

November 07, 2016

To
General Manager, Dept. of Corporate
Services
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001
Scrip Code: 540064 / FRETAIL

To
Listing Department
The National Stock Exchange Limited of
India Limited
Bandra Kurla Complex
Bandra East
Mumbai – 400051
Scrip Code: FRETAIL

Dear Sir / Ma'am,

Sub: Outcome of proceeding of the Board Meeting held on November 7, 2016

Re: Composite Scheme of Arrangement between Heritage Foods Limited and Heritage Foods Retail Limited and Future Retail Limited and their respective shareholders and creditors – Intimation under Regulation 30 and other applicable regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

We would like to inform that the meeting of Board of Directors of Future Retail Limited ('FRL' / 'Company') was held today, the November 07, 2016, and the Board *inter alia*, considered and approved the consolidation of retail business of Heritage Foods Limited ('HFL') with the Company in consideration for equity shares of the Company.

The proposed consolidation would be carried out vide a Composite Scheme of Arrangement between Heritage Foods Limited and Heritage Foods Retail Limited ('HFRL') and Future Retail Limited 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 respective applicable provisions of the Companies Act, 1956 / Companies Act, 2013. The Scheme would *inter-alia* involve the following:

- (a) Slump Sale of Retail Business (comprising of grocery & food retail business, agri sourcing, processing & marketing business and bakery business) and Veterinary Care Business of HFL into HFRL (100% subsidiary of HFL); and
- (b) Demerger of Retail Business from HFRL 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 Limited, a Category I Merchant Banker, FRL will issue an aggregate of 1,78,47,420 (One Crore Seventy Eight Lakhs Forty Seven Thousand Four Hundred and 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.



FUTURE RETAIL

The shareholders of HFRL (i.e. HFL) have agreed to share with FRL an upside on the realization out of the shares of FRL, subject to certain terms and conditions as provided in Annexure to this letter.

The equity shares of FRL to be issued to the shareholders of HFRL pursuant to the Scheme shall be listed on the stock exchanges (subject to trading permission being granted by the stock exchanges). The Scheme would be subject to approval of Competition Commission of India, Stock Exchanges, SEBI, Hon'ble High Court of Judicature at Bombay, Hon'ble High Court of Judicature at Hyderabad or National Company Law Tribunal, and various statutory approvals, including those from the shareholders and the lenders / creditors of each of the companies involved in the Scheme.

The Board also authorised the Committee of Directors to take necessary actions for completing the requirements in this regards and to do all acts and deeds as may be necessary.

A copy of Press Release containing details of the above transaction, being issued to the media is enclosed herewith.

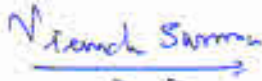
The information pursuant to Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015 is also enclosed herewith.

The Board meeting commenced at 3:30 pm and concluded at 04.30 pm.

The above is for your information and record, please.

Thanking you,

Yours faithfully,
For Future Retail Limited



Name: Virendra Samani
Designation: Dy. Company Secretary



Encl. : as above.

FUTURE RETAIL

Annexure

On sale of Equity Shares of Future Retail Limited ('FRL') by shareholders of HFRL (i.e. HFL), HFL has agreed for an upside sharing arrangement with FRL as follows:

- (a) If the sale proceeds are between Rs. 400 crores to Rs. 500 crores, the sharing amount will be 50% of the sale proceeds received above Rs. 400 crores;
- (b) If the sale proceeds are in excess of Rs. 500 crores, the sharing amount will be 75% of the sale proceeds received above Rs. 500 crores in addition to the amount shared as per clause (a) above.



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Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 *

Particulars	Remarks
Name of Target entity and details	<ul style="list-style-type: none"> Retail Business of HFL (comprising of grocery & food retail business, agri sourcing, processing & marketing business and bakery business) from its wholly owned subsidiary (HFRL), under a Composite Scheme of Arrangement Net worth of the Retail Business as on March 31, 2016 - INR 109.68 crs Turnover of Retail Business during FY 15-16 - INR 629.70 crs
Whether the acquisition would fall within related party transaction and whether the promoter / promoter group companies have any interest in the entity being acquired?	<ul style="list-style-type: none"> The transaction would not fall within related party transaction The promoter / promoter group do not have any interest in the business being acquired
Industry to which the business being acquired belongs	<ul style="list-style-type: none"> Retail Industry
Objects & effects of the acquisition	<ul style="list-style-type: none"> The acquisition would result in consolidation of Retail Business of HFL with FRL The acquisition is also expected to result in synergies in operations of retail business of FRL and unlock value
Details of any governmental or regulatory approvals required for the acquisition	<ul style="list-style-type: none"> The acquisition would inter-alia require approval from (a) Stock Exchanges; (b) Hon'ble High Court of Judicature at Bombay and Hon'ble High Court of Judicature at Hyderabad; and (c) Competition Commission of India
Indicative time period for completion of the acquisition	<ul style="list-style-type: none"> 6-8 months
Nature of consideration	<ul style="list-style-type: none"> Consideration would be discharged by FRL by issue of an aggregate of 1,78,47,420 (One Crore Seventy Eight Lakhs Forty Seven Thousand Four Hundred and Twenty only) equity shares of Rs. 2/- each, fully paid up of FRL to the equity shareholders of HFRL (as of now HFL) on the Record Date on a proportionate basis



Future Retail Limited (Formerly known as Star Retail Limited)

Registered Office: Knowledge House, 21st Floor, Rajiv Gandhi International Airport, Hyderabad - 500080, India. Telephone: +91 800 100 0000

+91 20 6644 5000 / +91 80 6644 2300 / www.futureretail.co.in

CIN: UC2850K1H000712292289

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Particulars	Remarks
Cost of acquisition or price at which shares are acquired	<ul style="list-style-type: none"> Not Applicable
% of shareholding / control acquired	<ul style="list-style-type: none"> Acquisition is of entire Retail Business of HFL from its wholly owned subsidiary (HFRL)
Brief background of the business acquired	<ul style="list-style-type: none"> The Retail Business proposed to be acquired comprises of (a) Agri Business - business of sourcing, processing and marketing fresh fruits and vegetables; (b) Bakery Business - business of manufacturing and supplying bakery products to the retail outlets and other customers; and (C) Retail Business - grocery and food retail business, undertaken from its dedicated retail stores Turnover of the Retail Business : <ul style="list-style-type: none"> FY 15-16 – INR 629.70 crs FY 14-15 – INR 565.95 crs # FY 13-14 – INR 432.83 crs # The business is operating only in India and does not have any overseas presence No of operating stores as on date - 124 Area under operation currently - 4.28 lacs sq ft

The turnover given above includes turnover of VetCa Division as well for FY 2013-14 & 2014-15, as it was part of Agri division.

* The proposed transaction does not fall within the definition of 'acquisition' as defined in explanation to sub-para (1) of Para (A) of Part (A) of Schedule III of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. However, since the proposed transaction in essence is an acquisition of business by way of a Composite Scheme of Arrangement, the Company out of abundant caution has made disclosure as per sub-clause 1.1 of Part A of Annexure I of SEBI circular CIR/CFD/CMD/4/2015 dated September 09, 2015.



Future Retail Consolidates Retail Business of Heritage Foods

124 Store Chain to Become Part of Future Retail's Network

7th November 2016, Hyderabad: Future Retail Limited today announced that its Board of Directors have approved a proposed consolidation of the retail and allied businesses of Heritage Foods Limited. The retail business of Heritage Foods includes the popular Heritage store chain of 124 stores in the three key southern cities of Hyderabad, Bangalore and Chennai.

Heritage stores have emerged among the most popular retail brands in Southern India, serving over 24 million customers annually. With store sizes ranging between 2000 square feet to 8000 square feet, these small format stores are located within key neighbourhoods of Hyderabad, Bangalore and Chennai and compliment well with Future Retail's existing network of 379 small format EasyDay stores in northern cities of India. In addition, Future Retail also operates 232 large format Big Bazaar stores across the country, along with other chains, such as fbb, Foodhall, eZone and Home Town.

Heritage Foods founded in the year 1992 is among the fastest growing private sector enterprises in India, with six verticals viz., Dairy, Retail, Agri, Bakery, Renewable Energy and VetCa. Heritage Dairy has market presence across 10 states with 1,13,500 outlets for the same. Heritage started Retail operations in 2006. The stores are operated under the brand "Heritage Fresh", now a well-recognized chain of small format stores in Hyderabad, Bangalore and Chennai with 124 stores covering 4.28 lakh sft of trading area. The stores sell a wide range of household items, FMCG products, staples and fresh fruits and vegetables. Heritage also has integrated agri pack houses in Chittoor, Andhra Pradesh and Medak, Telangana forming the fruits and vegetables supply chain for the Retail stores. The company also has a bakery production facility in Hyderabad which markets baked products through the retail stores apart from being a supplier to major QSRs. 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.

The retail and allied businesses of Heritage Foods posted revenues of Rs 629.70 crore during financial year ended 2015-16. On closure of the transaction, Heritage Foods Limited will own 3.65% of shareholding in Future Retail Limited, through fresh issuance of shares by the Company. As part of the scheme of arrangement for the acquisition, Heritage Foods Limited will spin off its retail, bakery, agri-sourcing and veterinary care business in a fully owned subsidiary. Subsequently, all these businesses, except veterinary care, will then be merged with Future Retail Limited. The Scheme shall be subject to approvals from relevant regulatory authorities and shareholders of the companies.

Commenting on the consolidation, Mr. Kishore Biyani, Chairman & Managing Director, Future Retail Limited said, "The consolidation of Heritage small format stores brings us closer to the homes of customers in the three key metros in Southern India. Scale plays an important role in retail and this forms part of our strategy of aggressively expanding our small stores network to around 3000 stores nationally by 2021, to service daily and weekly needs of customers, even as Big Bazaar focusses on delivering value and catering to the monthly consumption basket of urban India."

Ms. N Brahmani, Executive Director, Heritage Foods Limited further added, "We are happy to have found a partner in Future Group to expand our retail business, as Heritage Foods continues to focus and expand its dairy and renewables energy business. Heritage stores are now part of a larger retail network and will benefit from economies of scale and supplier relationships that are critical in modern retailing."

Apart from expanding its large-format hypermarket network through Big Bazaar, Future Group has been growing its small format network through organic and inorganic expansion. In May 2015, the group announced the merger of the EasyDay network operated by Bharti Retail. In November 2014, the group had acquired the Nilgiris chain and in March 2008 it had acquired the Aadhaar chain from the Godrej Group. The group has also recently took over the leases of the 'Sabka Bazaar' store chain and also services over 5000 Annapurna Bhandaar stores, which were the fair price shops, operated in the state of Rajasthan. Future Group's portfolio of brands in basic foods, dairy, processed foods, beauty and home care categories are distributed through these chains as well as other modern retail chains.

Future Group also operates other retail chains such as fbb, Central, Brand Factory, eZone, Home Town and online portals ezoneonline.in and fabfurnish.com. Cumulatively, these retail chains are spread over 20 million square feet of retail space in over 250 cities and towns across India and attract close to 400 million customer visits annually.

Contacts:

Rajesh Rana
Corporate Communications, Future Group
Phone - 8451804501 / 7498274972
Email - rajesh.rana@futuregroup.in