulting Company, free of charges, on a going concern basis in consideration for the issuance of the Resulting Company's shares as set out hereinafter in this Part III of the Scheme, so as to vest in the Resulting Company all rights, title and interest pertaining to the Demerged Undertaking, free from all Encumbrances, except the Permitted Encumbrances.

17.3 The demerger of the Demerged Undertaking under this Scheme shall be in compliance with the conditions of "demerger" as specified under Section 2(19AA) of the Income-tax Act and other relevant provisions, i.e. transfer of all assets and liabilities relating to the Demerged Undertaking at values appearing in the books of accounts of Demerged Company immediately before the demerger, issue of shares to shareholders of Demerged Company on a proportionate basis, etc..

18. ASSETS AND LICENCES

18.1 Without prejudice to the generality of Clause 17.1 above, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme:

18.1.1 All the immovable properties (including land, building and other immovable property) of the Demerged Undertaking shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, without requiring any deed or instrument of conveyance and shall upon such demerger, become the property of the Resulting Company so as to vest in the Resulting Company all the rights, title and interest in such immovable properties, on and from the Demerger Appointed Date and after giving effect to Part II of this Scheme. Such immovable property transferred shall be free from all Encumbrances except Permitted Encumbrances. With effect from the Demerger Appointed Date and after giving effect to Part II of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges, and fulfil all obligations, in relation to or applicable to such immovable properties.

18.1.2 All the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by endorsement and delivery, shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, without requiring any deed or instrument of conveyance and shall upon such transfer become the property of the Resulting Company so as to vest in the Resulting Company all the rights, title and interest in such assets, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The transfer or vesting pursuant to this sub-Clause shall be deemed to have occurred by physical delivery or endorsement and delivery, as appropriate to the property being transferred/ vested and the title to such property shall be deemed to have been transferred and vested

accordingly. Such property transferred shall be free from all Encumbrances except Permitted Encumbrances.

18.1.3 All the intellectual property relating exclusively to the Demerged Undertaking, shall stand transferred to, and be vested in, the Resulting Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, without requiring any act or deed to be done by the Demerged Company and / or the Resulting Company, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme.

18.1.4 All the assets (other than those specified in sub-Clause 18.1.2 and 18.1.3 above) of the Demerged Undertaking, including sundry debtors, receivables, bills, outstanding loans and advances, bank balances, deposits, etc., the same shall stand transferred to and vested in the Resulting Company, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, without requirement of any notice or other intimation to any person, to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company, on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The Resulting Company shall at its sole and absolute discretion, and without being obliged and if it so deems appropriate, give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant to the Scheme sanctioned by the National Company Law Tribunal, the said debt, receivable, bill, loan, advance or deposit stands transferred and vested in the Resulting Company and the same be paid to or made good to or held on account of the Resulting Company.

18.1.5 All licences, permissions, approvals, consents, certificates, registrations, no-objections, clearances, concessions, exemptions or rights granted to, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, stand vested in or transferred to or deemed amended in favour of the Resulting Company as if the same were originally granted to, issued to or executed in favour of the Resulting Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Resulting Company upon vesting of the Demerged Undertaking on and from the Demerger Appointed Date and after giving effect to Part II of the Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to the Demerged Company pursuant to the Scheme, on and from the Demerger Appointed Date.

18.1.6 All the existing Encumbrances other than the Permitted Encumbrances, on the assets of the Demerged Undertaking shall be released. Such Encumbrances shall not relate to or attach to any assets of the Demerged Undertaking or any other assets of the Resulting Company.

18.1.7 The Encumbrances, other than the Permitted Encumbrances, shall after the Effective Date relate and attach to the assets or any part thereof of the Remaining Undertaking of the Demerged Company.

18.1.8 The Resulting Company shall be entitled to benefit of all insurance policies which have been issued in relation to the Demerged Undertaking and the name of the Resulting Company shall be substituted as the “insured party” in the policies as if the Resulting Company was initially a party.

19. LIABILITIES

19.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of this Scheme, all secured and unsecured debts, sundry creditors, liabilities, contingent liabilities, guarantees, duties and obligations of every kind, nature and description (whether in Indian Rupees or foreign currency) whatsoever and howsoever arising, raised or incurred or utilised by the Demerged Company in relation to each of the Demerged Undertaking, shall become and be the debts, liabilities, guarantees, duties and obligations of the Resulting Company along with any charge, lien, encumbrance or security thereon, pursuant to the provisions of Sections 391 to 394 of Companies Act, 1956 and all other applicable provisions, if any, of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, without requirement of any further act, instrument, matter, thing or deed. It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. Further, all debts and loans raised and duties, liabilities and obligations incurred or which arise or accrue to the Demerged Company in relation to the Demerged Undertaking on or after the Demerger Appointed Date till the Effective Date, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Resulting Company by virtue of this Scheme. Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Demerged Company in relation to the Demerged Undertaking as on the Demerger Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Demerger Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

20. EMPLOYEES, STAFF & WORKMEN

20.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, all employees, staff and workmen of the Demerged Company engaged in the Demerged Undertaking and who are in such employment as on the Effective Date, shall become employees, staff and workmen of the Resulting Company from the Demerger Appointed Date or their respective joining date, whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall be no less favourable than those on which were immediately prior to the Effective Date in the Demerged Company.

20.2 The Resulting Company agrees that the services of all the employees of the Demerged Undertaking prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which such employees may be eligible and accordingly, the period of service of such employees shall be reckoned therefore from the date of their respective appointment in the Demerged Company.

20.3 In the event of retrenchment of the employees of the Demerged Undertaking on and after the Demerger Appointed Date, the Resulting Company will be liable to pay retrenchment compensation in accordance with law on the basis that the services of the employees shall have been continuous and shall not have been interrupted by reason of such demerger.

20.4 Till the Effective Date of this Scheme, the Demerged Company shall make contributions to the government maintained provident fund and / or other funds in relation to the staff, workmen and employees of the Demerged Undertaking. On and from the Effective Date, the Resulting Company shall make appropriate contributions to such provident fund and / or other funds in respect of the staff, workmen and employees taken over by it pursuant to this Scheme. The contributions, and all

accretions thereto, in the provident fund account, superannuation fund, gratuity fund and other benefit funds if any, of which the employees of the Demerged Undertaking are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities and after giving effect to Part II and Part III of the Scheme, be transferred (in such proportion as is allocable to the employees of the Demerged Undertaking being transferred to the Resulting Company) to the relevant funds of the Resulting Company or government for the benefit of the employees of the Demerged Undertaking on terms no less favourable than immediately existing prior to the Effective Date. In the event that the Resulting Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of the Resulting Company. [In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the employees engaged in the Demerged Undertaking to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the investments and contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by the Resulting Company.] In case, necessary approvals are not received by the Effective Date and there is delay, all such amounts shall continue to be administered by the Demerged Company in trust for the Resulting Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Resulting Company suo moto.

20.5 Any disciplinary action initiated by the Demerged Company against any employee of the Demerged Undertaking shall have full force, effect and continuity as if it was initiated by the Resulting Company instead of the Demerged Company.

20.6 Any question that may arise as to whether any employee belongs or does not belong to the Demerged Undertaking shall be mutually decided by Board Demerged Company and the Resulting Company.

21. CONTRACTS, DEEDS, ETC.

21.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all leases, licenses and other assurances in favour of the Demerged Company or powers or authorities granted by or to it) of whatsoever nature to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, all in relation to the Demerged Undertaking and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee or obligor thereto or thereunder. It is hereby clarified that upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II and Part III of the Scheme, the Demerged Company shall have no rights and liabilities in respect of any of the aforesaid contracts / arrangements transferred to the Resulting Company for the period after the Demerger Appointed Date.

21.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, take such actions or enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised without requirement of any consent, approval of authority

of the Demerged Company, whether in writing or verbal, to execute any such writings in place and substitution of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above.

21.3 Upon the coming into effect of the Scheme, all powers of attorney given, issued or executed by the Demerged Company, in relation to the Demerged Undertaking, in favour of any person shall cease to have effect without any further act, deed or instrument.

21.4 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and with effect from the Demerger Appointed Date, all consents, permissions, certificates, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company, as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company.

21.5 On and from the Effective Date, the Resulting Company shall, in its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking in the name of the Demerged Company but for the benefits and entitlement of the Resulting Company, in so far as may be necessary, until the transfer of rights and obligations of the Demerged Company to the Resulting Company under this Scheme is formally accepted by the parties concerned.

21.6 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do, till such time as the transfer is given effect to.

22. LEGAL PROCEEDINGS

22.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date, all suits, claims, actions, appeals and legal proceedings of whatever nature pending and / or arising after the Demerger Appointed Date in relation to the Permitted Encumbrances and all suits, claims, actions, appeals and legal proceedings of whatever nature in relation to the Demerged Undertaking arising after the Demerger Appointed Date and pertaining to the period commencing on or after the Demerger Appointed Date, in any Tribunal or before any authority, judicial, quasi-judicial or administrative or any adjudicating authority or any arbitral tribunal, by or against the Demerged Company in relation to the Demerged Undertaking shall be continued and/ or enforced until the Effective Date as desired by the Resulting Company and on and from the Effective Date and after giving effect to Part II of the Scheme, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this demerger or by anything contained in this Scheme, but the said suits, appeals or other legal proceeding shall be continued and/or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or had arisen and/or were pending by or against the Resulting Company.

22.2 On and from the Effective Date, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, the Resulting Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings relating to the Demerged Undertaking, in the same manner and to the same extent as it would or might have been initiated by the Demerged Company, as the case may be, had the Scheme not been made.

22.3 On and from the Demerger Appointed Date and after giving effect to Part II of the Scheme, if any proceedings are taken by or against the Demerged Company in relation to the Demerged Undertaking pertaining to the period commencing on or after the Demerger Appointed Date, the Demerged Company shall till the Effective Date continue and/or defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

22.4 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company in relation to the Permitted Encumbrances and in relation to the Demerged Undertaking pertaining to the period commencing on or after the Demerger Appointed Date referred to in Clause 22.1 above transferred to its name on and after the Effective Date, and after giving effect to Part II of the Scheme, and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of the Demerged Company.

22.5 Notwithstanding the above, in case the proceedings referred to in Clause 22.1 above cannot be transferred for any reason, or the transfer takes time, till such transfer the Demerged Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company shall reimburse, indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

23. TAXES

23.1 Without limiting the generality of Clause 17.1, upon the Scheme becoming effective, and with effect from the Demerger Appointed Date and after giving effect to Part II of the Scheme, all taxes, duties, cess of any nature (including income-tax, sales tax, excise duty, customs duty, service tax, VAT etc.) paid or payable, including any tax deduction or collection at source, service tax input credit receivables, by the Demerged Company in relation to the Demerged Undertaking and relating to the period after the Demerger Appointed Date until the Effective Date, shall be deemed to have been on account of or on behalf of or paid or payable by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

23.2 On the Scheme becoming effective and after giving effect to Part II of the Scheme, the Demerged Company and the Resulting Company may revise their respective returns pertaining to income tax, service tax, sales tax, VAT and other tax returns, and claim refunds and/or credits including credits relating to tax deducted at source, as applicable pursuant to the provisions of this Scheme.

24. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

24.1 With effect from the Demerger Appointed Date and till the Effective Date:

24.1.1 The Demerged Company shall carry on and shall be deemed to have carried on, all the business, activities and operations relating to the Demerged Undertaking and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of the Demerged Undertaking on account of, and/or on behalf of and/or for the benefit of, and/or in trust for, the Resulting Company.

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

24.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to the Demerged Undertaking and exercised by or available to the Demerged Company, shall be deemed to have been exercised by the Demerged Company for and on behalf of and as an agent for the Resulting Company. Further, any of the obligations, duties and commitments

attached, relating or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Resulting Company.

25. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Demerged Undertaking of the Demerged Company under this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company on or after the Demerger Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company in relation to the Demerged Undertaking as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

26. ISSUE OF SHARES BY RESULTING COMPANY

26.1 Issue of Shares:

26.1.1 In consideration of the transfer and vesting of the Demerged Undertaking to and in the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act, instrument or deed and without any payment but subject to applicable law, after the Effective Date after giving effect to Part III of this Scheme, issue and allot to the members of the Demerged Company whose names appear on the Register of Members of the Demerged Company on the Record Date or to his / her / their respective heirs, executors, administrators or, as the case may be, successors, equity shares of the Resulting Company as under:

1,78,47,420 (One Crore seventy eight lakhs forty seven thousand four hundred and twenty) equity shares of the face value of INR 2/- (Rupees Two), each fully paid-up, of the Resulting Company to be issued on a proportionate basis to members or his / her / their respective heirs, executors, administrators or, as the case may be, successors holding fully paid-up equity shares in the Demerged Company on the Record Date. The new equity shares to be issued by the Resulting Company under this Clause are in this Scheme referred to as the "**New Equity Shares**".

26.1.2 The New Equity Shares to be issued and allotted by the Resulting Company to equity shareholders of the Demerged Company under Clause 26.1.1 above shall be subject to adjustments to take into account any corporate actions including but not limited to issuances of bonus shares, stock splits, and stock consolidation but excluding any dividend announced or to be announced on the shares of the Resulting Company prior to the Effective Date.

26.1.3 No fractional shares shall be issued by the Resulting Company. Fractional entitlements, if any, arising shall be rounded off to the nearest integer. A fraction of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest higher integer.

26.1.4 Upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of the Resulting Company shall stand suitably increased consequent upon the issuance of the New Equity Shares in accordance with Clause 26.1.1. The approval of this Scheme by the shareholders of the Resulting Company and the Demerged Company, under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Act, and/or Sections 230 to 232 and Section 66 of the Companies Act, 2013 as may be applicable, shall also be deemed to be the approval by the shareholders under the provisions of Section 62 of the Companies Act, 2013 and all other applicable provisions of the Act and applicable law for the purpose of subscription and issuance and allotment of the New Equity Shares in accordance with the Scheme. It is clarified that no additional special resolution under Section 62(1)(c) of the Companies Act, 2013 or any other provision of the Act or applicable law shall be required to be passed for issuance and allotment of the New Equity Shares under this Scheme.

26.2 Issue in Dematerialized Form:

26.2.1 All New Equity Shares to be issued and allotted under Clause 26.1.1 by the Resulting Company shall be issued in dematerialized form.

26.2.2 If the requisite details of the account of any shareholder with a depository participant are not recorded with the Demerged Company, such shareholder concerned will be required to provide the said details to enable the Resulting Company to allot the New Equity Shares in dematerialized form to the concerned shareholder.

26.3 New Equity Shares to rank pari passu:

26.3.1 The New Equity Shares issued and allotted in terms of this Scheme shall rank pari passu in all respects with the existing equity shares of the Resulting Company including in respect of dividends, if any, that may be declared by the Resulting Company on or after the Effective Date.

26.3.2 It is clarified that the aforesaid Clause 26.3.1 in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of the Resulting Company and the Demerged Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Resulting Company and the Demerged Company and subject to the approval of the shareholders of the Resulting Company and the Demerged Company.

26.4 Listing:

26.4.1 The New Equity Shares issued by the Resulting Company will be listed and/or admitted to trading on the Stock Exchanges where the shares of the Resulting Company are listed and/or admitted to trading and all necessary applications will be made in this aspect by the Resulting Company.

26.4.2 The New Equity Shares allotted by the Resulting Company pursuant to the Scheme, shall remain frozen in dematerialized form for listing and trading on respective Stock Exchanges pending permissions for the same from the respective Stock Exchange.

26.5 Resulting Company to obtain necessary approvals:

The Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals of the concerned Governmental Authority for the issue and allotment of the New Equity Shares.

27. REMAINING UNDERTAKING OF THE DEMERGED COMPANY

27.1 The Remaining Undertaking of the Demerged Company including all the properties and assets, investments in all subsidiaries, debts, liabilities and obligations of the Demerged Company, relating to the Remaining Undertaking of the Demerged Company and which do not form part of the Demerged Undertaking shall continue to belong to and remain vested in the Demerged Company.

27.2 The Demerged Company shall be entitled to carry on its business and activities pertaining to the Remaining Undertaking of the Demerged Company in such manner as it may deem fit and proper and nothing herein contained shall affect the business and activities of the Demerged Company in relation to the Remaining Undertaking of the Demerged Company. Further, the Demerged Company shall be deemed to have been carrying on all business and activities relating to the Remaining Undertaking of the Demerged Company for and on its own behalf.

27.3 All assets and properties acquired by the Demerged Company at any time including on and after the start of business on the Demerger Appointed Date, shall, to the extent that the same do not relate to the Demerged Undertaking, form part of the Remaining Undertaking of the Demerged Company.

27.4 All liabilities, debts and obligations incurred by or arising against the Demerged Company at any time including on and after the start of business on the Demerger Appointed Date, shall, to the extent that the same do not relate to the Demerged Undertaking, form part of the Remaining Undertaking of the Demerged Company.

27.5 The Demerged Company shall be entitled to enter into such contracts as the Demerged Company may deem fit and proper in respect of the Remaining Undertaking of the Demerged Company.

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

27.7 All the legal and other proceedings by or against the Demerged Company under any statute, whether pending on the Demerger Appointed Date or which may be instituted after the Demerger Appointed Date, whether or not relating to the Demerged Undertaking of the Demerged Company, shall be continued and enforced by or against the Demerged Company.

28. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

28.1 The Resulting Company shall account for the demerger in its books of account as per the applicable accounting principles prescribed under Indian accounting standards (IND AS) prescribed under the Act.

29. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

29.1 Pursuant to the Demerger, the Demerged Company shall transfer and reduce its assets and liabilities by the values of assets and liabilities (including any directly attributable transaction costs) relating to the Demerged Undertaking appearing in the books of accounts of the Demerged Company, immediately before the Demerger, with the resulting adjustment to be recorded in the capital reserve account.

30. ACCOUNTING TREATMENT IN THE BOOKS OF THE SHAREHOLDERS OF DEMERGED COMPANY

30.1 The adjustment required in the book value of investment in the Demerged Company for reduction by the value of the net assets transferred by Demerged Company to Resulting Company, shall be recorded as cost of the New Equity Shares issued by the Resulting Company.

PART IV

REDUCTION OF CAPITAL THROUGH CANCELLATION OF SHARES OF DEMERGED COMPANY HELD BY ITS EXISTING SHAREHOLDERS AND UTILISATION OF SECURITIES PREMIUM ACCOUNT

31. REDUCTION OF SHARE CAPITAL OF DEMERGED COMPANY

31.1 On and from the Effective Date, and with effect from the Demerger Appointed Date and after giving effect to Part II and Part III of the Scheme, the issued, subscribed and paid-up equity share capital of the Demerged Company shall, without any further application, act, instrument or deed and without any payment, be reduced.

31.2 On and from the Effective Date and with effect from the Demerger Appointed Date, the balance in the Securities Premium Account of the Demerged Company shall be adjusted against the debit balance of Capital Reserve Account of the Demerged Company. The debit balance, if any, in the Capital Reserve Account of the Demerged Company, post the adjustment of Securities Premium Account, shall be adjusted against the equity Share Capital, as per Clause 31.1. The above reduction of equity share capital shall be carried out by reducing the number of shares held by existing shareholders of the demerged company on a proportionate basis.

31.3 Such reduction of Equity Share Capital and Securities Premium Account of the Demerged Company as provided in Clause 31.1 above, shall be effected as an integral part of the Scheme on the Effective Date and the order of the National Company Law Tribunal sanctioning the Scheme shall be deemed to be an order under Section 102 of the Companies Act, 1956, and/or Section 66 of the Companies Act, 2013, as may be applicable, confirming the reduction in share capital of the Demerged Company, and no separate sanction under Sections 100 to 103 of the Companies Act, 1956 and/or Section 66 of the Companies Act, 2013, as may be applicable, and Section 52 of the Companies Act, 2013 will be necessary.

31.4 The reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Companies Act, 1956 and/or Section 66 of the Companies Act, 2013 will not be applicable.

31.5 Notwithstanding the reduction of the issued, subscribed and paid-up equity share capital of the Demerged Company, it shall not be required to add the words "And Reduced" as suffix to its name.

PART V
GENERAL TERMS AND CONDITIONS

32 APPROVALS

32.1 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and operate the Retail Undertaking and the VetCa Undertaking to be transferred to them under this Scheme.

32.2 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to own and operate the Demerged Undertaking to be transferred to it under this Scheme.

33 ADMINISTRATIVE CONVENIENCE

33.1 Notwithstanding anything contained in other clauses of this Scheme, the Transferor Company, the Demerged Company and the Resulting Company, shall enter into such documents, agreements, make applications to various authorities, regulatory bodies to facilitate the uninterrupted transitions of the business from the Transferor Company to the Transferee Company, and from the Demerged Company to the Resulting Company.

33.2 Notwithstanding anything contained in other clauses of this Scheme but in accordance with the Act and other applicable laws, the Transferor Company, the Demerged Company and the Resulting Company, may enter into such documents, agreements, arrangements and make applications to various authorities, regulatory bodies to facilitate the sharing of, inter alia any common services, employees, intellectual properties and other assets (whether moveable or immoveable).

34 MODIFICATION OF SCHEME

34.1 Each of the Transferor Company, the Demerged Company and the Resulting Company by their respective Boards of Directors or any committee thereof or any Director authorised in that behalf (hereinafter referred to as the "**Delegate**") may together assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the National Company Law Tribunal or any Government Authority may deem fit to approve of or impose and which the Companies may in their discretion accept, or such modifications or amendments or additions as the Companies or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out the purpose of this Scheme and as approved by the National Company Law Tribunal, and the Companies by their respective Boards of Directors

or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the National Company Law Tribunal or any authorities, which the Companies find unacceptable for any reason, then the Companies shall be at liberty to withdraw the Scheme. The aforesaid powers of the Companies may be exercised by the Delegate of the respective Companies. It is clarified that any modification or amendment to the Scheme by the Companies, after the sanction by the National Company Law Tribunal, shall only be made with the prior consent of the National Company Law Tribunal.

34.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of the Companies may give and are authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

35 FILING OF APPLICATIONS

35.1 Each of the Companies shall with all reasonable dispatch, make and file all applications/petitions under Sections 391 and 394 and other applicable provisions of the Act and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable before the respective High Court/National Company Law Tribunal for sanction of this Scheme and each of the Companies shall obtain all requisite approvals as may be required under law to give effect to the Scheme.

36 CONDITIONALITY OF SCHEME

36.1 This Scheme is conditional upon and subject to:

36.1.1 The Scheme being approved by the requisite majority of the members and/or creditors of the Companies and/or by such other persons as may be required under the Act and as directed by the National Company Law Tribunal;

36.1.2 The requisite sanctions and approvals of any Governmental Authority including Stock Exchanges, the Securities and Exchange Board of India, and the Competition Commission of India, as may be required by law, in respect of the Scheme being obtained;

36.1.3 The sanction of this Scheme by the National Company Law Tribunal;

36.1.4 Copies of the orders of the National Company Law Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra and the Registrar of Companies, Andhra Pradesh and Telangana;

36.1.5 The Scheme being approved by the Stock Exchanges in terms of Regulations 37 and 94 of the SEBI LODR Regulations and the SEBI Circular.

37 EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS

37.1 In the event of the Scheme not being sanctioned by the National Company Law Tribunal and/or the order or orders not being passed by December 31, 2017, or by such later date as may be agreed by the respective Boards of Directors of the Companies, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such

event, each party shall bear and pay its respective costs, charges and expenses for and/ or in connection with the Scheme.

38 CHANGE IN OBJECTS CLAUSE OF FRL

38.1 With effect from the Demerger Appointed Date, and upon the Scheme becoming effective, the main object clause of the Memorandum of Association of the Resulting Company shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of Demerged Undertaking, pursuant to the provisions of Sections 13 and 14 of the Companies Act, 2013 and other applicable provisions of the Act. The following clause shall be added to the Memorandum of Association of the Resulting Company in addition to its main object clause:

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

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

38.2 For the purposes of amendment in the Memorandum of Association of the Resulting Company as provided in this clause, the consent / approval given by the shareholders of the Resulting Company to this Scheme pursuant to Section 391 of the Companies Act, 1956 and any other applicable provisions of the Act and/or Sections 230 to 232 of the Companies Act, 2013 and other provisions under the Companies Act, 2013, as may be applicable, shall be deemed to be sufficient and no further resolution of members of FRL as required under the provisions of Section 13 and 14 of the Companies Act, 2013 and any other applicable provisions of the Act shall be required to be passed for making such change / amendment in the Memorandum of Association of the Resulting Company.

39 SEVERABILITY

39.1 Each Section of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. Each part in each Section is independent of each Section and is severable. However, failure of any one part of one Section for lack of necessary approval from the shareholders / creditors / statutory regulatory authorities or for any other reason that the Board of Directors may deem fit than this shall not result in the whole Scheme failing. It shall be open to the Board of Directors concerned to consent to sever such part(s) of the Scheme and implement the rest of the Scheme with such modification.

40 COSTS, CHARGES AND EXPENSES

40.1 All costs, charges, and all expenses of the Transferor Company, the Demerged Company and the Resulting Company arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne and paid by the Transferor Company and the Resulting Company as mutually agreed between them.

SCHEDULE I
LIST OF PERMITTED ENCUMBRANCES

Sl No.	Case Reference	Name of counterparty	Immovable property involved	Land in acres/ Amount in Rupees involved
1.	O.S. 11 of 2016	K. Pochaya	S.No. 127 Advi Majeed Village, Mulugu Mandal, Medak District	1.17 acres
2.	O.S. No. 225/2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal, Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
3.	I.A. No. 1130 / 2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal, Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
4.	I.A. No. 1161 / 2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal, Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
5.	I.A. No. 1081 / 2009	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal, Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
6.	Caveat	B. Chandra	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	0.1 acres
7.	Order in ROC.A/26/2010 Dt. /09/2010 issued by Tahasildar, Shanti-puram Mandal	Revenue Divisional Office, Madanapalli	S.No. 139/2 Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	INR 3,11,092
8.		Revenue Divisional Office, Madanapalli	S.Nos: 134/3, 138/3, 136/3, 138/1B. Chittor District, Kuppam Sub Reg. District Santhipuram Revenue Mandal Mattam Grampanchayat, No. 28 Gundisettipalli Village	6.86 acres

9. Financial Lease:

HFL has acquired Servers and related accessories from CISCO SYSTEMS (INDIA) PVT LTD on a financial lease starting June 10, 2015 for a period of 60 months ending March 10, 2020. Installments are paid on a quarterly basis for which post-dated cheques have been issued to CISCO SYSTEMS (India) PVT LTD. The Principal outstanding as on October 31, 2016 is INR 1,31,48,034 (One crore Thirty one lakhs Forty eight thousand and Thirty four Rupees).

S.R. BATLIBOI & CO. LLP
Chartered Accountants

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai-400 028, India
Tel : +91 22 6192 0000
Fax : +91 22 6192 1000

Dated: 7 November 2016

To

The Board of Directors	The Board of Directors
Heritage Foods Limited #6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana	Future Retail Limited Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060

Sub: Recommendation of Share Entitlement for the proposed demerger of identified divisions of Heritage Foods Limited into Future Retail Limited after the proposed spin-off of these divisions into a wholly owned subsidiary of Heritage Foods Limited

Dear Sir / Madam,

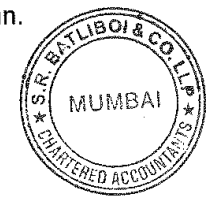
We refer to the engagement letter whereby Heritage Foods Limited (hereinafter referred to as "HFL") and Future Retail Limited (hereinafter referred to as "FRL") have requested S. R. Batliboi & Co. LLP (hereinafter referred to as "SRBC") for recommendation of number of equity shares to be issued by FRL as consideration for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL ("Share Entitlement").

HFL and FRL are hereinafter jointly referred to as the "Companies". The Share Entitlement for this report refers to number of equity shares of face value of INR 2/- each of FRL, which would be issued to HFL in lieu of their proposed demerger of identified divisions into FRL.

SCOPE AND PURPOSE OF THIS REPORT

Future Retail Limited operates retail stores across India under the Big Bazaar, easyday, Foodhall, Hometown and ezone brands. FRL is listed on the Bombay Stock Exchange and the National Stock Exchange. For the year ended 31 March 2016, FRL reported operating revenues of INR 68,450 mn and a profit after tax of INR 145 mn.

Heritage Foods Limited is engaged in the dairy, retail, agri-products, veterinary care, bakery and renewable energy businesses in India. It is listed on the Bombay Stock Exchange and the National Stock Exchange. For the year ended 31 March 2016, HFL reported operating revenues of INR 23,806 mn and a profit after tax of INR 554 mn.



Recommendation of Share Entitlement for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL

HFL is proposing to spin-off its retail, bakery, agri and veterinary operations into a wholly owned subsidiary. Subsequently, HFL is proposing to demerge the retail, bakery and agri businesses (together referred to as "Divisions") into FRL for a consideration in the form of shares of FRL. We understand that this process would take place under the provisions of the Companies Act, 1956.

For the aforesaid purpose, the Board of Directors of HFL and FRL have appointed SRBC to submit a Share Entitlement Report for recommending the Share Entitlement, for the issue of FRL's equity shares to HFL, to be placed before the Audit Committee/ Board of Directors of the Companies.

We have been provided with historical unaudited financials of the Divisions of HFL, which is carved out from the audited / unaudited financials of HFL, upto 30 June 2016. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

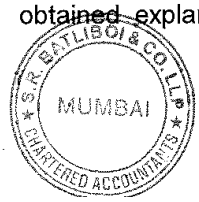
SOURCES OF INFORMATION

In connection with this exercise, we have used the following information as received from the Companies:

- Unaudited statement of profit and loss and statement of assets and liabilities of Divisions for FY13, FY14, FY15 and FY16 which are carved out from the financials of HFL
- Unaudited statement of profit and loss and statement of assets and liabilities of Divisions of HFL for three months ended 30 June 2016 which are carved out from the unaudited financials of HFL
- Forecast financial statements and underlying assumptions for the Divisions from 1 July 2016 to 31 March 2021;
- Other information and documents for the purpose of recommendation of the Share Entitlement.

Apart from the above, publicly available information and proprietary data bases subscribed to by us were utilized for analyzing the industry.

During the discussions with the Management of both Companies, we have also obtained explanations and information considered reasonably necessary for our



exercise from the Companies we have valued respectively. The Companies have been provided with the opportunity to review the draft Report (excluding the recommendation for Share Entitlement) as part of our standard practice to ensure that factual inaccuracy / omissions are avoided in our final Report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

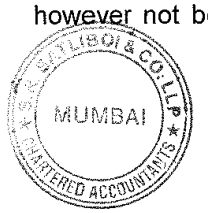
This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) are based on the unaudited balance sheet of the Divisions as at 30 June 2016.

The Management of respective Companies have represented to us that the business activities of HFL and FRL including their subsidiaries and associates, as applicable, have been carried out in the normal and ordinary course between 30 June 2016 and the Report date and that no material adverse change has occurred in their respective operations and financial position between 30 June 2016 and the Report date.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Companies (or their representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which

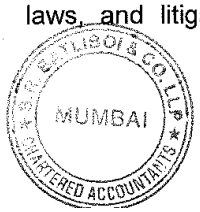


specific opinion needs to be taken from expert advisors). We have no obligation to update this Report.

The determination of Share Entitlement is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single result. While we have provided our recommendation of the Share Entitlement based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Share Entitlement. The final responsibility for the determination of the Share Entitlement at which the proposed demerger shall take place will be with the Board of Directors of the respective Companies, who should take into account other factors such as their own assessment of the proposed demerger and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data of the respective Companies. In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Companies. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management of the Companies that they have not omitted any relevant and material factors about the Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our recommendations are based on the assumptions and information given by/ on behalf of the Companies. The Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operation unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the



audited/unaudited balance sheet of the Companies. Our recommendation of value assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

We are not advisors with respect to legal, tax and regulatory matters for the proposed demerger. This Report does not look into the business/ commercial reasons behind the proposed demerger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the proposed demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The valuation and result are governed by concept of materiality. The financial forecasts used in the preparation of the report reflects Management's judgement, based on present circumstances, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecasts and as such differences may be material. To the extent that our recommendations are based on forecasts, we express no opinion on the achievability of those forecasts.

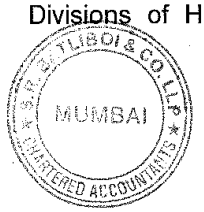
The fee for the engagement is not contingent upon the recommendation of this Report. We owe responsibility to only the Boards of Directors of the respective Companies that have appointed us under the terms of our engagement letter and nobody else. We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Arrangement, without our prior written consent. In addition, this Report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the proposed demerger and we express no opinion or recommendation as to how the shareholders of either Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.

APPROACH – BASIS OF DEMERGER

The proposed Scheme of Arrangement contemplates the demerger of the Divisions of HFL into FRL. Arriving at the Share Entitlement for the proposed demerger of the Divisions of HFL into FRL would require determining the relative value of the



identified divisions of HFL and the equity shares of FRL. These values are to be determined independently but on a relative basis, and without considering the current proposed demerger.

There are several commonly used and accepted methods for determining the Share Exchange for the proposed demerger, which have been considered in the present case, to the extent relevant and applicable, including:

1. Market Price method
2. Comparable Companies Quoted Multiples method
3. Discounted Cash Flows method
4. Net Asset Value method

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of Companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Market Price ("MP") Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

Since the equity shares of FRL are listed on the Bombay Stock Exchange and the National Stock Exchange, we have considered it appropriate to use the Market Price Method for valuing the shares of FRL. The valuation under this method is as per the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations. This method could not be used for the Divisions.

Comparable Companies' Quoted Multiple ("CCM") Method

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

We have not used this methodology for the valuation of FRL as corporate actions involving FRL in the past one year have affected the historical revenue and profitability and these are not representative of the current operations of FRL as noted in recent quarterly performance reported. We have not used this methodology for the valuation of the Divisions directly, but have applied the CCM method as a part of the approach under DCF method, as the current performance is not normative as per the Management of HFL.

Discounted Cash Flows ("DCF") Method

Under the DCF method, the projected free cash flows to the equity shareholders are discounted at the cost of equity. The sum of the discounted value of such free cash flows is the value of the firm. Using the DCF analysis involves determining the following:

Estimating future free cash flows:
Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's equity capital.

Appropriate discount rate to be applied to cash flows i.e. the weighted average cost of capital:
This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the providers of capital. The opportunity cost to the equity capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

We have used the DCF method for our valuation of Divisions by using the projections provided to us by the Management.

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Net Asset Value ("NAV") Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A Scheme of Arrangement would normally be proceeded with, on the assumption that the demerged business will continue on a going concern basis and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values. In such a going concern scenario, the relative earning power is of importance, with the values arrived at on the net asset basis being of limited relevance.

Since the value of the Divisions and of FRL is largely driven by intangibles which are not captured in historical financials, NAV methodology has not been considered.

BASIS OF DEMERGER

As a precursor to the demerger, the Divisions of HFL are being spun-off into a wholly owned subsidiary of HFL, Heritage Foods Retail Limited ("HFRL"). We have been informed by the HFL Management that the transfer of the Divisions was done at book values. We have not verified the book values of the assets being transferred and have taken the HFL Management's representation for the same.

The basis of demerger of the Divisions into FRL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. As discussed above, we have applied DCF method in the case of the Divisions and Market Price method in the case of FRL to value the Divisions and FRL. Suitable rounding off may have been done in the values arrived at for the purpose of arriving at a whole number recommendation.

We have thus arrived at an enterprise value of Rs. 3,100.5 mn for the Divisions and a corresponding value of Rs. 2,955.7 mn after adjusting for debt, cash and surplus assets.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we consider that the Share Entitlement of equity shares for the demerger of Divisions of HFL into FRL post spinoff into HFRL should be 17,881,890 (Seventeen million, Eight hundred and Eighty One thousand, Eight hundred and Ninety) equity shares of FRL (of INR 2/- each fully paid up) considering a value of Rs. 165.29 per share of FRL, to be issued to HFL, in its capacity as the shareholder of HFRL.

Recommendation of Share Entitlement for the proposed demerger of identified divisions of HFL into FRL after the proposed spin-off of these divisions into a wholly owned subsidiary of HFL

For reference purposes, at a value of Rs. 2,950.0 mn, the number of shares to be issued would be 17,847,420 (Seventeen million, Eight hundred and Forty Seven thousand, Four hundred and Twenty) equity shares of FRL, while at a value of Rs. 2,960.0 mn, the number of shares to be issued would be 17,907,919 (Seventeen million, Nine hundred and Seven thousand, Nine hundred and Nineteen) equity shares of FRL.

Respectfully submitted,

S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Ravi Bansal
Partner
Membership No:49365

Place: Mumbai
Date: 7 November 2016

KEYNOTE

November 07, 2016

The Board of Directors
Future Retail Limited
Knowledge House, Shyam Nagar
Off Jogeshwari - Vikhroli Link Road
Jogeshwari (E), Mumbai – 400060

And

The Board of Directors
Heritage Foods Limited
6-3-541/C, Panjagutta
Hyderabad - 500080
Telangana, India

Dear Sir/Madam,

Reg: Fairness Opinion towards the valuation for the proposed demerger of the Retail, Agri & Bakery Divisions of Heritage Foods Limited ("HFL"), through its subsidiary Heritage Foods Retail Limited ("HFRL"), into Future Retail Limited ("FRL").

Keynote Corporate Services Limited ("**Keynote**" or "**we**" or "**us**") is Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We have been requested to issue a report on fairness of the valuation of the proposed demerger with respect to draft Composite Scheme of Arrangement between Future Retail Limited ("FRL") and Heritage Foods Limited ("HFL), Heritage Foods Retail Limited ("HFRL") and their respective shareholders and creditors. We have perused the documents/ information provided by you in respect of the said Arrangement and the Valuation Report as issued by **S. R. Batliboi & Co. LLP** *(hereafter referred to as "Batliboi")* dated November 07, 2016 and state as follows:

Company Profile:

Future Retail Limited is the flagship company of Future Group. FRL currently operates multiple retail formats in hypermarket, supermarket and home segments of the Indian consumer market including; Big Bazaar (hypermarket chain); FBB (Fashion at Big Bazaar); Food Bazaar (supermarket chain); Foodhall (Premium lifestyle food destination); easyday (Consumer retail department stores); Home Town (Home Improvement Store) and eZone (High end consumer electronics specialty store).

Heritage Foods Limited founded in the year 1992 is one of the fastest growing private sector enterprises in India, with six business verticals viz., Dairy, Retail, Agri, Bakery, Renewable Energy and VetCa. Presently Heritage dairy has market presence in Telangana, Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Maharastra, Odisha, Haryana and Delhi NCR. 113,500 retail outlets sell Heritage Products in all these states and it has 124 Heritage Fresh retail stores across Hyderabad, Chennai and Bangalore. Integrated Agri pack houses are in Chittoor in Andhra Pradesh and Medak in Telangana and these serve the Heritage Fresh retail stores. The company has a bakery production facility in Hyderabad. Under the Renewable Energy vertical, the company has one solar (2.34 MW) and two wind (4.2 MW) power projects for captive consumption of its dairy factories.

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Transaction background: Future Retail Limited proposes to acquire three divisions - Retail, Agri and Bakery from the wholly owned subsidiary - HFRL of Heritage Foods Limited. FRL shall be discharging the consideration by issuing the FRL shares to the shareholders of HFRL ("Transaction").

Rationale of the Report:

We have been informed that, pursuant to a Scheme of Arrangement under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 (hereinafter referred to as "the Scheme") and subject to necessary approvals, the "Demerged Undertaking" of HFRL, comprising of Retail, Agri and Bakery Divisions and Vetca Division "of HFL being transferred to HFRL as part of Slump Sale and Retail, Agri and Bakery Divisions would be demerged into FRL.

In this regard, we have been requested to suggest a Fairness Opinion on the valuation for the proposed demerger of "Retail, Agri and Bakery Divisions" of HFL, through its subsidiary HFRL, into FRL.

Sources of Information:

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

a) Valuation Report by S. R. Batliboi & Co. LLP dated November 07, 2016;
b) Historical Financial statements of the Retail, Agri and Bakery divisions of HFL for the year ended March 31, 2015 and year ended March 31, 2016;
c) Projected Financials of the Retail, Agri and Bakery divisions of HFL for FY 2016-17 to FY 2020-21;
d) Draft Scheme of Arrangement;
e) Other relevant information/documents regarding HFL including information available through public domain

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our analysis.

Our Recommendation:

As stated in the Valuation Report, S. R. Batliboi & Co. LLP has recommended the following:

Demerger of "Retail, Agri and Bakery Divisions" of HFL into FRL: **"Considering Rs.165.29/share as the highest price, the number of shares to be issued to HFL by FRL based on a combined equity value of Rs. 2,955.7 million of the Retail, Agri and Bakery Divisions should be 17,881,890 equity shares. For reference purposes, at a value of Rs. 2,950.0 mn, the number of shares to be issued would be 17,847,420 equity shares of FRL, while at a value of Rs. 2,960.0 mn, the number of shares to be issued would be 17,907,919 equity shares of FRL".**

The aforesaid arrangement shall be pursuant to the Draft Composite Scheme of Arrangement and shall be subject to receipt of approval from the Jurisdictional High Court of Bombay and Hyderabad and other statutory approvals as may be required. The detailed terms and conditions of the demerger are more fully set forth in the Draft Scheme of Arrangement. Keynote has issued the fairness opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered and the parties hereto

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agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.

Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the valuation as suggested by S. R. Batliboi & Co. LLP proposed under the Scheme of Arrangement is fair in our opinion.

Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by HFL for the purpose of this opinion. With respect to the estimated financials provided to us by the managements of HFL, we have assumed that such financials were prepared in good faith and reflect the best currently available estimates and judgments by the managements of HFL. We express no opinion and accordingly accept no responsibility with respect to or for such estimated financials or the assumptions on which they were based. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of HFL. We have solely relied upon the information provided to us by HFL. We have not reviewed any books or records of HFL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of HFL and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of HFL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of HFL with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the managements of FRL and HFL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that FRL and HFL may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving FRL & HFL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to FRL and HFL for providing a fairness opinion on the proposed transaction and will receive professional fees for our services.

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In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of FRL and HFL for the purpose of this transaction and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of FRL and HFL should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to FRL's or HFL's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of FRL and HFL should vote at their respective meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of FRL and HFL will trade following the announcement of the transaction or as to the financial performance of FRL and HFL following the consummation of the transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, FRL, HFL and their respective affiliates shall indemnify them.

For **KEYNOTE CORPORATE SERVICES LTD**

Nipun Lodha
Executive Vice-President & Head- Corporate Finance
SEBI Registration No. INM000003606
(Merchant Banker)

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Private and Confidential

KEYNOTE

January 05, 2017

The Board of Directors
Heritage Foods Limited
#6-3-541/C, Panjagutta,
Hyderabad - 500 082
Telangana, India

Dear Sir/Madam,

Reg: Fairness Opinion on the slump sale of the Retail Undertaking (comprising of Retail, Agri and Bakery Business Verticals) and VetCa Undertaking from Heritage Foods Limited ("HFL") to Heritage Foods Retail Limited ("HFRL").

Keynote Corporate Services Limited ("**Keynote**" or "**we**" or "**us**") is a Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We have been requested to issue a report on fairness of the slump sale with respect to Draft Scheme of Arrangement between Heritage Foods Limited ("HFL") and Heritage Foods Retail Limited ("HFRL"). We have perused the documents/ information provided by you in respect of the said Arrangement and the Valuation Report as issued by **Raju & Prasad, Chartered Accountants,** *(hereafter referred to as "**Raju & Prasad CA**")* dated November 07, 2016 and state as follows:

Company Profile:

Heritage Foods Limited founded in the year 1992 is one of the fastest growing private sector enterprises in India, with six business verticals viz., Dairy, Retail, Agri, Bakery, Renewable Energy and VetCa. As on 31st October 2016, Heritage Dairy has market presence in Telangana, Andra Pradesh, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, Haryana and Delhi NCR. 113,500 retail outlets sell Heritage Products in all these states and it has 124 Heritage Fresh retail stores across Hyderabad, Chennai and Bangalore. Integrated Agri pack houses under its Agri business vertical are in Chittoor in Andra Pradesh and Medak in Telangana and these serve the Heritage Fresh retail stores. In addition to the above retail presence for dairy and retail stores, the company has a bakery production facility in Hyderabad, one solar (2.34 MW) and two wind (4.2 MW) power projects for captive consumption of its dairy factories under its Renewable Energy vertical and cattle feed supply to dairy farmers and general traders and maize to poultries and distilleries under its VetCa business vertical.

The Company has identified its retail, agri and the bakery business verticals as Retail Undertaking. The VetCa Undertaking comprises the veterinary care business vertical.

Heritage Foods Retail Limited is a public limited company incorporated in December 2008 under the Company Act, 1956. The company has been incorporated for undertaking the activities of trading and dealing in goods and produce, and processing, packaging and selling agri products. HFRL is a wholly owned subsidiary of HFL and is yet to commence its operations.

Transaction background: HFL proposes to reorganize the business by transferring the Retail Undertaking (comprising of Retail, Agri and Bakery Business Vertical) and the VetCa Undertaking through a slump sale to HFRL. HFRL shall be discharging the consideration by issuing the HFRL equity shares to HFL ("Transaction").

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Rationale of the Report:

We have been informed that, pursuant to a Scheme of Arrangement under sections 391 to 394 read with sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 232 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013, as may be applicable, and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 (as may be applicable) (hereinafter referred to as "the Scheme") and subject to necessary approvals, the Retail Undertaking (comprising of Retail, Agri, Bakery Business Verticals) and VetCa Undertaking of HFL would be transferred to HFRL as part of slump sale as on First Appointed Date which is 1st November 2016.

We have been further informed that HFRL is wholly owned subsidiary company of the HFL and hence proposed transaction is as per the Net Asset Value Method (Using Book Values) of the respective business verticals/ undertakings and as explained above, will be subject to necessary approvals from shareholders and other regulators.

In this regard, we have been requested to suggest a Fairness Opinion on the slump sale for the issue of equity shares of HFRL to HFL for the purpose of Proposed Transaction.

Sources of Information:

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

a) Valuation Report by Raju & Prasad, Chartered Accountants, dated November 07, 2016;
b) Historical Financial statements of the HFL for the year ended March 31, 2016;
c) Historical Financial statements for the Retail, Agriculture, Bakery and VetCa divisions of HFL for 31st October 2016;
d) Draft Scheme of Arrangement;
e) Other relevant information/documents regarding HFL including information available through public domain

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

Our Recommendation:

As stated in the Valuation Report, Raju & Prasad, Chartered Accountants, has recommended the following:

Slump sale of the Retail Undertaking (comprising of Retail, Agri and Bakery Business Verticals) and VetCa Undertaking of HFL into HFRL: **"As Per the Net Asset Method (Using Book Values), the value of Retail and VetCa Undertakings as at October 31, 2016 is Rs. 134.49 crores".**

The aforesaid Arrangement shall be pursuant to the Draft Scheme of Arrangement and shall be subject to receipt of approval from the Jurisdictional National Company Law Tribunal (NCLT)/ High Court of Hyderabad and Bombay, as applicable and other statutory approvals as may be required. The detailed terms and conditions of the demerger are more fully set forth in the Draft Scheme of Arrangement. Keynote has issued the fairness opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.

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Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the valuation as suggested by Raju & Prasad, Chartered Accountant, proposed under the Scheme of Arrangement is fair in our opinion.

Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by HFL for the purpose of this opinion. With respect to the financials provided to us by the managements of HFL, we have assumed that such financials were prepared in good faith by the managements of HFL. We express no opinion and accordingly accept no responsibility with respect to or for such financials. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of HFL. We have solely relied upon the information provided to us by HFL. We have not reviewed any books or records of HFL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of HFL and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of HFL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by HFL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of HFL with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the managements of HFL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that HFL may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving HFL & HFRL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to HFL for providing a fairness opinion on the proposed transaction and will receive professional fees for our services.

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the

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accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of HFL and HFRL for the purpose of this transaction and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of HFL should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to HFL's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of HFL should vote at their meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of HFL will trade following the announcement of the transaction or as to the financial performance of HFL and HFRL following the consummation of the transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, HFL and their affiliates shall indemnify them.

For **KEYNOTE CORPORATE SERVICES LTD**

Vineet Suchanti
Managing Director
SEBI Registration No. INM000003606
(Merchant Banker)

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EXPERIENCE THE NEW

DCS/AMAL/ND/R37/679/2016-17 **January 18, 2017**

The Company Secretary
Heritage Foods Limited
6 - 3 - 541 / C, Punjagutta
Hyderabad 500082

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement between Heritage Foods Limited, Heritage Foods Retail Limited and Future Retail Limited.

We are in receipt of Draft Scheme Arrangement between Heritage Foods Limited, Heritage Foods Retail Limited and Future Retail Limited and their respective shareholders and creditors filed as required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated January 18, 2017, has inter alia given the following comment(s) on the draft scheme of arrangement:

- **"Company shall ensure that additional information, if any, submitted by the company, after filing the Scheme with the Stock Exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."**
- **"Company shall duly comply with various provisions of the Circulars."**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- Copy of the High Court approved Scheme;
- Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- Status of compliance with the Observation Letter/s of the stock exchanges;
- The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- Complaints Report as per Annexure II of this Circular.
- Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

Nitin Pujari
Manager

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

NIFTY 50 Stock of the nation

Ref: NSE/LIST/10148

January 18, 2017

The Company Secretary
Heritage Foods Limited
6-3-541/C, Adjacent to NIMS
Punjagutta
Hyderabad – 500 082

Kind Attn.: Mr. Umakanta Barik

Dear Sir,

Sub: Observation Letter for Draft Scheme of Composite Scheme of Arrangement of Heritage Foods Limited, Heritage Foods Retail Limited and Future Retail Limited with its Shareholders and Creditors

We are in receipt of the draft composite scheme of arrangement of Heritage Foods Limited (HFL), Heritage Foods Retail Limited (HFRL) and Future Retail Limited (FRL) with its shareholders and creditors, filed by Heritage Foods Limited vide its letter dated November 17, 2016.

Based on our letter reference no Ref: NSE/LIST/100115 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, SEBI has vide letter dated January 18, 2017, has given following comments:

a. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the date of receipt of this letter is displayed on the websites of the company*

b. *The Company shall duly comply with various provisions of the Circular.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the Hon'ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from January 18, 2017, within which the scheme shall be submitted to the Hon"ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon"ble High Court, you shall submit to NSE the following:

a. Copy of Scheme as approved by the High Court;
b. Result of voting by shareholders for approving the Scheme;
c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
d. Status of compliance with the Observation Letter/s of the stock exchanges
e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
f. Complaints Report as per Annexure III of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Yours faithfully,
For **National Stock Exchange of India Ltd.**

Divya Poojari
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed
Signer - Divya Babu Poojari
Date: Wed, Jan 18, 2017 16:00:33 GMT+05:30
Location: NSE

Regd. Office: Exchange Plaza, Plot No. C/1, G-Block, Bandra-Kurla Cor NSE E), Mumbai 400 051, India
CIN: U67120MH1992PLC069769 Tel: +91 22 26598235/36, 26598346, 26598459/26598458 Web site: www.nseindia.com

Date: 14th December, 2016

To
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,Dalal Street,
Mumbai- 400001

BSE - Scrip Code: 519552

To
Listing Department
National Stock Exchange of India Limited
Bandra Kurla Complex, Bandra East,
Mumbai – 400051

NSE - Scrip Code: HERITGFOOD

Ref: SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 ('Circular') dealing with requirements of the Stock Exchanges on a Scheme of Arrangement

Sub: Composite Scheme of Arrangement among Heritage Foods Limited ("Transferor Company" or "HFL"), Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") and Future Retail Limited ("Resulting Company" or "the Company" or "FRL") and their respective Shareholders and Creditors ("the Scheme") under Sections 391-394 read with Sections 100-103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 / Companies Act, 2013.

Dear Sirs / Madam,

This is with reference to the information / documents filed with you vide our letter dated November 17, 2016 as required under SEBI Circular no.CIR/CFD/CMD/16/2015 dated November 30, 2015 ('Circular') and subsequent information / documents submitted from time to time as per your requirements.

As stated in our letter dated November 17, 2016, we hereby submit the Complaints Report containing details of complaints / comments on the Scheme of Arrangement (annexed hereto as Annexure I)

The soft copy of the Complaints Report is being separately sent to you by e-mail. We have also uploaded the Complaints Report on our website under the following link:

http://heritagefoods.in/draft.html

We request you to kindly upload the same on your website as required under the above mentioned Circular.

If you require any further clarifications/ information, we would be happy to provide the same.

Thanking You,

Yours Sincerely,

For **HERITAGE FOODS LIMITED**

Umakanta Barik
Company Secretary
M No: FCS 6317

Encl: As above

ANNEXURE I

Complaints Report
(Period from 23rd November, 2016 to 13th December, 2016)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchanges	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	NIL
5.	Number of complaints pending	NIL

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable		
2.			
3.			

For **HERITAGE FOODS LIMITED**

Umakanta Barik
Company Secretary
M No: FCS 6317

Annexure-8

Shareholding Pattern (pre and post) of HERITAGE FODDS LIMITED)
as on 30th September, 2016)

Sr	Particulars	Pre-arrangement		Post-arrangement	
	Description	No. of shares	%	No. of shares	%
(A)	**Shareholding of Promoter and Promoter Group**	**9,256,846**	**39.9019**	**9,256,846**	**39.9019**
1	**Indian**				
(a)	**Individuals/ Hindu Undivided Family**	**8,033,046**	**34.6267**	**8,033,046**	**34.6267**
	Ramakrishna Nandamuri	200	0.0009	**200**	**0.0009**
	V Naga Raja Naidu	50,000	0.2155	**50,000**	**0.2155**
	Nara Bhuvaneswari	5,330,826	22.9787	**5,330,826**	**22.9787**
	Nandamuri Vasundara	6,400	0.0276	**6,400**	**0.0276**
	Nara Lokesh	2,366,400	10.2004	**2,366,400**	**10.2004**
	A Siva Sankara Prasad	800	0.0034	**800**	**0.0034**
	Kathya N P	30,000	0.1293	**30,000**	**0.1293**
	Durga Ramakrishna N P	20,000	0.0862	**20,000**	**0.0862**
	Nandamuri Balakrishna	7,420	0.0320	**7,420**	**0.0320**
	Ramakrishna N P	100,000	0.4311	**100,000**	**0.4311**
	Neelima N P	20,000	0.0862	**20,000**	**0.0862**
	N Brahmani	101,000	0.4354	**101,000**	**0.4354**
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	Bodies Corporate Names	1,223,800	5.2752	**1,223,800**	**5.2752**
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Others	-	-	**-**	**-**
	Sub Total(A)(1)	**9,256,846**	**39.9019**	**9,256,846**	**39.9019**
2	**Foreign**	-	-	-	-
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any Others	-	-	-	-
	Sub Total(A)(2)	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**9,256,846**	**39.9019**	**9,256,846**	**39.9019**

Sr	Particulars	Pre-arrangement		Post-arrangement	
	Description	No. of shares	%	No. of shares	%
(B)	**Public shareholding**	**13,942,154**	**60.0981**	**13,942,154**	**60.0981**
1	**Institutions**				
(a)	Mutual Funds/ UTI	1,338,155	5.7682	**1,338,155**	**5.7682**
(b)	Financial Institutions / Banks	2,340	0.0101	**2,340**	**0.0101**
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies				
(f)	Foreign Institutional Investors	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other	1,327,021	5.7202	**1,327,021**	**5.7202**
	Sub-Total (B)(1)	**2,667,516**	**11.4984**	**2,667,516**	**11.4984**
2	**Non-institutions**				
(a)	Bodies Corporate	-	-	-	-
(b)	Individuals	-	-	-	-
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	3,626,736	15.63	**3,626,736**	**15.6332**
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	3,636,865	15.68	**3,636,865**	**15.6768**
(c)	Any Other	4,011,037	17.2897	**4,011,037**	**17.2897**
	Sub-Total (B)(2)	**11,274,638**	**48.5997**	**11,274,638**	**48.5997**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**13,942,154**	**60.0981**	**13,942,154**	**60.0981**
	TOTAL (A)+(B)	**23,199,000**	**100.0000**	**23,199,000**	**100.0000**
(C)	Shares held by Custodians and against which DRs have been issued	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**23,199,000**	**100.0000**	**23,199,000**	**100.0000**

Annexure-9

Shareholding Pattern (pre and post) of HERITAGE FOODS RETAIL LIMITED as on 30th September, 2016)

Sr	Particulars	Pre-arrangement		* Post-arrangement	
	Description	**No of shares**	**%**	**No of shares**	**%**
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals/ Hindu Undivided Family	**-**	**-**	**-**	**-**
(b)	Central Government/ State Government(s)	**-**	**-**	**-**	**-**
(c)	Bodies Corporate Names				
	Heritage Foods Limited (Along with Nominees)	165,600	100.0000	14,165,600	100.0000
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Others				
	Sub Total(A)(1)	**165,600**	**100.0000**	**14,165,600**	**100.0000**
2	Foreign	-	-	-	-
(a)	Individuals (Non-Residents Individuals/				
	Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate				
(c)	Institutions	-	-	-	-
(d)	Any Others				
	Sub Total(A)(2)	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**165,600**	**100.0000**	**14,165,600**	**100.0000**
(B)	**Public shareholding**	**-**	**-**	**-**	**-**
1	Institutions				
(a)	Mutual Funds/ UTI	-	-	-	-
(b)	Financial Institutions / Banks				
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-

Sr	Particulars	Pre-arrangement		* Post-arrangement	
	Description	No of shares	%	No of shares	%
(e)	Insurance Companies	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other	-	-	-	-
	Sub-Total (B)(1)	**-**	**-**	**-**	**-**
2	Non-institutions				
(a)	Bodies Corporate	-	-	-	-
(b)	Individuals	-	-	-	-
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	-	-	-	-
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	-	-
(c)	Any Other	-	-	-	-
	Sub-Total (B)(2)	**-**	**-**	**-**	**-**
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	**-**	**-**	**-**	**-**
	TOTAL (A)+(B)	**165,600**	**100.0000**	**14,165,600**	**100.0000**
(C)	Shares held by Custodians and against which DRs have been issued	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**165,600**	**100.0000**	**14,165,600**	**100.0000**

*** Note:** The reduction of Equity Share Capital of HFRL shall be effected as per the Part-IV of the Composite Scheme of Arrangement.

Annexure-10

Shareholding Pattern (pre and post) of FUTURE RETAIL LIMITED as on 30th September, 2016)

Particulars		Pre-arrangement		Post-arrangement	
Sr	Description	No. of shares	%	No. of shares	%
(A)	**Shareholding of Promoter and Promoter Group**				
1	**Indian**				
(a)	**Individuals/ Hindu Undivided Family**	**88,115**	**0.0187**	**88,115**	**0.0180**
	Anil Biyani	2,121	0.0004	2,121	0.0004
	Ashni Kishore Biyani	71,147	0.0151	71,147	0.0145
	Gopikishan Biyani	2,121	0.0004	2,121	0.0004
	Kishore Biyani	2,121	0.0004	2,121	0.0004
	Laxminarayan Biyani	2,121	0.0004	2,121	0.0004
	Rakesh Biyani	2,121	0.0004	2,121	0.0004
	Sunil Biyani	2,121	0.0004	2,121	0.0004
	Vijay Biyani	2,121	0.0004	2,121	0.0004
	Vivek Biyani	2,121	0.0004	2,121	0.0004
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	**Bodies Corporate Names**	**230,027,321**	**48.8030**	**230,027,321**	**47.0225**
	Future Corporate Resources Limited	177,545,090	37.6683	177,545,090	36.2940
	PIL Industries Limited	44,136,090	9.3640	44,136,090	9.0224
	Gargi Business Ventures Private Limited	4,550,000	0.9653	4,550,000	0.9301
	Ryka Commercial Ventures Private Limited	1,684,663	0.3574	1,684,663	0.3444
	Manz Retail Private Limited	1,579,103	0.3350	1,579,103	0.3228
	Future Capital Investment Private Limited	531,375	0.1127	531,375	0.1086
	Akar Estate And Finance Private Limited	1,000	0.0002	1,000	0.0002
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Others	-	-	-	-
	Sub Total(A)(1)	**230,115,436**	**48.8217**	**230,115,436**	**47.0405**
2	**Foreign**	-	-	-	-
(a)	Individuals (Non-Residents Individuals/	-	-	-	-
	Foreign Individuals)				

Particulars		Pre-arrangement		Post-arrangement	
Sr	Description	No. of shares	%	No. of shares	%
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any Others	-	-	-	-
	Sub Total(A)(2)	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**230,115,436**	**48.8217**	**230,115,436**	**47.0405**
(B)	**Public shareholding**	**241,223,121**	**51.1783**	**259,070,541**	**52.9595**
1	**Institutions**				
(a)	Mutual Funds / UTI	11,054,134	2.3453	11,054,134	2.2597
(b)	Financial Institutions / Banks	5,068,413	1.0753	5,068,413	1.0361
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	2,639,583	0.5600	2,639,583	0.5396
(f)	Foreign Institutional Investors	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other (Foreign Portfolio Investor)	86,165,110	18.2809	86,165,110	17.6140
	Sub-Total (B)(1)	**104,927,240**	**22.2615**	**104,927,240**	**21.4494**
2	**Non-institutions**				
(a)	Bodies Corporate	114,702,681	24.3355	132,550,101	27.0961
(b)	Individuals	-	-	-	-
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	10,441,817	2.2154	10,441,817	2.1345
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	7,816,699	1.6584	7,816,699	1.5979
(c)	Any Other	33,34,684	0.7075	33,34,684	0.6817
	Sub-Total (B)(2)	**136,295,881**	**28.9168**	**154,143,301**	**31.5102**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**241,223,121**	**51.1783**	**259,070,541**	**52.9595**
	TOTAL (A)+(B)	**471,338,557**	**100.0000**	**489,185,977**	**100.0000**
(C)	Shares held by Custodians and against which DRs have been issued	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**471,338,557**	**100.0000**	**489,185,977**	**100.0000**

HERITAGE FOODS LIMITED
(Formerly known as HERITAGE FOODS (INDIA) LIMITED)
Regd. Office: 6 - 3 - 541/c, Adj. to NMS, Punjagutta, Hyderabad - 500 082.
CIN: L15209TG1992PLC014332 - www.heritagefoods.in - Tel: 040 - 23391221/23391222 Fax: 30685458, Email- hfl@heritagefoods.in

STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2016

(Rs.in lakhs)

Particulars	STANDALONE						CONSOLIDATED					
	Quarter Ended			Half Year Ended		Year Ended	Quarter Ended			Half Year Ended		Year Ended
	30.09.2016 (Unaudited)	30.06.2016 (Unaudited)	30.09.2015 (Unaudited)	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	31.03.2016 (Audited)	30.09.2016 (Unaudited)	30.06.2016 (Unaudited)	30.09.2015 (Unaudited)	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	31.03.2016 (Audited)
1. Income from operations												
(a) Net Sales / Income from Operations (Net of excise duty)	62676.88	61945.18	57598.65	124622.06	114391.95	232895.32	62676.88	61945.18	57598.65	124622.06	114391.95	232895.32
(b) Other Operating Income	1454.08	1477.74	1080.29	2931.83	2129.18	5163.01	1454.08	1477.74	1080.29	2931.83	2129.18	5163.01
Total income from operations (a+b)	64130.96	63422.92	58678.94	127553.88	116521.13	238058.33	64130.96	63422.92	58678.94	127553.88	116521.13	238058.33
2. Expenditure												
(a) Cost of materials consumed	33847.61	33296.11	31869.22	67143.72	66948.47	141378.79	33847.61	33296.11	31869.22	67143.72	66948.47	141378.79
(b) Purchase of stock-in-trade	14180.36	14163.74	11938.69	28344.10	23064.49	49296.66	14180.36	14163.74	11938.69	28344.10	23064.49	49296.66
(c) Changes in inventories of finished goods,work-in-progress and stock-in-trade	2084.24	1991.96	2062.36	4076.20	2160.60	(2808.45)	2084.24	1991.96	2062.36	4076.20	2160.60	(2808.45)
(d) Employee benefits expense	4152.25	4028.43	3501.50	8180.68	6678.26	13999.11	4152.25	4028.43	3501.50	8180.68	6678.26	13999.11
(e) Depreciation and amortisation expense	943.42	902.99	863.71	1846.41	1697.88	3451.21	943.42	902.99	863.71	1846.41	1697.88	3451.21
(f) Other expenses	6568.26	6394.35	5793.10	12943.66	11366.42	23114.88	6568.26	6394.35	5793.10	12943.66	11366.43	23115.30
Total expenditure (a+b+c+d+e+f)	61776.14	60777.57	56028.58	122534.76	111916.12	228432.20	61776.14	60777.57	56028.58	122534.76	111916.12	228432.61
3. Profit / (Loss) from operations before other income, finance costs & exceptional items (1-2)	2354.83	2645.35	2650.36	5019.13	4605.01	9626.13	2354.83	2645.35	2650.36	5019.13	4605.01	9625.72
4. Other Income	109.32	124.21	130.39	214.58	300.48	654.96	109.32	124.21	130.39	214.58	300.48	654.96
5. Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	2464.15	2769.56	2780.74	5233.71	4905.49	10281.09	2464.15	2769.56	2780.74	5233.71	4905.49	10280.68
6. Finance costs	245.56	263.60	400.79	509.16	837.30	1545.89	245.56	263.60	400.79	509.16	837.30	1545.89
7. Profit /(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	2218.59	2505.96	2379.95	4724.55	4068.19	8735.20	2218.59	2505.96	2379.95	4724.55	4068.18	8734.79
8. Exceptional Items	-	-	-	-	-	136.95	-	-	-	-	-	136.95
9. Profit / (Loss) from ordinary activities before tax (7-8)	2218.59	2505.96	2379.95	4724.55	4068.19	8598.25	2218.59	2505.96	2379.95	4724.55	4068.18	8597.84
10. Tax expense												
Current Tax /MAT	536.00	940.00	905.00	1476.00	1556.00	3086.50	536.00	940.00	905.00	1476.00	1556.00	3086.50
Prior period tax	(107.54)	0.11	(19.14)	(107.43)	(18.06)	(18.06)	(107.54)	0.11	(19.14)	(107.43)	(18.06)	(18.06)
Deferred Tax Charge / (Credit)	220.30	(86.48)	(35.24)	133.82	(70.86)	(13.34)	220.30	(86.48)	(35.24)	133.82	(70.86)	(13.34)
11.Net Profit/ (Loss) from ordinary activities after tax (9 -10)	1569.83	1652.33	1529.33	3222.17	2601.11	5543.15	1569.83	1652.33	1529.33	3222.17	2601.11	5542.74
12.Extraordinary Items (net of tax expense)	-	-	-	-	-	-	-	-	-	-	-	-
13.Net Profit/(Loss) for the period before share of profit /(loss) of associates and minority interest (11-12)	1569.83	1652.33	1529.33	3222.17	2601.11	5543.15	1569.83	1652.33	1529.33	3222.17	2601.11	5542.74
14.Share of profit / (loss) of associates	-	-	-	-	-	-	(0.02)	(0.01)	(0.02)	(0.03)	(0.02)	(0.09)
15. Minority interest	-	-	-	-	-	-	-	-	-	-	-	(0.04)
16. Net Profit/ (Loss) after taxes, minority interest and share of profit / (loss) of associates (13+14+15)	1569.83	1652.33	1529.33	3222.17	2601.11	5543.15	1569.81	1652.32	1529.31	3222.14	2601.09	5542.69
17. Paid-up equity share capital	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90
Face value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
18. Reserves excluding revaluation reserves as per Balance Sheet of previous Accounting year	—	—	—	—	—	21679.38	—	—	—	—	—	21670.36
19. Earnings per share (Rs.)												
a) EPS before Extraordinary items for the period, for the year to date and for the previous year (not annualized) :												
i. Basic	6.77	7.12	6.59	13.89	11.21	23.89	6.77	7.12	6.59	13.89	11.21	23.89
ii. Diluted	6.77	7.12	6.59	13.89	11.21	23.89	6.77	7.12	6.59	13.89	11.21	23.89
b) EPS after Extraordinary items for the period, for the year to date and for the previous year (not annualised):												
i. Basic	6.77	7.12	6.59	13.89	11.21	23.89	6.77	7.12	6.59	13.89	11.21	23.89
ii. Diluted	6.77	7.12	6.59	13.89	11.21	23.89	6.77	7.12	6.59	13.89	11.21	23.89

Heritage Foods Limited

Statement of Assets and Liabilities :

(Rs. in lakhs)

Particulars	Standalone		Consolidated	
	As at September 30, 2016 (Unaudited)	As at March 31, 2016 (Audited)	As at September 30, 2016 (Unaudited)	As at March 31, 2016 (Audited)
A. EQUITY AND LIABILITIES				
1. SHAREHOLDERS' FUNDS				
a. Share Capital	**2319.90**	2319.90	**2319.90**	2319.90
b. Reserves and Surplus	**24897.87**	21679.38	**24888.82**	21670.36
Sub-Total Shareholders' funds	**27217.77**	23999.28	**27208.72**	23990.26
2. MINORITY INTEREST			1.57	1.57
3. NON-CURRENT LIABILITIES				
a. Long-term borrowings	**7229.93**	6584.71	**7229.93**	6584.71
b. Deferred tax liabilities (Net)	**2001.55**	1867.72	**2001.55**	1867.72
c. Other Long term liabilities	**1152.59**	1045.32	**1152.59**	1045.32
d. Long term provisions	**551.53**	551.54	**551.53**	551.54
Sub-Total Non-Current Liabilities	**10935.60**	10049.29	**10935.60**	10049.29
4. CURRENT LIABILITIES				
a. Short-term borrowings	**2437.28**	3925.16	**2437.28**	3925.16
b. Trade payables	**7704.85**	8466.93	**7704.85**	8466.93
c. Other current liabilities #	**9218.87**	9469.71	**9219.36**	9470.59
d. Short-term provisions	**1171.59**	1582.15	**1171.59**	1582.15
Sub-Total Current Liabilities	**20532.59**	23443.95	**20533.08**	23444.83
TOTAL EQUITY AND LIABILITIES	**58685.96**	57492.52	**58678.97**	57485.95
B. ASSETS				
1. NON-CURRENT ASSETS				
a. Fixed assets	35152.03	32161.35	35152.03	32161.35
b. Non-current investments	**95.66**	96.19	**79.29**	79.85
c. Long term loans and advances	**2932.78**	2371.52	**2932.78**	2371.52
d. Other non-current assets	**70.10**	68.37	**70.10**	68.37
Sub-Total Non-Current Assets	**38250.57**	34697.43	**38234.20**	34681.09
2. CURRENT ASSETS				
a. Current Investments	**2.15**	1.65	**2.15**	1.65
b. Inventories	**11170.30**	14491.11	**11170.30**	14491.11
c. Trade receivables	**2908.98**	2878.60	**2908.98**	2878.60
d. Cash and Bank balances	**5279.93**	4522.71	**5287.81**	4532.48
e. Short-term loans and advances	**867.15**	680.88	**868.65**	680.88
f. Other current assets	**206.88**	220.14	**206.88**	220.14
Sub-Total Current Assets	**20435.39**	22795.09	**20444.77**	22804.86
TOTAL ASSETS	**58685.96**	57492.52	**58678.97**	57485.95

Standalone: Other current liabilities includes current maturities of Long-term borrowings: As at 30.09.2016: Rs.1686.56 lakhs (As at 31.03.2016 : Rs.2092.98 lakhs)

SEGMENT REPORTING FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2016 (Rs. in lakhs)

Particulars	STANDALONE						CONSOLIDATED					
	Quarter Ended			Half Year Ended		Year Ended	Quarter Ended			Half Year Ended		Year Ended
	30.09.2016 (Unaudited)	30.06.2016 (Unaudited)	30.09.2015 (Unaudited)	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	31.03.2016 (Audited)	30.09.2016 (Unaudited)	30.06.2016 (Unaudited)	30.09.2015 (Unaudited)	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	31.03.2016 (Audited)
1. Segment Revenue												
a. Dairy	46200.34	46050.36	44187.28	92250.70	87861.09	176880.13	46200.34	46050.36	44187.28	92250.70	87861.09	176880.13
b. Retail	17463.00	16881.28	13862.69	34344.27	27256.16	58286.49	17463.00	16881.28	13862.69	34344.27	27256.16	58286.49
c. Agri	1279.12	1305.48	862.21	2584.60	1791.76	3872.15	1279.12	1305.48	862.21	2584.60	1791.76	3872.15
d. Bakery	360.06	254.19	193.90	614.25	399.04	812.04	360.06	254.19	193.90	614.25	399.04	812.04
e. Renewable Energy	123.13	111.45	63.12	234.58	128.93	304.30	123.13	111.45	63.12	234.58	128.93	304.30
f. Vet Ca	1365.66	1335.58	1338.88	2701.24	2747.51	5695.57	1365.66	1335.58	1338.88	2701.24	2747.51	5695.57
g. Heritage Foods Retail Limited	-	-	-	-	-	-	-	-	-	-	-	-
h. Heritage Conpro Ltd	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue	66791.30	65938.34	60508.07	132729.64	120184.49	245850.68	66791.30	65938.34	60508.07	132729.64	120184.49	245850.68
Less: Inter Segment Revenue	2660.34	2515.42	1829.13	5175.76	3663.36	7792.35	2660.34	2515.42	1829.13	5175.76	3663.36	7792.35
Net Sales / Income from Operations	64130.96	63422.92	58678.94	127553.88	116521.13	238058.33	64130.96	63422.92	58678.94	127553.88	116521.13	238058.33
	-	-	-	-	-	-	-	-	-	-	-	-
2. Segment Results (Profit (+) / (Loss) (-) before finance costs and tax)												
a. Dairy	3047.62	3391.19	3410.32	6438.81	6033.09	11532.19	3047.62	3391.19	3410.32	6438.81	6033.09	11532.19
b. Retail	(623.20)	(617.18)	(574.14)	(1240.38)	(1093.80)	(1380.99)	(623.20)	(617.18)	(574.14)	(1240.38)	(1093.80)	(1380.99)
c. Agri	(91.15)	(76.84)	(111.24)	(167.99)	(191.94)	(312.41)	(91.15)	(76.84)	(111.24)	(167.99)	(191.94)	(312.41)
d. Bakery	4.36	(9.53)	(19.14)	(5.16)	(25.36)	(61.52)	4.36	(9.53)	(19.14)	(5.16)	(25.36)	(61.52)
e. Renewable Energy	81.17	52.64	20.46	133.81	38.44	126.17	81.17	52.64	20.46	133.81	38.44	126.17
f. Vet Ca	33.38	23.88	47.46	57.26	106.25	176.63	33.38	23.88	47.46	57.26	106.25	176.63
g. Heritage Foods Retail Limited	-	-	-	-	-	-	-	-	-	-	-	(0.24)
h. Heritage Conpro Ltd	-	-	-	-	-	-	-	-	-	-	-	(0.17)
Total Segment Results	2452.18	2764.17	2773.72	5216.34	4866.68	10080.06	2452.18	2764.17	2773.72	5216.34	4866.68	10079.65
Less: i. Finance costs	245.56	263.60	400.79	509.16	837.30	1545.89	245.56	263.60	400.79	509.16	837.30	1545.89
ii. Other un-allocable expenses net off	-	-	-	-	-	-	-	-	-	-	-	-
Add: i. Interest income	7.97	5.40	3.97	13.36	35.74	61.01	7.97	5.40	3.97	13.36	35.74	61.01
ii. Other un-allocable income	4.00	-	3.06	4.00	3.06	3.06	4.00	-	3.06	4.00	3.06	3.06
Total Profit before Tax	2218.59	2505.96	2379.95	4724.55	4068.18	8598.25	2218.59	2505.96	2379.95	4724.55	4068.18	8597.64
3. Segment Assets:												
a. Dairy	28942.12	30729.55	27529.43	28942.12	27529.43	30744.64	28942.12	30729.55	27529.43	28942.12	27529.43	30744.64
b. Retail	14440.91	13970.52	11878.39	14440.91	11878.39	13663.43	14440.91	13970.52	11878.39	14440.91	11878.39	13663.43
c. Agri	2723.62	3018.10	3102.31	2723.62	3102.31	2958.51	2723.62	3018.10	3102.31	2723.62	3102.31	2958.51
d. Bakery	1039.98	1140.98	1108.44	1039.98	1108.44	1130.32	1039.98	1140.98	1108.44	1039.98	1108.44	1130.32
e. Renewable Energy	4521.79	2898.19	1562.77	4521.79	1562.77	2944.89	4521.79	2898.19	1562.77	4521.79	1562.77	2944.89
f. Vet Ca	1105.40	933.84	766.62	1105.40	766.62	983.43	1105.40	933.84	766.62	1105.40	766.62	983.43
g. Heritage Foods Retail Limited	-	-	-	0.00	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00
h. Heritage Conpro Ltd	-	-	-	0.00	0.00	-	1.50	0.00	0.00	1.50	0.00	0.00
i. Unallocated	1445.78	1440.12	1294.81	1445.78	1294.81	1321.59	1445.78	1440.12	1294.81	1445.78	1294.81	1321.59
Total	54219.60	54131.31	47242.77	54219.60	47242.77	53746.82	54221.10	54131.31	47242.77	54221.10	47242.77	53746.82
4. Segment Liabilities:												
a. Dairy	11658.17	11768.55	10276.95	11658.17	10276.95	11170.99	11658.17	11768.55	10276.95	11658.17	10276.95	11170.99
b. Retail	4720.84	4802.96	4161.52	4720.84	4161.52	5031.15	4720.84	4802.96	4161.52	4720.84	4161.52	5031.15
c. Agri	284.68	268.77	194.09	284.68	194.09	241.80	284.68	268.77	194.09	284.68	194.09	241.80
d. Bakery	135.87	71.38	53.49	135.87	53.49	66.01	135.87	71.38	53.49	135.87	53.49	66.01
e. Renewable Energy	219.61	14.00	12.04	219.61	12.04	335.74	219.61	14.00	12.04	219.61	12.04	335.74
f. Vet Ca	459.21	361.39	465.38	459.21	465.38	488.85	459.21	361.39	465.38	459.21	465.38	488.85
g. Heritage Foods Retail Limited	-	-	-	0.00	0.00	-	0.25	0.47	0.38	0.25	0.38	0.47
h. Heritage Conpro Ltd	-	-	-	0.00	0.00	-	0.24	0.40	0.32	0.24	0.32	0.40
i. Unallocated	1349.86	1833.29	1449.66	1349.86	1449.66	1623.39	1349.86	1833.29	1449.66	1349.86	1449.66	1623.39
Total	18828.24	19120.34	16613.13	18828.24	16613.13	18957.92	18828.74	19121.20	16613.83	18828.74	16613.83	18958.79

Notes:

1.The above results for the quarter ended September 30,2016 have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on October 28, 2016.

2. The Statutory Auditors have conducted a limited review of accounts for the aforesaid period.

3.As per the Accounting Standard (AS- 17), the Company has identified Dairy, Retail, Agri, Bakery, Renewable Energy and Vet Ca segments as reportable segments. The segment wise results are given above.

4 The Company has commissioned a 2.1 MW Wind Power Unit under Renewable Energy segment for captive consumption in the month of September, 2016 at Vajrakarur in Ananthapur District, Andhra Pradesh.

5. Figures of previous period(s)/ year(s) have been regrouped/rearranged wherever necessary.

For and on behalf of the Board

N Bhuvaneswari

Vice Chairperson & Managing Director

DIN -00003741

Date: October 28, 2016

Place: Hyderabad

Heritage Foods Retail Limited
Balance Sheet as at 30th September, 2016

(Amount in Rs.)

Particulars	Note No	As at 30.09.2016	As at 31.03.2016
EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	1	**1656000**	1656000
b) Reserves and Surplus	2	**(1409142)**	(1409027)
Sub Total		**246858**	246973
2) Share application money pending allotment		**-**	-
3) Non-Current Liabilities		**-**	-
4) Current Liabilities			
Other current liabilities	3	**25054**	47313
Total		**271912**	294286
ASSETS			
1) Non-current assets		**-**	-
2) Current assets			
Cash and cash equivalents	4	**271912**	294286
Total		**271912**	294286
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14		

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No.003475S)

Y.BALAKRISHNA REDDY
Partner
Membership No.223701

Date: November 07, 2016
Place : Hyderabad

For and on behalf of the Board

N. BRAHMANI
Managing Director
DIN: 02338940

M. SAMBASIVA RAO
Director
DIN: 01887410

Heritage Foods Retail Limited

Statement of Profit and Loss for the Period ended 30th September, 2016

(Amount in Rs.)

Particulars	Note No	Period Ended 30.09.2016	Period Ended 30.09.2015
I. Revenue from operations		-	-
II. Other Income		-	-
III. Total Revenue (I +II)		-	-
IV. Expenses:			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefits expense		-	-
Finance costs		-	-
Depreciation and amortization expense		-	
Other expenses	5	**115**	-
Total expenses		**115**	-
V. Profit before exceptional and extraordinary items and tax		**(115)**	-
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		**(115)**	-
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		**(115)**	-
X. Tax expense:		-	-
XI. Profit(Loss) from the perid from continuing operations		**(115)**	-
XII. Earning per equity share:			
(1) Basic		**(0)**	-
(2) Diluted		**(0)**	-
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14		

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No.003475S)

Y. Bala Krishna Reddy

Y.BALAKRISHNA REDDY
Partner
Membership No.223701

Date: November 07, 2016
Place : Hyderabad

RAJU & PRASAD * HYDERABAD * CHARTERED ACCOUNTANTS

For and on behalf of the Board

N. Brahmani

N. BRAHMANI
Managing Director
DIN: 02338940

M. SAMBASIVA RAO
Director
DIN: 01887410

Heritage Foods Retail Limited

CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2016

(Amount in Rs.)

PARTICULARS	Period Ended 30.09.2016	Period Ended 30.09.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax	**(115)**	-
Adjustment for		
Depreciation	-	-
Interest	-	-
Operating Profit before working capital changes	**(115)**	-
Adjustment for:		
Inventories	-	-
Trade and other Receivables	-	-
Other current Liabilities	**(22259)**	(14,013)
Cash generated from operations	**(22374)**	(14,013)
Direct taxes paid (incl.taxiation of earlier years)	-	-
Net Cash (Used) / generated for / from operations	**(22374)**	(14013)
B. CASH FLOW FROM INVESTING ACTIVITIES	-	-
C. CASH FLOW FROM FINANCING ACTVITIES		
Proceeds from issue of Equity Shares	-	-
Net Cash (Used) / generated for / from Financing Activities		
Net increase / (decrease) in cash and cash equivalents	**(22374)**	(14,013)
Cash and Cash equivalents as at the beginning of the year	**294286**	323314
Cash and Cash equivalents as at end of the Period	**271912**	309301
Summary of significant Accounting Policies & Notes to Financial statements	1 to 14	

As per our report attached
For **Raju & Prasad**
Chartered Accountants
(Firm No.003475S)

Y. Balakrishna Reddy

Y.BALAKRISHNA REDDY
Partner
Membership No.223701

Date: November 07, 2016
Place : Hyderabad

RAJU & PRASAD * HYDERABAD * CHARTERED ACCOUNTANTS

For and on behalf of the Board

N. Brahmani

N. BRAHMANI
Managing Director
DIN: 02338940

M. SAMBASIVA RAO
Director
DIN: 01887410

FUTURE RETAIL

Statement of Standalone Financial Results for the Quarter and Six months ended September 30, 2016

(₹ in Crore)

Sr. No.	Particulars	3 months ended 30-09-2016	Preceding 3 months ended 30-06-2016	Corresponding 3 months ended in previous year 30-09-2015	6 months ended 30-09-2016	Corresponding 6 months ended in previous year 30-09-2015
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	**Income From Operations**					
	a) Net sales/income from operations	**4,129.85**	3,891.51	359.86	**8,021.36**	769.27
	b) Other operating income	**61.60**	88.17	0.55	**149.77**	1.71
	Total income from operations	**4,191.45**	3,979.68	360.41	**8,171.13**	770.98
2	**Expenses**					
	a) Purchases of stock-in-trade	**3,344.14**	3,109.42	314.14	**6,453.56**	631.08
	b) Changes in inventories of stock-in-trade - (Increase) / Decrease	**(190.04)**	(130.10)	(12.55)	**(320.14)**	20.92
	c) Employee benefits expense	**201.63**	188.77	36.93	**390.40**	77.84
	d) Depreciation and amortisation expense	**8.19**	6.87	4.32	**15.06**	14.39
	e) Rent including lease rental	**332.59**	331.19	21.81	**663.78**	46.50
	f) Other expenses	**374.95**	363.61	51.30	**738.56**	113.61
	Total Expenses	**4,071.46**	3,869.76	415.95	**7,941.22**	904.34
3	**Profit/(Loss) from Operations before other income, finance costs and Exceptional Items (1-2)**	**119.99**	109.92	(55.54)	**229.91**	(133.36)
4	Other Income	**6.48**	5.54	0.04	**12.02**	0.37
5	**Profit/(Loss) from ordinary activities before finance costs and Exceptional Items (3+4)**	**126.47**	115.46	(55.50)	**241.93**	(132.99)
6	Finance costs	**52.84**	44.91	1.19	**97.75**	10.65
7	**Profit/(Loss) from ordinary activities after finance costs but before Exceptional Items (5-6)**	**73.63**	70.55	(56.69)	**144.18**	(143.64)
8	**Exceptional Items**	-	-	-	-	-
9	**Profit/(Loss) from ordinary activities before tax (7+8)**	**73.63**	70.55	(56.69)	**144.18**	(143.64)
10	Tax Expense	-	-	-	-	-
11	**Net Profit/(Loss) for the period (9-10)**	**73.63**	70.55	(56.69)	**144.18**	(143.64)
12	**Other Comprehensive Income (OCI) (net of tax)**	-	(0.24)	(0.12)	**(0.24)**	(0.24)
13	**Total Comprehensive Income (11+12)**	**73.63**	70.31	(56.81)	**143.94**	(143.88)
14	Paid up equity share capital (Face value of ₹ 2/- (2015 ₹ 10/-)per share)	**94.27**	94.27	1,719.75	**94.27**	1,719.75
15	**Basic and Diluted EPS (in ₹)**	**1.56**	1.50	(13.04)	**3.06**	(34.53)

Notes:

1 The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2016 and accordingly these financial result have been prepared in accordance with recognition and measurement principles laid down in the Ind AS 34 "Interim Financial Reporting" prescribed under section 133 of the companies Act , 2013 read with the relevant rules issued there under and the other accounting principles generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS-34.

Reconciliation of Net Loss for the corresponding quarter and six months ended September 30, 2015 between previous Indian GAAP and Ind AS is as under

(₹ in Crore)

Particulars	Quarter ended 30-September-	Six months ended 30-September-
Net Loss as per previous GAAP	**(56.81)**	**(143.87)**
Adjustment to restate to Ind AS:		
Measurement of Security Deposits at amortised cost	-	(0.01)
Actuarial loss on employee defined benefit obligations reclassified to OCI	0.12	0.24
Net Loss as per Ind AS	**(56.69)**	**(143.64)**

2 The above results were reviewed by the Audit Committee and were thereafter approved by the Board of Directors of the Company at its meeting held on December 06, 2016. Statutory Auditors have issued Limited Review report on the same.

3 Figures for the previous financial period have been re-arranged and re-grouped wherever necessary and are not comparable for the reason of effect given to the Scheme

4 The Financial Results and other financial information for the quarter and six months ended September 30, 2015 have not been reviewed by statutory auditors and have been presented based on the information compiled by the management after making the necessary adjustment to give a true and fair view of the results in accordance with Ind AS.

5 The Board in its previous meeting has approved a Scheme of Arrangement for demerger of Retail Business Undertaking of Heritage Foods Retail Limited, 100% subsidiary of Heritage Foods Limited. The Company is in process of making application to various regulators for implementation of the same.

6 The Company has only one business segment i.e. "Retail".

FUTURE RETAIL LIMITED

Future Retail Limited (Formerly known as Bharti Retail Limited)
Registered Office: Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai-400060
T +91 22 6644 2280, F +91 22 6644 2207, www.futureretail.in
CIN: L51909MH2007PLC282089

FUTURE RETAIL

Unaudited Standalone Statement of Assets and Liabilities as on September 30, 2016

(₹ in Crore)

PARTICULARS	As at 30.09.2016
A) ASSETS	
NON-CURRENT ASSETS	
(a) Other Intangible Assets	295.73
(b) Financial Assets	
(i) Investments	0.01
(ii) Other Financial Assets	255.03
(c) Other Non Current Assets	7.43
TOTAL NON-CURRENT ASSETS	558.20
CURRENT ASSETS	
(a) Inventories	3,617.69
(b) Financial Assets	
(i) Trade Receivables	281.38
(ii) Cash and Cash Equivalents	60.27
(iii) Bank Balances other than (ii) above	61.77
(iv) Other Financial Assets	1,896.66
(c) Other Current Assets	11.15
TOTAL CURRENT ASSETS	5,928.92
TOTAL ASSETS	6,487.12
B) EQUITY AND LIABILITIES	
EQUITY	
(a) Equity Share Capital	94.7
(b) Other Equity	1,929.48
TOTAL EQUITY	2,023.75
Optionally Convertible Debentures	155.81
LIABILITIES	
NON-CURRENT LIABILITIES	
(a) Provisions	31.94
(b) Other Non-Current Liabilities	140.58
TOTAL NON-CURRENT LIABILITIES	172.52
CURRENT LIABILITIES	
(a) Financial Liabilities	
(i) Borrowings	1,698.70
(ii) Trade Payables	2,285.46
(b) Other Current Liabilities	144.20
(c) Provisions	6.68
TOTAL CURRENT LIABILITIES	4,135.04
TOTAL EQUITY AND LIABILITIES	6,487.12

For Future Retail Limited

Place : Mumbai
Date : December 06, 2016

Rakesh Biyani
Jt. Managing Director

FUTURE RETAIL LIMITED

Future Retail Limited (Formerly known as Bharti Retail Limited)
Registered Office: Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai - 400 060
P +91 22 6644 2200, F + 91 22 6644 2201, www.futureretail.co.in
CIN : L51909MH2007PLC268269

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HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332

Regd. Office: # 6-3-541/C, Punjagutta, Hyderabad-500082, Telangana, India

Tel:+91-40-23391221/2, Fax:+91-40-30685458

e-mail: hfl@heritagefoods.in Website: www.heritagefoods.in

ATTENDANCE SLIP

Tribunal Convened Meeting

(Please fill this attendance slip and hand it over at the entrance of the Meeting Hall)

DP ID *		Folio Number	
Client ID*		No. of Shares	

Name & Address (in BLOCK letters):

I/we certify that I/we am/are a registered shareholder(s)/proxy(s) for the registered shareholder of the Company. I/we hereby record my/our presence at the Tribunal Convened Meeting of the Company to be held at Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, and Hyderabad - 500045 on Monday, the 20th March, 2017 at 11.00 a.m.

Signature of the Equity Shareholder or Proxy ……..

Note:

* Applicable for investors holding shares in electronic form

** **Strike out whichever is not applicable**

HERITAGE FOODS LIMITED

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Regd. Office: # 6-3-541/C, Punjagutta, Hyderabad-500082, Telangana, India
Tel:+91-40-23391221/2, Fax:+91-40-30685458
e-mail: hfl@heritagefoods.in Website: www.heritagefoods.in

[Pursuant Section 105(6) of the Companies Act 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014 – Form No. MGT-11

PROXY FORM

Name of the Member(s):	
Registered address:	
Folio No./Client Id:	DP ID:
E-mail Id:	

I/We, being the member(s) having..... Shares of the above named Company, hereby appoint:

1.	Name :	Address :
	E-mail Id :	Signature :
	or failing him/her	
2.	Name :	Address:
	E-mail Id :	Signature :
	or failing him/her	
3.	Name :	Address:
	E-mail Id :	Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Tribunal Convened Meeting of the Company to be held on Monday, the 20th March, 2017 at 11.00 a.m. at Auditorium Hall, 2nd Floor, Training Block, National Institute for Micro, Small and Medium Enterprises, Yousufguda, and Hyderabad - 500045 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Description	Vote		
		For	Against	Abstain
1.	To approve the Composite Scheme of Arrangement ("the Scheme") among Heritage Foods Limited ("Transferor Company" or "HFL") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") and Future Retail Limited ("Resulting Company" or "FRL") and their respective Sharehold			

Signed this.....day of.....2017

Affix Revenue Stamp

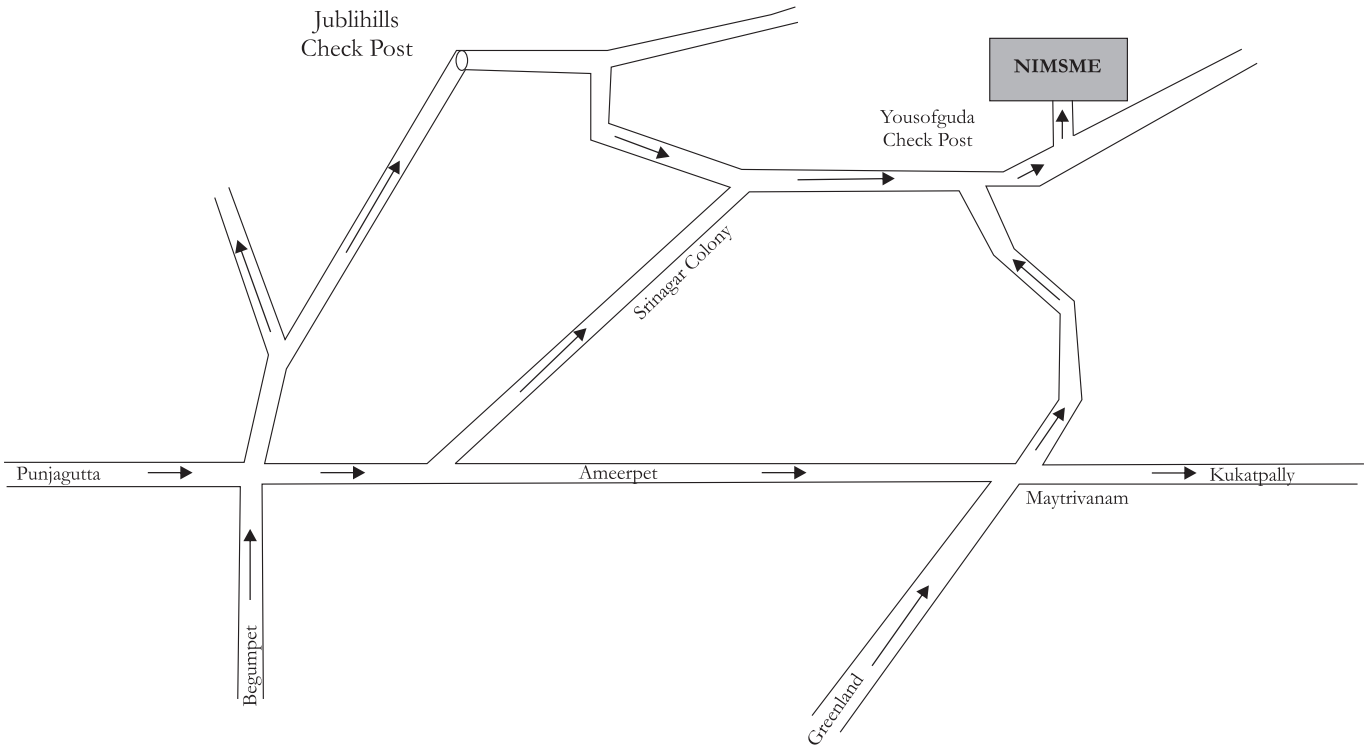
Signature of Shareholder

Signature of Proxy holder(s)

Notes:

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. **A Proxy need not be a member of the Company.**
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders.

VENUE OF THE TRIBUNAL CONVENED MEETING



PRINTED MATTER

If underlivered, please return to:

HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332

Regd. Office: # 6-3-541/C, Punjagutta, Hyderabad-500082, Telangana, India

Tel:+91-40-23391221/2, Fax:+91-40-30685458

e-mail: hfl@heritagefoods.in Website: www.heritagefoods.in

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD BENCH
COMPANY APPLICATION NO. CA (CAA) NO.6/230/HDB OF 2017

In the matter of Companies Act, 2013

And

In the matter of Sections 230-232 read with other relevant provisions of the Companies Act, 2013

And

In the matter of Composite Scheme of Arrangement between Heritage Foods Limited ("Transferor Company" or "HFL") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") and Future Retail Limited ("Resulting Company" or "FRL") and their respective shareholders.

And

HERITAGE FOODS LIMITED

… Applicant Company

CIN: L15209TG1992PLC014332
Regd .Off: 6-3541/C, Panjagutta, Hyderabad-500 082, Telangana, India
Tel: 040-23391221/222, Fax: 040-30685458
Web: www.heritagefoods.in, e-mail: hfl@heritagefoods.in

BALLOT PAPER

(Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014)

Sr. No :

1. Name of the First Named Shareholder (In block letters) :
2.Postal Address :

3. Registered Folio / DP ID No. & Client ID No.* :

4. Name(s) of the Joint Holder(s), if any :

5. Number of Shares held :
6. Class of Shares. : EQUITY

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the notice dated 14th February, 2017, convening the Tribunal Convened Meeting of the Company to be held on 20th March, 2017, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below.

Sl. No	Item No. and Description - Type Resolution	No. of Shares	I/We assent to the Resolution	I/We dissent to the Resolution
1	To approve the Composite Scheme of Arrangement ("the Scheme") among Heritage Foods Limited ("Transferor Company" or "HFL") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") and Future Retail Limited ("Resulting Company" or "FRL") and their respective Shareholders.			

Place :
Date :

Signature of the Shareholder

INSTRUCTIONS:

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to the Scrutinizer, C/o Karvy Computershare Pvt. Ltd., Unit: Heritage Foods Limited, Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanankramguda, Hyderabad-500032 or to his email id, hfl@heritagefoods.in so as to reach by 5:00 pm on 19th March, 2017. Ballot Form received thereafter will strictly be treated as not received.

2. The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.

3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.

4. In the event member casts his votes through both the processes i.e. Remote e-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.

5. The right of voting by Ballot Form shall not be exercised by a proxy.

6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e. M/s Karvy Computershare Pvt. Ltd.) Members are requested to keep the same updated.

7. There will be only one Ballot Form for every Folio/DP ID/CLIENT ID irrespective of the number of joint members.

8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot Form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.

9. Where the Ballot Form has been signed by an authorized representative of the body corporate/Trust/Society, etc/ a certified copy of the relevant authorization/Board resolution to vote should accompany the Ballot Form.

10. Insturctions for e-voting procedure are available in the Notice of Tribunal Convened Meeting and are also placed on the website of the Company, www.heritagefoods.in and https://evoting.karvy.com

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E-VOTING

Users who wish to opt for e-voting may use the following login credentials.

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN

Please follow steps for e-voting proceedure as given in the Notice of TCM by logging on to- https://evoting.karvy.com