

SCHEME OF ARRANGEMENT

BETWEEN

Pantaloon Retail (India) Limited : **The Transferor Company**

AND

Future Value Retail Limited : **The Transferee Company**

AND

their respective Shareholders

GENERAL

1. This Scheme of Arrangement (as defined) is presented for transfer and vesting of: (a) the Product Brands (as defined); and (b) Format Brands (as defined) forming part of the value retail business of Pantaloon Retail (India) Limited, (hereinafter referred to as the “**Transferor Company**”), a listed public company limited by shares, incorporated in accordance with the laws of India, with its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060 to its wholly owned subsidiary, Future Value Retail Limited (hereinafter referred to as the “**Transferee Company**”), a public company limited by shares, incorporated in accordance with the laws of India, with its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060. The Transferor Company has 100% interest in the Transferee Company as the entire equity share capital of the Transferee Company is held by the Transferor Company.

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

3. The Transferor Company (as defined above) is one of India’s leading retailers that together with its subsidiaries and associate companies operate multiple retail formats in both the value and life style segments of the Indian consumer market. PRIL along with its subsidiaries/associate companies operate over 12 Million Square Feet of retail space, has over 730 stores across 71 cities in India and employs over 30,000 people. PRIL’s leading formats along with its subsidiaries include Pantaloons, Central, Brand Factory, Big Bazaar, Food Bazaar, eZone, Home Town, Blue Sky, aLL, Health Village, Ethnicity and Star & Sitara. The Shareholders of the Transferor Company have passed a resolution to transfer the value retail business of the Transferor Company to the Transferee Company, a wholly owned subsidiary of the Transferor Company through slump sale, under Section 293(1)(a) of the Act read with Section 192A of the Act.

4. The Brands (as defined in clause 1.1.3) are most valuable asset of value retail business. Though the transfer of brands is a part of transfer of the value retail business through slump sale, the Transferor Company considers it fit to follow a detailed process to transfer the Brands of the value retail business of the Transferor Company. Hence, the transfer of the Brands relating to value retail business of the Transferor Company is contemplated to be achieved through a Scheme of Arrangement under Sections 391 to 394 of the Act.

5. The Scheme is divided into the following parts:
- (a) **PART 1** deals with the Definitions and Share Capital;
 - (b) **PART 2** deals with the transfer of Brands of value retail business of the Transferor Company to the Transferee Company ;
 - (c) **PART 3** deals with the Consideration and Accounting Treatment in Books of the Transferor Company and the Transferee Company ;
 - (d) **PART 4** deals with the General Clauses, Terms and Conditions; and
 - (e) **PART 5** deals with Other Terms and Conditions.

PART 1

DEFINITIONS AND SHARE CAPITAL

1.1. DEFINITIONS

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

- 1.1.1. **“Act” or “The Act”** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force;
- 1.1.2. **“Appointed Date”** means January 1, 2010;
- 1.1.3. **“Brands”** means and include Format Brands and Product Brands as defined herein under;
- 1.1.4. **“Court” or “High Court”** means the Hon’ble High Court of Judicature at Bombay and shall include the National Company Law Tribunal, if and when applicable;
- 1.1.5. **“Effective Date”** means the last of the dates on which the certified copy of the Order of the High Court of Judicature at Bombay sanctioning the Scheme is filed by the Transferor Company and the Transferee Company with the Registrar of Companies, Mumbai, Maharashtra;
- 1.1.6. **“Encumbrance”** means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever;
- 1.1.7. **“Format Brands”** means all format brands forming part of and used for the purpose of Value Retail Business of the Transferor Company as on or after the Appointed Date but before the effective date, as are listed in **Annexure A** attached to the Scheme and would include all rights of commercial nature including attached goodwill, title, interest, labels and brands registration, copyrights, patents, trademarks, service marks, trade names, domain names and all such other industrial or intellectual rights of whatsoever nature attached to the format brands.
- 1.1.8. **“FVRL” or “the Transferee Company”** means Future Value Retail Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Knowledge

House, Shyam Nagar, Off. Jogeshwari-Vikhroli Link Road, Jogeshwari (E), Mumbai – 400 060.

1.1.9. **“PRIL” or “the Transferor Company”** means Pantaloon Retail (India) Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Knowledge House, Shyam Nagar, Off. Jogeshwari-Vikhroli Link Road, Jogeshwari (E), Mumbai – 400 060.

1.1.10. **“Product Brands”** means all product brands forming part of and used for the purpose of Value Retail Business of the Transferor Company as on or after the Appointed Date but before the effective date, as are listed in **Annexure B** attached to the Scheme and would include all rights of commercial nature including attached goodwill, title, interest, labels and brands registration, copyrights, patents, trademarks, service marks, trade names, domain names and all such other industrial or intellectual rights of whatsoever nature attached to the product brands.

1.1.11. **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form as submitted to the High Court or this Scheme with such modification(s), if any, made, as per Clause 5.2 of the Scheme;

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

1.2. SHARE CAPITAL

1.2.1. The authorised, issued, subscribed and paid-up share capital of the Transferor Company as on January 1, 2010 is as under:

Share Capital	Rupees in Crores
Authorized Share Capital	
25,00,00,000 Equity Shares of Rs. 2 each	50.00
5,00,00,000 Class B Shares of Rs. 2 each	10.00
Total	60.00
Issued, subscribed and paid-up Share Capital	
19,02,13,721 Equity Shares of Rs. 2/- each, fully paid up	38.04
1,59,29,152 Class B (Series 1) Equity Shares of Rs.2/- each, fully paid up	3.18
Total	41.22

Subsequent to the above date, there has been changed in the Authorised capital. The authorised capital of the the Transferor Company was increased from Rs.60 crores to Rs.130 crores divided into 25,00,00,000 equity shares of Rs. 2/- each, 5,00,00,000 Class B Shares of Rs. 2/- each and 70,00,000 Compulsorily Convertible Preference Shares of Rs. 100/- each. The Transferor Company's Issued, Subscribed and Paid-up share capital has been increased by issue and allotment of 59,28,818 equity shares of Rs. 2/- each and 63,47,635 0.01% Compulsorily Convertible Preference Shares of Rs. 100/- each to the Shareholders of Home Solutions Retail (India) Limited (HSRIL) pursuant to the Scheme of Arrangement between Home Solutions Retail (India) Limited and the Transferor Company and their respective Shareholders and Creditors as approved by the Hon'ble High Court of Judicature at Bombay and made effective from 27 August 2010.

On 9th September, 2010, the Transferor Company allotted 50,00,000 Equity Shares of Rs.2/- each at a premium of Rs.181/- per share to Future Corporate Resources Limited (FCRL) promoter group company, on conversion of warrants allotted to FCRL.

The increased issued, subscribed and paid up capital of the Transferor Company stand at Rs.106.88 crores divided into 20,11,42,539 equity shares of Rs. 2/- each, 1,59,29,152 Class B Shares of Rs. 2/- each and 63,47,635 Compulsorily Convertible Preference Shares of Rs. 100/- each.

- 1.2.2. The authorized, issued, subscribed and paid-up share capital of the Transferee Company as on January 1, 2010 is as under:

Share Capital	Rupees in Crores
Authorized Share Capital 10,00,00,000 Equity Shares of Rs. 10/- each	100.00
TOTAL	100.00
Issued, subscribed and paid-up Share Capital	
28,49,99,120 Equity Shares of Rs. 10/- each	28.49
TOTAL	28.49

Subsequent to the above date, the Transferee Company issued and allotted in aggregate 3,80,00,000 Equity Shares of Rs. 10/- each to the Transferor Company. Consequently, the increased Issued, Subscribed and Paid up capital of FVRL stand at Rs. 66.49 crores.

The entire share capital of the Transferee Company is held by the Transferor Company along with its nominee shareholders.

1.3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or made as per Clause 5.2 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.

PART 2

2. TRANSFER AND VESTING OF BRANDS OF THE VALUE RETAIL BUSINESS OF THE TRANSFEROR COMPANY TO THE TRANSFEEE COMPANY

- 2.1** With effect from Appointed Date and upon the Scheme becoming effective, the Brands of the Transferor Company shall under the provisions of Sections 391 to 394 and all other applicable provisions of the Act and without any further act, instrument, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Transferee Company, so as to become the Brands of the Transferee Company along with all the rights, titles, and interests of the Transferor Company therein, free from any and all Encumbrances, subject however to the rights retained by the Transferor Company and accepted by the Board of Directors of the Transferee Company.

On approval of this Scheme by the Bombay High Court, for the purpose of giving effect for transfer of Brands in favour of the Transferee with any registering or regulatory authority, it shall be sufficient to provide a certified copy of the Order passed by the Hon'ble High Court of Judicature at Bombay which may be relied upon by the concerned registering or regulatory authority without the requirement for execution of any further documents between the Transferor Company and the Transferee Company.

PART 3

3. CONSIDERATION AND ACCOUNTING TREATMENT IN BOOKS OF THE TRANSFEROR COMPANY AND THE TRANSFEREE COMPANY

3.1 NO CONSIDERATION

3.1.1 The Transferee Company is a wholly owned subsidiary of the Transferor Company and the Scheme is a realignment exercise within the group of Transferor Company. The transfer of Brands by the Transferor Company to the Transferee Company through the Scheme does not involve any movement of assets to any company outside the group of Transferor Company. Hence, there is no consideration to the Transferor Company or to their shareholders.

3.2 IN THE BOOKS OF THE TRANSFEROR COMPANY

3.2.1 Since the Brands are self generated by the Transferor Company and are not appearing in the financials of the Transferor Company, there would be no impact in the financials of the Transferor Company on transfer of these Brands for NIL consideration.

3.3 ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEREE COMPANY

3.3.1 The Brands of the Transferor Company are self generated and are not appearing in the financials of the Transferor Company. Hence Brands would not be recorded in the financials of the Transferee Company.

3.3.2 For the following expenses debited by the Transferee Company to its profit and loss account, the Board of Directors of the Transferee Company may either withdraw equivalent amount from the general reserve and credit to its profit and loss account or adjust such expenses directly against the general reserve, as the case may be:

- costs, charges, taxes including duties, levies and all other expenses, if any, arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto;
- any depreciation / amortization / impairment or any other such charge by whatsoever name called that may be required to be charged, in any of the current or future years, in respect of such Brands.

Such credit will be reflected in a manner considered appropriate or adjusted against the general reserve as considered appropriate, by the Board of Directors of the Transferee Company.

PART 4

GENERAL CLAUSES, TERMS AND CONDITIONS

4.1 CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

- 4.1.1 With effect from the date of acceptance of this Scheme by the Boards of Directors of the Transferor Company and the Transferee Company and up to and including the Effective Date, except in the ordinary course of business, the Transferor Company shall not without the prior written consent of the Board of Directors of the Transferee Company or pursuant to any pre-existing obligation, sell, transfer, alienate, create Encumbrance or otherwise deal with or dispose of the Brands as the case may be.

4.2 LEGAL PROCEEDINGS

- 4.2.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/or arising before the Effective Date and relating to the Brands, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Transferee Company, in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.
- 4.2.2 After the Effective Date, if any proceedings are taken against the Transferor Company in respect of the matters referred to in the sub-clause 4.2.1 above, the Transferor Company shall defend or settle the same, with prior and complete intimation in that regards to the Transferee Company, 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. The Transferee Company shall have the right to participate in any such contest, defence or settlement provided that the Transferee Company shall control the actions taken with respect to such contest, defence or settlement.
- 4.2.3 The Transferee Company undertakes, to the extent permissible and possible to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clauses 4.2.1 or 4.2.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company, to the exclusion of the Transferor Company. The Transferor Company and the Transferee Company shall make relevant applications in that behalf and the Transferor Company and the Transferee Company shall co-operate with each other in respect of any such legal and other proceedings.

4.3 CONTRACTS, DEEDS, ETC.

4.3.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Brands of the Transferor Company, shall continue in full force and effect against or in favour of the Transferee Company, and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

4.3.2 The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall 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 on the part of the Transferor Company.

4.4 SAVING OF CONCLUDED TRANSACTIONS

4.4.1 The transfer and vesting of the Brands as above and the continuance of proceedings by or against the Transferor Company in relation to the Brands shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of the Transferee Company.

PART 5

OTHER TERMS AND CONDITIONS

5.1 APPLICATION TO HIGH COURT

- 5.1.1 The Transferor Company and the Transferee Company shall as may be required make applications and / or petitions under Sections 391 to 394 and other applicable provisions of the Act to the High Court of Judicature at Bombay or such other appropriate authority for sanction of this Scheme and all matters ancillary or incidental thereto.

5.2 MODIFICATION OR AMENDMENTS TO THE SCHEME

- 5.2.1 The Transferor Company and the Transferee Company, by their respective Board of Directors may assent to any modifications / amendments to the Scheme or to any conditions or limitations that the Court and / or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Board of Directors of the Transferor Company and the Transferee Company. The Transferor Company and the Transferee Company by their respective Board of Directors be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

5.3 CONDITIONALITY OF THE SCHEME

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

- 5.3.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and creditors of the Transferor Company and the members and / or creditors of the Transferee Company as may be directed by the High Court or any other competent authority, as may be applicable.
- 5.3.2 The Scheme being sanctioned by the High Court of Judicature at Bombay or any other authority under Sections 391 to 394 of the Act.

- 5.3.3 Certified copies of the Orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, at Mumbai by the Transferor Company and the Transferee Company.
- 5.3.4 Sanctions and approvals including but not limited to in principle approvals, sanctions of any person or any governmental authority or any stock exchanges as may be required by law or under contract in respect of this Scheme being obtained.

5.4 EFFECT OF NON-RECEIPT OF APPROVALS

- 5.4.1 In the event of any of the sanctions and approvals referred to in Clause 5.3 not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before 31st March, 2011 or within such further period or periods as may be agreed upon between the Transferor Company and the Transferee Company by their respective Boards of Directors (and which the Boards of Directors of the Transferor Company and the Transferee Company are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, 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. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.
- 5.4.2 Notwithstanding the non-receipt of approvals and the consequences laid under Clause 5.4.1 above, the same shall not prevent or restrain the Parties to invoke and implement any other mode for transfer of Brands envisaged under this Scheme, and the Board of Directors of the Transferor Company and the Transferee Company shall mutually decide on the mode and the terms as they may deem fit and expedient for the said purpose.

5.5 COSTS, CHARGES & EXPENSES

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

ANNEXURE A

FORMAT BRANDS

Sr. No.	Format Brands
1	BIG BAZAAR
2	CAFÉ BOLLYWOOD
3	DEPOT
4	FASHION STATION
5	FOOD BAZAAR
6	NAVARASA
7	Q's KITCHEN
8	MELA
9	GOLD BAZAAR
10	TOY TOWN
11	FUEL STATION
12	PLAYGROUND
13	KB'S WHOLESALE MARKET
14	FINANCIAL BAZAAR
15	Fashion@BIG Bazaar
16	Foto Depot
17	Star & Sitara
18	beauty Secret
19	Food Court
20	Pet Puja
21	Wholesale Club
22	Health Village
23	FARM FRESH
24	VALUE CENTER
25	VALUE ZONE
26	Home Bazaar
27	Electronic Bazaar
28	Furniture Bazaar

ANNEXURE B
PRODUCT BRANDS

Sr. No.	Product Brands
Apparels	
1	BODY
2	CT ee
3	SHATRANJ
4	SHHH!
5	SHYLA
6	GAJRA
7	HAUTE 'N' SPICY
8	HEY!
9	KOENIG
10	PINK and BLUE
11	REFLEXION
12	STUDIO NYX
13	THE PRIVILEGE CLUB
14	URBAN HERO
15	URBAN SPOOL
16	J "jo"
17	IGNIGHT
18	COMBOS
19	F
20	MIX N MATCH
Bags	
1	D-Tachi
2	MILESTONE
Home Fashion	
1	COZY DREAMS
2	LIVING ESSENCE
3	CORAL VINE
4	SILKY INDIGO
5	AZA
6	IRIS
7	ROYALE 360
8	CEYLON
9	EASYLIFE
10	URBAN HAVEN
Food Products	
1	PREMIUM HARVEST
2	TASTYMATE
3	FB-SALT
4	FB-TEA