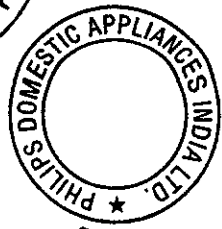


COMPOSITE SCHEME OF ARRANGEMENT
AMONGST
PHILIPS INDIA LIMITED
AND
PREETHI KITCHEN APPLIANCES PRIVATE LIMITED
AND
PHILIPS DOMESTIC APPLIANCES INDIA LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS
UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013



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PART A - GENERAL

I. PREAMBLE

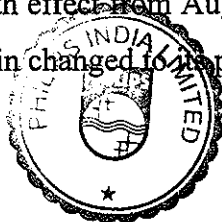
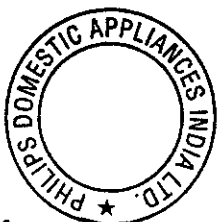
This Composite Scheme of Arrangement ("**Scheme**" as more particularly defined hereunder) amongst Philips India Limited ("**PIL**" or the "**Demerged Company**"), Preethi Kitchen Appliances Private Limited ("**Preethi**" or the "**Amalgamating Company**"), Philips Domestic Appliances India Limited ("**Philips Domestic Appliances**" or the "**Resulting Company**") and their respective shareholders, is presented under Sections 230 to 232 and other applicable provisions of the Act (*defined below*).

II. BACKGROUND

(a) PIL is a public limited company (having corporate identification number: U31902WB1930PLC006663) incorporated on January 31, 1930 under the provisions of the Companies Act, 1913 ("**1913 Act**") and existing under the Act, having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal. PIL is engaged in various businesses including Domestic Appliances Business; diagnostic imaging, interventional x-ray, and ultrasound, and patient monitoring businesses; manufacturing, trading and dealing of consumer products such as grooming products, beauty products, oral health care and mother and child care products, informatics solutions on healthcare informatics, infrastructure and consulting solutions; software development, product engineering and service innovation in relation to various products; and other functions.

PIL is a subsidiary of Koninklijke Philips N.V., which is a Netherlands based company having its registered office in Amsterdam ("**KPNV**").

PIL was incorporated on January 31, 1930, in the state of West Bengal as a private limited company under the name 'Philips Electricals Company (India) Private Limited'. The name of PIL was changed to 'Philips India Private Limited' with effect from September 12, 1956. The status of PIL was changed from a private limited company to a public limited company with effect from November 4, 1957. Consequently, the name of PIL was changed to 'Philips India Limited'. Thereafter, the name of PIL was changed to 'Peico Electronics & Electricals Limited' (with effect from April 20, 1979), 'Philips India Limited' (with effect from December 20, 1993) and 'Philips Electronics India Limited' (with effect from August 8, 2005). On October 23, 2013, the name of PIL was again changed to its present name, 'Philips India Limited'.

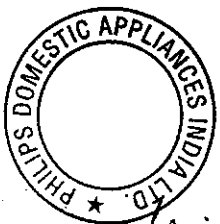


- (b) Preethi is a private limited company (having corporate identification number: U36993MH2011PTC213827) incorporated on February 21, 2011 under the provisions of the Companies Act, 1956 (“1956 Act”) and existing under the Act, having its registered office at Raheja Platinum, Sag Baug Road, Off, Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra. Preethi is one of the leading manufacturers of kitchen appliances focusing on the South Indian market. Preethi’s product range comprises of mixers, table top grinders, coffee makers, induction cookers, electric rice cookers, electric kettle, electric iron box and electric pressure cookers. Preethi is a wholly owned subsidiary of PIL with its entire issued and paid up share capital being held by PIL and its nominee shareholders.
- (c) Philips Domestic Appliances is a public limited company (having corporate identification number: U29308WB2020PLC238116) incorporated on July 17, 2020 under the provisions of the Act, having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town, Kolkata-700156, West Bengal. Philips Domestic Appliances has been incorporated with the object of, *inter alia*, carrying on the business of manufacturers, producers, stockists, commission agents, importers and exporters of electrical products and other domestic appliances, their assemblies, kits, spares and accessories, in India and abroad. Philips Domestic Appliances is a wholly owned subsidiary of PIL with its entire issued and paid up share capital being held by PIL and its nominee shareholders.

III. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- (i) **Part A** deals with background of the Companies (*defined below*), the rationale/objectives of the Scheme and the tax treatment of the Scheme;
- (ii) **Part B** deals with the definitions used, interpretation and details of the share capital of each of the Companies;
- (iii) **Part C** deals with the Capital Reduction (*defined below*) of the Amalgamating Company;
- (iv) **Part D** deals with the Demerger (*defined below*) including transfer and vesting of the Demerged Undertaking (*defined below*) of the Demerged Company on a going concern basis into the Resulting Company and reduction of the share capital held by the Demerged Company in the Resulting Company;



- (v) **Part E** deals with Amalgamation (*defined below*) of the Amalgamating Company with the Resulting Company; and
- (vi) **Part F** deals with the increase in the authorized share capital of the Resulting Company pursuant to the Amalgamation and general terms and conditions applicable to the Scheme.

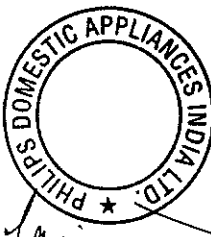
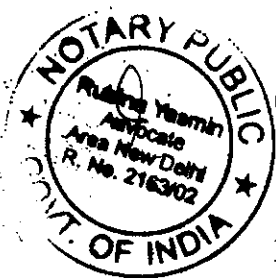
IV. RATIONALE

This Scheme provides for:

- (i) re-organization of the share capital and securities premium reserve account of Preethi involving reduction in the face value of the fully paid up equity shares and reduction of the securities premium reserve account of Preethi and return of the amounts so reduced to the shareholders of Preethi on a proportionate basis. The remaining amount in the securities premium reserve account shall be partly adjusted against the balance in the profit and loss account of Preethi to *inter alia* write off net accumulated losses of Preethi. ("**Capital Reduction**");
- (ii) the transfer by way of a demerger of the Demerged Undertaking (*defined below*) of the Demerged Company to the Resulting Company on a going concern basis, reduction of share capital held by the Demerged Company in the Resulting Company and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company ("**Demerger**");
- (iii) amalgamation of the Amalgamating Company with the Resulting Company and dissolution of the Amalgamating Company without winding up and the cancellation of equity shares of Amalgamating Company held by the Resulting Company ("**Amalgamation**"); and
- (iv) various other matters consequential or integrally connected therewith including the re-organisation of the share capital of the Resulting Company, pursuant to Sections 230 to 232 of the Act and other provisions of the Act, as may be applicable, in the manner provided for in this Scheme and in compliance with Sections 2(19AA) and 2(1B) and other applicable provisions of the Income Tax Act, 1961 read with Income Tax Rules, 1962.

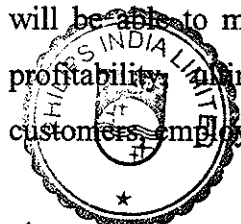
The rationale and objectives of the proposed arrangement under the Scheme are as follows:

- (a) Preethi has more capital than it can profitably employ and the capital is in surplus to its requirements. This has given rise to the need to return the excess



capital and readjust the relation between capital and assets and to accurately and fairly reflect the assets and liabilities of Preethi in its books of accounts. Therefore, the Capital Reduction of Preethi is being undertaken under this Scheme to give a true and fair view of the books of accounts of Preethi and to reflect its assets and liabilities at their real value and maximize its business value. The Capital Reduction involves reduction in the face value of the fully paid up equity shares and reduction of the securities premium reserve account of Preethi; and return of the amounts so reduced to the shareholders of Preethi on a proportionate basis. Further, the remaining amount in the securities premium reserve account shall be partly adjusted against the balance in the profit and loss account of Preethi to *inter alia* write off the net accumulated losses of Preethi;

- (b) Presently, the Domestic Appliances Business (*defined below*) of PIL is housed in (i) the Demerged Undertaking of the Demerged Company; and (ii) the Amalgamating Company. Pursuant to the coming into effect of the Scheme, the Domestic Appliances Business of PIL will be separated and transferred into the Resulting Company by way of (A) the Demerger of the Demerged Undertaking (which includes the shares held in the Amalgamating Company) from the Demerged Company to the Resulting Company; and (B) the subsequent amalgamation of the Amalgamating Company with the Resulting Company. This segregation of the Domestic Appliances Business is being undertaken in line with the global separation plan of the Philips group to improve efficiencies of the individual business divisions;
- (c) The restructuring will help PIL to consolidate its Domestic Appliances Business in India into one entity (being the Resulting Company), leading to increased focus, alignment and operational efficiency. It will enable the management to position itself better to capture growth opportunities, achieve cost synergies, be closer to customers, adapt more quickly to evolving customer needs and enable decisive investments in the future of the Domestic Appliances Business;
- (d) The Demerger will enable the Demerged Company to focus on and enhance its Remaining Business (*defined below*) by streamlining its operations;
- (e) As independent companies with dedicated, focused and lean management structures, both, the Demerged Company as well as the Resulting Company will be able to make appropriate investments to boost growth and drive profitability, ultimately generating significantly more value for their customers, employees and shareholders;



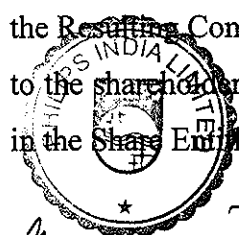
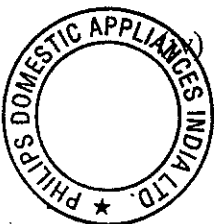
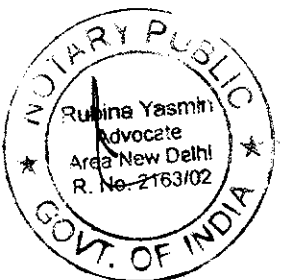
- (f) Each of the Demerged Company as well as the Resulting Company will be able to attract different sets of investors enabling them to select investments that best suit their strategies and risk profiles. This will also create an optimum structure for monetization in the future of the Domestic Appliances Business so separated and consolidated; and
- (g) As mentioned above, Preethi and the Resulting Company are wholly owned subsidiaries of PIL. PIL is a subsidiary of KPNV which holds 96.13% of the total issued and paid up share capital in PIL with the remaining 3.87% of the total issued and paid up share capital being held by minority shareholders. The economic interests of the shareholders of PIL will remain unchanged. The shareholders of PIL will continue to remain shareholders of PIL and will also become shareholders of the Resulting Company in the same proportion as their shareholding in PIL. The Scheme is therefore, expected to be in the best interests of the shareholders, employees and the creditors of each of the Demerged Company, Amalgamating Company and the Resulting Company.

V. TREATMENT OF THE SCHEME FOR THE PURPOSES OF INCOME TAX ACT, 1961

Upon the Scheme becoming effective, the Demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company pursuant to this Scheme shall, take place with effect from the Appointed Date (*defined below*) and shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:

- (i) all the properties of the Demerged Company forming part of the Demerged Undertaking immediately before the Demerger shall become the properties of the Resulting Company by virtue of the Demerger;
- (ii) all the liabilities of the Demerged Company forming part of the Demerged Undertaking immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the Demerger;
- (iii) the properties and the liabilities of the Demerged Company forming part of the Demerged Undertaking shall be transferred to the Resulting Company at the values appearing in the books of accounts of the Demerged Company immediately before the Demerger;

the Resulting Company shall issue, in consideration of the Demerger, shares to the shareholders of the Demerged Company on a proportionate basis i.e. in the Share Entitlement Ratio (*defined below*);



- (v) all the shareholders of the Demerged Company as on the Record Date (*defined below*) shall become the shareholders of the Resulting Company by virtue of the Demerger; and
- (vi) the transfer of the Demerged Undertaking shall be on a going concern basis.

The Amalgamation shall comply with the provisions of Section 2(1B) of the Income Tax Act, 1961, such that:

- (a) all the properties of the Amalgamating Company, immediately before the Amalgamation, shall become the property of the Resulting Company, by virtue of the Amalgamation; and
- (b) all the liabilities of the Amalgamating Company, immediately before the Amalgamation, shall become the liabilities of the Resulting Company, by virtue of the Amalgamation.

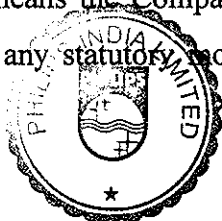
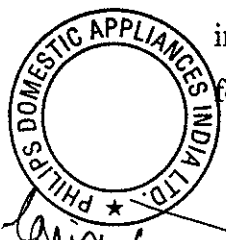
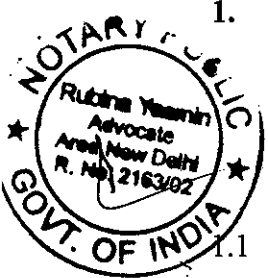
If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of Section 2(1B) or Section 2(19AA) of the Income Tax Act, 1961 read with Income Tax Rules, 1962, as the case may be, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(1B) and Section 2(19AA) of the Income Tax Act, 1961 read with Income Tax Rules, 1962, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) and Section 2(19AA) of the Income Tax Act, 1961 read with Income Tax Rules, 1962. Such modifications shall however not affect other parts of the Scheme.

PART B - DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1. DEFINITIONS

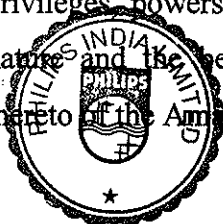
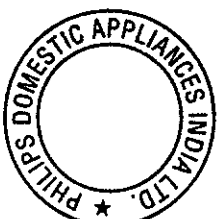
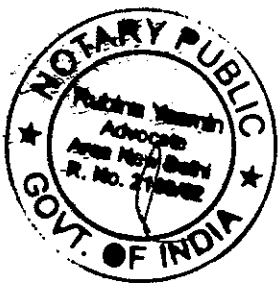
In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively assigned against them:

- 1.1 "1913 Act" means the Companies Act, 1913 and the rules and regulations made thereunder;
- 1.2 "1956 Act" means the Companies Act, 1956 and the rules and regulations made thereunder;
- 1.3 "Act" means the Companies Act, 2013 and the rules made thereunder and shall include any statutory modification or re-enactment thereof for the time being in force;

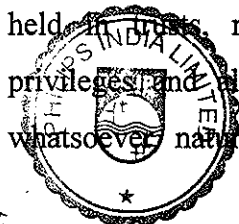
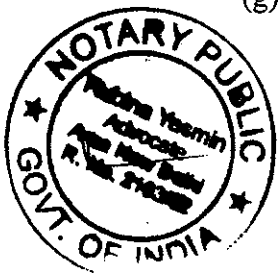


1.4 “Amalgamating Undertaking” means all the undertakings and entire business of the Amalgamating Company as a going concern, including, without limitation:

- (a) all immovable properties (i.e., land together with the buildings and structures standing thereon or under construction) wherever situated, including those as specifically stipulated in **Schedule 1** to this Scheme (whether freehold, leasehold, leave and licensed or otherwise, including tenancies in relation to warehouses, research facilities, godowns, depots, office space and guest houses of the Amalgamating Company, and all documents of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;
- (b) all assets, wherever situated, as are movable in nature, whether present, future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal, including without limitation current assets, plant and machinery, leasehold improvements, capital work in progress, furniture, fixtures, appliances, accessories, office equipment, power lines, communication facilities, installations, vehicles, inventory, stock, diesel generator sets, godowns, utilities, actionable claims, earnest monies, security deposits and sundry debtors, prepaid expenses, bills of exchange, financial assets, investments including shares, scrips, stocks, bonds, debentures, units or pass through certificates and accrued benefits thereto, outstanding loans and advances, recoverable in cash or in kind or for value to be received, receivables, funds, cheques and other negotiable instruments, cash and bank balances, deposits including accrued interests thereto with Governmental Authority(ies), other authorities and bodies, customers and other Persons, benefits of any bank guarantees, performance guarantees, corporate guarantees and letters of credit and tax related assets including income tax, withholding tax, tax deducted at source (TDS), tax collected at source, advance tax, Minimum Alternate Tax (MAT) set-off rights, pre-paid taxes, CGST credits, SGST Credits and IGST Credits, or set-offs and any other tax benefits, subsidies, grants, tax credits, exemptions and refunds of the Amalgamating Company;
- (c) all permits, licenses, permissions (including municipal permissions), approvals, consents, authorizations, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions including those relating to easements, privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof including applications made in relation thereto of the Amalgamating Company;



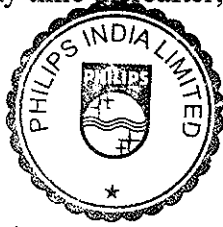
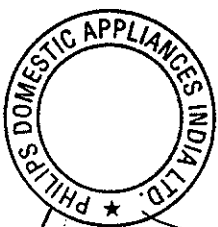
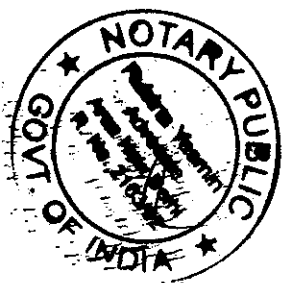
- (d) all benefits, entitlements, permits, clearances, registrations, incentives and concessions under incentive schemes and policies, whether under Central, State or other laws, including under income tax, customs, Goods and Service Tax (CGST, SGST and IGST) and Foreign Trade Policy of Government of India or any other policy of the Central Government or State Government or any other authority, along with associated obligations, of the Amalgamating Company, to the extent statutorily available;
- (e) all taxes, duties (including obligation for advance licenses), cess, etc. including all or any refunds, credit and claims or entitlements relating thereto of the Amalgamating Company;
- (f) all written contracts, including government contracts, distributor agreements, concession agreements, operation and maintenance agreements, marketing agreements, consultancy agreements, service agreements, contracts with vendors/suppliers, business agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments to suppliers, commitments with partners, hire and purchase arrangements, contracts with contractors to supply contract labour, undertakings, deeds, bonds, investments and interest in projects undertaken by the Amalgamating Company (either solely or jointly with other parties) insurance covers and claims, clearances and other instruments of whatsoever nature and description, to which the Amalgamating Company is a party, or to the benefit of which the Amalgamating Company may be eligible, and all rights, title, interests, claims obligations and benefits of the Amalgamating Company thereunder (collectively, the "**Preethi Contracts**");
- (g) all intellectual property rights (whether registered or unregistered), being logos, trade names, trademarks (including goodwill therein), service marks, copyrights, patents, technical know-how, trade secrets, domain names, designs, engineering and process information, computer programmes, drawings, manuals, whether in physical or electronic form, any other business or commercial rights, whether registered, unregistered or pending applications owned or used by the Amalgamating Company;
- (h) all rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the



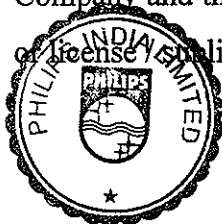
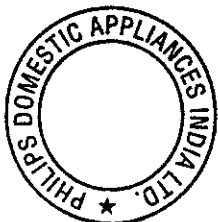
ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Amalgamating Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Amalgamating Company;

- (i) all experience, past track record, qualification criteria and credentials of the Amalgamating Company in manufacturing and supplying the products/ services thereof to various customers, Governmental Authorities, agencies, departments and clients for the purpose of eligibility, standing, evaluation and participation in existing and future bids, tenders and contracts with various customers, Governmental Authorities, agencies, departments, clients, etc.;
- (j) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), computer programmes, drawings, manuals, data, databases including databases for production, procurement, commercial and management, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and all other books and records, software and related data, whether in physical or electronic form of the Amalgamating Company;
- (k) all the Liabilities (*as hereinafter defined*) of the Amalgamating Company, whether provided for or not in the books of account or disclosed in the balance sheet of the Amalgamating Company;
- (l) the Preethi Transferred Employees; and
- (m) all Proceedings (*as hereinafter defined*) initiated by or against the Amalgamating Company or claims, proceedings and investigations to which the Amalgamating Company is party.

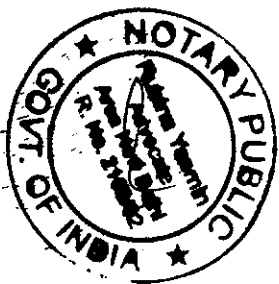
1.5 “**Applicable Law**” means any applicable statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, bye-law, order, decree, clearance, approval, directive, guideline, requirement or any similar form of determination by or decision of or any interpretation, policy or administration by, any Governmental Authority, that is binding or applicable to a Person, whether in effect as of the date on which this Scheme has been approved by the Board of each of the Companies or at any time thereafter;



- 1.6 “**Appointed Date**” means opening of business on July 1, 2021 or such other date as may be mutually agreed by the Companies (*as hereinafter defined*) or such other date as the NCLT may direct/allow;
- 1.7 “**Board**” in respect of a Company means the board of directors of such Company in office at the relevant time, and, unless it is repugnant to the context, shall include a committee duly constituted and authorized thereby;
- 1.8 “**Business Licenses**” has the meaning set out in Clause 1.11 (e) of this Scheme;
- 1.9 “**Companies**” means PIL, Preethi and Philips Domestic Appliances, collectively, and “**Company**” means any one of them as the context may require;
- 1.10 “**Demerged Liabilities**” has the meaning set out in Clause 7.17 of this Scheme;
- 1.11 “**Demerged Undertaking**” means all the assets, Liabilities, businesses, undertakings, activities, operations and properties, of whatsoever nature and kind and wheresoever situated, forming part of the Domestic Appliances Business of the Demerged Company, on a going concern basis, as on the Appointed Date, and shall mean:
- (a) the entire shareholding of Preethi held by the Demerged Company (together with its nominees);
 - (b) all immovable properties as are currently being used solely for the purpose of the Domestic Appliances Business of the Demerged Company (i.e., land together with the buildings and structures standing thereon or under construction), including those as specifically stipulated in **Schedule 2** to this Scheme (whether freehold, leasehold, leave and licensed or otherwise, including tenancies in relation to warehouses, research facilities, godowns, depots, office space and guest houses and residential premises occupied by the PIL Transferred Employees (*as hereinafter defined*), and all documents of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;
 - (c) all immovable properties which are being shared by the Demerged Undertaking and the Remaining Business of the Demerged Company and which shall be transferred to the Resulting Company in the proportion and manner determined by the mutual agreement of the Boards of the Demerged Company and the Resulting Company, including either as a leasehold right or license/right of license;



- (d) all assets, wherever situated, as are movable in nature pertaining solely to the Domestic Appliances Business of the Demerged Company, whether present, future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal, including without limitation current assets, plant and machinery, leasehold improvements, capital work in progress, furniture, fixtures, appliances, accessories, office equipment, power lines, communication facilities, installations, vehicles, inventory, stock, diesel generator sets, godowns, utilities, actionable claims, earnest monies, security deposits and sundry debtors, prepaid expenses, bills of exchange, financial assets, investments including shares, scrips, stocks, bonds, debentures, units or pass through certificates and accrued benefits thereto, outstanding loans and advances, recoverable in cash or in kind or for value to be received, receivables, funds, cheques and other negotiable instruments, cash and bank balances as may be determined by the mutual agreement of the Board of the Demerged Company and the Resulting Company, deposits including accrued interests thereto with Governmental Authority(ies), other authorities and bodies, customers and other Persons, benefits of any bank guarantees, performance guarantees, corporate guarantees and letters of credit and tax related assets including income tax, withholding tax, TDS, advance tax, CGST credits, SGST Credits and IGST Credits, or set-offs and any other tax benefits, subsidies, grants, tax credits, exemptions and refunds including investments of the Demerged Company in Preethi;
- (e) all permits, licenses, permissions (including municipal permissions), approvals, consents, authorizations, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions including those relating to easements, privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof including applications made in relation thereto ("**Business Licenses**") that pertain to the Domestic Appliances Business of the Demerged Company;
- (f) all benefits, entitlements, permits, clearances, registrations, incentives and concessions under incentive schemes and policies, whether under Central, State or other laws, including under income tax, customs, Goods and Service Tax (CGST, SGST and IGST) and Foreign Trade Policy of Government of India or any other policy of the Central Government or State Government or any other authority, along with associated obligations, in relation to the Domestic Appliances Business of the Demerged Company, to the extent statutorily available;

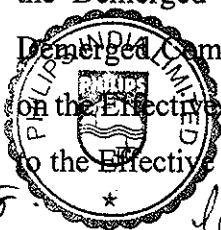
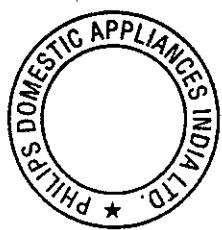
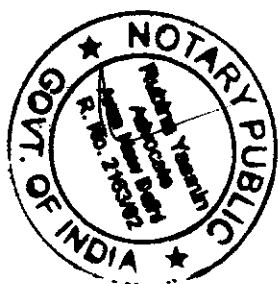


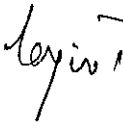
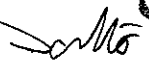
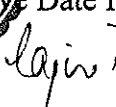
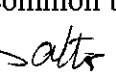
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- (g) all taxes, duties (including obligation for advance licenses), cess, etc. that are allocable, referable or related to the Domestic Appliances Business of the Demerged Company, including all or any refunds, credit and claims or entitlements relating thereto. It is hereby clarified that all taxes, duties (including obligation for advance licenses), cess, etc. that are common to both the Domestic Appliances Business and the Remaining Business of the Demerged Company shall be allocated to the Domestic Appliances Business of the Demerged Company by the mutual agreement of the Board of the Demerged Company and the Resulting Company;

- (h) all written contracts, including government contracts, distributor agreements, concession agreements, operation and maintenance agreements, marketing agreements, consultancy agreements, service agreements, contracts with vendors/suppliers, business agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments to suppliers, commitments with partners, hire and purchase arrangements, contracts with contractors to supply contract labour, undertakings, deeds, bonds, investments and interest in projects undertaken by the Demerged Company (either solely or jointly with other parties) insurance covers and claims, clearances and other instruments of whatsoever nature and description, solely in relation to the Domestic Appliances Business of the Demerged Company, to which the Demerged Company is a party, and all rights, title, interests, claims obligations and benefits thereunder (collectively, the "PIL Transferred Contracts");

- (i) all written contracts, including government contracts, distributor agreements, concession agreements, operation and maintenance agreements, marketing agreements, consultancy agreements, service agreements, contracts with vendors/suppliers, business agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments to suppliers, commitments with partners, hire and purchase arrangements, contracts with contractors to supply contract labour, undertakings, deeds, bonds, investments and interest in projects undertaken by the Demerged Company (either solely or jointly with other parties) insurance covers and claims, clearances and other instruments of whatsoever nature and description that relate to and to the benefit of which the Demerged Undertaking as well as the Remaining Business of the Demerged Company are eligible and which are subsisting or having effect on the Effective Date (including any such contracts that are entered into prior to the Effective Date for the common benefit of the Demerged Undertaking



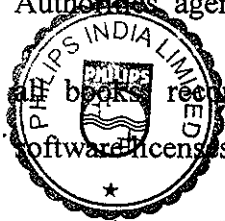
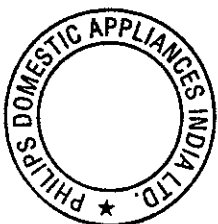
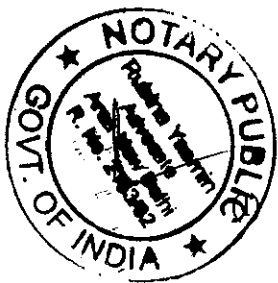





and the Remaining Business of the Demerged Company) and all rights, title, interests, claims obligations and benefits thereunder (collectively, the “**PIL Shared Contracts**”) and which shall be transferred to the Resulting Company in the manner determined by the mutual agreement of the Boards of the Demerged Company and the Resulting Company, either by way of novation or assignment or sub-contracting or otherwise.;

- (j) all intellectual property rights (whether registered or unregistered), being logos, trade names, trademarks (including goodwill therein), service marks, copyrights, patents, technical know-how, trade secrets, domain names, designs, engineering and process information, computer programmes, drawings, manuals, any other business or commercial rights, whether in physical or electronic form, whether registered, unregistered or pending applications, that are (i) solely owned by the Demerged Company; and (ii) exclusively used in the Domestic Appliances Business of the Demerged Company; including those specified in **Schedule 3** to this Scheme (“**DA Intellectual Property**”);
- (k) all rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Company forming part of its Domestic Appliances Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company solely for its Domestic Appliances Business;

all experience, past track record, qualification criteria and credentials of the Demerged Undertaking in manufacturing and supplying the products/ services thereof to various customers, Governmental Authorities, agencies, departments and clients pertaining to the Domestic Appliance Business (and to the exclusion of those pertaining to the Remaining Business) for the purpose of eligibility, standing, evaluation and participation in existing and future bids, tenders and contracts with various customers, Governmental Authorities, agencies, departments, clients, etc.;

books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), computer programmes,



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drawings, manuals, data, databases including databases for production, procurement, commercial and management, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and all other books and records, software and related data, whether in physical or electronic form that pertain to the Domestic Appliances Business of the Demerged Company;

- (n) the Demerged Liabilities;
- (o) the PIL Transferred Employees; and
- (p) all Proceedings that pertain to the Domestic Appliances Business or the Demerged Undertaking of the Demerged Company, initiated by or against the Demerged Company or claims, proceedings and investigations to which the Demerged Company is party to, pending on the Effective Date, or which may be instituted any time in the future in relation to the Domestic Appliances Business of the Demerged Company, including Proceedings specifically stipulated in **Schedule 4** to this Scheme;

1.12 **“Domestic Appliances Business”** means the business of (A) manufacturing, trading and dealing in (i) kitchen appliances i.e., appliances used primarily for food preparation and cooking and more specifically covering products such as mixer-grinders, food processors, hand mixers, juicers, ovens, air fryers, induction cook tops etc.; (ii) garment care products such as irons, steamers and related accessories; and (iii) home care products such as air purifiers, vaccum cleaners, air filters and coffee makers etc.; and (B) software development, product engineering and service innovation in relation to the products specified in (A) above. It is hereby clarified that Domestic Appliances Business, shall not include the business of manufacturing, trading and dealing in grooming products for face and body; beauty products including hair care and female depilation; mother and child care products; and oral health care products.



1.13 **“Effective Date”** means the last of the dates on which all the conditions and matters referred to in Clause 35 of the Scheme occur or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme. References in this Scheme to date of ‘coming into effect of the Scheme’ or ‘effectiveness of the Scheme’ or ‘the scheme becoming effective’ shall be construed accordingly;



“Encumbrance” or **“Encumber”** means any: (i) encumbrance including without limitation any security interest, claim, mortgage, pledge, charge, hypothecation, lien, assignment, deed of trust, title retention, deposit by way of security, beneficial ownership (including usufruct and similar entitlements), or any other similar interest



held by a third Person; (ii) security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law; (iii) right of pre-emption, right of first offer, or refusal or transfer restriction in favour of any Person; and/or (iv) any adverse claim as to title, possession or use;

1.15 **“Governmental Authority”** means any central, state, provincial, local or similar governmental, statutory, regulatory, quasi-judicial, judicial, administrative authority, agency, commission, departmental or public body or authority, board, branch, tribunal or court or other entity authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case having the force of law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law, or any stock exchange of India or any other country including the jurisdictional Registrar of Companies, Regional Director, Reserve Bank of India and such other sectoral regulators or authorities as may be applicable;

1.16 **“INR”** means Indian Rupees;

1.17 **“IT Infrastructure Readiness”** has the meaning set out in Clause 34.2 of this Scheme;

1.18 **“Liabilities”** means all debts and borrowings (whether in Indian Rupees or foreign currency), liabilities (including contingent liabilities, and obligations under any licenses or permits or schemes), loans raised and used, obligations incurred, claims, a notice of assertion, demands, duties of any kind, nature or description and undertakings of every kind or nature and the liabilities of any description whatsoever whether present or future, known or unknown, liquidated or unliquidated, due or to become due, absolute, accrued, contingent or otherwise and howsoever raised or incurred or utilized along with Encumbrance thereon;

“National Company Law Tribunal” or **“NCLT”** means the National Company Law Tribunal having its principal seat at New Delhi; National Company Law Tribunal at Kolkata, having jurisdiction in relation to PIL and Philips Domestic Appliances; the National Company Law Tribunal at Mumbai, having jurisdiction in relation to Preethi; and/ or the National Company Law Appellate Tribunal (**“NCLAT”**), as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies



under Sections 230 to 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 to 232 of the Act as may be applicable. "NCLTs" shall mean NCLT, Mumbai and NCLT, Kolkata collectively;

1.20 "Person" means any individual, partnership, joint venture, firm, corporation, company, association, trust or other enterprise (whether incorporated or not), Government (central, state or otherwise), sovereign, agency, department or political sub-division thereof, international organisation or Governmental Authority (in each case, whether or not having separate legal personality);

1.21 "Philips Domestic Appliances" or "Resulting Company" means Philips Domestic Appliances India Limited (corporate identification number: U29308WB2020PLC238116), a public company incorporated under the Act and having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town Kolkata 700156 West Bengal.

1.22 "PIL" or "Demerged Company" means Philips India Limited (corporate identification number: U31902WB1930PLC006663), a public company incorporated under the 1913 Act and having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal;

1.23 "PIL Contracts" means the PIL Transferred Contracts and the PIL Shared Contracts;

1.24 "PIL Funds" has the meaning set out in Clause 8.2 of this Scheme;

1.25 "PIL Shared Contracts" has the meaning set out in Clause 1.11 (i) of this Scheme;

1.26 "PIL Transferred Contracts" has the meaning set out in Clause 1.11 (h) of this Scheme;

1.27 "PIL Transferred Employees" has the meaning set out in Clause 8.1 of this Scheme;

1.28 "Preethi" or "Amalgamating Company" means Preethi Kitchen Appliances Private Limited (corporate identification number: U36993MH2011PTC213827), a private company incorporated under the 1956 Act and having its registered office at Raheja Platinum, Sag Baug Road, Off, Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra;

1.29 "Preethi Contracts" shall have the meaning set out in Clause 1.4 (f) of this Scheme;

1.30 "Preethi Funds" has the meaning set out in Clause 20.3 of this Scheme;

- 1.31 **“Preethi Transferred Employees”** has the meaning set out in Clause 20.1 of this Scheme;
- 1.32 **“Proceedings”** means all legal (whether civil or criminal), taxation or other claims, proceedings and investigations of whatsoever nature (including before any Governmental Authority or arbitration tribunal) and under any statute;
- 1.33 **“Record Date”** means a mutually agreed date to be fixed by the Boards of PIL and Philips Domestic Appliances for the purposes of determining the equity shareholders of PIL to whom shares of Philips Domestic Appliances would be issued and allotted in accordance with Clause 11 of this Scheme;
- 1.34 **“Registrar of Companies”** means the Registrar of Companies at Kolkata, West Bengal, having jurisdiction in relation to PIL and Philips Domestic Appliances and the Registrar of Companies at Mumbai, Maharashtra, having jurisdiction in relation to Preethi;
- 1.35 **“Remaining Business”** means all undertakings, investments, businesses, activities and operations of the Demerged Company other than those comprised in the Demerged Undertaking;
- 1.36 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this composite scheme of arrangement in its present form as submitted to the NCLTs or this Scheme with such modification(s), if any made, as per Clause 33 of the Scheme;
- 1.37 **“Share Entitlement Ratio”** has the meaning set out in Clause 11.1 of this Scheme.

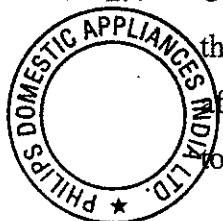
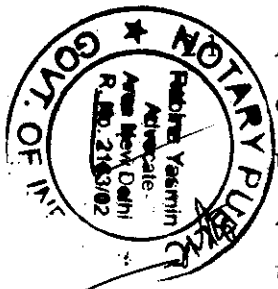
2. INTERPRETATION

All terms and words used but 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, Income Tax Act, 1961 read with Income Tax Rules, 1962 and other Applicable Laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.

References to ‘Clauses’, ‘Recitals’ and ‘Schedules’, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme.

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

- 2.4 Unless the context otherwise requires, reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to a statutory



provision shall include any subordinate legislation made from time to time under that provision.

- 2.5 The singular shall include the plural and vice versa; and references to one gender shall include all genders.
- 2.6 Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 2.7 The Schedules form an integral and inseparable part of this Scheme.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

This Scheme in its present form, or with any modification(s) approved or imposed or directed by the NCLT or by any Governmental Authority, shall be effective from the Appointed Date but shall be operative from the Effective Date.

4. SHARE CAPITAL

- 4.1 The authorized, issued, subscribed and paid up share capital of PIL as on September 10, 2020 is as under:

Share Capital	Amount (In INR)
Authorized Share Capital	
9,20,00,000 equity shares of INR 10 each	92,00,00,000
2,00,00,000 non- convertible cumulative preference shares of INR 10 each	20,00,00,000
TOTAL	1,12,00,00,000
Issued, subscribed and paid-up Share Capital	
5,75,17,242 equity shares of INR 10 each fully paid up	57,51,72,420
TOTAL	57,51,72,420

- The authorized, issued, subscribed and paid up share capital of Preethi as on September 10, 2020 is as under:

Share Capital	Amount (In INR)
Authorized Share Capital	
9,69,87,421 equity shares of INR 10 each	96,98,74,210
3,40,62,579 8% Compulsorily Convertible Non-cumulative preference shares of INR 10 each	34,06,25,790
TOTAL	1,31,05,00,000

Share Capital	Amount (In INR)
Issued, subscribed and paid-up Share Capital	
9,51,87,940 equity Shares of 10 each fully paid up	95,18,79,400
TOTAL	95,18,79,400

The entire issued and paid-up capital of Preethi is held by PIL and its nominee shareholders.

- 4.3 The authorized, issued, subscribed and paid up share capital of Philips Domestic Appliances as on September 27, 2020 is as under:

Share Capital	Amount (In INR)
Authorized Share Capital	
50,000 equity shares of 10 each	5,00,000
TOTAL	5,00,000
Issued, subscribed and paid-up Share Capital	
50,000 equity shares of 10 each, fully paid up	5,00,000
TOTAL	5,00,000

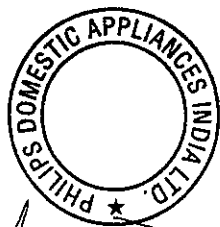
The entire issued and paid-up capital of Philips Domestic Appliances is held by PIL and its nominee shareholders.

**PART C- RE-ORGANIZATION OF THE PAID-UP EQUITY SHARE CAPITAL
AND SECURITIES PREMIUM RESERVE ACCOUNT OF PREETHI**

RE-ORGANIZATION OF THE ISSUED AND PAID-UP EQUITY SHARE CAPITAL AND SECURITIES PREMIUM RESERVE ACCOUNT OF PREETHI

As a part of reorganization of the equity share capital of Preethi, pursuant to the provisions of Sections 230 to 232 of the Act, the issued, subscribed and paid-up equity share capital and the securities premium reserve account of Preethi shall be reduced and reorganized as a part of the Scheme. Accordingly, as an integral part of the Scheme, and, upon the coming into effect of the Scheme, without any further act, instrument or deed:

- (a) the issued, subscribed and paid-up equity share capital of Preethi shall be reduced from INR 95,18,79,400 (Indian Rupees Ninety Five Crores Eighteen Lakhs Seventy Nine Thousand and Four Hundred) divided into 9,51,87,940 (Nine Crores Fifty One Lakh Eighty Seven Thousand Nine Hundred and Forty) fully paid up equity shares of face value INR 10 (Indian Rupees Ten) each to INR 47,59,39,700 (Indian Rupees Forty Seven Crore Fifty Nine Lakh



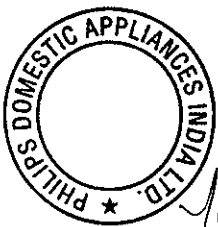
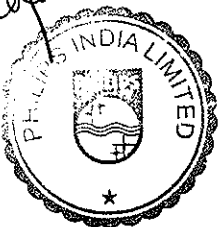
Thirty Nine Thousand Seven Hundred) divided into 9,51,87,940 (Nine Crores Fifty One Lakh Eighty Seven Thousand Nine Hundred and Forty) fully paid up equity shares of face value INR 5 (Indian Rupees Five) each, without any further act, instrument or deed;

- (b) the securities premium reserve account of Preethi shall be reduced from an amount of INR 6,47,91,60,669 (Indian Rupees Six Hundred Forty Seven Crore Ninety One Lakh Sixty Thousand and Six Hundred Sixty Nine) to INR 1,63,91,00,369 (Indian Rupees One Hundred Sixty Three Crores Ninety One Lakhs Three Hundred and Sixty Nine);

The amounts so reduced shall be utilised as follows:

- (a) an amount of INR 42.72 (Indian Rupees Forty Two and Seventy Two Paise) per fully paid up equity share of face value INR 10 (Indian Rupees Ten) each held by the shareholder of Preethi shall be returned to the shareholders of Preethi by way of cash (subject to the payment/ withholding of applicable taxes, if any) aggregating to INR 4,06,60,00,000 (Indian Rupees Four Hundred Six Crore and Sixty Lakhs); and
- (b) Post return of capital (as stated supra), an amount of INR 1,25,00,00,000 (Indian Rupees One Hundred Twenty Five Crore) of the securities premium reserve account shall be adjusted against the balance in the profit and loss account of Preethi to *inter alia* write off the net accumulated losses of Preethi.

Particulars	As on September 15, 2020	Amount of proposed reduction adjustment	After the Scheme becoming effective
Paid up share capital	INR 95,18,79,400 divided into 9,51,87,940 equity shares of INR 10 each	INR 47,59,39,700	INR 47,59,39,700 divided into 9,51,87,940 equity shares of INR 5 each
Securities Premium Reserve Account	INR 6,47,91,60,669	INR 4,84,00,60,300	INR 1,63,91,00,369



- 5.2 The reduction in the share capital and the securities premium reserve account of Preethi shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 230 to 232 of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction and Preethi shall not be required to follow the process under Sections 66 of the Act or any other provisions of Applicable Law separately. Notwithstanding the reduction in the equity share capital and securities premium reserve account of Preethi, Preethi shall not be required to add "And Reduced" as suffix to its name.
- 5.3 Preethi's accumulated losses have substantially wiped off the value represented by the share capital of Preethi. It is therefore proposed to re-organize its share capital and securities premium reserve account in the manner aforesaid, to re-align the relationship between its capital and assets thereby improving the financial position of Preethi.
- 5.4 The proposed re-organization and reduction of the share capital and securities premium reserve account of Preethi is not in any way prejudicial to the interests of any creditors and shareholders as it does not result in any reduction in the liability/amount payable towards any creditor. Preethi does not have any secured creditors (other than finance lease obligations for vehicles taken on lease) and hence the envisaged re-organization/ reduction does not in any way impact the asset coverage ratio for the creditors. Further, this will not impact the normal operations of Preethi or its ability to repay its creditors or honor any of its other commitments, in the ordinary course of its business and in fact it shall enable Preethi to portray a realistic picture of its operations.

It is hereby clarified that for the purposes of Clauses 5.1 and 5.2 above, the consent of the shareholders of Preethi to the Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned re-organization and no further resolutions under the Act, would be required to be separately passed.

Upon the coming into effect of this Scheme, the Clause V i.e., the capital clause of the Memorandum of Association of Preethi shall, upon reduction of the share capital of Preethi in the manner aforesaid, and without any further act or deed, be deemed to be replaced by the following clause:

MEMORANDUM OF ASSOCIATION

"The Authorized Share Capital of the Company is INR 1,31,05,00,000 (Indian Rupees One Hundred Thirty One Crore and Five Lakh) divided into 19,39,74,842

(Nineteen Crore Thirty Nine Lakh Seventy Four Thousand Eight Hundred and Forty Two) Equity Shares of INR 5 (Indian Rupees Five) each and 3,40,62,579 (Three Crore Forty Lakhs Sixty Two Thousand Five Hundred and Seventy Nine) Preference Shares (CCPS) of INR 10 (Indian Rupees Ten) each, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions in such manner as may for the time being provided by the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act, or provided by the Articles of Association of the Company.”

- 5.7 Pursuant to the reduction of issued and paid up share capital of Preethi in the manner aforesaid, upon the coming into effect of this Scheme, the authorized, issued, subscribed and paid up share capital of Preethi shall be deemed to have been altered as under:

Share Capital	Amount (In INR)
Authorized Share Capital	
19,39,74,842 equity Shares of INR 5 each	96,98,74,210
3,40,62,579 8% Compulsorily Convertible Non-cumulative preference shares of INR 10 each	34,06,25,790
TOTAL	1,31,05,00,000
Issued, subscribed and paid-up Share Capital	
9,51,87,940 equity Shares of 5 each fully paid up	47,59,39,700
TOTAL	47,59,39,700

The entire issued and paid-up capital of Preethi will be held by PIL and its nominee shareholders.

6. ACCOUNTING TREATMENT OF RE-ORGANISATION OF PAID-UP SHARE CAPITAL OF PREETHI

Upon the scheme becoming effective, the paid-up equity share capital of Preethi shall stand reduced from INR 95,18,79,400 (Indian Rupees Ninety Five Crores Eighteen Lakhs Seventy Nine Thousand and Four Hundred) divided into 9,51,87,940 (Nine Crores Fifty One Lakh Eighty Seven Thousand Nine Hundred and Forty) equity shares of INR 10 (Indian Rupees Ten) each to INR 47,59,39,700 (Indian Rupees Forty Seven Crore Fifty Nine Lakh Thirty Nine Thousand Seven Hundred) divided into 9,51,87,940 (Nine Crores Fifty One Lakh Eighty Seven Thousand Nine Hundred and Forty) equity shares of INR 5

(Indian Rupees Five) each and the amount standing to the credit of the securities premium reserve account will be reduced from INR 6,47,91,60,669 (Indian Rupees Six Hundred Forty Seven Crore Ninety One Lakh Sixty Thousand and Six Hundred Sixty Nine) to INR 1,63,91,00,369 (Indian Rupees One Hundred Sixty Three Crores Ninety One Lakhs Three Hundred and Sixty Nine). The said reduction will be effected by paying of the cash to the shareholders of Preethi (subject to withholding taxes, if any) aggregating to INR 4,06,60,00,000 (Indian Rupees Four Hundred Six Crore and Sixty Lakhs) and writing off accumulated losses by INR 1,25,00,00,000 (Indian Rupees One Hundred Twenty Five Crore).

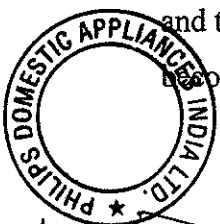
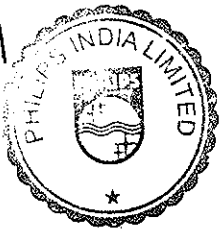
- 6.2 Preethi will comply with all relevant accounting policies and accounting standards with regard to the accounting for the reduction of capital as per the accounting standards prescribed under Section 133 of the Act and any other applicable provisions and laws for the time being in force.
- 6.3 Preethi will pass appropriate adjustment entries in prudent and commercially acceptable manner.

PART D - TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING OF THE DEMERGED COMPANY INTO THE RESULTING COMPANY

TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

TRANSFER OF ASSETS

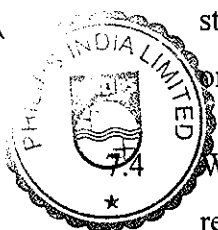
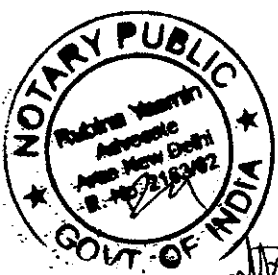
Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking shall, subject to the provisions of this Clause 7 in relation to the mode of transfer and vesting and pursuant to Sections 230 to Section 232 of the Act read with other relevant provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961 read with Income Tax Rules, 1962 and all other applicable provisions of Applicable Laws for the time being in force, without any further act, instrument or deed, be demerged from the Demerged Company and be transferred to and vested in and be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern, so as to become as and from the Appointed Date, a part of the Resulting Company.



7.2 Without prejudice to the generality of Clause 7.1 above, upon the Scheme becoming effective and with effect from the Appointed Date, in respect of such of the assets of the Demerged Undertaking as are movable in nature and/ or otherwise capable of transfer by manual or constructive delivery and/ or by endorsement and delivery, the same shall stand transferred by the Demerged Company to the Resulting Company pursuant to the provisions of Sections 230 to 232 read with other relevant provisions of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking.

7.3 Without prejudice to the generality of Clause 7.1 and in respect of movable assets belonging to the Demerged Undertaking other than those dealt with in Clause 7.2 above, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with any Governmental Authorities or any other Persons and/ or customers, if any, forming part of the Demerged Undertaking, whether recoverable in cash or in kind or for value to be received, bank balances, etc. and any Encumbrance created over any such asset for the benefit of the Demerged Company, the same shall (notwithstanding whether there is any specific provision for transfer of credits, assets or refunds under the Applicable Laws, wherever applicable) stand transferred to and vested in the Resulting Company, upon the Scheme becoming effective and with effect from the Appointed Date, without any notice or other intimation to any Person, in pursuance of the provisions of Sections 230 to 232 read with other relevant provisions of the Act, to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company, and that appropriate entries should be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors, depositors or Persons as the case may be. The Resulting Company may, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company and be paid or made good or held on account of the Resulting Company as the person entitled thereto.

Without prejudice to the generality of the foregoing, all assets, estate, rights, title, remedies, interest, rights of action, investments and authorities held by the Demerged Company on the Appointed Date in relation to the Demerged Undertaking, not otherwise specified in Clauses 7.1, 7.2 and 7.3 above, shall also, without any further act, instrument or deed stand transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Sections 230 to 232 of the Act.

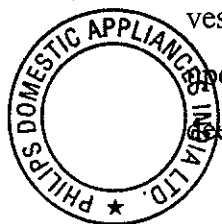


7.5 Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Demerged Company in any immovable properties (i.e. land together with the buildings and structures standing thereon or under construction), that are currently being used solely for the purposes of the Demerged Undertaking, including those specifically stipulated in **Schedule 2** (whether freehold, leasehold, leave and licensed or otherwise) and all documents of title, rights and easements in relation thereto, shall, pursuant to Sections 230 to 232 of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company on the same terms and conditions, subject to the provisions of this Scheme in relation to Encumbrances in favour of any lender including banks and/ or financial institutions. The Resulting Company shall be entitled to exercise all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties.

7.6 With regard to immovable properties occupied and utilized by the Demerged Undertaking and the Remaining Business of the Demerged Company prior to the Effective Date (including any future immovable properties that are taken on lease or license by the Demerged Company prior to the Effective Date for being occupied and used by the Demerged Undertaking and the Remaining Business of the Demerged Company), the Boards of the Demerged Company and the Resulting Company shall by mutual agreement, prior to the Effective Date, determine the manner in which the Resulting Company shall continue to have the right to occupy and utilize such immovable properties, including by way of the Resulting Company executing new lease/license agreement with the lessor/licensor in relation to the portion of the premises being used by the Demerged Undertaking or the Demerged Company granting a sub-lease/sub-license to the Resulting Company for the portion of the premises being used by the Demerged Undertaking or the corresponding lease/license being assigned to the Resulting Company and thereafter being sub-leased/ sub-licensed to the Demerged Company for the portion of the premises being used by the Remaining Business of the Demerged Company.

7.7 All assets, estate, rights, title, interest and authorities accrued to and/ or acquired by the Demerged Company after the Appointed Date and prior to the Effective Date and forming part of the Demerged Undertaking shall also stand transferred to and vested or be deemed to have been transferred to or vested in the Resulting Company

upon the coming into effect of this Scheme without any further act, instrument or

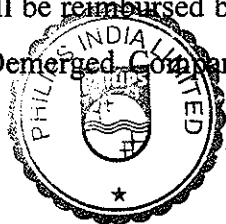
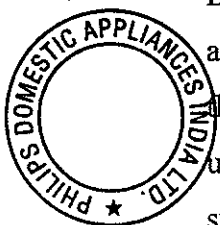


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7.8 Without prejudice to the aforesaid, it is clarified that if any assets of whatsoever nature (including estate, claims, rights, title, interest in or authorities relating to such assets) in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

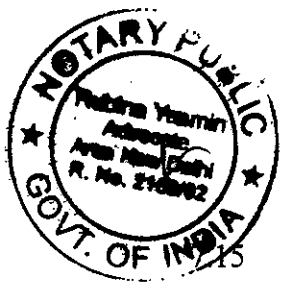
7.9 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date, all Business Licenses that relate exclusively to the Domestic Appliances Business of the Demerged Company shall be transferred to and vested in the Resulting Company and the concerned licensors and grantors of such Business Licenses, shall endorse, where necessary, and record, in accordance with law, the Resulting Company on such Business Licenses so as to empower and facilitate the approval and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations forming part of Demerged Undertaking in the Demerged Company in the Resulting Company without hindrance and that Business Licenses shall remain valid, effective and enforceable on the same terms and conditions and in full force and effect in favour of or against Resulting Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto. The Resulting Company may take such actions as may be necessary and permissible under Applicable Law to get the aforesaid transferred and/ or registered in the name of the Resulting Company.

7.10 In case of the Business Licenses that are jointly held for the Demerged Undertaking and the Remaining Business of the Demerged Company, then, such Business Licenses shall be deemed to constitute separate Business Licenses and the relevant or concerned Governmental Authorities shall endorse, mutate, substitute or record the separation upon filing of this Scheme (as sanctioned by the NCLTs) with such authorities after this Scheme becomes effective, so as to facilitate the continuation of operations of the Demerged Undertaking in the Resulting Company as well the operations of the Remaining Business of the Demerged Company, without any hindrance. If the separation of such Business Licenses is not permissible, the Resulting Company shall apply for and obtain fresh licenses to operate the Demerged Undertaking at the sole cost and expense of the Resulting Company and any costs, liabilities or expenses incurred by the Demerged Company in relation thereto shall be reimbursed by the Resulting Company to the Demerged Company, upon the Demerged Company submitting necessary evidence of having incurred such costs.



- 7.11 For avoidance of doubt, transfer of any Business Licenses shall be undertaken in a manner that will not result in the Demerged Company or the Resulting Company being deprived of the Business Licenses required by either of them for conduct of their respective businesses.
- 7.12 Further, if any Business License is non-transferrable, in such a scenario, the Resulting Company shall apply for fresh licenses, permits, permissions, approvals, consents, etc. at its sole cost and expense and the Demerged Company shall provide all necessary co-operation to the Resulting Company to obtain the same. Any costs, liabilities or expenses incurred by the Demerged Company in relation thereto shall be reimbursed by the Resulting Company to the Demerged Company, upon the Demerged Company submitting necessary evidence of having incurred such costs.
- 7.13 All DA Intellectual Property which is subsisting or having effect immediately before the Effective Date shall stand transferred to and vested in the Resulting Company, upon the Scheme becoming effective and with effect from the Appointed Date, and be and remain in full force and effect in favour of the Resulting Company and may be enforced by the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been the owner, a party or beneficiary or obligee thereto. The Resulting Company may take such actions as may be necessary and permissible to get the same transferred and/or registered in the name of the Resulting Company.
- 7.14 Without prejudice to the generality of the foregoing, all direct and indirect tax related benefits, including service tax benefits, goods and services tax benefits, income tax holiday/ benefit/ losses and other benefits, entitlements, incentives and concessions or exemptions or privileges enjoyed, granted by any Governmental Authority or by any other Person, or availed of by the Demerged Company shall, without any further act, instrument or deed, in so far as they relate to the Demerged Undertaking, vest with and be available to the Resulting Company with effect from the Appointed Date, on the same terms and conditions as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to the Resulting Company.

Without prejudice to the generality of the foregoing, upon coming into effect of this Scheme, all experience, past track record, qualification criteria and credentials of the Demerged Company in manufacturing and supplying the products / services thereof to various customers, authorities, agencies, departments and clients pertaining to its Demerged Undertaking or Domestic Appliances Business (and to the exclusion of those pertaining to its Remaining Business) for the purpose of eligibility, standing, evaluation and participation in existing and future bids, tenders and contracts with various customers, authorities, agencies, departments, clients, etc., shall be deemed

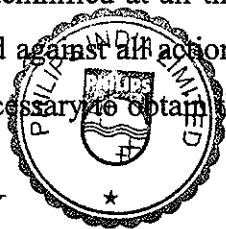


to be the experience, past track record, qualification criteria and credentials of the Resulting Company.

7.16 All cheques and other negotiable instruments, pay orders, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of the Demerged Company after the Effective Date, in so far as the same pertain to the Demerged Undertaking, shall be deemed to have been in the name of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company or received through electronic transfers and shall be accepted by the relevant bankers and credited to the accounts of the Resulting Company. Similarly, the banker of the Resulting Company shall honour all cheques/ electronic fund transfer instructions issued by the Demerged Company (in relation to the Demerged Undertaking) for payment after the Effective Date. If required, the bankers of the Demerged Company and/or Resulting Company shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of the Demerged Company by the Resulting Company in relation to the Demerged Undertaking for such time as may be determined to be necessary by the Resulting Company for presentation and deposit of cheques, pay order and electronic transfers that have been issued/ made in the name of the Demerged Company.

TRANSFER OF LIABILITIES

7.17 Upon coming into effect of this Scheme and with effect from the Appointed Date, all Liabilities of the Demerged Company, appertaining and relatable exclusively to its Domestic Appliances Business as on the Appointed Date, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Demerged Company ("**Demerged Liabilities**"), shall without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in to the Resulting Company and the same shall be assumed by the Resulting Company to the extent that they are outstanding as on the Effective Date, so as to become as and from the Appointed Date (or in case of any Liability incurred on a date after the Appointed Date, with effect from such date), the Liabilities of the Resulting Company, on the same terms and conditions as were applicable to the Demerged Company, which the Resulting Company undertakes to meet, discharge and satisfy to the exclusion of the Demerged Company such that the Demerged Company shall in no event be responsible or liable in relation to any such Demerged Liabilities. The Resulting Company shall keep the Demerged Company indemnified at all times from and against all such Demerged Liabilities and from and against all actions, demands and proceedings in respect thereto. It shall not be necessary to obtain the consent of any third party or other Person who is a party to



Rajiv Kumar → *attor.* *Rajiv Kumar* → *attor.*

any contract or arrangement by virtue of which such Demerged Liabilities have arisen in order to give effect to the provisions of this Clause. It is clarified that the term "**Demerged Liabilities**" shall include:

- (a) the Liabilities which arise solely out of the activities or operations of the Demerged Undertaking;
- (b) the specific loans or borrowings, term loans from banks and financial institutions, bank overdrafts, working capital loans and liabilities raised, incurred and utilized solely for the activities or operations of the Domestic Appliances Business of the Demerged Company; and
- (c) in cases other than those referred to in Clause 7.17(a) or Clause 7.17(b) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred to the Resulting Company pursuant to the Demerger bear to the total value of the assets of the Demerged Company immediately before giving effect to this Scheme; and
- (d) Liabilities other than those referred to above, being the common Liabilities that relate to the Domestic Appliances Business and the Remaining Business of the Demerged Company and allocated to its Domestic Appliances Business in the proportion as may be mutually agreed between the Board of Directors of the Demerged Company and the Resulting Company.

7.18 Where any of the Liabilities and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company, have been partially or fully discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company and all Liabilities raised/ incurred by the Demerged Company for the operations of the Demerged Undertaking on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised/ incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act, instrument or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the Liabilities of the Resulting Company.

ENCUMBRANCES

In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the

Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets.

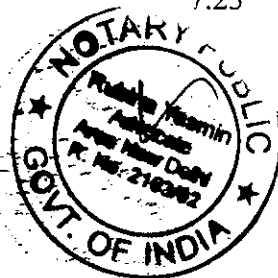
7.20 In so far as the assets forming part of the Demerged Undertaking are concerned, the Encumbrances, over such assets, to the extent they relate to any Liabilities of the Demerged Company pertaining to the Remaining Business of the Demerged Company shall, as and from the Effective Date, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as Encumbrances in relation to those Liabilities of the Demerged Company pertaining to the Remaining Business of the Demerged Company which are not transferred to the Resulting Company pursuant to the Scheme (and which shall continue with the Demerged Company).

7.21 In so far as the assets of the Remaining Business of the Demerged Company are concerned, the Encumbrances over such assets, to the extent they relate to any Demerged Liabilities forming part of the Demerged Undertaking shall, without any further act, instrument or deed be released and discharged from such Encumbrances.

7.22 In so far as the existing Encumbrances in respect of the Liabilities relating to the Remaining Business of the Demerged Company are concerned, such Encumbrance shall, without any further act, instrument or deed be continued with the Demerged Company only on the assets relating to the Remaining Business of the Demerged Company and the assets of the Demerged Undertaking shall stand released therefrom.

7.23 Without any prejudice to the provisions of the foregoing Clauses, filing of the certified copy of the order of the NCLT sanctioning this Scheme with the Registrar of Companies shall be deemed to be sufficient for modifying or creating the charges in favour of the secured creditors of the Demerged Company and the Resulting Company, as applicable, as required as per the provisions of this Scheme. Without prejudice to the above, the Demerged Company and the Resulting Company may enter into and execute such other deeds, instruments, documents and/ or writings and/ or do all acts and deeds as may be required, including the filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies to give formal effect to the provisions of this Clause and foregoing Clauses, if required.

7.24 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Company alone shall be liable to perform all obligations in respect of



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all Liabilities pertaining to the Remaining Business of the Demerged Company and the Resulting Company shall not have any obligations in respect of the Liabilities of the Remaining Business of the Demerged Company. Further, upon the coming into effect of this Scheme and with effect from the Appointed Date, the Resulting Company alone shall be liable to perform all obligations in respect of the Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Demerged Liabilities.

7.25 The Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to the Demerged Undertaking which shall vest in the Resulting Company by virtue of the Scheme, including for the avoidance of doubt and notwithstanding anything contained herein, that no Encumbrances shall be extended to any of the assets of the Resulting Company, unless otherwise agreed to by the Resulting Company with such secured creditors, if any.

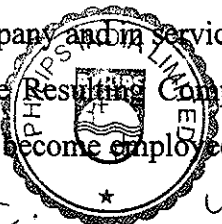
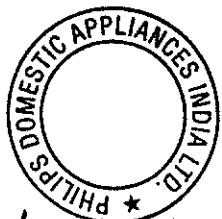
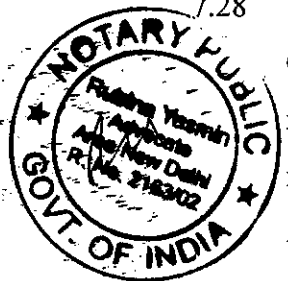
7.26 Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the foregoing provisions shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security documents, all of which instruments, deeds or writings shall be deemed to have been modified and/ or superseded by the foregoing provisions. The absence of any formal amendment which may be required by a lender or trustee or third party or any Person shall not affect the operation of Clauses 7.17 to 7.26.

7.27 It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Demerged Liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

7.28 Upon this Scheme becoming effective, the borrowing limits of the Resulting Company, in terms of Section 180(1)(c) of the Act, shall without any further act, instrument or deed, stand enhanced by the Demerged Liabilities, such limits being incremental to the existing limits of the Resulting Company, with effect from the Appointed Date.

8. EMPLOYEES

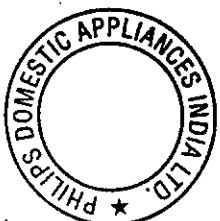
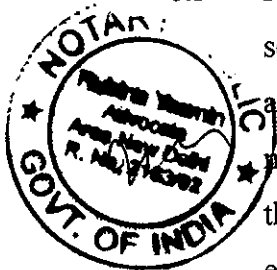
8.1 On the Scheme becoming effective, all permanent and temporary employees engaged exclusively in or in relation to the Demerged Undertaking of the Demerged Company and in service as on the Effective Date and whose services are transferred to the Resulting Company ("PIL Transferred Employees") shall be deemed to have become employees of the Resulting Company with effect from the Appointed



Date or their respective joining date, whichever is later, without any interruption or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to their employment in the Demerged Company as on the Effective Date. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, as applicable, to the PIL Transferred Employees, their past services with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

8.2 It is expressly provided that, on the Scheme becoming effective, in so far as the provident fund, gratuity fund, contribution towards employees state insurance, superannuation fund, retirement fund or any other special fund or trusts or benefits, if any, created or existing for the benefit of the staff and employees of the Demerged Company (including PIL Transferred Employees) (collectively referred to as the "PIL Funds") are concerned, such proportion of the investments made in the PIL Funds and liabilities which are referable to the PIL Transferred Employees shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the PIL Transferred Employees or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant PIL Funds or discharge such liabilities of the Demerged Company, until such time that the Resulting Company creates its own funds, at which time the funds, investments, contributions and liabilities pertaining to the PIL Transferred Employees shall be transferred to the funds created by the Resulting Company.

8.3 Further to the transfer of PIL Funds pertaining to the PIL Transferred Employees as set out in Clause 8.2 above, for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, schemes, bye-laws etc. if any, all rights, duties, powers and obligations of the Demerged Company as on the Effective Date in relation to such fund or funds shall become those of the Resulting Company. It is clarified that the services of the PIL Transferred Employees forming part of the Demerged Undertaking of the Demerged Company will be treated as having been continuous for the purpose of the said PIL Funds.



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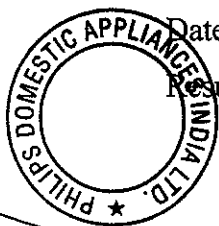
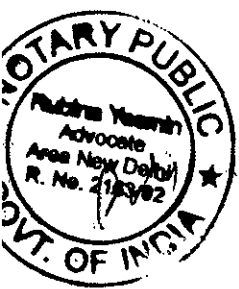
- 8.4 In relation to any other fund (including any funds set up by the Government for employee benefits) created or existing for the benefit of the PIL Transferred Employees, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such PIL Transferred Employees such that all the rights, duties, powers and obligations of the Demerged Company in relation to such funds shall become those of the Resulting Company.
- 8.5 In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business of Demerged Company are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held *inter alia* for the benefit of the employees of the Remaining Business of the Demerged Company and the Resulting Company shall have no liability in respect thereof.

9. LEGAL PROCEEDINGS

- 9.1 Upon the coming into effect of this Scheme, all Proceedings, by or against the Demerged Company and relating to the Demerged Undertaking or the Domestic Appliances Business of the Demerged Company, pending on the Effective Date, shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said Proceedings shall be continued, prosecuted and enforced by or against the Resulting Company, as the case may be, after the Effective Date, as effectually and in the same manner and to the same extent as if the same had been instituted by or against the Resulting Company.

- 9.2 Notwithstanding anything contained in Clause 9.1 above, any Proceedings in respect to or relation to or pertaining to tax assessment, that have been initiated by or against the Demerged Company and pertain to the period before the Appointed Date, shall not be transferred to the Resulting Company by virtue of this Scheme and shall be continued, prosecuted and enforced by or against the Demerged Company, as the case may be, after the Effective Date.

- 9.3 Subject to Clause 9.2 above, the Resulting Company undertakes to have all Proceedings initiated by or against the Demerged Company referred to in Clause 9.1 above transferred to its name as soon as is reasonably possible 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. The Resulting

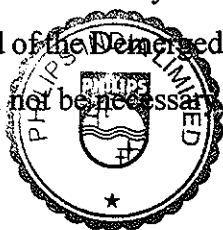
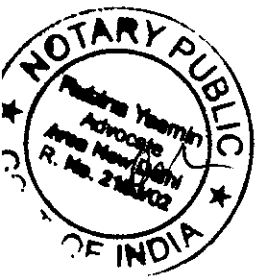


Company and the Demerged Company shall make relevant applications in that behalf.

- 9.4 Subject to Clause 9.2 above, in case of any Proceedings in relation to the Demerged Undertaking mentioned in Clause 9.1 above are taken against the Demerged Company, the Resulting Company shall be made party thereto and shall prosecute or defend such proceedings in co-operation with the Demerged Company and any payment, liabilities or expenses incurred by the Demerged Company thereto shall be the liability of the Resulting Company. In the event, the Resulting Company is not made a party to or until the Resulting Company is made party to any such Proceedings in relation to the Demerged Undertaking, the Demerged Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities, expenses and obligations incurred by the Demerged Company in respect thereof.
- 9.5 Any cost incurred by the Demerged Company in respect of Proceedings initiated by or against it in relation to the Demerged Undertaking, for the period after the Appointed Date shall be reimbursed by the Resulting Company, upon the Demerged Company submitting necessary evidence of having incurred such costs.
- 9.6 In the event any Proceedings relate to both the Demerged Undertaking and the Remaining Business of the Demerged Company and cannot be allocated exclusively to the Demerged Undertaking or the Remaining Business of the Demerged Company, the Resulting Company shall, to the extent permissible under Applicable Laws, be added as party to such Proceedings and shall prosecute or defend such Proceedings in co-operation with the Demerged Company. Any liabilities arising from such Proceedings (and related refunds, benefits, entitlements therefrom) will be allocated between the Demerged Company and the Resulting Company by the mutual agreement of the Boards of the Demerged Company and the Resulting Company.

10. CONTRACTS, DEEDS, ETC.

- 10.1 Upon coming into effect of this Scheme and subject to the other provisions of this Scheme, all PIL Transferred Contracts which are subsisting or having effect on the Effective Date, shall, notwithstanding anything to the contrary contained in the aforesaid PIL Transferred Contracts, without any further act, instrument or deed, continue in full force and effect against or in favour of the Resulting Company and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto. It shall not be necessary to obtain the consent of any third party or other Person who

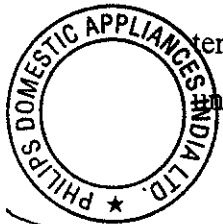
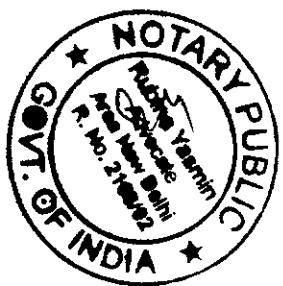


is a party to any such PIL Transferred Contracts, to give effect to the provisions of this Clause 10.1 of the Scheme.

10.2 With regard to the PIL Shared Contracts, such contracts shall continue for the common benefit of the Demerged Undertaking and the Remaining Business until the Effective Date and the Boards of the Demerged Company and the Resulting Company shall by mutual agreement, prior to the Effective Date, determine the manner in which the Resulting Company shall, upon the coming into effect of this Scheme, continue to exercise the rights and obligations under such PIL Shared Contracts, including by way of novation of such PIL Shared Contracts or the Resulting Company executing fresh agreements with the relevant counter-parties in relation to the rights and obligations thereunder pertaining to the Demerged Undertaking or the corresponding PIL Shared Contracts being assigned to the Resulting Company and fresh agreements being executed by the Demerged Company with the relevant counter-parties in relation to the rights and obligations thereunder pertaining to the Remaining Business of the Demerged Company or the Demerged Company sub-contracting any rights and obligations thereunder to the Resulting Company.

10.3 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, at its sole discretion, but shall not be obligated to enter into and/ or issue and/ or execute, deeds, writings, confirmations, arrangements, novations or other documents with or in favour of any party to any PIL Transferred Contract or PIL Shared Contract to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme.

10.4 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, insurance covers, certificates, clearances, authorities, approvals, no-objection certificates, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, including by any Governmental Authority, including the benefits of any applications made for any of the foregoing, shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting



Company shall make necessary applications to/ file relevant forms with any Governmental Authority as may be necessary in this behalf.

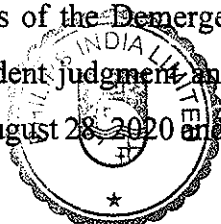
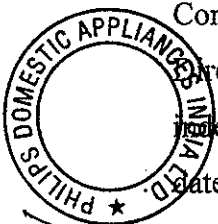
- 10.5 Without prejudice to the aforesaid, it is clarified that if any PIL Contracts, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such PIL Contracts, in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.
- 10.6 After this Scheme becomes effective, the Resulting Company shall, in its own right, be entitled to realize all monies and complete and enforce all pending PIL Contracts and transactions in respect of the Demerged Undertaking in the name of the Demerged Company, in so far as may be necessary, until the formal transfer of rights and obligations of the Demerged Company to the Resulting Company under this Scheme.

11. CONSIDERATION FOR THE DEMERGER

- 11.1 Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Demerged Company, holding fully paid up equity shares in the Demerged Company and whose names appear in the register of members of the Demerged Company and/ or the records of the depository(ies) as members of the Demerged Company as on the Record Date, or to their respective heirs, executors, administrators, other legal representative or other successors in title in the following manner:

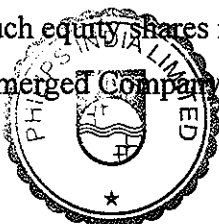
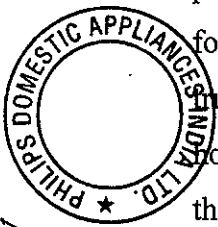
"1 fully paid up equity share of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances shall be issued and allotted for every 1 fully paid-up equity share of INR 10 (Indian Rupees ten only) held in PIL ("Share Entitlement Ratio") such that in aggregate 5,75,17,242 (Five Crore Seventy Five Lakh Seventeen Thousand Two Hundred and Forty Two) fully paid up equity shares of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances shall be issued to the members of the Demerged Company pursuant to the Demerger".

- 11.2 The Share Entitlement Ratio ensures that the economic interest and voting rights of the shareholders remains the same in the Demerged Company and the Resulting Company. The Share Entitlement Ratio has been determined by the Board of Directors of the Demerged Company and the Resulting Company based on their independent judgment and taking into consideration the share entitlement reports dated August 28, 2020 and September 3, 2020 provided by Ms. Bhavna Garg (having



ICAI Membership No. 524347, IBBI Registration No. IBBI/RV/05/2019/10677 and ICMAI RVO Membership No. ICMAI RVO/S&FA/00029) and Price Waterhouse & Co LLP (having Firm Registration No 016844N), respectively.

- 11.3 The equity shares to be issued and allotted by the Resulting Company to the equity shareholders of the Demerged Company shall be subject to the Scheme, the memorandum of association and articles of association of the Resulting Company and Applicable Laws, and shall rank *pari passu* in all respects with the then existing equity shares of the Resulting Company.
- 11.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Demerged Company, after the effectiveness of this Scheme. 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 shareholders in the Demerged Company on account of difficulties faced in the transaction period.
- 11.5 The equity shares to be issued and allotted pursuant to this Clause 11 shall be issued in dematerialized form to those shareholders who hold shares of the Demerged Company in dematerialized form, into the account in which shares of the Demerged Company are held or such other account as is intimated in writing by the shareholders to the Demerged Company and/ or its Registrar and Share Transfer Agent provided such intimation has been received by the Demerged Company and/or its Registrar and Share Transfer Agent at least 10 (ten) working days prior to the Record Date. All those shareholders who hold shares of the Demerged Company in physical form shall also be issued equity shares of the Resulting Company in dematerialized form provided the details of their depository accounts are intimated in writing to the Demerged Company and/ or its Registrar and Share Transfer Agent at least 10 (ten) working days prior to the Record Date. It is clarified that in respect of such shareholders of the Demerged Company who fail to provide the required details of their depository accounts or whose details in this regard are incomplete, the Resulting Company shall issue the equity shares to be issued and allotted pursuant to this Clause 11 in accordance with Applicable Law, either in physical form, as may be permitted under Applicable Law; or in dematerialized form to a trustee appointed by the Board of the Resulting Company (“Trustee”) who shall hold such equity shares in trust for the benefit of the relevant equity shareholders of the Demerged Company. Any corporate benefits accruing on such shares viz. bonus



shares, split etc. shall also be credited to such depository account of the Trustee. The Trustee shall not exercise the voting rights on such shares. The equity shares of the Resulting Company held by the Trustee for the benefit of such shareholders shall together with all rights and emoluments thereto be transferred to the relevant shareholders upon provision by the respective shareholders of all details of their depository accounts, along with such other details/documents as may be required by the Trustee.

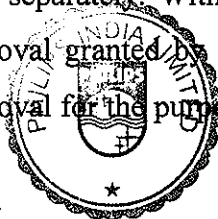
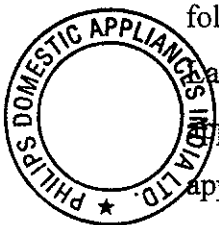
The Board of the Resulting Company shall be empowered to remove such difficulties as may arise on account of or during the issuance of shares of the Resulting Company to the relevant shareholders of the Demerged Company in accordance with this Clause 11.

- 11.6 The equity shares to be issued by the Resulting Company, pursuant to Clause 11.1 above, in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or which the Resulting Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Laws or otherwise shall, pending allotment or settlement of dispute by the relevant Governmental Authority, be kept in abeyance by the Resulting Company.
- 11.7 The approval and consent to this Scheme by the shareholders of the Resulting Company shall be deemed to mean that such shareholders have also accorded their consent under Section 62 of the Act for the issuance of shares by the Resulting Company to the shareholders of the Demerged Company pursuant to this Scheme, and other provisions of the Act, as may be applicable.

12. REDUCTION OF SHARE CAPITAL HELD BY THE DEMERGED COMPANY IN THE RESULTING COMPANY

- 12.1 Simultaneously with the allotment of shares by the Resulting Company in terms of Clause 11, the existing shareholding of the Demerged Company (together with its nominees) in the Resulting Company as was issued and paid up shall stand cancelled without any further act, instrument or deed in accordance with the provisions of the Scheme.

- 12.2 The reduction of equity share capital of the Resulting Company shall be effected as an integral part of this Scheme and the Resulting Company shall not be required to follow the process under Sections 66 of the Act or any other provisions of Applicable law separately. Without prejudice to the aforesaid it is hereby clarified that, the approval granted by shareholders to the Scheme shall also be deemed to be the approval for the purpose of Section 66 and other relevant provisions of the Act and



the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purposes of confirming the reduction.

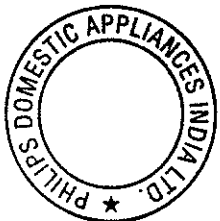
- 12.3 The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any or payment of paid up share capital.
- 12.4 Notwithstanding the reduction in the share capital of the Resulting Company in terms of this Clause 12, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

13. ACCOUNTING TREATMENT

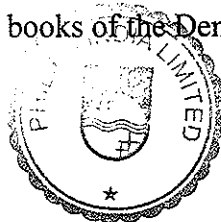
In the books of the Demerged Company

- 13.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company shall account for the Demerged Undertaking in its books of accounts in accordance with Indian Accounting Standards (IND AS) prescribed under Section 133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounted principles, as may be amended from time to time, in the following manner:

- (a) All the assets and the liabilities of the Demerged Undertaking as appearing in the books of accounts of the Demerged Company shall stand transferred to and vested in the Resulting Company pursuant to the Scheme and shall be reduced from the respective book value of assets and liabilities of the Demerged Company.
- (b) Inter-corporate loans, investments, advances or deposits between the Demerged Company and the Resulting Company, if any, to the extent relating to the Demerged Undertaking, shall stand cancelled and there shall be no further obligation outstanding in this behalf.
- (c) The difference between the assets and liabilities relating to the Demerged Undertaking transferred to the Resulting Company as per Clause 13.1 (a) and after making the adjustments as per Clause 13.1(b), if any, shall be recognized to equity and will be adjusted firstly through the general reserve and the balance if any through the retained earnings of the Demerged Company.
- (d) Pursuant to Clause 12.1 of the Scheme, investments of the Demerged Company in the Resulting Company shall be cancelled and adjusted against the reserves and surplus account in the books of the Demerged Company.



In the books of the Resulting Company



13.2 Upon the Scheme becoming effective and with effect from the Appointed Date, the Resulting Company shall account for the Demerged Undertaking, in its books of accounts in accordance with the IND AS prescribed under Section 133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time, in the following manner:

- (a) The Resulting Company shall record the assets and liabilities of the Demerged Undertaking, transferred to and vested in it pursuant to this Scheme at their respective book values as appearing in the books of the Demerged Company;
- (b) The Resulting Company shall credit its share capital account in its books of account with the aggregate face value of the equity shares issued to the shareholders of the Demerged Company as per Clause 11.1 of this Scheme.
- (c) The difference, if any, between the book value of the assets and the liabilities as recorded under Clause 13.2 (a) above and the aggregate of share capital issued as per Clause 13.2 (b), shall be debited or credited, to equity and classified as "Capital reserve" under the head "Other Equity".
- (d) Pursuant to Clause 12.1 of the Scheme, the initial issued and paid up capital of the Resulting Company (held by the Demerged Company) shall be cancelled and adjusted against the reserves and surplus account in the books of the Resulting Company. There shall be no further obligation in respect of the cancelled shares. The cancellation of share capital will be affected as part of this Scheme in accordance with provision of Section 66 of the Act and the order of the NCLT shall be deemed to be the order under the applicable provisions of the Act for confirming the cancellation of share capital.

(e) Financial information in the financial statements of the Resulting Company shall be restated in accordance with the applicable accounting standards.

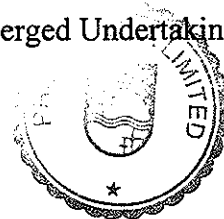
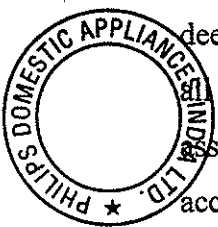


CONDUCT OF BUSINESS

14.1 With effect from the Appointed Date and up to and including the Effective Date:

14.1.1 The Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking and shall be

deemed to have held and stood possessed of and shall hold and stand possessed of its estates, properties, rights, title, interest, authorities, contracts, investments, assets and strategic decisions forming part of the Demerged Undertaking for and on account of and in trust for the Resulting Company.



14.1.2 Without prejudice to the generality of Clause 14.1.1 above, the Demerged Company shall cause the business and activities relating to the Demerged Undertaking to be conducted as a going concern for and on account of and in trust for the Resulting Company.

14.1.3 All the profits or income arising or accruing to the Demerged Company and expenditure or losses (including taxes, if any, accruing or paid in relation to any profits or income) arising or incurred or suffered by the Demerged Company, which form part of the Demerged Undertaking, for the period commencing from the Appointed Date, 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, except for income or profits or losses or expenditure arising or accruing to the Remaining Business of the Demerged Company.

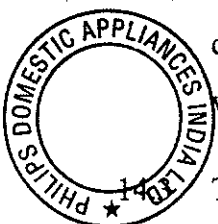
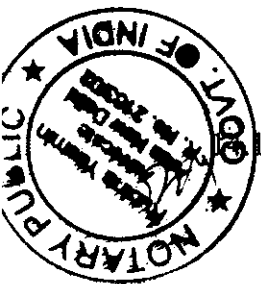
14.1.4 Any of the rights, powers, authorities or privileges attached, related or forming part of the Demerged Undertaking, exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken/ discharged for and on behalf of the Resulting Company.

14.1.5 All assets acquired, leased or licensed, Business Licenses obtained, benefits, entitlements, incentives and concessions granted, contracts entered into, DA Intellectual Property developed or registered or applications made thereto, Demerged Liabilities incurred, and Proceedings initiated or made party to, between the Appointed Date and till the Effective Date, pertaining to the Demerged Undertaking shall be deemed to be transferred and vested in the Resulting Company with effect from the Appointed Date.

14.1.6 The Demerged Company and/or the Resulting Company shall be entitled, pending sanction of the Scheme, to apply to any relevant Governmental Authorities or third parties, as may be necessary under any Applicable Law or contract, for such consents, approvals and sanctions, which may be required pursuant to this Scheme and subject to this Scheme being sanctioned by the NCLTs.

14.2 With effect from the Effective Date, the Resulting Company shall commence and carry on and shall be authorized to carry on the Domestic Appliances Business which was earlier carried on by the Demerged Company.

The approval and consent to this Scheme by the shareholders of the Resulting Company and the Demerged Company pursuant to Sections 230 to 232 of the Act*



shall be deemed to mean that such shareholders have also accorded their consent under Section 188 of the Act in relation to any contract or arrangement entered into or proposed to be entered into by the Resulting Company with the Demerged Company to give effect to the provisions of this Scheme.

15. SAVING OF CONCLUDED TRANSACTIONS

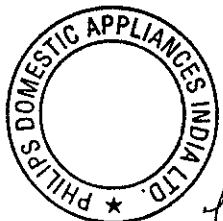
Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking into the Resulting Company as per the provisions of this Scheme shall not affect any transaction or proceedings already concluded by the Demerged Company for the Demerged Undertaking on or before or after the Appointed Date until the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company for the Demerged Undertaking in respect thereto as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

16. TAXES/ DUTIES/ CESS ETC.

Subject at all times to Applicable Law:

16.1 Upon coming into effect of the Scheme and with effect from the Appointed Date, all taxes including, income-tax in form of advance tax, tax collected at source, self-assessment tax, TDS credit, withholding tax payments, Goods and Service Tax (CGST, SGST and IGST), duties, cess received/ receivable/ paid/ payable by the Demerged Company in relation to the Demerged Undertaking including all or any refunds/ input credit/ claims relating thereto shall be treated as the asset/ liability/ refunds/ input credit/ claims/, as the case may be, of the Resulting Company. For the avoidance of doubt, it is clarified that the tax compliances (including payment of taxes, advance tax, tax collected at source, self-assessment tax, TDS credit, withholding tax payment, maintenance of records, payments, returns etc.) carried out by the Demerged Company in respect of the Demerged Undertaking up to the Effective Date should be considered as adequate compliance by the Resulting Company and the Resulting Company should be considered to have met its obligations under the respective tax legislations.

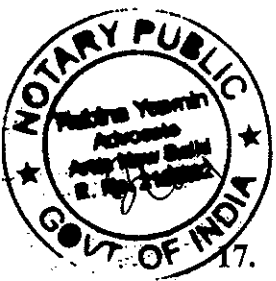
16.2 Notwithstanding anything contained in Clause 16.1 above, any Proceedings in respect to or in relation to or pertaining tax assessment that have been initiated by or against the Demerged Company and pertain to the period before the Appointed Date, shall not be transferred to the Resulting Company by virtue of this Scheme and shall be continued, prosecuted and enforced by or against the Demerged Company, as the case may be, after the Effective Date.



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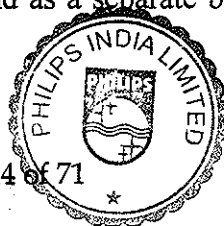
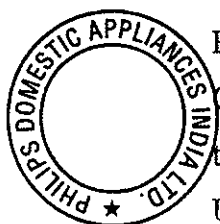
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- 16.3 In so far as various incentives, subsidies, exemptions, all direct and indirect tax related benefits, including service tax benefits, goods and services tax benefits, income tax holiday/ benefit/ losses and other benefits or exemptions or privileges enjoyed, granted by any Governmental Authority or by any other Person, or availed of by the Demerged Company in respect to the Demerged Undertaking are concerned, the same shall, without any further act, instrument or deed, vest with and be available to the Resulting Company on the same terms and conditions as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to the Resulting Company.
- 16.4 The Demerged Company and the Resulting Company are expressly permitted to file/ revise their tax returns/ certificates (notwithstanding that the period for filing/ revising such returns/ certificates may have lapsed) including TDS certificates/ returns, income tax returns and other statutory returns and to claim refunds, advance tax credits, tax collected at source, TDS credits, CGST, SGST and IGST credits, set off, credit of foreign taxes paid/ withheld etc., if any, on the basis of the accounts of the Demerged Undertaking as vested with the Resulting Company upon the coming into effect of this Scheme or as may be required consequent to implementation of this Scheme.
- 16.5 Any TDS with respect to transactions pertaining to the Demerged Undertaking, if any, from Appointed Date to Effective Date, shall be deemed to be advance tax paid by the Resulting Company and shall, in all Proceedings, be dealt with accordingly.
- 16.6 The payment of any amounts in relation to any outstanding tax liability shall not be hampered in any way as a result of the Demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company and any tax liability of the Demerged Company which is outstanding as on the Appointed Date shall be borne by the Demerged Company and any tax liability pertaining to the Demerged Undertaking which arises after the Appointed Date shall be borne by the Resulting Company.



17. REMAINING BUSINESS OF THE DEMERGED COMPANY

- 17.1 The Remaining Business of the Demerged Company and all the assets, properties, rights, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company, and the Resulting Company shall have no right, claim or obligation in relation to the Remaining Business of the Demerged Company. From the Appointed Date, the Demerged Company shall carry on the activities and operations of the Remaining Business of the Demerged Company distinctly and as a separate business from the Demerged Undertaking.

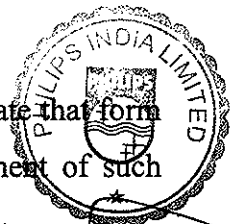
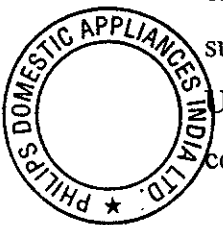


- 17.2 All Proceedings by or against the Demerged Company whether relating to the period prior to or after the Appointed Date and whether pending on the Appointed Date or which may be instituted thereafter, and which relate to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duty of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company even after the Effective Date.
- 17.3 It is hereby clarified that if any claims are made or Liability is imposed on the Resulting Company which is (a) exclusive to the Remaining Business, the Demerged Company shall indemnify the Resulting Company to the extent of such claim or Liability imposed on the Resulting Company; or (b) common to the Domestic Appliances Business/Demerged Undertaking of the Demerged Company and its Remaining Business, the Boards of the Resulting Company and the Demerged Company shall mutually agree upon the proportion in which such Liability shall be allocated between the Resulting Company and the Demerged Company.
- 17.4 With effect from the Appointed Date and up to, including and beyond the Effective Date:
- (a) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business of the Demerged Company for and on its own behalf;
 - (b) all profits accruing to the Demerged Company or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business of the Demerged Company shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and
 - (c) all assets and properties acquired by the Demerged Company in relation to the Remaining Business of the Demerged Company on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

18. WRONG POCKET ASSETS

- 18.1 If any part of the Demerged Undertaking is not transferred to the Resulting Company on the Effective Date pursuant to the Demerger, the Demerged Company shall take such actions as may be reasonably required to ensure that such part of the Demerged Undertaking is transferred to the Resulting Company promptly and for no additional consideration.

- 18.2 If the Demerged Company realizes any amounts after the Effective Date that form part of the Demerged Undertaking, it shall immediately make payment of such



amounts to the Resulting Company. It is clarified that all receivables relating to the Demerged Undertaking, for the period prior to the Effective Date, but received after the Effective Date, relate to the Demerged Undertaking and shall be paid to the Resulting Company for no additional consideration. If the Resulting Company realizes any amounts after the Effective Date that pertains to the Remaining Business of the Demerged Company, the Resulting Company shall immediately pay such amounts to the Demerged Company.

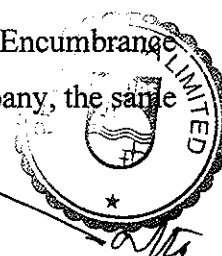
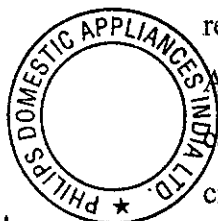
**PART E – AMALGAMATION OF THE AMALGAMATING COMPANY WITH
THE RESULTING COMPANY**

19. AMALGAMATION OF THE AMALGAMATING COMPANY WITH THE RESULTING COMPANY

19.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Amalgamating Undertaking of the Amalgamating Company shall, subject to the provisions of this Clause 19 in relation to the mode of transfer and vesting and pursuant to Sections 230 to 232 of the Act read with other relevant provisions of the Act and Section 2(1B) of the Income Tax Act, 1961 read with Income Tax Rules, 1962 and all other applicable provisions of Applicable Laws for the time being in force, without any further act, instrument or deed, be and stand transferred to and vested in and/ or be deemed to have been transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, a part of the Resulting Company.

19.2 Without prejudice to the generality of Clause 19.1 above, upon the Scheme becoming effective and with effect from the Appointed Date, in respect of such of the assets and properties of the Amalgamating Company as are movable in nature and/ or otherwise capable of transfer by manual or constructive delivery and/ or by endorsement and delivery, the same shall stand transferred by the Amalgamating Company to the Resulting Company pursuant to the provisions of Sections 230 to 232 read with other relevant provisions of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property and assets of the Resulting Company.

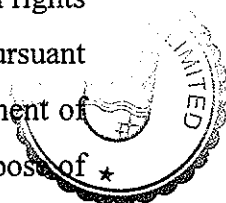
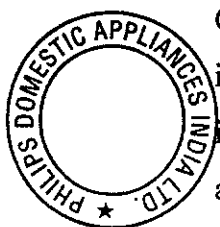
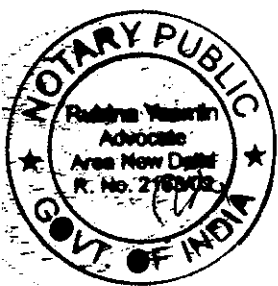
19.3 Without prejudice to the generality of Clause 19.1 and in respect of movable assets of the Amalgamating Company other than those dealt with in Clause 19.2 above, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with any Governmental Authorities or any other Persons and/ or customers, if any, whether recoverable in cash or in kind or for value to be received, bank balances, etc. and any Encumbrance created over any such asset for the benefit of the Amalgamating Company, the same



shall (notwithstanding whether there is any specific provision for transfer of credits, assets or refunds under the Applicable Laws, wherever applicable) stand transferred to and vested in the Resulting Company, upon the Scheme becoming effective and with effect from the Appointed Date, without any notice or other intimation to any Person, in pursuance of the provisions of Sections 230 to 232 read with other relevant provisions of the Act, to the end and intent that the right of the Amalgamating Company to recover or realize the same stands transferred to the Resulting Company, and that appropriate entries should be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors, depositors or Persons as the case may be. The Resulting Company may, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company and be paid or made good or held on account of the Resulting Company as the person entitled thereto.

19.4 Without prejudice to the generality of the foregoing, all assets, estate, rights, title, remedies, interest, rights of action, investments and authorities held or deemed to be held by the Amalgamating Company as on the Appointed Date, not otherwise specified in Clauses 19.1, 19.2 and 19.3 above and whether or not included in the books of the Amalgamating Company (as the case may be), shall also, without any further act, instrument or deed stand transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Sections 230 to 232 of the Act and all other provisions of Applicable Law, if any.

19.5 Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme and with effect from the Appointed Date, all the rights, title, interest and claims of the Amalgamating Company in any immovable properties (i.e. land together with the buildings and structures standing thereon or under construction) including those specifically stipulated in **Schedule 1** (whether freehold, leasehold, leave and licensed or otherwise) and all documents of title, rights and easements in relation thereto, shall, pursuant to Sections 230 to 232 of the Act read with other relevant provisions of the Act, without any further act, or deed, be transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company on the same terms and conditions, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions. The immovable properties forming part of the Amalgamating Undertaking and all rights and entitlements thereto shall stand transferred to the Resulting Company pursuant to the Scheme by way of a separate conveyance or agreement without payment of separate consideration. Each of such immovable properties, only for the purpose of



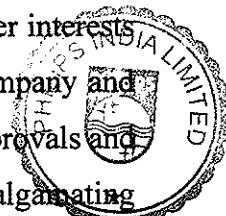
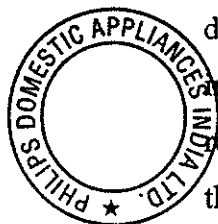
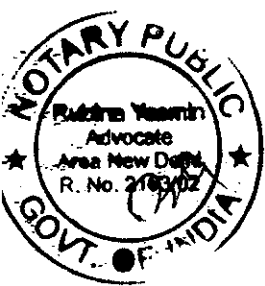
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stamp duty, shall be deemed to be conveyed at a consideration being the fair market value of such properties. The Resulting Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties. The relevant authorities shall grant all clearances/permissions, if any, required for enabling the Resulting Company to absolutely own and/or enjoy the immovable properties in accordance with Applicable Law. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Resulting Company by Governmental Authorities pursuant to the sanction of this Scheme and upon the Scheme becoming effective in accordance with the terms hereof.

19.6 All assets, estate, rights, title, interest and authorities accrued to and/ or acquired or deemed to have accrued and / or acquired by the Amalgamating Company after the Appointed Date and prior to the Effective Date shall also stand transferred to and vested or be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of this Scheme without any further act, instrument or deed so as to become as and from the Appointed Date, the estate, assets, rights, title, interests and authorities of the Resulting Company.

19.7 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date, all permits, licenses, permissions, right of way, approvals, clearances, consents, subsidies, benefits, income tax benefits and exemptions, tax incentives/ concessions, registrations, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, grants, claims, special status, concessions and other benefits or privileges issued to or granted to or enjoyed or conferred upon or held or availed of or executed in favour of the Amalgamating Company, and rights thereto and all the benefits that have accrued or which may accrue to the Amalgamating Company, whether before or after the Appointed Date or whether registered or unregistered, all other rights, exemptions and benefits including but not limited to those acquired by the Amalgamating Company on or after the Appointed Date along with all rights of commercial nature including attached goodwill, title, interest, quality certifications and approvals, trademarks, trade names, service marks, copy rights, domain names, designs, trade secrets, research and studies, technical knowhow and all such other industrial or intellectual property rights of whatsoever nature and all other interests relating to the goods or services forming part of the Amalgamating Company and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents acquired by the Amalgamating



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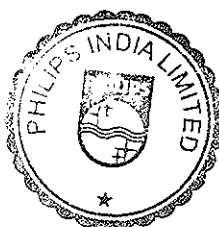
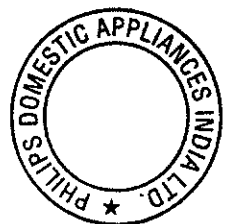
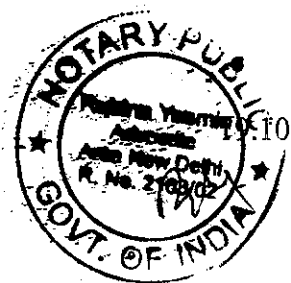
Company shall be transferred to and vested in or deemed to have transferred to or vested in the Resulting Company and the concerned licensors and grantors of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with law, the Resulting Company on such approvals, clearances, permissions so as to empower and facilitate the approval and vesting of the Amalgamating Company in the Resulting Company and continuation of operations forming part of Amalgamating Company in the Resulting Company without hindrance and that such approvals, clearances and permissions shall remain valid, effective and enforceable on the same terms and conditions and in full force and effect in favour of or against Resulting Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Amalgamating Company, the Resulting Company had been a party or beneficiary or obligee thereto.

19.8 In so far as various incentives, subsidies, exemptions, all direct and indirect tax related benefits, including goods and services tax benefits, income tax holiday/benefit/ losses and other benefits or exemptions or privileges enjoyed, granted by any Governmental Authority or by any other Person, or availed of by the Amalgamating Company are concerned, the same shall, without any further act, instrument or deed, vest with and be available to the Resulting Company on the same terms and conditions as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to the Resulting Company.

19.9 Upon coming into effect of this Scheme, the experience, past track record, qualification criteria and credentials of the Amalgamating Company in manufacturing and supplying the products / services thereof to various customers, authorities, agencies, departments and clients pertaining to its business (for the purpose of eligibility, standing, evaluation and participation in existing and future bids, tenders and contracts with various customers, authorities, agencies, departments, clients, etc.), shall be deemed to be the experience, past track record, qualification criteria and credentials of the Resulting Company.

All cheques and other negotiable instruments, pay orders, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of the Amalgamating Company after the Effective Date, shall be deemed to have been in the name of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company or received through electronic transfers and shall be accepted by the relevant bankers and credited to the accounts of the Resulting Company.

TRANSFER OF LIABILITIES



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19.11 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all Liabilities of the Amalgamating Company, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Amalgamating Company, shall without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in to the Resulting Company and the same shall be assumed by the Resulting Company to the extent that they are outstanding as on the Effective Date so as to become as and from the Appointed Date (or in case of any Liability incurred on a date after the Appointed Date, with effect from such date), the Liabilities of the Resulting Company, on the same terms and conditions as were applicable to the Amalgamating Company, which the Resulting Company undertakes to meet, discharge and satisfy. 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.

19.12 Without prejudice to the generality of the foregoing, in so far as loans and borrowings of the Amalgamating Company are concerned, the loans and borrowings and such amounts pertaining to the general and multipurpose loans, and Liabilities, if any, which are to be transferred to the Resulting Company in terms of Clause 19.11 hereof, shall, without any further act, instrument or deed, become loans and borrowings of the Resulting Company, and all rights, powers, duties and obligations in relation thereto shall stand transferred to and vested in and shall be deemed to be transferred to and vested in and shall be exercised by or against, the Resulting Company as if it had entered into such loans and incurred such borrowings. Thus, the obligation to redeem or repay such Liabilities shall be that of the Resulting Company.

19.13 Where any of the Liabilities and obligations of the Amalgamating Company as on the Appointed Date deemed to be transferred to the Resulting Company, have been partially or fully discharged by the Amalgamating Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company and all Liabilities raised/ incurred by the Amalgamating Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised/ incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act, instrument or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the Liabilities of the Resulting Company.

Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a

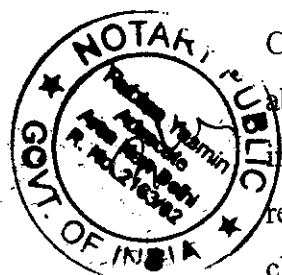


liability including a contingent liability in whatever form), if any, due on the Effective Date between the Amalgamating Company and the Resulting Company shall automatically stand discharged and come to an end and there shall be no liability in that behalf on either the Amalgamating Company or the Resulting Company and an appropriate effect in this regard shall be given in the books of account and records of the Resulting Company.

ENCUMBRANCES

- 19.15 The transfer and vesting of the assets comprised in the Amalgamating Undertaking to and in the Resulting Company upon the coming into effect of the Scheme shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.
- 19.16 All the existing Encumbrances, if any, existing prior to the Effective Date over the assets of the Amalgamating Company shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Provided that if any of the assets of the Amalgamating Company have not been Encumbered in respect of the Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets.
- 19.17 Any reference to the Amalgamating Company and its assets and properties in any security documents or arrangements to which the Amalgamating Company is a party shall be construed as a reference to the Resulting Company and the same assets and properties of the Amalgamating Company which shall be transferred to the Resulting Company by virtue of the Scheme. Without any prejudice to the provisions of the foregoing Clauses, filing of the certified copy of the order of the NCLT sanctioning this Scheme with the Registrar of Companies shall be deemed to be sufficient for modifying or creating the charges in favour of the secured creditors of the Resulting Company, as required as per the provisions of this Scheme. Without prejudice to the above, the Resulting Company may enter into and execute such other deeds, instruments, documents and/ or writings and/ or do all acts and deeds as may be required, including the filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies to give formal effect to the provisions of this Clause and foregoing Clauses, if required.

19.18 The Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to the Amalgamating Company which shall vest in the Resulting Company by virtue of the Scheme, including for the avoidance of doubt and notwithstanding anything contained herein, that no Encumbrances shall be



extended to any of the assets of the Resulting Company, unless otherwise agreed to by the Resulting Company with such secured creditors, if any.

19.19 Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the foregoing provisions shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security documents, all of which instruments, deeds or writings shall be deemed to have been modified and/ or superseded by the foregoing provisions. The absence of any formal amendment which may be required by a lender or trustee or third party or any Person shall not affect the operation of Clauses 19.11 to 19.19.

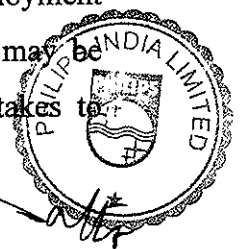
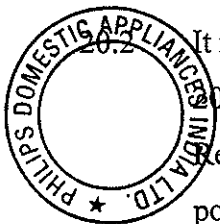
19.20 It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Liabilities of the Amalgamating Company transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

19.21 Upon this Scheme becoming effective, the borrowing limits of the Resulting Company, in terms of Section 180(1)(c) of the Act, shall without any further act, instrument or deed, stand enhanced by all Liabilities of the Amalgamating Company transferred to the Resulting Company, such limits being incremental to the existing limits of the Resulting Company, with effect from the Appointed Date.

20. EMPLOYEES

20.1 On the Scheme becoming effective, all temporary and permanent employees of the Amalgamating Company in service as on the Effective Date (“**Preethi Transferred Employees**”) shall be deemed to have become employees of the Resulting Company with effect from the Appointed Date or their respective joining date, whichever is later, without any interruption or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to their employment in the Amalgamating Company as on the Effective Date. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, as applicable, to the Preethi Transferred Employees, their past services with the Amalgamating Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

It is clarified that save as expressly provided for in the Scheme and subject to Clause 20.1, the Preethi Transferred Employees who become the employees of the Resulting Company by virtue of this Scheme, shall be entitled to such employment policies and shall be entitled to avail of such schemes and benefits, as may be determined by the Resulting Company. The Resulting Company undertakes to

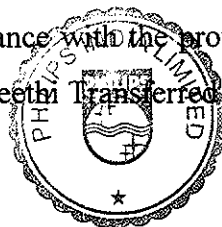
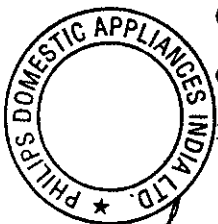


continue to abide by any agreement/ settlement, if any, entered into by the Amalgamating Company with any union/ Preethi Transferred Employee.

20.3 It is expressly provided that, on the Scheme becoming effective, in so far as the provident fund, gratuity fund, contribution towards employees state insurance, superannuation fund, retirement fund or any other special fund or trusts or benefits, if any, created or existing for the benefit of the Preethi Transferred Employees (collectively referred to as the "**Preethi Funds**") are concerned, all the contributions made to the Preethi Funds for the benefit of the Preethi Transferred Employees and the investments made by the Preethi Funds in relation to the Preethi Transferred Employees shall be transferred to the Resulting Company and shall be held for the benefit of the concerned Preethi Transferred Employees. In the event the Resulting Company has its own funds in respect of any of the Preethi Funds, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, be transferred or merged with the similar/relevant funds of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the above or if deemed appropriate by the Resulting Company, the Resulting Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Resulting Company creates its own funds, at which time the Preethi Funds, investments, contributions and liabilities pertaining to the Preethi Transferred Employees shall be transferred to the funds created by the Resulting Company.

20.4 Further to the transfer of Preethi Funds as set out in Clause 20.3 above, for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, schemes, bye-laws etc. if any, all rights, duties, powers and obligations of the Amalgamating Company as on the Effective Date in relation to such fund or funds shall become those of the Resulting Company. It is clarified that the services of the Preethi Transferred Employees will be treated as having been continuous for the purpose of the said Preethi Funds.

20.5 In relation to any other fund (including any funds set up by the Government for employee benefits) created or existing for the benefit of the Preethi Transferred Employees, the Resulting Company shall stand substituted for the Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Preethi Transferred Employees such that all



the rights, duties, powers and obligations of the Amalgamating Company in relation to such funds shall become those of the Resulting Company.

21. LEGAL PROCEEDINGS

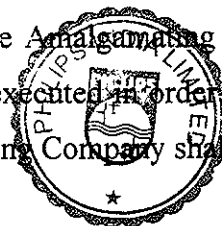
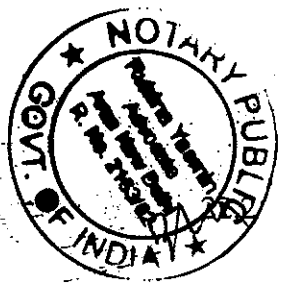
21.1 Upon the coming into effect of this Scheme, all Proceedings, by or against the Amalgamating Company, pending on the Effective Date, shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said Proceedings shall be continued, prosecuted and/or enforced by or against the Resulting Company, as the case may be, after the Effective Date, as effectually and in the same manner and to the same extent as if the same had been instituted by or against the Resulting Company.

21.2 The Resulting Company shall have all Proceedings initiated by or against the Amalgamating Company referred to in Clause 21.1 above transferred to its name as soon as is reasonably possible after the Effective Date or amended, as the case may be, and to have the same continued, prosecuted and enforced by or against the Resulting Company.

22. CONTRACTS, DEEDS, ETC.

22.1 Upon coming into effect of this Scheme and subject to the other provisions of this Scheme, all Preethi Contracts to which the Amalgamating Company is a party or deemed to be party or to the benefit of which the Amalgamating Company is eligible and which are subsisting or having effect on the Effective Date, shall, notwithstanding anything to the contrary contained in the aforesaid Preethi Contracts without any further act, instrument or deed, continue in full force and effect against or in favour of the Resulting Company and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Amalgamating Company, the Resulting Company had been a party thereto. It shall not be necessary to obtain the consent of any third party or other Person who is a party to any Preethi Contracts to give effect to the provisions of this Clause 22 of the Scheme.

Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Amalgamating Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, at its sole discretion but shall not be obligated to, enter into and/ or issue and/ or execute deeds, writings, confirmations, arrangements, novations or other documents with or in favour of any party to any contract or arrangement to which the Amalgamating Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to



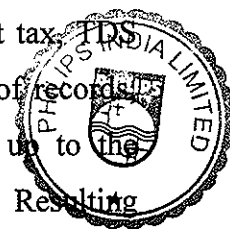
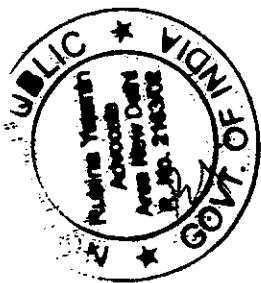
be authorized to execute any such deeds, writings or confirmations on behalf of the Amalgamating Company and to implement or carry out or perform all such formalities or compliances referred to above on the part of the Amalgamating Company to be carried out or performed.

- 22.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, insurance covers, certificates, clearances, authorities, approvals, no-objection certificates, powers of attorney given by, issued to or executed in favour of the Amalgamating Company, including by any Governmental Authority, including the benefits of any applications made for any of the foregoing, shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and 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 Resulting Company shall make necessary applications to/ file relevant forms with any Governmental Authority as may be necessary in this behalf.
- 22.4 Without prejudice to the provisions of Clauses 19 to 22, upon effectiveness of the Scheme, all inter-party transactions between the Amalgamating Company and the Resulting Company shall be considered as intra-party transactions for all purposes on and from the Appointed Date. Upon coming into effect of this Scheme, to the extent that there are any inter-company agreements, contracts, deeds, or other documents as between the Amalgamating Company and the Resulting Company shall stand terminated and the obligations in respect thereof shall stand discharged.

23. TAXES/ DUTIES/ CESS ETC.

Subject at all times to Applicable Law:

- 23.1 Upon the coming into effect of the Scheme and with effect from the Appointed Date, all taxes including, income-tax in form of advance tax, self-assessment tax, TDS credit, tax collected at source, withholding tax payments, Goods and Service Tax (CGST, SGST and IGST), duties, cess received/ receivable/ paid/ payable by the Amalgamating Company, including all or any refunds/ input credit/ claims/ tax losses/unabsorbed depreciation relating thereto shall be treated as the asset/ liability or refunds/ input credit/ claims/ tax losses/ unabsorbed depreciation, as the case may be, of the Resulting Company. For the avoidance of doubt, it is clarified that the tax compliances (including payment of taxes, advance tax, self-assessment tax, TDS credit, tax collected at source, withholding tax payment, maintenance of records, payments, returns etc.) carried out by the Amalgamating Company up to the Effective Date should be considered as adequate compliance by the Resulting



Company and the Resulting Company should be considered to have met its obligations under the respective tax legislations.

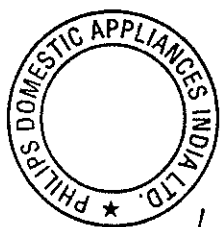
23.2 In so far as various incentives, subsidies, exemptions, all direct and indirect tax related benefits, including service tax benefits, goods and services tax benefits, income tax holiday/ benefit/ losses and other benefits or exemptions or privileges enjoyed, granted by any Governmental Authority or by any other Person, or availed of by Amalgamating Company are concerned, the same shall, without any further act, instrument or deed, vest with and be available to the Resulting Company on the same terms and conditions as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to Resulting Company.

23.3 The Resulting Company is expressly permitted to revise its file/ tax returns/ certificates (notwithstanding that the period for filing/ revising such returns or certificates may have lapsed) including TDS certificates/ returns, income tax returns, GST return and other statutory returns and to claim refunds, advance tax credits, TDS credits, excise, tax collected at source, service tax credits, set off, sales tax, value added tax, credits for goods and services tax, credit of foreign taxes paid/ withheld etc., if any, on the basis of the accounts of the Amalgamating Company as vested with the Resulting Company upon the coming into effect of this Scheme or as may be required consequent to implementation of this Scheme.

23.4 All tax assessment proceedings / appeals of whatsoever nature by or against the Amalgamating Company pending and/or arising after the Appointed Date and relating to the Amalgamating Company shall be continued and/ or enforced until the Effective Date as desired by the Resulting Company. As and from the Effective Date, the tax assessment proceedings shall be continued and enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Amalgamating Company. Further, the aforementioned proceedings shall neither abate or be discontinued nor be in any way prejudicially affected by reason of the Amalgamation of the Amalgamating Company with the Resulting Company or anything contained in the Scheme.

CANCELLATION OF SHARES

Pursuant to the transfer by way of demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company pursuant to and in terms of Part D of this Scheme, the investments held by the Demerged Company in the Amalgamating Company shall be transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company. As a result, prior to the amalgamation of the Amalgamating Company with the Resulting Company



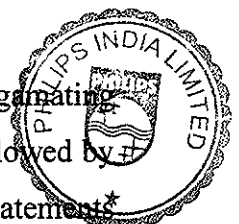
pursuant to and in terms of Part E of this Scheme, the Resulting Company shall hold 100% of the issued, subscribed and paid-up capital of the Amalgamating Company. Consequently, pursuant to the amalgamation of the Amalgamating Company with the Resulting Company, the entire share capital held by the Resulting Company in the Amalgamating Company shall stand cancelled upon the Scheme becoming effective, without any further application, act or deed. It is clarified that no new shares shall be issued or payment made in cash or in kind whatsoever by the Resulting Company in lieu of such shares of the Amalgamating Company

25. ACCOUNTING TREATMENT

Accounting Treatment in the books of the Resulting Company

25.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the Resulting Company shall account for the Amalgamation in its books of accounts in accordance with "Pooling of Interest Method" of accounting as laid down in Appendix C of Ind AS-103 (Business Combinations of entities under common control) notified under Section 133 of the Act, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time:

- (a) The Resulting Company shall upon the Scheme coming into effect, record the assets and liabilities, if any, of the Amalgamating Company vested in it pursuant to this Scheme, at the respective book values thereof and in the same form as appearing in the books of the Amalgamating Company.
- (b) The identity of the reserves of the Amalgamating Company shall be preserved and the Resulting Company shall record the reserves of the Amalgamating Company in the same form and at the same values as they appear in the financial statements of the Amalgamating Company.
- (c) Pursuant to the Amalgamation of the Amalgamating Company with the Resulting Company, the inter-company balances between the Resulting Company and the Amalgamating Company, if any appearing in the books of the Resulting Company, shall stand cancelled and there shall be no further obligations in that behalf.
- (d) The surplus/deficit, if any arising after taking the effect of Clause 25.1(a) and Clause 25.1(b) and after giving the effect of the adjustments referred to in Clause 25.1(c), shall be adjusted in the "Capital Reserve Account" in the financial statements of the Resulting Company.
- (e) In case of any differences in the accounting policies of the Amalgamating Company and the Resulting Company, the accounting policies followed by the Resulting Company shall prevail to ensure that the financial statements



reflect the financial position based on consistent accounting policies.

- (f) Financial information in the financial statements of the Resulting Company shall be restated in accordance with the applicable accounting standards.

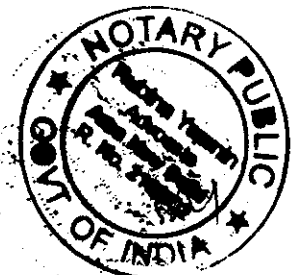
In the books of the Amalgamating Company

- 25.2 Upon the Scheme being effective, the Amalgamating Company shall stand dissolved without winding-up, and Board of the Amalgamating Company shall, without any further act, instrument or deed, be and stand dissolved and there is no accounting treatment prescribed under the Scheme which would have any impact or need to be reflected in the books of the Amalgamating Company.

26. CONDUCT OF BUSINESS

With effect from the Appointed Date and up to and including the Effective Date:

- 26.1 The Amalgamating Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its estates, properties, rights, title, interest, authorities, contracts, investments, assets and strategic decisions for and on account of and in trust for the Resulting Company.
- 26.2 Without prejudice to the generality of Clause 26.1 above, the Amalgamating Company shall cause its business to be conducted as a going concern, for and on account of and in trust for the Resulting Company.
- 26.3 All the profits or income arising or accruing to the Amalgamating Company and expenditure or losses (including taxes, if any, accruing or paid in relation to any profits or income) arising or incurred or suffered by the Amalgamating Company, for the period commencing from the Appointed Date, 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.
- 26.4 Any of the rights, powers, authorities or privileges exercised by the Amalgamating Company shall be deemed to have been exercised by the Amalgamating Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Amalgamating Company shall be deemed to have been undertaken/ discharged for and on behalf of the Resulting Company.



- 26.5 The Amalgamating Company and/or the Resulting Company shall be entitled, pending sanction of the Scheme, to apply to any relevant Governmental Authorities or third parties as may be necessary under any Applicable Law or contract, for such consents, approvals and sanctions, which may be required pursuant to this Scheme and subject to this Scheme being sanctioned by the NCLT.

27. VALIDITY OF EXISTING RESOLUTIONS

Upon the coming into effect of the Scheme, the corporate resolutions, if any, of the Amalgamating Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Resulting Company, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, such limits shall be added to the limits, if any, under like resolutions passed by the Resulting Company, and shall constitute the aggregate of the said limits in the Resulting Company.

28. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of the Scheme, the transfer and vesting of the Amalgamating Undertaking in the Resulting Company as per the provisions of the Scheme shall not affect any transaction or proceedings already concluded by the Amalgamating Company on or before the Appointed Date or after the Appointed Date until the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Amalgamating Company in respect thereto as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

29. DISSOLUTION OF AMALGAMATING COMPANY

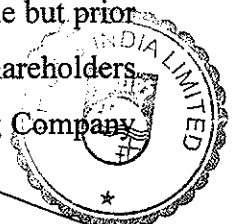
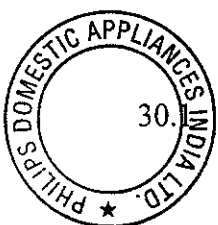
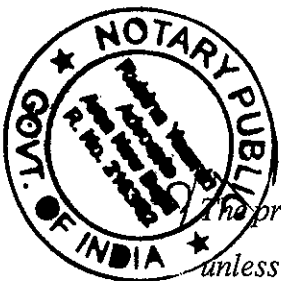
- 29.1 On the Scheme becoming effective, the Amalgamating Company shall stand dissolved without being wound-up.

PART F - GENERAL TERMS AND CONDITIONS

The provisions of this Part F shall be applicable to Part C, Part D and Part E of this Scheme unless specified otherwise.

30. INCREASE AND RE-ORGANIZATION OF AUTHORIZED SHARE CAPITAL OF THE RESULTING COMPANY

- 30.1 As an integral part of Scheme, and upon coming into effect of the Scheme but prior to the issuance and allotment of shares by the Resulting Company to the shareholders of the Demerged Company, the authorized share capital of the Resulting Company



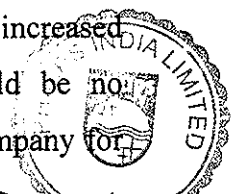
shall automatically stand increased, without any further act, instrument or deed on the part of the Resulting Company, by an amount equal to the authorized share capital of Amalgamating Company. Pursuant to the aforesaid increase in the authorized share capital of the Resulting Company as a result of the Amalgamation and prior to the issuance and allotment of shares by the Resulting Company to the shareholders of the Demerged Company the resultant authorized share capital of the Resulting Company shall be reclassified/re-organized to INR 1,31,10,00,000 (Indian Rupees One Hundred Thirty One Crore and Ten Lakh) comprising of 9,70,37,421 (Nine Crore Seventy Lakh Thirty Seven Thousand Four Hundred and Twenty One) equity shares of INR 10 (Indian Rupees Ten) each and 3,40,62,579 (Three Crore Forty Lakhs Sixty Two Thousand Five Hundred and Seventy Nine) Preference Shares (Compulsorily Convertible Preference Shares) of INR 10 (Indian Rupees Ten) each.

- 30.2 The capital clause of the Memorandum of Association of the Resulting Company shall, upon the coming into effect of this Scheme and without any further act, deed, instrument, resolution or writing be replaced by the following clause:

“The Authorized Share Capital of the Company is INR 1,31,10,00,000 (Indian Rupees One Hundred Thirty One Crore and Ten Lakh) comprising of 9,70,37,421 (Nine Crore Seventy Lakh Thirty Seven Thousand Four Hundred and Twenty One) equity shares of INR 10 (Indian Rupees Ten) each; and 3,40,62,579 (Three Crore Forty Lakhs Sixty Two Thousand Five Hundred and Seventy Nine) Preference Shares (CCPS) of INR 10 (Ten) each, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions in such manner as may for the time being provided by the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act, or provided by the Articles of Association of the Company.”

- 30.3 It is hereby clarified that for the purposes of this Clause 30, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in and re-organization of the authorized share capital of the Resulting Company, and no further resolutions under Section 13, Section 61, Section 64 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

- 30.4 The stamp duty and fees (including registration fee) paid on the authorized share capital of the Amalgamating Company shall be utilized and applied to the increased authorized share capital of the Resulting Company and there would be no requirement for payment of stamp duty and/ or fee by the Resulting Company for



increase in the authorized share capital to that extent in accordance with Section 232(3)(i) of the Act. The Resulting Company shall pay the differential stamp duty and fees, if any, after setting off the stamp duty and fee already paid by the Amalgamating Company on its authorized share capital, as aforesaid.

30.5 Pursuant to this Scheme, the Resulting Company shall file the requisite forms with the jurisdictional Registrar of Companies in relation to the alteration of its authorized share capital.

31. APPLICATION TO NCLT

31.1 PIL, Preethi and Philips Domestic Appliances shall, with all reasonable dispatch, make and file all necessary applications and petitions to the relevant NCLT under Sections 230 to 232 of the Act and other applicable provisions of the Act, for sanction of this Scheme and obtain such other approvals, as may be required under Applicable Law.

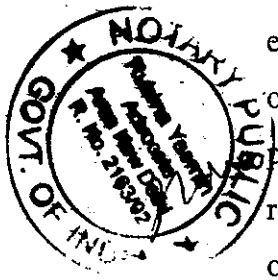
31.2 The Companies shall be entitled, pending the effectiveness of the Scheme, to apply to any Governmental Authority, if required, under any Applicable Law for such consents, licenses, clearances, registrations, approvals etc. which the Companies may require to effect the transactions contemplated under the Scheme.

32. DIVIDENDS

32.1 The Companies 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, as applicable.

32.2 Prior to the effectiveness of the Scheme, the holders of the shares of the Companies shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective articles of association including the right to receive dividends.

32.3 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 any of the Companies to demand or claim any dividends, which subject to the provisions of the Act, shall be entirely at the discretion of the Boards of the respective Companies, and subject to such approval, if required, of the shareholders of the respective Companies.



MODIFICATION OR AMENDMENTS TO THE SCHEME

33.1 Any modifications/ amendments/ additions/ deletions to the Scheme may only be made with the approval of the respective Boards of each of PIL, Preethi and Philips.

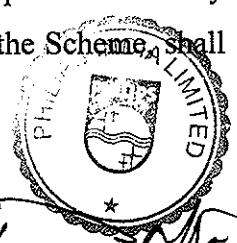


Domestic Appliances. The aforesaid powers of PIL, Preethi and Philips Domestic Appliances to give effect to the modification/ amendments/ additions/ deletions to the Scheme may be exercised subject to approval of the NCLTs or any other Governmental Authorities as may be required under Applicable Law. PIL, Preethi and Philips Domestic Appliances agree that if, at any time, either of the NCLT or any Governmental Authority directs or requires any modification or amendment of the Scheme, such modification or amendment shall not, to the extent it adversely affects the interests of PIL, Preethi and Philips Domestic Appliances, be binding on PIL, Preethi and Philips Domestic Appliances, as the case may be, except where the prior written consent of the affected party i.e. PIL, Preethi and/or Philips Domestic Appliances, as the case may be, has been obtained for such modification or amendment. Subject to any directions given by the NCLTs, the consent of the shareholders of the Companies to the Scheme shall be deemed to be sufficient for the purposes of effecting any modifications/ amendments/ additions/ deletions to the Scheme in accordance with the terms hereof.

33.2 Subject to approval of the NCLTs or any other Governmental Authorities as may be required under Applicable Law, the Companies (acting through their respective Boards) may, in their full and absolute discretion, jointly and as mutually agreed in writing, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time.

33.3 On revocation, withdrawal, or cancellation, this Scheme shall stand revoked, withdrawn, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter-se between the Companies or their respective shareholders or creditors or employees or any other Person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

33.4 Subject to approval of the NCLTs or any other Governmental Authorities as may be required under Applicable Law, the Companies (acting through their respective Boards), may, in their full and absolute discretion, jointly and as mutually agreed in writing determine jointly whether any asset, liability, legal or other proceedings pertains to the Amalgamating Company and/or the Demerged Undertaking or not, on the basis of any evidence that they may deem relevant for this purpose, provided that any such determination if required to be made after the receipt of sanction by the NCLT(s) on the Scheme and upon the coming into effect of the Scheme, shall



Signature

Signature

be done by the joint and mutual written agreement of the respective Boards of the surviving Companies i.e. the Demerged Company and the Resulting Company.

34. SHARED SERVICES AND IT INFRASTRUCTURE

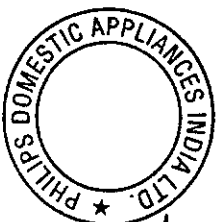
34.1 Immediately upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall enter into shared services agreements in relation to the use by the Resulting Company of office space, infrastructure facilities, information technology services, security personnel, legal, administrative and other services of the Demerged Company on such terms and conditions as may be mutually agreed in writing between the Demerged Company and the Resulting Company.

34.2 The Domestic Appliances Business of the Demerged Company and the Amalgamating Company and the Remaining Business of the Demerged Company are undertaken using an integrated information technology infrastructure / platform that is owned by or has been licensed to the Demerged Company and the Amalgamating Company by third parties. Such information technology infrastructure / platform is further integrated with the technology platform at a global level between various Philips group of companies for placement of orders and generating invoices. For the purposes of this demerger, the information technology infrastructure / platform has to be duly segregated amongst the Domestic Appliances Business to be transferred to and vested in the Resulting Company under this Scheme and the Remaining Business of the Demerged Company. Successful segregation and running of the information technology infrastructure / platform is critical to the operations of the Domestic Appliances Business and for the Domestic Appliances Business to raise invoices on its customers (“**IT Infrastructure Readiness**”). Upon filing of this Scheme, the Demerged Company and the Resulting Company shall take necessary steps in order to separate the information technology infrastructure / platform such that the Demerged Company and the Resulting Company are able to undertake their respective businesses without interruption.

35. CONDITIONALITY AND EFFECTIVENESS OF THE SCHEME

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

- (a) the Scheme being approved by the respective requisite majorities of the various classes of shareholders and/ or creditors (as applicable) of each of PIL, Preethi and Philips Domestic Appliances as required under the Act and as may be directed by the NCLT(s) or any other competent authority, or dispensation having been received from the NCLT(s) in relation to obtaining such approval from the members and/or creditors, and the requisite orders of the NCLTs being obtained in this regard;



- (b) such other approvals and sanctions including sanction of any Governmental Authority as may be mandatorily required by law in respect of the Scheme, being obtained;
- (c) the respective Boards of the Demerged Company and the Resulting Company having passed a resolution confirming IT Infrastructure Readiness;
- (d) the Scheme being sanctioned by the NCLTs in terms of Sections 230 to Section 232 and other relevant provisions of the Act;
- (e) occurrence of the Appointed Date; and
- (f) the certified copies of the sanction order(s) of the NCLTs approving this Scheme being filed with the relevant Registrars of Companies having jurisdiction over the Companies.

35.2 The Scheme shall be effective from the Appointed Date but shall be operative from the Effective Date. It is clarified that sequentially, the Scheme shall come into effect Part-wise such that,

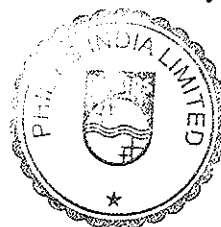
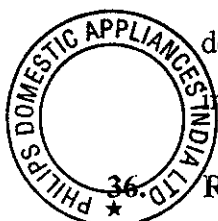
- (a) the reorganization of the share capital and securities premium reserve account of Preethi shall be given effect to as the first step in the manner provided in Part C of the Scheme;
- (b) the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company, on a going concern basis, and consequent reduction of the share capital held by the Demerged Company in the Resulting Company and issuance of equity shares by the Resulting Company to the shareholders of the Demerged Company as consideration for the Demerger, in the manner set out in Part D of the Scheme, shall be given effect to as the second step; and
- (c) the amalgamation of the Amalgamating Company into the Resulting Company and consequent dissolution of the Amalgamating Company and the cancellation of equity shares of Amalgamating Company held by the Resulting Company, in the manner set out in Part E, shall be given effect to as the last step.

35.3 Without prejudice to the provisions of Clause 35.2, all Parts of the Scheme shall be deemed to have come into effect and implemented simultaneously, upon the coming into effect of the Scheme.

36. REMOVAL OF DIFFICULTIES

Jain → *alter*

Jain → *alter*



Subject to approval of the NCLTs or any other Governmental Authorities as may be required under Applicable Law, the Companies (which shall subsequent to the effectiveness of the Scheme mean the surviving Companies i.e., the Demerged Company and the Resulting Company), acting through their respective Boards, may, in their full and absolute discretion, jointly and as mutually agreed in writing:

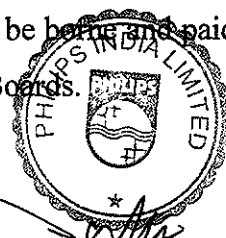
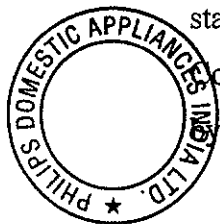
- 36.1 give such directions (acting jointly) and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties, ambiguities and errors or to settle any questions arising under this Scheme, whether by reason of any orders of NCLT(s) or of any directive or orders of any Governmental Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/ or matters concerning or connected therewith or in regard to the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those to the extent permissible under Applicable Law; and
- 36.2 do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

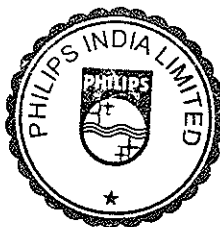
37. SEVERABILITY

- 37.1 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would come into effect only if the Scheme is approved in its entirety unless specifically agreed otherwise by the respective Boards of each of the Companies.
- 37.2 Subject to Clause 37.1 above, if any part of this Scheme is invalid, ruled illegal by any Governmental Authority or unenforceable under the present or future laws, then subject to the decision of the Boards of each of the Companies, such part shall be severable from the remainder of this Scheme and shall not affect the validity or implementation of the other parts and/ or provisions of this Scheme, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the Companies, the benefits and obligations of this Scheme, including but not limited to such part.

38. COSTS, CHARGES & EXPENSES

All costs, charges and expenses (including, but not limited to, any taxes and duties, stamp duty, registration charges, any other related cost etc.) of /payable by the companies in relation to or in connection with the Scheme shall be borne and paid by the Companies as may be mutually agreed by the respective Boards.





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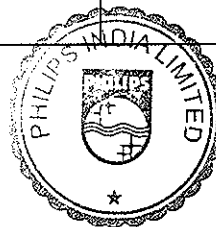
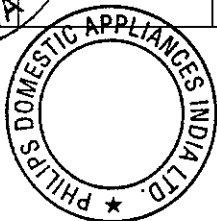
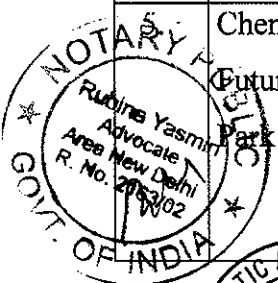
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SCHEDULE 1**Details of Immovable Properties of the Amalgamating Company****A. Owned Properties**

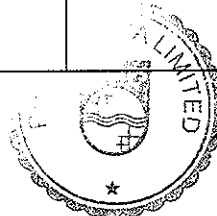
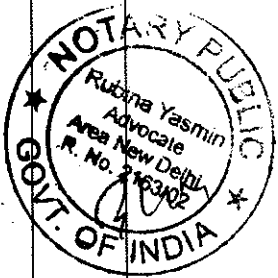
S. No.	City	Address	Area Type	Area (in Sq. ft.)
1.	Chennai – Thalambur	Natham Ekattur Road, Chengalpet (TK), Kancheepuram District	Manufacturing	41,500

B. Leased Properties

S. No.	City	Address	Name of lessor	Start date of Contract	Proposed expiration date	Area Type	Area (in Sq. ft.)
1.	Ahmedabad	Motilal center, NR Sales India, Ashram Road	Anilkumar Dhanjibhai Gohel	01/12/2019	30/11/2020	Office	220
2.	Bhubaneswar	Unit No. 2, Plot No. 137(C), 2nd Floor, Ashok Nagar, (Behind Khadi Niketan)	Rajashree Khattoi	01/11/2019	31/10/2022	Office	350
3.	Changanacherry	Alphonsa Hospital Road	Scaria Jose	01/09/2020	31/07/2021	Office	240
4.	Chennai – Futura Tech Park	334, Old Mahabalipuram Road, Shonllinganallur,	Futura Techpark Private Ltd	10/03/2019	31/03/2022	Office	10,832
	Chennai – Futura Tech Park	334, Old Mahabalipuram Road, Shonllinganallur,	Futura Techpark Private Ltd	06/11/2018	15/11/2021	Office	5,899



6.	Chennai Thaiyur,	– Thaiyur Village, Chengelpet Taluk, Kanchipuram District, Tamil Nadu	B ASV Constructions Pvt. Ltd.	01/01/2019	31/12/2029	Manufacturing	70,646
7.	Chennai Mixie I and II	– 113/12A Thazhambur Natham Village, Kanchipuram District	Govindan.R	01/01/2013	31/04/2022	Manufacturing	11,000
8.	Chennai Mixie II	– Survey No. 113/13, 113/14, Thazhambur Natham Village, Kanchipuram District	Damodharan	01/01/2013	10/09/2021	Manufacturing	16,000
9.	Hyderabad	Diamond Towers, 1-1- 37/38, Secunderabad	A Subramanyan	12/04/2016	11/04/2022	Office	700
10.	Kochi	Govind Building, M.G. Road, Cochin	Janardhanan.K	01/06/2020	30/04/2021	Office	450
11.	Madurai	S.S. Colony	KA.S. Dhanasekaran	15/08/2018	14/08/2021	Office	1,500
12.	Mumbai	Office No. 201, Anupam Soc Building No. 1, Excel Arcad, L.B.S. Marg, Ghatkopar (West),	Gopal Ramjilal Prajapati	01/09/2020	31/07/2021	Office	350



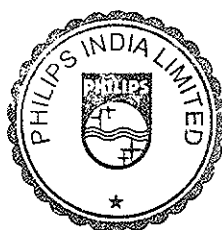
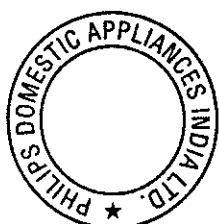
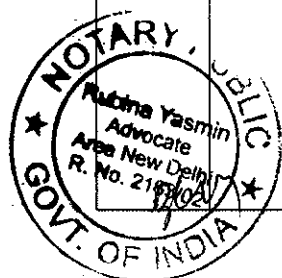
13.	Pune	F No 3, S N 21/3/2/2 Final Plot No. 26/10 Bombay-Pune Road	Manish Madhukar Malve	16/12/2017	15/12/2020	Office	1,000
14.	Trichy	Madurai Road	Congretion of St. Anne Trust	01/06/2020	30/04/2021	Office	311

SCHEDULE 2

Details of Immovable Properties of the Demerged Undertaking

A. Leased Properties

S. No.	City	Address	Name of lessee	Start date of contract	Proposed expiration date	Area Type	Area (in Sq. Ft.)
1.	Nalaghar	Village, Gullarwala, Sa Road, Tehsil, Nalagarh, Baddi, Distt: Solan	Penguin Electronics Ltd	April 20, 2020	April 19, 2023	Lab	4,054

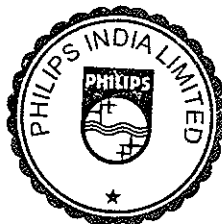
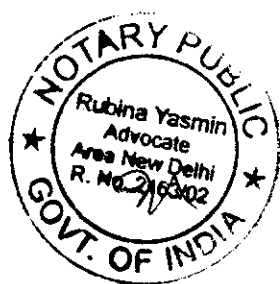


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SCHEDULE 3**List of registered DA Intellectual Property owned by the Demerged Company and
pertaining to the Domestic Appliances Business****A. List of Designs**

S. No.	Filing Date	Grant Number / Registration Number	Applicant	Title	Grant Date / Registration Date	Status
1.	22/02/2013	251834	PIL	Dry Iron	07/03/2013	National Procedure Registered -
2.	02/09/2014	265361	PIL	Base Unit of Mixer Grinder	22/04/2015	National Procedure Registered -

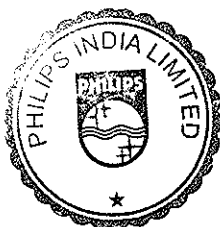
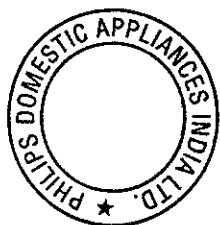
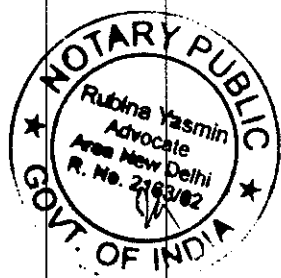


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SCHEDULE 4**List of proceedings of PIL pertaining to the Domestic Appliances Business**

S. No.	Case No.	Name of Parties	Name of Court	Category	Summary Stage
1.	CC 430/2019	Harbhajan Singh Virk	Patiala District Commission, Punjab	Consumer Matter - Iron	There was an alteration made in the invoice by the retailer increasing the value of the product from the Maximum Retail Price. Matter pending before court.
2.	CC 372/2018	Sangeeta	Lucknow-I District Commission, Uttar Pradesh	Consumer Matter - Juicer and Soup Maker	The Complainant has alleged that the Juicer and Soup Maker is defective. Evidence by the complainant is awaited. Matter pending before court.
3.	CC 1465/2015	Jai Sharma	Jaipur-I District Commission, Rajasthan	Consumer Matter - Mixer Grinder	Philips has entered in to an out of court settlement with complainant for INR 2300. Court not accepting the settlement till the time the complainant does not withdraw his complaint officially from court. Matter pending before court.



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Solemnly affirmed before me and read over & explained to the complainant

Notary Public, Delhi

12 OCT 2019