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HIGH COURT, BOMBAY

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SCHEME PETITION NO. 744 OF 2015

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTIONS NO. 524 OF 2015

Crompton Greaves Consumer Electricals Limited ... Petitioner/
Resultant Company

AND

COMPANY SCHEME PETITION NO. 745 OF 2015

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO. 525 OF 2015

Crompton Greaves Limited ... Petitioner/
Demerged Company

In the matter of the Companies Act,

1956;

सत्यमेव जयते

AT BOMBAY

In the matter of Sections 391 to 394 read
with 78 (notified section 52 of
Companies Act 2013), 100-103 of the
Companies Act, 1956;

And

In the matter of the Scheme of
Arrangement under sections 391 to 394
of the Companies Act read with 78

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(notified Section 52 of the Companies Act 2013), 100- 103 of the Companies Act, 1956 between Crompton Greaves Limited and Crompton Greaves Consumer Electricals Limited and their respective shareholders and creditors

Called for Hearing

Janak Dwarkadas Senior Counsel with Raj Ranchmatia, Peshwan Jehangir, Anindya Basarkod and Akriti Sarkar i/o M/s. Khaitan & Co., Advocates for the Petitioner Companies.

Mr. P.S.Gujar i/o A.A.Ansari for the Regional Director in all the petitions.

Coram: K.R. Shriram, J.

Date: 20th November, 2015

P.C.

1. Heard Learned Counsel for the parties.

2. The Learned Counsel for the Demerged Company states that three (3) unsecured creditors of the Demerged Company, viz (1) HDC Power Systems Pvt. Ltd, (2) M/s. Cable House and (3) Sea Trans Freighters Carriers had written letters stating that they are objecting to the proposed Scheme. Their letters dated 7th October 2015, 12th October 2015 and affidavit dated 20th October, 2015 respectively are annexed to the affidavit dated 10th November

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2015 filed on 17th November 2015. Learned Counsel for the Demerged Company states that the claims of two of the three said unsecured creditors have been settled by the Demerged Company and the consent letters confirming the same are annexed as Exhibit M and Q to Affidavit dated 10th November, 2015, filed by the authorised signatory of the Demerged Company.

3. The Learned Counsel for the Petitioner Company submits that as set out in paragraph 15 of the said Affidavit the Demerged Company has a bonafide dispute as to the claims of the 3rd unsecured creditor, Sea Trans Freights Carriers and has invoked arbitration in relation to the dispute. The Learned Counsel for the Petitioner Company further submits that only one unsecured creditor cannot hold up the sanction of the Scheme. Further, if the Scheme is sanctioned, no prejudice would be caused to the unsecured creditors including Sea Trans Freights Carriers, in view of the terms and conditions of the Scheme.

4. The Learned Counsel for the Demerged Company states that only one secured creditor of the Demerged Company, viz Union Bank of India had objected to the proposed Scheme by its letter of objection dated 21st October 2015. Union Bank of India has subsequently given its no-objection to the Scheme vide its letter dated 10th November, 2015 which is annexed as "Exhibit B" to the Affidavit dated 16th November, 2015 filed by the Demerged Company.

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5. Save as above, no objector has come before the Court to oppose the Scheme and nor has any party controverted any averments made in the Petitions.
6. The sanction of the Court is sought under Sections 391 to 394 of the Companies Act, 1956 to the under sections 391 to 394 of the Companies Act read with 78 (notified Section 52 of the Companies Act 2013), 100/ 103 of the Companies Act, 1956 between Crompton Greaves Limited and Crompton Greaves Consumer Electricals Limited and their respective shareholders and creditors.
7. The Learned Counsel for the Petitioner Companies states that the Demerged Company is presently engaged in the business of manufacturing, marketing, distributing and selling of products used in (a) power systems; (b) industrial systems; and (c) electrical consumer products. The Resultant Company presently, *inter alia* intends to carry on the business of manufacturing, marketing, distributing and selling of consumer products.
8. The Learned Counsel for the Petitioner Companies states that proposed Scheme of Arrangement is beneficial, as it would allow the separation of the Consumer Products Business from the Demerged Company, which would lead to significant benefits for both the Petitioner Companies including, enhanced strategic flexibility to build a vibrant industrials platform, enable a dedicated management focus and to accelerate growth of the Consumer business unlocking significant value for the shareholders of the Demerged

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Company; and would allow access to varied sources of funds for the rapid growth of both businesses.

9. The Petitioner Companies have approved the said Scheme of Arrangement by passing Board Resolutions which are annexed to the Company Scheme Petitions respectively.
10. The Learned Counsel for the Petitioners further states that, the Petitioner Companies have complied with all the directions passed in the respective Company Summons for Directions and that the respective Company Scheme Petitions have been filed in consonance with the order passed in the respective Summons for Directions.
11. The Learned Counsel appearing on behalf of the Petitioner Companies has further stated that the Petitioner Companies have complied with all the requirements as per directions of this Court and they have filed necessary affidavits of compliance in the Court. Moreover, the Petitioner Companies undertake to comply with all the statutory requirements, if any, under the Companies Act, 1956 and 2013, and rules made thereunder, whichever is applicable. The said undertaking is accepted.
12. The Regional Director has filed an Affidavit on 16th November, 2015 stating therein that save and except as stated in paragraph 6 (a) and (b) of the said

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affidavit, it appears that the Scheme is not prejudicial to the interest of shareholders and public.

"(a) It has been observed that the books of account of the Demerged Company have been inspected under section 209(A) of the Companies Act, 1956 and the same is in progress. The Ministry of Corporate Affairs/Regional Director / Registrar of Companies reserves their right to take appropriate legal action against the demerged company if any violation is established against the Demerged Company.

(b) That the Deponent further submits that the Tax issue if any arising out of this scheme shall be subject to final decision of Income Tax Authority and approval of the scheme by Hon'ble High Court may not deter the Income Tax Authority to scrutinize the tax returns filed by the petitioner company after giving effect to the amalgamation. The division of the Income Tax Authority is binding on the petitioner company."

13. As far as the observation in paragraph 6 (a) of the Affidavit of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies, states that the Demerged Company confirms that notwithstanding the sanction of the Scheme, the Ministry of Corporate Affairs/Regional Director / Registrar of Companies may take appropriate legal action against the Demerged Company as per law, if any violation is established against the Demerged Company.

14. As far as the observation in paragraph 6 (b) of the Affidavit of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies

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states that the Petitioner Company is bound to comply with all applicable provisions of the Income Tax Act and that all tax issues arising out of the Scheme will be met and answered in accordance with law.

15. The Learned Counsel for the Regional Director on instructions of Mr M Chandanamuthu, Joint Director Legal, in the office of the Regional Director, Ministry of Corporate Affairs, Western Region, Mumbai, states that they are satisfied with the undertakings given hereinabove by the Petitioner Companies through its counsel. The undertakings given by the Petitioner Companies mentioned hereinabove are accepted.

16. From the material on record, the Order appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.

17. Since all the requisite statutory conditions have been fulfilled, Company Scheme Petitions No. 744 and 745 of 2015 are made absolute in terms of prayer clauses (a) to (h) and (k) of both the petitions.

18. The Petitioner Companies to lodge a copy of this order and the Scheme, duly authenticated by the Company Registrar, High Court (O.S.), Bombay with the concerned Superintendent of Stamps, for purposes of adjudication of

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stamp duty payable, if any, on the same within 60 days from the date of the Order.

19. The Petitioner Companies are directed to file a copy of this order along with a copy of the Scheme with the concerned Registrar of Companies, electronically, along with e-Form 21/INC28 in addition to physical copy as per relevant provisions of the Companies Act, 1956 and the Companies Act, 2013 and Rules made thereunder whichever are applicable.

20. The Petitioner Companies are directed to pay a cost of Rs 10,000/- each to the Regional Director, Western Region, Mumbai, within four weeks from the date of the order.

21. Filing and issuance of the drawn up order is dispensed with.

22. All concerned regulatory authorities to file a copy of this order along with Scheme attached thereto, duly authenticated by the Company Registrar, High Court (O. S.), Bombay.

(K.R. Shriram, J.)

TRUE-COPY

(Signature)
(K. K. TRIVED)
COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY

CERTIFICATE

I certify that this Order uploaded is a true and correct copy of original signed order.

TRUE COPY
(Signature)
Section Officer
High Court, Appellate Side
Bombay
TRUE COPY
(Signature)
KHAITAN & CO.

Uploaded by: Shankar Gawde, Stenographer

SCHEME OF ARRANGEMENT

UNDER SECTIONS 391 TO 394 READ WITH 78 (NOTIFIED SECTION 52
OF COMPANIES ACT 2013), 100-103 OF THE COMPANIES ACT, 1956

BETWEEN

CROMPTON GREAVES LIMITED

AND

CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

A. PREAMBLE


- (i) This Scheme of Arrangement provides for the demerger of the Demerged Undertaking of Crompton Greaves Limited, the Demerged Undertaking, into Crompton Greaves Consumer Electricals Limited, the Resulting Company, pursuant to provisions of Sections 391 to 394 read with Section 78 (corresponding section 52 of the Act), 100-103 and other applicable provisions of the Act; and
- (ii) Subject to satisfactory fulfillment and accomplishment of (i) above, reduction and reorganization of equity share capital of Crompton Greaves Consumer Electricals Limited, pursuant to sections 391 to 394 read with sections 100-104 of the Act.

B. DESCRIPTION OF COMPANIES

- (i) Crompton Greaves Limited ("Demerged Company") is a public limited company incorporated under the provisions of the Indian Companies Act 1913 and is existing under the provisions of the Act. The equity shares of Demerged Company are listed on both the BSE and the NSE and the Demerged Company GDRs (as defined hereinafter) are listed on the London Stock Exchange. The Demerged Company is engaged in the business, *inter alia*, of manufacturing, marketing, distributing and selling of products used in (a) power industry; (b) industrial systems; and (c) electrical consumer products.
- (ii) Crompton Greaves Consumer Electricals Limited ("Resulting Company") is a public limited company incorporated under the provisions of the Companies Act 2013. The Resulting Company is incorporated to carry on the business, *inter alia*, of manufacturing, marketing, distributing and selling of consumer products. As on the date hereof, the Resulting Company is a wholly owned subsidiary of the Demerged Company.

C. RATIONALE

- (i) Demerged Company, by itself and through its subsidiaries, is engaged in 3 (three) distinct lines of business namely:

(a)  manufacture and distribution of transformers, switchgear, circuit breakers, vacuum

interrupters, power automation products, network protection and control gear, as well as design, execution and servicing of turnkey T&D as well as sub-station projects and solutions including complete end to end renewable projects (collectively referred to as the "Power Business");

- (b) manufacture and distribution of power conversion equipment such as high and low voltage rotating machines, drives and Industrial automation products, stampings as well as railway transportation and signalling products (collectively referred to as the "Industrial Systems Business"); and
- (c) manufacture and distribution of fans, domestic appliances, lighting, pumps, home automation, integrated security systems and wiring accessories (collectively referred to as the "Consumer Products Business").

(ii) The nature of risk and competition involved in each of the Power and Industrial Systems Business is distinct, given that they operate *inter alia*, in the business to business ("B2B") realm, from that in the Consumer Products Business, which largely operates in the business to end consumer ("B2C") realm, necessitating different management approaches and focus. Moreover, the competitive dynamics of these businesses are also different, with B2B servicing a global product portfolio while B2C being a local consumption business.

(iii) Thus, separation of the Consumer Products Business, by way of the Scheme, including its business, undertaking and investments from the Demerged Company would lead to significant benefits for both businesses including:

- (a) enhanced strategic flexibility to build a vibrant industrials platform;
- (b) enable a dedicated management focus and to accelerate growth of the Consumer business unlocking significant value for the shareholders of Crompton Greaves Limited; and
- (c) access to varied sources of funds for the rapid growth of both businesses.

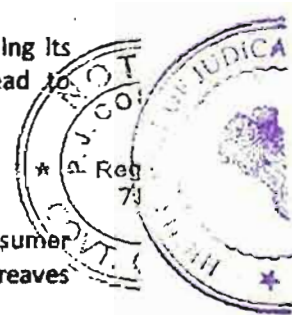
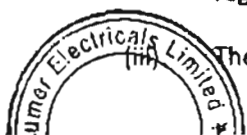
(iv) With a view to achieve the aforesaid growth potential, the Demerged Company proposes to re-organise and segregate, by way of the Scheme, its business, undertaking and investments in the Consumer Products Business. The restructuring proposed by this Scheme will also provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.

(v) The Scheme does not have any adverse effect on either the shareholders or the employees or the creditors of the Demerged Company.

D. OPERATION OF THE SCHEME:

- (i) Demerged Undertaking of the Demerged Company is proposed to be demerged, pursuant to the applicable provisions of the Companies Act, 1956, and/or any other Applicable Laws and be transferred to the Resulting Company for achieving the above mentioned objectives.
- (ii) The Demerged Company will continue its interests in the Remaining Undertaking as is presently being carried out but with greater focus on growth opportunities in its field, the regulatory requirements, risks etc. specific to its business.

The Resulting Company shall issue and allot shares to all the shareholders of the Demerged



Company as consideration for the transfer of the Demerged Undertaking in proportion to their shareholding in the Demerged Company and simultaneously with such issuance, in the books of the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date.

- (iv) The demerger of the Demerged Undertaking in accordance with this Scheme shall take effect from the Appointed Date and shall be in accordance with Section 2 (19AA) of the Income Tax Act, 1961, such that:
- (a) all the properties of the Demerged Undertaking, being transferred by the Demerged Company, as on the Appointed Date shall become the properties of the Resulting Company by virtue of this Scheme;
 - (b) all the liabilities relating to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of the Resulting Company by virtue of this Scheme;
 - (c) the properties and the liabilities relating to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company at the value appearing in the books of account of the Demerged Company immediately before the demerger;
 - (d) the Resulting Company shall issue, in consideration of the demerger, its equity shares to the shareholders of the Demerged Company as on the Record Date on a proportionate basis;
 - (e) the Resulting Company shall issue, in consideration of the demerger, its equity shares to the Resulting Company Depository for the issuance of the Resulting Company GDRs on a *pro-rata* basis to holders of the Demerged Company GDRs;
 - (f) all the shareholders of the Demerged Company as on the Record Date shall become the shareholders of the Resulting Company by virtue of the demerger; and
 - (g) the transfer of the Demerged Undertaking shall be on a going concern basis.
- (v) The scheme shall be in compliance with the applicable SEBI guidelines including particularly the circulars being CIR/CFD/DIL/5/2013 dated 4 February 2013 and Circular CIR/CFD/DIL/8/2013 dated 21 May 2013 and any subsequent amendments thereof (collectively referred to as the "SEBI Circulars").

E. GENERAL

This Scheme is divided into the following parts:

- (i) Part I, deals with definitions and share capital;
- (ii) Part II, deals with the demerger and hiving-off of the Demerged Undertaking of Demerged Company on a going concern and transfer to and vesting into the Resulting Company;
- (iii) Part III of the Scheme, deals with the reduction and reorganization of the share capital of Crompton Greaves Consumer Electricals Limited; and



(iv) Part IV, deals with general terms and conditions applicable to the Scheme.

F. The Scheme is drawn up in compliance with the provisions of section 2(19AA) of the Income Tax Act, 1961 pertaining to the demerger and should always be read as in compliance of the said section.

PART – I

1 DEFINITIONS AND INTERPRETATIONS

1.1 In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings.

“Act” means the Companies Act, 1956, or as applicable, the Companies Act, 2013 and any statutory modification or re-enactment thereof for the time being in force.

“Applicable Laws” means any statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force.

“Appointed Date” means opening business hours of 1 October 2015.

“Appropriate Authority” means and includes any governmental, statutory, departmental or public body or authority, including Securities and Exchange Board of India, BSE, NSE, Registrar of Companies, National Company Law Tribunal, and the High Court.

“Articles of Association” means the articles of association of a company.

“Board” in relation to each of the Demerged Company and the Resulting Company, as the case may be, means the board of directors of such company, and shall include a committee duly constituted and authorised for the purposes of matters pertaining to the Demerger, the Scheme and/or any other matter relating thereto.

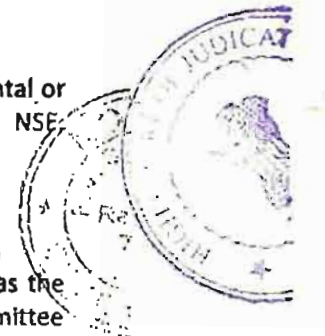
“BSE” means the BSE Limited.

“Consumer Products Business” means the business activity carried out by the Demerged Undertaking of the Demerged Company.

“Demerged Company” means Crompton Greaves Limited, a company incorporated under the provisions of the Indian Companies Act, 1913 under CIN L99999MH1937PLC002641 and having its registered office at CG House, 6th Floor, Dr Annie Besant Road, Worli, Mumbai – 400 030.

“Demerged Company GDRs” means the GDRs issued by the Demerged Company pursuant to the deposit agreement executed by it with the Depository (as amended from time to time) and as are outstanding as of the Record Date.

“Demerged Undertaking” means and include all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of the Demerged Company, in relation to and pertaining to the Consumer Products Business on a going concern basis, together with all its assets and liabilities and shall mean and include (without limitation):

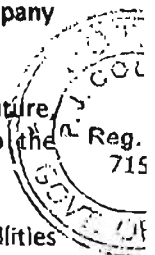


(a) all the movable and immovable properties including plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature in relation to the Consumer Products Business, investments, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, settlements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the lessor/ landlord as may be required by law, goodwill, other intangibles, industrial and other licenses, permits, authorizations, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges concerning the Consumer Products Business and approvals of whatsoever nature (including but not limited to benefits of all tax holiday, tax relief including under the Income Tax Act, 1961 such as credit for advance tax, taxes deducted at source, brought forward accumulated tax losses, unabsorbed depreciation, Minimum Alternate Tax Credit ("MAT"), etc.) and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Consumer Products Business as on the Appointed Date;

(b) All the debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of the Demerged Company in relation to the Consumer Products Business as on the Appointed Date comprising of:

- (i) all the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of the Demerged Company in relation to the Consumer Products Business and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which related to the period up to the day of immediately preceding the Appointed Date;
- (ii) the specific loans and borrowings raised, incurred and utilised solely for the activities and operations of Demerged Company in relation to the Consumer Products Business; and
- (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Consumer Products Business, being the amounts of any general or multipurpose borrowings of Demerged Company as stand in the same proportion which the value of assets transferred under this Clause of Consumer Products Business bears to the total value of the assets of the Demerged Company immediately before the Appointed Date;

(c) All intellectual property rights, including trademarks, trade names and the goodwill associated therewith, patents, patent rights, copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how,



or any applications for the above, assignments and grants in respect thereof of the Demerged Company in relation to the Consumer Products Business as on the Appointed Date;

- (d) All books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the Consumer Products Business of the Demerged Company as on the Appointed Date; and
- (e) All employees of the Demerged Company engaged in the Consumer Products Business.

Any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the Consumer Products Business or whether it arises out of the activities or operations of the Consumer Products Business or not, shall be decided by the Board of the Demerged Company or any committee thereof.

"Depository" means the Bank of New York Mellon, the depository for the Demerged Company GDRs.

"Effective Date" means the later of the Appointed Date or the last of the dates on which the certified copy or authenticated copy of the order of the High Court sanctioning the Scheme is filed with the Registrar of Companies by the Demerged Company and the Resulting Company. Reference in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** shall mean the Effective Date.

"FDI Policy" means the Consolidated Foreign Direct Investment Policy of India dated April 17, 2014.

"FI" means a Foreign Institutional Investor in terms of the SEBI (Foreign Institutional Investors) Regulations, 1995.

"FPI" means a Foreign Portfolio Investor in terms of the SEBI (Foreign Portfolio Investors) Regulations, 2014.

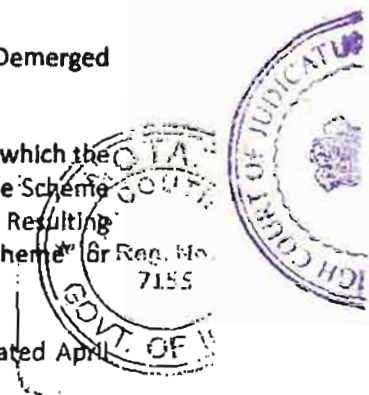
"GDR" means global depository receipts representing underlying shares of an Indian company issued pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and other applicable law and, where relevant, shall include the underlying shares as well.

"High Court" means the High Court of Judicature at Bombay and shall include National Company Law Tribunal constituted under the Act or the Company Law Board, as applicable.

"Listing Agreement" means the listing agreement executed by the Demerged Company with each of the BSE and the NSE.

"LSE" means the London Stock Exchange Group.

"Memorandum" means memorandum of association of a company.



"NSE" means the National Stock Exchange of India Limited.

"Parties" or "Parties to the Scheme" means the Demerged Company and the Resulting Company.

"Record Date" means the date to be fixed by the board of directors of the Demerged Company in consultation with the Resulting Company for the purpose of reckoning names of the equity shareholders of the Demerged Company, who shall be entitled to receive shares of the Resulting Company upon coming into effect of this Scheme as specified in Clause 9.1 of this Scheme and in terms of the Listing Agreement.

"Registrar of Companies" means the Registrar of Companies, Mumbai, Maharashtra.

"Remaining Undertaking" means all the undertakings, businesses, activities and operations of the Demerged Company other than those comprised in the Demerged Undertaking.

"Resulting Company" means Crompton Greaves Consumer Electricals Limited, a company incorporated under the provisions of the Companies Act 2013 under CIN U31900MH2015PLC262254 and having its registered office at 6th Floor, CG House, Dr Annie Besant Road, Worli, Mumbai – 400 030.

"Resulting Company Deposit Agreement" means the agreement entered into between the Resulting Company and the Resulting Company Depository for the issuance of the Resulting Company GDRs.

"Resulting Company Depository" means the depository appointed by the Resulting Company pursuant to the Resulting Company Deposit Agreement.

"Resulting Company GDRs" means GDRs representing such underlying equity shares of the Resultant Company.

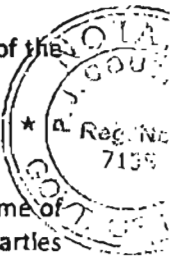
"Rs" means Indian Rupees, the lawful currency of the Republic of India.

"Scheme", "the Scheme", "this Scheme", "Scheme of Arrangement" means this Scheme of Arrangement in its present form or as modified by an agreement between the Parties submitted to the High Court or any other Appropriate Authority in the relevant jurisdictions with any modification thereof as the High Court or any other Appropriate Authority may direct.

"SEBI Circulars" shall mean the circulars issued by the Securities and Exchange Board of India being Circular CIR/CFD/DIL/5/2013 dated 4 February 2013 and Circular CIR/CFD/DIL/8/2013 dated 21 May 2013 and any amendments thereof.

"Stock Exchanges" means collectively, the BSE and the NSE.

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 Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Income Tax Act, 1961 and other Applicable Laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.



1.2 In this Scheme, unless the context otherwise requires:

- 1.2.1 words denoting singular shall include plural and vice versa;
- 1.2.2 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- 1.2.3 references to the word "Include" or "including" shall be construed without limitation;
- 1.2.4 a reference to an article, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, section, paragraph or schedule of this Scheme;
- 1.2.5 unless otherwise defined, the reference to the word "days" shall mean calendar days;
- 1.2.6 references to dates and times shall be construed to be references to Indian dates and times;
- 1.2.7 reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- 1.2.8 Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them.

2 DATE OF TAKING EFFECT AND OPERATIVE DATE

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

3 SHARE CAPITAL

3.1 The share capital of the Demerged Company as on 3rd March 2015 is as under:

AUTHORISED SHARE CAPITAL	
1,80,50,00,000 Equity Shares of Rs. 2 each	361,00,00,000.00
*ISSUED SHARE CAPITAL	
62,67,88,442 Equity Shares of Rs.2 each	125,35,76,884.00
SUBSCRIBED AND PAID-UP SHARE CAPITAL	
62,67,46,142 Equity Shares of Rs.2 each	125,34,92,284.00

* This includes [42,300 (Forty two thousand three hundred)] equity shares of Rs 2 each that has been forfeited by the Demerged Company.

The equity shares of the Demerged Company are listed on BSE and NSE and its GDRs are listed on the LSE. The issued and paid-up share capital includes 973844 equity shares represented by 194769 Demerged Company GDRs as on 20 February 2015.

HIGH COURT

A. J. G. R. C. S. V. T.

3.2 The share capital of the Resulting Company as on 3rd March 2015 is as under:

AUTHORISED SHARE CAPITAL 65,00,00,000 Equity Shares of Rs.2 each	130,00,00,000
PAID-UP SHARE CAPITAL 2,50,000 Equity Shares of Rs 2 each fully paid up	5,00,000.00

The entire share capital of the Resulting Company as on 3rd March 2015 is held by the Demerged Company and hence Resulting Company is a wholly-owned subsidiary of the Demerged Company.

PART - II

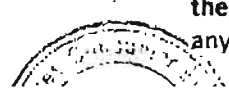
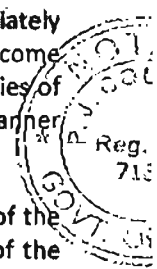
DEMERGER AND DIVIDING OFF OF THE DEMERGED UNDERTAKING

4 Transfer of Assets

4.1 With effect from the Appointed Date and upon coming into effect of this Scheme, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, pursuant to the provisions of Sections 391 to 394 of the Act and all other provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961, and without any further act, deed, matter or thing be demerged from the Demerged Company and be and stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company on a going concern basis such that all the properties, assets, rights, claims, title, interest, authorities, investments and liabilities comprised in the Demerged Undertaking immediately before the demerger shall automatically, and without any other order to this effect, become the properties, assets, rights, claims, title, interest, authorities, investments and liabilities of the Resulting Company simply by virtue of approval of the Scheme and in the manner provided in this Scheme with effect from the Effective Date.

4.2 Without prejudice to the generality of Clause 4.1 above and upon coming into effect of the Scheme, with effect from the Appointed Date, the entire business and undertaking of the Demerged Company in relation to the Demerged Undertaking including all the properties, investments, shareholding interests in other companies, claims, title, interest, assets of whatsoever nature such as licenses and all other rights, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and wheresoever situated shall, pursuant to the provisions of Section 394 and other applicable provisions, if any, of the Act and pursuant to the order of the High Court sanctioning this Scheme and without further act or deed or instrument, but subject to the charges affecting the same as on the Appointed Date, be and stand automatically transferred to and vested in the Resulting Company as a going concern.

Provided that for the purpose of giving effect to the vesting order passed under Sections 391 to 394 of the Act in respect of this Scheme, the Resulting Company shall at any time pursuant to the final approval and the relevant orders on this Scheme, be entitled to get effected the change in the title and the appurtenant legal right(s) upon the vesting of such properties (including immovable properties) of the Demerged Company in relation to the Demerged Undertaking in accordance with the provisions of Section 391 to 394 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated, without any other order to this effect.



4.3 In respect of such of the assets and properties of the Demerged Undertaking as are movable in nature or incorporeal property or are otherwise capable of transfer by delivery or possession, or by endorsement and/or delivery, the same shall with effect from the Appointed Date stand so transferred by the Demerged Company upon coming into effect of the Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company.

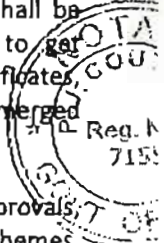
4.4 With effect from the Appointed Date, all consents, permissions, licenses, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand vested in or transferred automatically to the Resulting Company without any further act or deed and shall be appropriately mutated by the authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and 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. The benefit of all statutory and regulatory permissions including the statutory or other licenses, tax registrations, permits, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking shall automatically and without any other order to this effect, vest into and become available to the Resulting Company pursuant to this Scheme.

4.5 The Demerged Company in relation to the Demerged Undertaking may be entitled to various incentive schemes and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Demerged Undertaking shall be automatically transferred to and vested into the Resulting Company and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax, service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the Consumer Products Business, to the extent statutorily available, shall be claimed by the Resulting Company. The Resulting Company shall be entitled to get credit/claim refund regarding any tax paid and/or tax deduction at source certificates, pertaining to Demerged Undertaking, on or after the Appointed Date by the Demerged Company.

4.6 It is clarified that, upon the Effective Date and until the licenses, permit, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status are transferred, vested, recorded effected and or perfected, in the record of the relevant regulator/authority, in favor of Resulting Company, the Resulting Company is authorized to carry on business in the name and style of the Demerged Company and under the relevant license and or permit and or approval, as the case may be, and the Resulting Company shall keep of record and or account of such transactions.

5 Transfer of Liabilities

5.1 With effect from the Appointed Date and upon coming into effect of this Scheme, all loans raised and utilized and all debts, duties, undertakings, liabilities and contingent liabilities and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which related to the period up to the day of immediately preceding the Appointed Date, if any, whether quantified or not and obligations incurred or undertaken by the Demerged Company in relation to or in connection with the Demerged Undertaking as on the Appointed Date shall pursuant to the sanction of the Scheme by the High Court and under the provisions of Sections 391 to 394 and other applicable provisions of the Act, without any



further act, instrument or deed being required, be and shall stand automatically transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company to the extent that they may be outstanding as on the Appointed Date and shall become the debt, duties, undertakings, liabilities and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company and further that 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 liabilities have arisen in order to give effect to the provisions of this Clause 5.

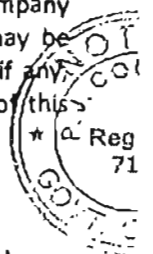
- 5.2 In so far as any encumbrance in respect of the loans, borrowings, debts and liabilities of the Demerged Company in relation to or in connection with the Demerged Undertaking ("Transferred Liabilities") is concerned, upon the coming into effect of this Scheme and with effect from the Appointed Date, such encumbrance shall, without any further act, instrument or deed being required be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which may have been encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to this Scheme. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Undertaking are concerned, the encumbrance, if any, over such assets relating to the Transferred Liabilities, as and from the Appointed Date without any further act, instrument or deed being required be released and discharged from the obligations and encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which shall continue with the Demerged Company shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities with effect from the Appointed Date and upon the coming into effect of this Scheme.

Provided always that this Scheme shall not operate to enlarge the security from any loan, deposit or facility created by the Demerged Company in relation to the Consumer Products Business by virtue of this Scheme and the Resulting Company shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 5.3 Upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument or document and/or do all such acts or deeds as may be required, including filing if necessary particulars and/or modification of the charge, if any, with the respective Registrar of Companies to give formal effect to the provisions of this Clause 5.

6 Contracts, Deeds, etc.

- 6.1 Subject to the other provisions of this Scheme and upon coming into effect of this Scheme and with effect from the Effective Date, all contracts, deeds, bonds, agreements, settlements, indemnities, arrangements, licenses, engagements and other instruments, if any, of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company is eligible and which are subsisting or having effect immediately before the Effective Date, shall remain in full force and effect automatically against or in favour of the Resulting Company, as the case may be, and shall be binding on and be enforceable by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been originally a party or beneficiary or obligee thereto or thereunder.



6.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after coming into effect of the Scheme, take such actions and execute such deeds, writings or confirmations, novations or enter into arrangements with any party to any contract or arrangement to which the Demerged Company is a party in order to give formal effect to the provisions of this Scheme, if so required. The Resulting Company shall be deemed to be competent and authorized to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to perform or carry out all formalities or compliances required on the part of Demerged Company to give effect to the provisions of this Scheme.

6.3 After the Scheme becomes effective, the Resulting Company shall, in its own right, be entitled to realize all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking, in so far as may be necessary.

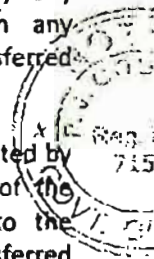
7 Employees

7.1 Upon the coming into effect of this Scheme:

7.1.1 All employees of the Demerged Company engaged in or in relation to the Demerged Undertaking and who are in such employment as on the Appointed Date shall be transferred to and become the employees of the Resulting Company with effect from the Appointed Date (the "Transferred Employees") on the same terms and conditions of employment on which they are engaged by the Demerged Company without any break or interruption in service for the purpose of calculating retirement benefits. The Resulting Company undertakes to continue to abide by any agreement/settlement entered into by the Demerged Company with any union/employee of the Demerged Company in relation to the Transferred Employees; and

7.1.2 In so far as any provident fund, gratuity fund or any other fund or trusts created by the Demerged Company and existing, for the benefit of the employees of the Demerged Company, is concerned, the part of such funds relating to the Transferred Employees shall be continued for the benefit of the Transferred Employees. The Resulting Company shall have the obligation to take all necessary steps to set up its own funds as soon as practicable. In the event the Resulting Company has set up its own funds the amount in such fund with the Demerged Company in respect of contributions pertaining to the Transferred Employees shall, subject to necessary approvals and permissions, if any required, be transferred to the relevant funds created by the Resulting Company. Until such time that the Resulting Company creates its own funds and/or trust, the Resulting Company may, subject to necessary approvals and permissions that may be required, continue to contribute in respect of the Transferred Employees to the relevant funds of the Demerged Company. At the time that the Resulting Company creates its own funds, the contributions pertaining to the Transferred Employees shall be transferred to the funds created by the Resulting Company.

7.1.3 The Appropriate Authority including the income tax department shall process the setting up of the fund and/trust on the same terms and conditions as is existing with the Demerged Company.



8 Legal Proceedings

8.1 Upon the coming into effect of this Scheme, all suits, actions, administrative proceedings, tribunals proceedings, show cause cases, demands and legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Appointed Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be replaced/added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall consequently stand nullified.

8.2 If any proceedings are taken or demands made by the relevant governmental authorities against the Demerged Company in respect of matters referred in Clause 8.1 above, it shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by or against the Demerged Company in respect thereof.

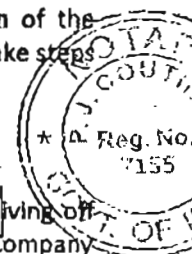
8.3 The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company referred to in Clause 8.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. Both Parties shall make relevant applications and take steps as may be required in this regard.

9 Consideration

9.1 Upon the Scheme becoming effective and in consideration of the demerger and hiving off including the transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to provisions of this Scheme, the Resulting Company shall, without any further act, deed, issue and allot to each member of the Demerged Company, whose name is recorded in the register of members on the Record Date, in accordance with the terms of the Scheme and without any further application, act, deed payment, consent, acts, instrument or deed issue 1 (one) fully paid up equity share of Rs. 2 of Resulting Company each credited as fully paid up for every 1 (one) fully paid equity share of Rs. 2 each held by such shareholder or his/her/its heirs, executors, administrators or successors in the Demerged Company ("Share Entitlement Ratio").

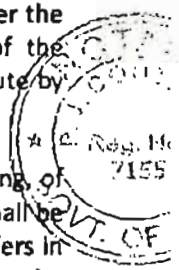
9.2 Price Waterhouse & Co. LLP has issued the report on the Share Entitlement Ratio adopted under the Scheme. Axis Capital Limited, a Category-I Merchant Banker, has provided its fairness opinion on the aforesaid Share Entitlement Ratio. The aforesaid reports on Share Entitlement Ratio and fairness opinion have been duly considered by the Boards of Directors of the Demerged Company and the Resulting Company.

In case any member's shareholding in the Demerged Company is such that such member



becomes entitled to a fraction of 1 (one) equity share of the Resulting Company, the Resulting Company shall not issue fractional share certificate to such member and shall consolidate such fractions and issue the consolidated shares to a trustee nominated by the Board of the Demerged Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to such members in proportion to their respective fractional entitlements. During consolidation of the fractional shares, if the sum of such fractional shares is not a whole integer, the Resulting Company shall issue such additional fractional share to the trustee, such that the total shares so issued shall be rounded off to the next whole integer. The issue of the fractional share by the Resulting Company to the trustee, shall form an integral part of the consideration to be paid under the Scheme and that no separate process as may be applicable under the Applicable Law, to that extent, shall be required to be followed by the Resulting Company.

- 9.4 The equity shares to be issued by the Resulting Company pursuant to Clause 9.1 above shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the Board of the Demerged Company or a committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the equity shares shall be issued to such members in dematerialized form provided that the members of the Resulting Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that the Resulting Company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/hers/its account with a depository participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue equity shares in physical form to such member or members.
- 9.5 The equity shares to be issued by the Resulting Company pursuant to Clause 9.1 in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Companies Act 2013 (erstwhile Section 206A of the Companies Act, 1956) or otherwise shall, pending allotment or settlement of the dispute by order of a court or otherwise, also be kept in abeyance by the Resulting Company.
- 9.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of the Demerged Company, the Board of the Demerged Company shall be empowered prior to or even subsequent to the Record Date, to effectuate such transfers in the Demerged Company as if such changes in registered holders were operative as on the Record Date, in order to remove any difficulties arising to the transferors of the shares in relation to the shares issued by the Resulting Company after the Scheme is effected. The Board of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transition period.
- 9.7 The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank *pari passu inter-se* in all respects including dividends declared, voting and other rights. The issue and allotment of equity shares of Resulting Company in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under section 62(1)(c) of the Companies Act, 2013 and any other applicable provisions of the Act have been complied with.



- 9.8 The Resulting Company shall apply for listing of its equity shares including those issued in terms of Clause 9.1 above on BSE and NSE in terms of the SEBI Circulars within 30 (thirty) days from the receipt of the order of High Court and in compliance of the SEBI Circulars. The shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- 9.9 There shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the listing which may affect the basis on which approval is received from the Stock Exchanges.
- 9.10 Upon coming into effect of this Scheme and issuance of shares in the Share Entitlement Ratio by the Resulting Company pursuant to provisions of Clause 9.1 above, the Resulting Company shall issue to the Depository, shares of the Resulting Company in accordance with the Share Entitlement Ratio. Subject to Clause 9.11 below, the Depository shall hold such shares of the Resulting Company on behalf of the holders of the Demerged Company GDRs.
- 9.11 The Resulting Company may, on or before expiry of 120 (One hundred and twenty) days from the date on which the Resulting Company receives permission from the Stock Exchanges for its equity shares to begin trading, in consultation with the Depository and by entering into appropriate agreements with the Depository or any other depository (appointed by the Resulting Company), as the case may be, for the issuance of the Resulting Company GDRs which, subject to Clause 9.14 below, shall not be listed on any exchange, instruct such depository to issue Resulting Company GDRs, to the holders of the Demerged Company GDRs and any such issue of Resulting Company GDRs shall be irrevocably put in motion within the said period. Subject to Clause 9.12 below, if the Resulting Company has not had such Resulting Company GDRs issued as aforesaid, the Depository shall, without reference to the Resulting Company, sell the equity shares of the Resulting Company in the open domestic market and distribute the net sale proceeds to such GDR holders on a proportionate basis.
- 9.12 Notwithstanding anything contained in Clause 9.11 above, any holder of Demerged Company GDRs may, at any time after the Record Date, but prior to the issuance of the Resulting Company GDRs by the Resulting Company, instruct the Depository to transfer the underlying shares of the Resulting Company to such GDR holder. In such case, the Resulting Company shall obtain such permissions as may be necessary in relation to the transfer of the underlying shares to such GDR holder, in accordance with applicable laws and regulations.
- 9.13 The holders of the Demerged Company GDRs who wish to directly receive shares of the Resulting Company, such Demerged Company GDRs holders may surrender the Demerged Company GDRs held by them before the Record Date in exchange for shares of the Demerged Company. Such GDR holders holding shares of the Demerged Company on the Record Date shall then be entitled to receive shares of the Resulting Company in accordance with the Share Entitlement Ratio.
- 9.14 The Resulting Company GDRs issued pursuant to this Clause 9 shall not be listed on any exchange unless required by any regulations or laws in which event, the Resulting Company shall take such additional steps and do all such acts, deeds and things as may be necessary for purposes of listing the Resulting Company GDRs.
- 9.16 The Resulting Company GDRs and the equity shares underlying such GDRs may not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and the Resulting Company may elect, in its sole discretion, to rely upon an available



exemption from the registration requirements of the Securities Act or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting Company elects to rely upon an exemption from the registration requirements of the Securities Act, the sanction of the High Court to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the Resulting Company GDRs and the equity shares of the Resulting Company, including, without limitation, the equity shares underlying the Resulting Company GDRs, for such an exemption from the registration requirements of the Securities Act. The Resulting Company may elect, in its sole discretion, to register the Resulting Company GDRs, as is required by the Securities Act.

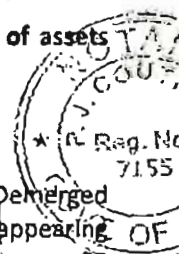
10 Dividends

- 10.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only consistent with the past practice, or in the ordinary course.
- 10.2 Upon the Scheme becoming effective, on and from the Appointed Date, the profits of the Demerged Undertaking shall belong to and be the profits of the Resulting Company and will be available to Resulting Company for being disposed of in any manner as it thinks fit.
- 10.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of Demerged Company and/or Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Demerged Company and Resulting Company respectively, subject to such approval of the shareholders, as may be required.

11 Accounting by the Demerged Company and the Resulting Company in respect of assets and liabilities

11.1 Accounting treatment in the books of the Demerged Company:

- 11.1.1 The assets and the liabilities of the Demerged Company pertaining to the Demerged Undertaking being transferred to the Resulting Company shall be at values appearing in the books of accounts of the Demerged Company on the close of business on 30 September 2015;
- 11.1.2 The excess of the value of assets over the value of liabilities which have been transferred pursuant to the Scheme shall be appropriated against in the following order: the securities premium account, the general reserves account and where there remains any outstanding balance, after appropriation from the aforesaid reserves in the stipulated order, will be further adjusted against the Profit and Loss Account of the Demerged Company or the treatment will be given as per the applicable law in force on the Effective date of the Scheme.
- 11.1.3 The excess of the value of liabilities over the value of assets which have been transferred pursuant to the Scheme shall be credited to general reserve or any other reserve as per the law in force on the Effective date of the Scheme.
- 11.1.4 The reduction, if any, in the securities premium account of the Demerged Company shall be effected as an integral part of the Scheme in accordance with the provisions of read with Section 78 (corresponding section 52 of the Act), 100 - 103 of the Act



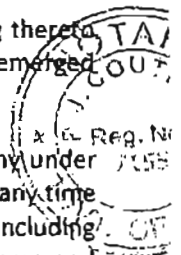
and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.

11.2 In the books of the Resulting Company

- 11.2.1 Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same value appearing in the books of Demerged Company on the close of business on 30 September 2015.
- 11.2.2 The Resulting Company shall credit its share capital account in its books of account with the aggregate face value of the new equity shares issued to the shareholders of Demerged Company pursuant to Clause 9.1 of this Scheme.
- 11.2.3 The excess or deficit, if any, remaining after recording the aforesaid entries shall be debited by the Resulting Company to goodwill or credited to Capital Reserve Account, as the case may be.

12 Remaining Undertaking

- 12.1 The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and remain vested in and be managed by the Demerged Company.
- 12.2 All legal, taxation and / or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and relating to the remaining business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the remaining business) shall be continued and enforced against the Demerged Company.
- 12.3 If proceedings are taken against the Resulting Company in respect of matters referred to in Clause 12.2 above relating to the Remaining Undertaking, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company, against all liabilities and obligations incurred by the Resulting Company in respect thereof.
- 12.4 With effect from the Appointed Date and up to and including the Effective Date:
- 12.4.1 the Demerged Company shall carry on and be deemed to have been carrying on all business and activities relating to the Remaining Undertaking for and on its own behalf;
- 12.4.2 all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Undertaking shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and



12.4.3 all assets and properties acquired by the Demerged Company in relation to the Remaining Undertaking on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

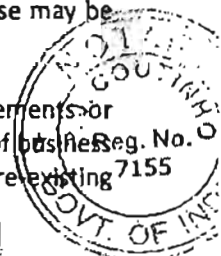
13 Saving of Concluded Transactions

Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking and continuance of proceedings by or against the Resulting Company, as provided herein, shall not affect any transactions or proceedings already concluded by the Demerged Company before the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company in relation to the Demerged Undertaking as acts, deeds and things done and executed by and on behalf of the Resulting Company.

14 Conduct of the business of the Demerged Undertaking

Upon filing the Scheme with the High Court and up to and including the Effective Date:

- 14.1 The Demerged Company shall be deemed to have been carrying on and shall carry on the Demerged Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for the Resulting Company. The Demerged Company hereby undertakes to hold its assets with utmost prudence until the Effective Date.
- 14.2 The Demerged Company shall carry on the business and activities of the Demerged Undertaking with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of the Resulting Company, alienate charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.
- 14.3 With effect from the Appointed Date, all the profits or income accruing or arising to the Demerged Company or expenditure or losses arising or incurred or suffered by Demerged Company, in relation to the Demerged Undertaking, shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of the Resulting Company.
- 14.4 The Demerged Company shall not vary the terms and conditions of any agreements or contracts in relation to the Demerged Undertaking except in the ordinary course of business or without the prior consent the Resulting Company or pursuant to any pre-existing obligation undertaken by them, as the case may be.
- 14.5 The Demerged Company and the Resulting Company shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules for such consents, approvals and sanctions, which may be required pursuant to this Scheme.



PART – III

15 Reduction and reorganization of the share capital of Crompton Greaves Consumer Electricals Limited

- 15.1 Simultaneously with the issue and allotment of the new equity shares by the Resulting Company to the equity shareholders of the Demerged Company in accordance with Clause 9.1 of this Scheme, in the books of the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date which shall be regarded as reduction of share capital. The order of the High Court sanctioning the Scheme shall be deemed to be an order under section 102 of the Act confirming the reduction.

The consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be the consent of its shareholders for the purposes of effecting the above reduction, if any, under provisions of Section 100 to 103 of the Act, and no further resolution under Section 100 to 103 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

PART - IV

GENERAL PROVISIONS

16 Immediately upon the Scheme being effective:

- 16.1 the Demerged Company and the Resulting Company shall enter into shared services agreements *inter alia* in relation to use by the Resulting Company of office space, infrastructure facilities, club membership facilities, information technology services, security personnel, legal, administrative and other services, etc. of the Demerged Company on such terms and conditions that may be agreed between the Parties and on payment of consideration on an arm's length basis;
- 16.2 the FII/FPI limits of the Resulting Company shall be deemed to have been enhanced up to one hundred percent (100%), in the Resulting Company;
- 16.3 To facilitate inter-company lending and investments for meeting business needs, the Board of the Demerged Company shall be deemed to have been authorised to give loans to and / or give any guarantee or provide security in connection with a loan to any associate, person or body corporate (excluding exposure to wholly owned subsidiaries and joint ventures which are exempted under Section 186 (3) of the Companies Act, 2013) and / or acquire by way of subscription, purchase or otherwise, the securities of any associate, joint venture or body corporate (excluding exposure to wholly owned subsidiaries which are exempted under Section 186 (3) of the Companies Act, 2013) up to an aggregate amount not exceeding Rs 750,00,00,000 (Rupees Seven Hundred Fifty Crore), notwithstanding that the aggregate of the loans or guarantees or securities so far given or to be given and/ or securities so far acquired or to be acquired by the Demerged Company may collectively exceed the limits prescribed under Section 186 of the Act;
- 16.4 The Board of the Resulting Company shall be deemed to have been authorised to give loans to any subsidiary companies (including overseas subsidiaries) and / or give any guarantee or provide security in connection with a loan to any subsidiary company(ies) (including overseas subsidiaries) and / or acquire by way of subscription, purchase or otherwise, the

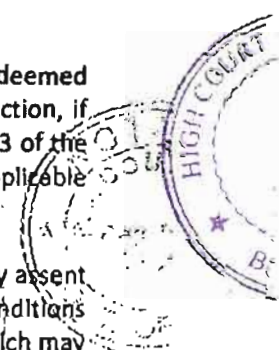


securities of any subsidiary company(ies) (including overseas subsidiaries) up to an aggregate amount not exceeding Rs 750,00,00,000 (Rupees Seven Hundred Fifty Crore), notwithstanding that the aggregate of the loans or guarantees or securities so far given or to be given and/ or securities so far acquired or to be acquired by the Resulting Company may collectively exceed the limits prescribed under Section 186 of the Act;

- 16.5 It is clarified that the approval to the Scheme by the shareholders of the Demerged Company and Resulting Company under Sections 391 and 394 of the Act shall be deemed to have their approval under: (i) Sections 180(1)(c), 186, 188 and any other applicable provisions under the Companies Act 2013; (ii) the Listing Agreement; and (iii) the FDI Policy; and that no separate approval from the shareholders to that extent shall be required to be sought by the Parties for the matters specified in this Clause 16.
- 16.6 The reduction, if any, in the securities premium account of the Demerged Company shall be effected as an integral part of the Scheme in accordance with the provisions Sections 78 (corresponding section 52 of the Act), 100 - 103 of the Act and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.

The consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be the consent of its shareholders for the purposes of effecting the above reduction, if any, under provisions of Section 78 (corresponding section 52 of the Act), 100 to 103 of the Act, and no further resolution under Section 100 to 103 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

- 17 The Board of the Demerged Company and the Board of the Resulting Company may assent to any modifications or amendment to the Scheme or agree to any terms and/or conditions which the Appropriate Authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.
- 18 The Resulting Company and the Demerged Company, with the approval of their respective Board, shall be entitled to issue bonus shares, rights issue, reclassify, consolidate, sub-divide and/or split their shares subject to requirements pursuant to commitments, obligations or arrangements existing prior to the Scheme coming into effect.
- 19 For the purpose of giving effect to the Scheme or to any modification thereof, the Board of the Demerged Company are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise during implementation of the Scheme.
- 20.1 The Scheme is conditional on and subject to:
- 20.1.1 the Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and/or creditors of the Parties to the Scheme as may be directed by the High Court or any other Appropriate Authority, as may be applicable;



- 20.1.2 the Parties complying with other provisions of the SEBI Circulars, including the requirements stated in Clause 20.1.1 above;
- 20.1.3 the sanction or approval of the Appropriate Authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required; and
- 20.1.4 the sanction of the High Court, under Sections 391 to 394 read with Sections 78 (notified Section 52) and Sections 100-103 of the Act, in favour of the Demerged Company and Resulting Company to the necessary order or orders under Section 394 of the Act, being obtained.

- 20.2 It is hereby clarified that submission of the Scheme to the High Court and to Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defenses that Demerged Company and Resulting Company have or may have under or pursuant to all appropriate and Applicable Laws and regulations.
- 20.3 All costs, charges and expenses including stamp duty that may be required, in relation to or in connection with the Scheme and of carrying out and completing the terms and provisions of the Scheme and/or other matters incidental or ancillary thereto, shall be borne by the Resulting Company.
- 20.4 The Demerged Company and the Resulting Company acting through their respective Boards shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any Appropriate Authority/person is unacceptable to any of them.
- 20.5 In the event of this Scheme failing to take effect finally by 31 December 2016, or by such later date as may be agreed by the respective Boards of Directors of the Parties, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred, *inter-se*, by the Parties or their shareholders or creditors or employees or any other person. In such case, each Party shall bear its own costs, charges and expenses incurred in relation or in connection with this Scheme or as may be mutually agreed.
- 20.6 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of Demerged Company and Resulting Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.



TRUE-COPY
[Signature]
(K. C. TRIVEDI)
COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY

TRUE COPY
[Signature]
KHAITAN & CO.

**IN THE HIGH COURT OF JUDICATURE AT
BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SCHEME PETITION NO. 744 OF 2015
CONNECTED WITH
COMPANY SUMMONS FOR DIRECTIONS NO. 524
OF 2015**

In the matter of the Companies Act, 1956;

And

In the matter of Sections 391 to 394 read with 78
(notified section 52 of Companies Act 2013), 100-
103 of the Companies Act, 1956;

And

In the matter of the Scheme of Arrangement under
sections 391 to 394 of the Companies Act read with
78 (notified Section 52 of the Companies Act
2013), 100- 103 of the Companies Act, 1956
between Crompton Greaves Limited and Crompton
Greaves Consumer Electricals Limited and their
respective shareholders and creditors

**Crompton Greaves Consumer Electricals
Limited ...Petitioner Company**

**AUTHENTICATED COPY OF THE MINUTES OF
ORDER DATED 20th NOVEMBER 2015 ALONG
WITH SCHEME**

Applied for authenticated copies on 23/11/2015
Authenticated copies submitted on 01/12/2015
Engrossed on 11/12/2015
Examined by [Signature]
Compared with [Signature]
Ready on 1.1 DEC 2015
Covered on 14 DEC 2015

Khaitan & Co.,
Advocates for the Petitioner
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841 Senapati Bapat Marg,
Elphinstone Road,
Mumbai – 400 013
