

HIGH COURT, BOMBAY

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SCHEME PETITION NO. 67 OF 2016

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTIONS NO. 844 OF 2015

Sterlite Technologies Limited

...Petitioner Company

AND

COMPANY SCHEME PETITION NO. 68 OF 2016

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTIONS NO. 845 OF 2016

Sterlite Power Technologies Limited

...Petitioner Company



In the matter of the Companies
Act,
1956;

And

In the matter of Sections 391 to
394 read with Sections 100-103 of
the Companies Act, 1956 and
Section 52 of the Companies Act,
2013;

And

In the matter of the Scheme of
Arrangement under sections 391
to 394 of the Companies Act read
with Sections 100- 103 of the
Companies Act, 1956 and Section
52 of the Companies Act, 2013
between Sterlite Technologies

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HIGH COURT, BOMBAY

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Limited and Sterlite Power
Transmission Limited and their
respective shareholders and
creditors

Called for Hearing

Mr. Janak Dwarkadas, Senior Advocate, Mr. Shyam Mehta, Senior Advocate, along with,
Mr. Peshwan Jehangir, Mr. Madhav Kanoria and Mr. Anindya Basarkod i/b. M/s. Khaitan
& Co., Advocates for the Petitioner Companies.

Ms. Jasneet Kaur, Ms. Arpita Bishnoi, Mr. Vaibhav Niti, Mr. Gaurav Chauhan, i/b. GDG
& Co., Manish Pabale, Advocate for the Objectors Huawei Technologies Company
Limited and Huawei Telecommunications (India) Company Private Limited

Mr. Dushyant Kumar i/b A.A. Ansari for the Regional Director in the petitions.

Mr. Arjun K. Sreenivas i/b. M/s. Manilal Kher Ambalal & Co. for the National Stock
Exchange

Mr. Pulkit Sukhramani i/b. The Law Point for the Securities and Exchange Board of India

Coram: B.P. Colabawalla, J.

Date: 22nd April, 2016

P.C:

1. Heard Learned Counsel for the Parties.
2. Save and except two unsecured creditors, namely Huawei Technologies Company Limited and Huawei Telecommunications (India) Company Private Limited no other objector has come before the Court to oppose the Scheme and nor has any party controverted any averments made in the Petitions. Learned Counsel appearing for these objectors states that the parties entered into settlement agreements dated 21st April, 2016 and that the objectors are hence, withdrawing

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their objections in terms of the settlement. As such, there are no objectors before the Court. The settlement agreements are taken on record.

3. The sanction of the Court is sought under 391 to 394 of the Companies Act read with Sections 100- 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 for a Scheme of Arrangement between Sterlite Technologies Limited (“STL” or “**Demerged Company**”) and Sterlite Power Transmission Limited (“SPTL” or “**Resulting Company**”) and their respective shareholders and creditors.
4. The Learned Senior Counsel for the Petitioner Companies states that the Demerged Company is presently engaged in the business of manufacturing optical fiber and optical fiber cables, power conductors and high voltage and extra high voltage power cables and providing turnkey transmission solutions for the telecom and power industries in addition to participating in the creation of power transmission infrastructure across the country; and whereas the Resulting Company is presently engaged in the business of manufacturing power transmission products such as power conductors and high voltage and extra high voltage cables, providing turnkey solutions for power industries and participating in the creation of power transmission infrastructure across the country
5. The Learned Senior Counsel for the Petitioner Companies states that proposed Scheme of Arrangement is beneficial since, inter alia, the proposed Arrangement will (i) allow each business to create a strong and distinct platform which enables greater flexibility to pursue long-term objectives; (ii) enable accelerated growth of the telecom business and allowing the power business to explore suitable strategies to fund its growth plans; (iii) offer shareholders a clear focussed investment opportunity in the telecom sector and thereby unlocking value of their holding; and (iv) allow shareholders an option to align with their investment philosophy by

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continuing to participate in the long term capital intensive power sector if they choose or select available options to fairly and appropriately exit.

6. The Petitioner Companies have approved the said Scheme by passing Board Resolutions which are annexed to the Company Scheme Petitions.
7. The Learned Senior Counsel for the Petitioners Companies further states that, the Petitioner Companies have complied with all the directions passed in the respective Company Summons for Directions and that the respective Company Scheme Petitions have been filed in consonance with the order passed in the respective Summons for Directions.
8. The Learned Counsel appearing on behalf of the Petitioner Companies have further stated that the Petitioner Companies have complied with all the requirements as per directions of this Court and they have filed necessary affidavits of compliance in the Court. Moreover, the Petitioner Companies undertake to comply with all the statutory requirements, if any, under the Companies Act, 1956 and 2013, and rules made thereunder, whichever is applicable. The said undertaking is accepted.
9. The Regional Director has filed an Affidavit dated 28th March, 2016 stating therein that save and except as stated in paragraph 6 (a) to 6 (e) of the said affidavit, it appears that the Scheme is not prejudicial to the interest of shareholders and public.
"a. The Shares of the Demerged company are held by Foreign Body Corporate/Non Resident Indian. Hence, while giving effect to the Scheme, by issuing new shares by the Resulting Company to the shareholders of Demerged Company, the Resulting Company has to comply with the provisions of FEMA/RBI regulations as applicable in this regard.
b. Clause no. 10 of the Scheme provides for issue of shares upon coming into effect of this Scheme. The authorised share capital of Resulting Company may not be sufficient to issue further shares as provided in the Scheme. The

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Resulting Company shall, if and to the extent required, increase its Authorised Share Capital to facilitate issue of New Equity Shares under this Scheme as provided in Clause 10 of the Scheme. In this connection, the Resulting Company may be directed to comply with provisions of section 61/64 of Companies Act, 2013 corresponding to section 94/97 of Companies Act, 1956, in respect of filing of necessary forms with the Registrar of Companies after payment of necessary filing fee and stamp duty as applicable on the said forms.

c. *It is further submitted that the Securities and Exchange Board of India vide its letter dated 27/08/2015 addressed to National Stock Exchange and Bombay Stock Exchange has raised some observations/comments on this Scheme of Arrangement more particularly in Para No. 6 and 7 of the Annexure – I to said SEBI's letter. Copy of the said letter is annexed hereto and marked as Exhibit "D1". The National Stock Exchange and Bombay Stock Exchange have also incorporated the observations raised by SEBI in their letters dated 28/08/2015 addressed to M/s. Sterlite Technologies Limited, the Demerged Company herein. Copy of the said letters are annexed hereto and marked as Exhibit "D2" & "D3" respectively. In this connection, the views of the SEBI, BSE and NSE may be heard by this Hon'ble High Court before taking final decision in this matter.*

d. *It is respectively submitted that the tax implication, if any, arising out of the Scheme is subject to final decision of Income Tax Authorities. The approval of the Scheme by this Hon'ble Court may not deter the Income Tax Authority to scrutinize the tax returns filed by the Resulting Company after giving effect to the Scheme. The decision of the Income Tax Authority is binding on the Demerger Company and Resulting Company.*

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e. Clause 19 of the Scheme provides for Modification and Amendments to the Scheme wherein the Board of Directors of Demerged Company and Resulting Company have been authorized to make any amendments to Scheme, if necessary, after the Scheme is approved by the Hon'ble Court. Such liberty shall not be exercised by Board of Directors without obtaining prior approval from the Hon'ble High Court. The Petitioner Companies may be directed to undertake to this effect."

10. As far as the observation in paragraph 6 (a) of the Affidavit of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies undertakes that the Resulting Company shall comply with the provisions of FEMA/RBI regulations as applicable in this regard.

11. As far as the observation in paragraph 6 (b) of the Affidavit of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies undertakes that the Resulting Company shall comply with the provisions of Section 61/64 of Companies Act, 2013 corresponding to section 94/97 of Companies Act, 1956, in respect of filing of necessary forms with the Registrar of Companies after payment of necessary filing fee and stamp duty as applicable on the said forms and as required by law.

12. As far as the observation in paragraph 6 (c) of the Affidavit of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies states that notices have already been issued to the National Stock Exchange, Bombay Stock Exchange and Securities and Exchange Board of India, who are present before this Hon'ble Court.

13. As far as the observation in paragraph 6 (d) of the Affidavit of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies states that the Petitioner Companies are bound to comply with all applicable provisions of the

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Income Tax Act and that all tax issues arising out of the Scheme will be met and answered in accordance with law.

14. As far as the observation in paragraph 6 (e) of the Affidavit of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies states that as more particularly set out in paragraph 24 of both the Company Scheme Petitions, notwithstanding anything contained in Clause 19 of the Scheme, no modification or variation of the Scheme will be given effect to unless also approved by this Hon'ble High Court.
15. The Learned Counsel for the Regional Director on instructions of Mr. M Chandanamuthu, Joint Director Legal, in the office of the Regional Director, Ministry of Corporate Affairs, Western Region, Mumbai, states that they are satisfied with the undertakings given hereinabove by the Petitioner Companies through its counsel. The above undertakings are accepted.
16. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.
17. Since all the requisite statutory compliances have been fulfilled, the Company Scheme Petitions are made absolute in terms of prayer clauses (a) to (f), (h) and (i) of both the Company Scheme Petitions.
18. The Petitioner Companies to lodge a copy of this order and the Scheme, duly authenticated by the Company Registrar, High Court (O.S.), Bombay with the concerned Superintendent of Stamps, for purposes of adjudication of stamp duty payable, if any, on the same within 60 days from the date of the Order.
19. The Petitioner Companies are directed to file a copy of this order alongwith a copy of the Scheme with the concerned Registrar of Companies, electronically, along with e-Form 21/INC28 in addition to physical copy as per relevant provisions of

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the Companies Act, 1956 and the Companies Act, 2013 and Rules made thereunder whichever are applicable.

20. The Petitioner Companies are directed to pay a cost of Rs 10,000/- each to the Regional Director, Western Region, Mumbai. Costs to be paid within four weeks from the date of the order.
21. Filing and issuance of the drawn up order is dispensed with.
22. All concerned regulatory authorities to act on a copy of this order along with Scheme attached thereto, duly authenticated by the Company Registrar, High Court (O. S.), Bombay.

(B.P. Colabawalla, J.)

CERTIFICATE

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

Uploaded by: Shankar Gawde, Stenographer

TRUE-COPY

S. S. AGATE
(S. S. AGATE)
I/C. COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY

TRUE COPY

Shankar Gawde
Section Officer
High Court, Appellate Side
Bombay

TRUE COPY

Anindya
KHATTAN & CO.

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SCHEME OF ARRANGEMENT

**UNDER SECTIONS 391-394 READ WITH SECTIONS 100-103 OF THE COMPANIES ACT, 1956 AND
SECTION 52 OF THE COMPANIES ACT 2013**

BETWEEN

STERLITE TECHNOLOGIES LIMITED

AND

STERLITE POWER TRANSMISSION LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

A. PREAMBLE

- (i) This Scheme of Arrangement provides for the demerger of the Power Products and Transmission Grid Business of Sterlite Technologies Limited, the Demerged Company, into Sterlite Power Transmission Limited, the Resulting Company ("Demerger"), pursuant to provisions of Sections 391 - 394 of the Act, read with Sections 100 - 103 of the Companies Act, 1956 and Section 52 of Companies Act, 2013, and other applicable provisions of the Act; and
- (ii) Subject to satisfactory fulfilment and implementation of (i) above, reduction and reorganization of equity share capital of Sterlite Power Transmission Limited, pursuant to Sections 391 to 394 read with Sections 100 to 104 of the Act.

B. DESCRIPTION OF COMPANIES

- (i) Sterlite Technologies Limited ("Demerged Company") is a public limited company incorporated under the provisions of the Companies Act 1956 and is existing under the provisions of the Act. The equity shares of Demerged Company are listed on both BSE and the NSE and the Demerged Company GDRs (*as defined hereinafter*) are not listed on any Stock Exchange. The Demerged Company is engaged in the business, *inter alia*, of manufacturing optical fiber and optical fiber cables, power conductors and high voltage and extra high voltage power cables and providing turnkey transmission solutions for the telecom and power industries in addition to participating in the creation of power transmission infrastructure across the country
- (ii) Sterlite Power Transmission Limited ("Resulting Company") is a public limited company incorporated under the provisions of the Companies Act 2013. The Resulting Company is incorporated to carry on the business, *inter alia*, manufacturing of power transmission products such as power conductors and high voltage and extra high voltage cables, providing turnkey solutions for power industries and participating in the creation of power transmission infrastructure across the country. As on the date hereof, the Resulting Company is a wholly owned subsidiary of the Demerged Company.



C. RATIONALE

- (i) The nature of risk and competition inherent in each of the telecom and Power Products and Transmission Grid Business (as defined below) is distinct, since both are subject to distinct business cycle and operate *inter alia*, under different regulations and market structure, necessitating different management approaches and focus. Moreover, the capital intensity and return profiles of these business are very different and do not enjoy material synergistic benefits from being housed together. Further, both business have now reached a meaningful scale and will be able to benefit by becoming independently focused businesses.
- (ii) Thus, separation of the Power Products and Transmission Grid Business together with its business, undertakings and investments (including the investment of the Demerged Company in power transmission infrastructure companies) as a going concern, pursuant to the scheme of arrangement, from the Demerged Company would lead to significant benefits for both businesses including:
 - (a) allowing each business to create a strong and distinct platform which enables greater flexibility to pursue long-term objectives;
 - (b) enabling accelerated growth of the telecom business and allowing the power business to explore suitable strategies to fund its growth plans;
 - (c) offering shareholders a clear focussed investment opportunity in the telecom sector and thereby unlocking value of their holding; and
 - (d) allowing shareholders an option to align with their investment philosophy by continuing to participate in the long term capital intensive power sector if they choose or select available options to fairly and appropriately exit.
- (iii) With a view to achieve the aforesaid growth potential, the Demerged Company proposes to re-organise and segregate, by way of demerger, the Power Products and Transmission Grid Business together with its business, undertakings and investments (including the investment of the Demerged Company in power transmission infrastructure companies) as a going concern, into the Resulting Company. The restructuring proposed by this Scheme will also provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.
- (iv) The Scheme would be in the best interest of the shareholders, the creditors, the employees and all other stakeholders of the Demerged Company.

D. OPERATION OF THE SCHEME

- (i) The Scheme provides for demerger of the Power Products and Transmission Grid Business together with its business, undertakings into the Resulting Company, pursuant to the applicable provisions of the Act and/or any other Applicable Laws.
- (ii) The Demerged Company will continue its interests in the Remaining Undertaking (as defined below) as is presently being carried out but with greater focus on growth opportunities, *inter alia*, in telecom business.



- (iii) The Resulting Company shall, issue and allot Securities (as defined below) to all the shareholders of the Demerged Company as consideration for the transfer of the Demerged Undertaking in proportion of their shareholding in the Demerged Company and provide an option to the shareholders of the Demerged Company to elect the Securities being issued by the Resulting Company. Simultaneously with issuance of Securities, in the books of the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date.
- (iv) The Redeemable Preference Shares issued by the Resulting Company shall be listed on a recognised stock exchange. However, equity shares of the Resulting Company shall not be listed on any stock exchange. The Scheme, therefore, provides for an exit opportunity to the public shareholders of the Resulting Company in the manner set out in the Scheme.
- (v) The Demerger of the Demerged Undertaking in accordance with this Scheme shall take effect from the Appointed Date in accordance of the provisions of Sections 391 - 394 of the Act read with Sections 100 - 104 of the Companies Act, 1956 and Section 52 of Companies Act, 2013, and shall be in accordance with Section 2(19AA) of the Income Tax Act, 1961, such that:
- (a) all the properties of the Demerged Undertaking, being transferred by the Demerged Company, as on the Appointed Date shall become the properties of the Resulting Company by virtue of this Scheme;
 - (b) all the liabilities relating to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of the Resulting Company by virtue of this Scheme;
 - (c) the properties and the liabilities relating to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company at the value appearing in the books of account of the Demerged Company immediately before the Demerger;
 - (d) the Resulting Company shall issue, in consideration of the Demerger, its Securities to the shareholders of the Demerged Company as on the Record Date on a proportionate basis;
 - (e) the Resulting Company shall issue, in consideration of the Demerger, the Resulting Company Equity Shares on a *pro-rata* basis to holders of the Demerged Company GDRs;
 - (f) all the shareholders of the Demerged Company as on the Record Date shall become the shareholders of the Resulting Company by virtue of the Demerger; and
 - (g) the transfer of the Demerged Undertaking shall be on a going concern basis.
- (vi) The Scheme shall be in compliance with the applicable SEBI guidelines including particularly the circulars being CIR/CFD/DIL/5/2013 dated 4 February 2013 and Circular CIR/CFD/DIL/8/2013 dated 21 May 2013 and any subsequent amendments thereof (collectively referred to as the "SEBI Circulars").



E. GENERAL

This Scheme is divided into the following parts:

- (i) Part I of the Scheme, deals with definitions and share capital;
- (ii) Part II of the Scheme, deals with the Demerger and hiving-off of the Demerged Undertaking of Demerged Company on a going concern basis and transfer to and vesting of the Demerged Undertaking into the Resulting Company;
- (iii) Part III of the Scheme, deals with the reduction and reorganization of the share capital of Resulting Company; and
- (iv) Part IV of the Scheme, deals with general terms and conditions applicable to the Scheme.

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

PART – I

1 DEFINITIONS AND INTERPRETATIONS

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

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

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

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

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

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

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

“BSE” means the BSE Limited.

“Demerged Company” means Sterlite Technologies Limited, a company incorporated under the provisions of the Companies Act, 1956 under CIN L31300DN2000PLC000340 and having its registered office at Survey No 68/1, Rakholi Village, Madhuban Dam Road, Silvassa, Dadra

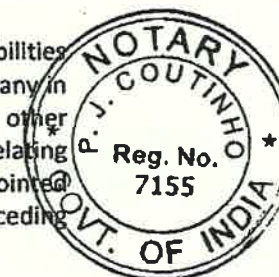
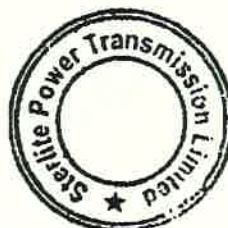


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"Demerged Company GDRs" means the GDRs issued by the Demerged Company pursuant to the deposit agreement executed by it with the Depository (as amended from time to time) and as are outstanding as of the Record Date.

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

- (a) all the movable and immovable properties including plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature in relation to the Power Products and Transmission Grid Business, investments in the share capital of the power transmission and infrastructure companies including Sterlite Power Grid Ventures Limited and its step down subsidiaries, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, settlements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the lessor/landlord as may be required by law, goodwill, other intangibles, industrial and other licenses, permits, authorizations, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges concerning the Power Products and Transmission Grid Business and approvals of whatsoever nature (including but not limited to benefits of all tax holiday, tax relief including under the Income Tax Act, 1961 such as credit for advance tax, taxes deducted at source, brought forward accumulated tax losses, unabsorbed depreciation, etc.) and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Power Products and Transmission Grid Business as on the Appointed Date;
- (b) all the debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of the Demerged Company in relation to the Power Products and Transmission Grid Business as on the Appointed Date comprising of:
- (i) all the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of the Demerged Company in relation to the Power Products and Transmission Grid Business and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which related to the period up to the day of immediately preceding the Appointed Date;



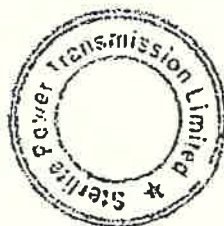
- (ii) the specific loans and borrowings raised, incurred and utilised solely for the activities and operations of Demerged Company in relation to the Power Products and Transmission Grid Business; and
 - (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Power Products and Transmission Grid Business, being the amounts of any general or multipurpose borrowings of Demerged Company as stand in the same proportion which the value of assets transferred under this Clause of Power Products and Transmission Grid Business bears to the total value of the assets of the Demerged Company immediately before the Appointed Date;
- (c) all intellectual property rights, including trademarks, trade names and the goodwill associated therewith, patents, patent rights, copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how, or any applications for the above, assignments and grants in respect thereof of the Demerged Company in relation to the Power Products and Transmission Grid Business as on the Appointed Date;
 - (d) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the Power Products and Transmission Grid Business of the Demerged Company as on the Appointed Date;
 - (e) all employees of the Demerged Company engaged in the Power Products and Transmission Grid Business; and
 - (f) any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the Power Products and Transmission Grid Business or whether it arises out of the activities or operations of the Power Products and Transmission Grid Business or not, shall be decided by the Board of the Demerged Company or any committee thereof.

"Depository" means Deutsche Bank AG, the depository for the Demerged Company GDRs.

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

"Eligible Member" means the equity shareholder of the Demerged Company whose name is recorded in the register of members and records of the depository as a member of the Demerged Company on the Record Date.

"Encumbrance" means (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including 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 Laws; (ii) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any person; and (iii) any adverse claim as to title, possession or use.

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

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

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

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

"Memorandum" means memorandum of association of a company.

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

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

"Power Products and Transmission Grid Business" means (i) the power products and solutions business located at Rakholi (Silvassa), Piparia (Silvassa, Dadra Nagara), Jharsuguda (Odisha), Haridwar (Uttarakhand), offices in Pune, etc. carried out by the Demerged Undertaking of the Demerged Company; and (ii) the investment in transmission grid subsidiaries by the Demerged Company.

"RBI" means the Reserve Bank of India.

"Record Date" means the date to be fixed by the board of directors of the Resulting Company in consultation with the Demerged Company for the purpose of reckoning names of the equity shareholders of the Demerged Company, who shall be entitled to receive Securities of the Resulting Company upon coming into effect of this Scheme as specified in Clause 10 of this Scheme and in terms of the Listing Agreement.

"Redeemable Preference Share" shall have the meaning ascribed to it in Clause 10.1(b).

"Regional Provident Fund Commissioner" means the Regional Provident Fund Commissioner having jurisdiction over the Demerged Company.

"Registrar of Companies" means the Registrar of Companies, Ahmedabad, Gujarat.

"Remaining Employees" means all the permanent employees of the Demerged Company other than the Transferred Employees.

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



"Resulting Company" means Sterlite Power Transmission Limited, a company incorporated under the provisions of the Companies Act 2013 under CIN U74120DN2015PLC000475 and having its registered office at Survey No. 68/1, Rakholi Village, Madhuban Dam Road, Silvassa, Dadar Nagar Haveli- 396230.

"Resulting Company Equity Share" shall have the meaning ascribed to it in Clause 10.1(a).

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

"SEBI" means the Securities and Exchange Board of India.

"SEBI Circulars" means the circulars issued by the SEBI being Circular CIR/CFD/DIL/5/2013 dated 4 February 2013 and Circular CIR/CFD/DIL/8/2013 dated 21 May 2013 and shall include any amendments thereof.

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

"Securities" means the Resulting Company Equity Shares and/ or the Redeemable Preference Shares, as the case may be.

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

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Income Tax Act, 1961 and other Applicable Laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

1.2 In this Scheme, unless the context otherwise requires:

- (a) words denoting singular shall include plural and vice versa;
- (b) headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- (c) references to the word "include" or "including" shall be construed without limitation;
- (d) a reference to an article, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, section, paragraph or schedule of this Scheme;
- (e) unless otherwise defined, the reference to the word "days" shall mean calendar days;
- (f) references to dates and times shall be construed to be references to Indian dates and times;
- (g) reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (h) word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s)



respectively ascribed to them.

2 DATE OF TAKING EFFECT AND OPERATIVE DATE

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

3 SHARE CAPITAL

3.1 The share capital of the Demerged Company as on 15 May 2015 is as under:

	Rs
AUTHORISED SHARE CAPITAL 75,00,00,000 equity shares of Rs 2 each	150,00,00,000
SUBSCRIBED, ISSUED AND PAID-UP SHARE CAPITAL 39,40,59,001 fully paid up equity shares of Rs 2 each	78,81,18,002

The equity shares of the Demerged Company are listed on BSE and NSE and its GDRs are not listed on any stock exchange.

The issued and paid-up share capital includes 85,550 (Eighty five thousand five hundred fifty) equity shares represented by 85,550 (Eighty five thousand five hundred fifty) Demerged Company GDRs as on 15 May 2015.

3.2 The share capital of the Resulting Company as on 15 May 2015 is as under:

	Rs
AUTHORISED SHARE CAPITAL 50,000 equity shares of Rs 10 each	500,000
SUBSCRIBED, ISSUED AND PAID-UP SHARE CAPITAL 50,000 fully paid up equity shares of Rs 10 each	500,000

The entire share capital of the Resulting Company as on 15 May 2015 is held by the Demerged Company and hence Resulting Company is a wholly-owned subsidiary of the Demerged Company.

PART - II

DEMERGER AND DIVIDING OFF OF THE DEMERGED UNDERTAKING

4 Transfer of Assets

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



before the Demerger shall automatically, and without any other order to this effect, become the properties, assets, rights, claims, title, interest, authorities, investments and liabilities of the Resulting Company simply by virtue of approval of the Scheme and in the manner provided in this Scheme with effect from the Effective Date.

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

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

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

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

- 4.5 The Demerged Company in relation to the Demerged Undertaking may be entitled to various incentive schemes and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Demerged Undertaking shall be automatically transferred to and vested into the Resulting Company and all benefits, entitlements and incentives of any nature whatsoever including benefits under the income tax, excise, sales tax,



service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the Power Products and Transmission Grid Business, to the extent statutorily available, shall be claimed by the Resulting Company. The Resulting Company shall be entitled to get credit/claim refund regarding any tax paid and/or tax deduction at source certificates, pertaining to Demerged Undertaking, on or after the Appointed Date by the Demerged Company.

- 4.6 It is clarified that, upon the Effective Date and until the licenses, permit, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status are transferred, vested, recorded effected and or perfected, in the record of the relevant regulator/authority, in favor of Resulting Company, the Resulting Company is authorized to carry on business in the name and style of the Demerged Company and under the relevant license and or permit and or approval, as the case may be, and the Resulting Company shall keep of record and or account of such transactions.
- 4.7 Notwithstanding anything contained in this Clause, the immovable property/ies of the Demerged Undertaking shall stand transferred to the Resulting Company either under the Scheme or by way of a separate conveyance, as may be decided by Board of Directors of the Demerged Company and the Resulting Company.

S Transfer of Liabilities

- 5.1 With effect from the Appointed Date and upon coming into effect of this Scheme, all loans raised and utilized and all debts, duties, undertakings, liabilities and contingent liabilities and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which related to the period up to the day of immediately preceding the Appointed Date, if any, whether quantified or not and obligations incurred or undertaken by the Demerged Company in relation to or in connection with the Demerged Undertaking as on the Appointed Date shall pursuant to the sanction of the Scheme by the High Court and under the provisions of Sections 391 to 394 and other applicable provisions of the Act, without any further act, instrument or deed being required, be and shall stand automatically transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company to the extent that they may be outstanding as on the Appointed Date and shall become the debt, duties, undertakings, liabilities and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 5.
- 5.2 In so far as any encumbrance in respect of the loans, borrowings, debts and liabilities of the Demerged Company in relation to or in connection with the Demerged Undertaking ("Transferred Liabilities") is concerned, upon coming into effect of this Scheme and with effect from the Appointed Date, such encumbrance shall, without any further act, instrument or deed being required, be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which may have been encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to this Scheme. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Undertaking are concerned, the encumbrance, if any, over such assets relating to the Transferred Liabilities, as and from the Appointed Date without any further act, instrument or deed being required be released and discharged from the obligations and encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged



Undertaking are concerned, the encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which shall continue with the Demerged Company shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities with effect from the Appointed Date and upon coming into effect of this Scheme.

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

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

6 Contracts, Deeds, etc.

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

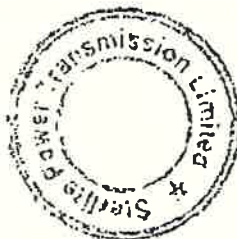
- 6.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after coming into effect of the Scheme, take such actions and execute such deeds, writings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

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

7 Employees

- 7.1 Upon coming into effect of this Scheme:

- (a) All employees of the Demerged Company engaged in or in relation to the Demerged Undertaking and who are in such employment as on the Effective Date shall be



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

- (b) All consultants, retainers and other persons engaged in the Demerged Undertaking (other than Transferred Employees) on a non-permanent basis, shall become consultants, retainers and persons engaged by the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in relation to the Demerged Undertaking and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking.
- (c) Insofar as the existing provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company inter alia for the Transferred Employees are concerned (collectively referred to as the "Funds"), the Funds and such investments made by the Funds which are preferable to the Transferred Employees in terms of Clause 7.1(a) above shall be transferred to the similar Funds created by the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. 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 Funds of the Demerged Company, until such time that the Resulting Company creates its own Funds, at which time the funds and the investments and contributions pertaining to the Transferred Employees shall be transferred to the Funds created by the Resulting Company.
- (d) In relation to those Transferred Employees who are not covered under the provident fund trust of the Demerged Company, and for whom the Demerged Company is making contributions to the government provident fund, 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 fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Transferred Employees.
- (e) If any exemptions granted by the Regional Provident Fund Commissioner, or any other competent authority under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952, to the Demerged Company and its subsidiaries, joint ventures and associates require re-issue or renewal on account of the Scheme, the Demerged Company shall, and shall cause its subsidiaries, joint ventures and associates to, apply for the reissue or renewal, and the Regional Provident Fund Commissioner or any other competent authority shall grant the same such that the privileges, rights and benefits of the Remaining Employees continue uninterrupted. Likewise, the Resulting Company shall apply for granting of similar exemptions and the Regional Provident Fund Commissioner or any other competent authority shall grant the same such that the privileges, rights and benefits of Transferred Employees continue uninterrupted.
- (f) In relation to any other fund created or existing for the benefit of the Transferred Employees being transferred to the Resulting Company, 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 Transferred Employees.

- (g) In so far as the existing benefits or funds created by the Demerged Company for the Remaining Employees are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held inter alia for the benefit of the Remaining Employees.

8 Employee Stock Option Scheme

- 8.1 The options granted (whether vested or not) ("**Options**") by the Demerged Company pursuant to the existing stock option scheme of the Demerged Company ("**Existing Stock Option Scheme**") to its employees (whether Transferred Employees or Remaining Employees) will continue to be governed by the provisions of the Existing Stock Option Scheme.
- 8.2 Upon the Scheme coming into effect, the Options shall be restructured by the Compensation Committee in such a manner that the employees on exercise of such Options will be entitled to the same benefit in terms of value of equity shares of the Demerged Company as they would have received on exercise of the Options prior to the Demerger. While determining the minimum vesting period required for stock options, the Demerged Company shall take into account the period for which the Transferred Employees held stock options prior to their transfer to the Resulting Company pursuant to the Scheme.
- 8.3 While determining the minimum vesting period required for stock options, the Demerged Company shall take into account the period for which the Transferred Employees held stock options prior to their transfer to the Resulting Company pursuant to the Scheme.
- 8.4 From the Effective Date, any options that may be granted by the Demerged Company under the Existing Stock Option Scheme, shall exclude the Transferred Employees and shall only be granted to the Remaining Employees.
- 8.5 Upon the Scheme becoming effective, Existing Stock Option Scheme shall be deemed to have been suitably modified, subject to the provisions approvals/permissions/compliances as may be required under the law. The variations in the Existing Stock Option Scheme of the Demerged Company mentioned in this Clause 8, have been approved by the Compensation Committee of the Demerged Company in accordance with the Existing Stock Option Scheme. The vesting of Options in line with the Scheme will be deemed to be a compliance of the Act and other Applicable Law.
- 8.6 Further, approval granted to the Scheme by the shareholders of the Demerged Company and the Appropriate Authorities shall also be deemed to be approval granted to any modifications made to the Existing Stock Option Scheme required to give effect to the provisions of the Scheme. No further approval of the shareholders of the Demerged Company or Appropriate Authority would be required in this connection. The variations to the Existing Stock Option Schemes made pursuant to this Clause 8 are not detrimental or prejudicial to the interests of the concerned employees.

9 Legal Proceedings

- 9.1 Upon coming into effect of this Scheme, all suits, actions, administrative proceedings,



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

9.2 If any proceedings are taken or demand is made by the relevant governmental authorities against the Demerged Company in respect of matters referred in Clause 9.1 above, it shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by or against the Demerged Company in respect thereof.

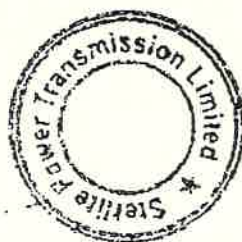
9.3 The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company referred to in Clause 9.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. Both Parties shall make relevant applications and take steps as may be required in this regard.

10 Consideration

10.1 In consideration of the Demerger, the Resulting Company shall at the election of an Eligible Members being resident, by way of delivering the Election Notice in accordance with Clause 11 below, issue and allot to such Eligible Member, either:

- (a) 1 (one) fully paid equity share of Rs 2 (Rupees two) each of the Resulting Company ("Resulting Company Equity Share") for every 5 (five) fully paid up equity shares of Rs 2 (Rupees two) each of the Demerged Company held by the said Eligible Member; or
- (b) 1 (one) fully paid-up redeemable preference share of Rs 2 (Rupees two) each at a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per redeemable preference share (the terms of which are provided in Clause 10.6 below) in the Resulting Company (the "Redeemable Preference Share") for every 5 (five) fully paid equity shares of Rs 2 (Rupees two) each of the Demerged Company held by the said Eligible Member, with the option of seeking voluntary exit in accordance with Clause 12.1 below.

10.2 In view of the provisions of Applicable Laws (which does not permit the issuance of Redeemable Preference Shares to non-residents), in consideration of the Demerger, such Eligible Members who are non-resident (including Depository in respect of the equity shares of the Demerged Company underlying the Demerged Company GDRs but other than FIIs) shall be issued and allotted 1 (one) Resulting Company Equity Share for every 5 (five) fully paid up



equity shares of Rs 2 (Rupees two) each of the Demerged Company held by them on the Record Date. All such Resulting Company Equity Shares issued under this Clause 10.2 shall, subject to Applicable Law, be purchased by the promoters of the Demerged Company and/ or their affiliates or any other person and/or entity identified by them, in the manner as stated in Clause 12.2 below.

10.3 In view of provisions of Applicable Laws, the Resulting Company shall, in consideration of the Demerger, subject to receipt of the approval of the Appropriate Authority including RBI and SEBI, and fulfilment of such other conditions including declarations and undertakings as may be required and/or prescribed by the Appropriate Authority under Applicable Laws, at the election of Eligible Members being FII, by way of delivering the Election Notice in accordance with Clause 11 below, issue and allot to such Eligible Members; either:

- (a) 1 (one) Redeemable Preference Share for every 5 (five) fully paid up equity shares of Rs 2 (Rupees two) each of the Demerged Company held by them on the Record Date; or
- (b) 1 (one) Resulting Company Equity Share for every 5 (five) fully paid up equity shares of Rs 2 (Rupees two) each of the Demerged Company held by them on the Record Date which shall be compulsorily purchased by the promoters of the Demerged Company and/ or their affiliates or any other person and/or entity identified by them, in the manner as stated in Clause 12.2 below.

10.4 In the event, approvals from the Appropriate Authority as stated in 10.3 above is not received by the Resulting Company on or before the Effective Date, notwithstanding anything to the contrary contained in the Scheme, the Resulting Company shall compulsorily issue and allot 1 (one) Resulting Company Equity Share for every 5 (five) equity shares of the Demerged Company held by such FIIs on the Record Date. All such Resulting Company Equity Shares issued under this clause shall be compulsorily purchased by the promoters of the Demerged Company and/ or their affiliates or any other person and/or entity identified by them, in the manner as stated in Clause 12.2 below.

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

10.6 Terms of issue of Redeemable Preference Shares:

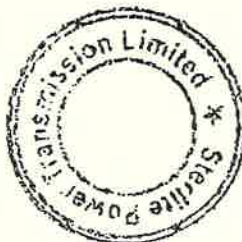
(a) Face Value

The Redeemable Preference Shares issued pursuant to Clause 10 shall have a face value of Rs 2 (Rupees two) per Redeemable Preference Share.

(b) Premium on Issue

The Redeemable Preference Shares issued pursuant to Clause 10 shall be issued at a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per Redeemable Preference Share.

(c) Coupon



The Redeemable Preference Shares shall, subject to the provisions of the Articles of Association of the Resulting Company and subject to the provisions of the Act, confer on the holders thereof a right to a fixed preferential dividend of 8% (Eight per cent) per annum in priority to the equity shares subject to deduction of taxes at source if applicable.

(d) Voting Rights

The holder of Redeemable Preference Share shall have the right to vote in general meeting of the Resulting Company in accordance with Section 47 of the Act.

(e) Redemption

The Redeemable Preference Shares are redeemable on the expiry of 18 (eighteen) months from the date of allotment thereof. Each Redeemable Preference Share shall be redeemed at a premium of Rs 123.55 (Rupees One hundred twenty three and fifty five paise) per Redeemable Preference Share.

(f) Taxation

All payments in respect of redemption of Redeemable Preference Share shall be made less any deductions or withholding for or on account of any present or future taxes or duties as required by Applicable Laws.

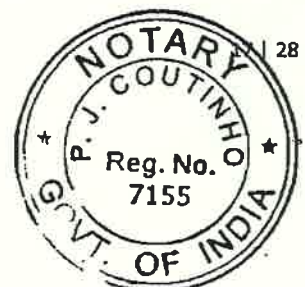
(g) Listing

The Redeemable Preference Shares shall be listed on a recognised stock exchange.

(h) Winding-up

In the event of winding up of Resulting Company, the holders of Redeemable Preference Shares shall have a right to receive repayment of the capital paid-up and arrears of dividend, whether declared or not, up to the commencement of winding up, in priority to any payment of capital on the equity shares out of the surplus of Resulting Company but shall not have any further right to participate in the profits or assets of the Resulting Company.

- 10.7 The Securities shall be fully-paid up and free of all liens, charges and Encumbrances, and shall be freely transferable in accordance with the Articles of Association of the Resulting Company.
- 10.8 The Securities issued to the members of the Demerged Company by the Resulting Company pursuant to this Clause 10 shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the Board of Directors of the Demerged Company or a committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the Securities shall be issued to such members in dematerialised form provided that the members of the Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialized Securities to the account of such member. In the event the Resulting Company has received notice from any member that Securities are to be issued in physical form or if any member has not provided the requisite details relating to his/her/its



account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue Securities in physical form to such member.

- 10.9 The Securities to be issued by the Resulting Company pursuant to this Clause 10 in respect of such of the equity shares of the Demerged Company which are held in abeyance under Section 126 of the Companies Act 2013 (erstwhile Section 206A of the Companies Act 1956) shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Resulting Company. In the event of any dispute in relation to the ownership of any equity shares of the Demerged Company, Resulting Company Equity Shares shall be issued and allotted in respect of such shares (pursuant to this Clause 10), which shares (together with any fractional entitlements) shall be held in trust for and on behalf of the holder of the equity shares of the Demerged Company by the Resulting Company, pending settlement of dispute by order of Court or otherwise.
- 10.10 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the Securities issued by the Resulting Company after the effectiveness of the Scheme under this Clause 10. The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.
- 10.11 The Securities issued under this Clause 10, may not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and the Resulting Company may elect, in its sole discretion, to rely upon an available exemption from the registration requirements of the Securities Act or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting Company elects to rely upon an exemption from the registration requirements of the Securities Act, the sanction of the High Court to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the Securities for such an exemption from the registration requirements of the Securities Act. The Resulting Company may elect, in its sole discretion, to register the Securities Act, as is required by the Securities Act.
- 10.12 The Securities issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank *pari passu* inter-se in all respects including dividends declared, voting and other rights. The issue and allotment of Securities of Resulting Company in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under Section 62 of the Companies Act, 2013 and any other applicable provisions of the Act have been complied with. Further the issue and allotment of Redeemable Preference Shares in terms of this Scheme shall be deemed to be a Private Placement in accordance with the SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013.
- 10.13 The Resulting Company shall, if necessary and to the extent required, increase its authorized share capital to facilitate issue of Securities under this Scheme. It is clarified that the approval of the members of the Resulting Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of the Resulting Company as required under Sections 13, 14, 61 and 64 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013 and the Companies Act 1956.



10.14 The Redeemable Preference Shares including those issued under this Scheme shall be listed on a recognised stock exchange. However, the Resulting Company Equity Shares, including those issued in terms of this Clause 10, shall not be listed and/or admitted on any of the stock exchanges in India. The Scheme therefore envisages an exit mechanism as set out in Clause 12 below for the Eligible Members of the Demerged Company. The Resulting Company shall apply for listing of its Redeemable Preference Shares including those issued in terms of this Clause 10 on a recognized stock exchange in terms of the SEBI Circulars.

10.15 Subject to the provisions of this Scheme including Exit Options provided under Clause 12, the Redeemable Preference Shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

11 Election Procedure

11.1 The Demerged Company shall approach the Stock Exchanges within a period of 7 (seven) business days or such other time as may be decided by the Board of the Demerged Company, from the Effective Date to ascertain the Record Date and the Eligible Members.

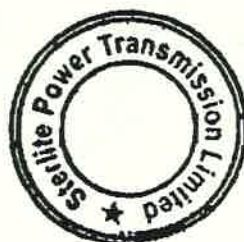
11.2 Within 7 (seven) business days from the Record Date, or such other date as may be required by the Stock Exchanges, the Demerged Company shall dispatch the format of a notice (the "Election Notice") to each Eligible Member (being resident and FIIs), which shall allow such Eligible Member (subject to receipt of requisite approvals as set out in Clause 10.3 in case of Eligible Members being FIIs), the following options, and contain or require the furnishing of such other information as may be necessary to give effect to such options:

- (a) issuance and allotment of Resulting Company Equity Shares (as consideration pursuant to Clause 10.1 and 10.3); or
- (b) issuance and allotment of Redeemable Preference Shares (as consideration pursuant to Clause 10.1 and 10.3) with an option to voluntary exit in accordance with Clause 12.1 below.

11.3 The Eligible Members being the promoter(s) and/or the promoter group of the Demerged Company shall be compulsorily issued Resulting Company Equity Shares (as consideration pursuant to Clause 10) and shall not be eligible to exercise the exit option provided under the Scheme.

11.4 Each resident Eligible Member (other than the Custodian) shall be required to submit the duly completed Election Notice to the Demerged Company on or prior to the expiry of 30 (thirty) business days from dispatch of the Election Notice, or such other date as may be required by the Stock Exchanges ("Election Period"). Eligible Members shall be required to exercise the option available to them under this Clause 11 in its entirety and not in parts.

11.5 If any resident Eligible Member has not submitted the duly completed Election Notice to the Demerged Company prior to the expiry of the Election Period or has not provided requisite details as may be required in relation to the option or where such Election Notice has not been received by Demerged Company or its registrars or the Election Notice has returned undelivered or the ownership of the equity shares of the Demerged Company is in dispute, then in that event, such resident Eligible Member shall be compulsorily allotted Resulting Company Equity Shares (as consideration pursuant to Clause 10) in the ratio as stated in Clause 10.1 above.



11.6 Within 7 (seven) business days of the expiry of the Election Period, or such other date as may be required by the Stock Exchanges, the Resulting Company shall, issue and allot (the date of issuance and allotment, the "Allotment Date"):

- (a) Redeemable Preference Shares to the Eligible Members who have opted for the Redeemable Preference Shares pursuant to Clause 11.2; and
- (b) Resulting Company Equity Shares to the Eligible Members who have opted for Resulting Company Equity Shares pursuant to Clause 11.2.

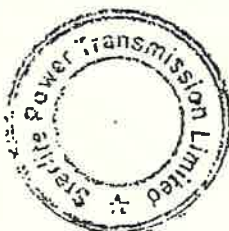
11.7 In case any shareholder's holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of a Security of the Resulting Company, the Resulting Company shall not issue any fractional shares to such shareholder but shall consolidate such fractions and issue consolidated Securities to a trustee nominated by the Resulting Company in that behalf, who shall sell such Securities to the promoters of the Demerged Company and/ or their affiliates or any other person and/ or entity identified by them, at a value per Security provided in the Scheme and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders entitled to the same in proportion to their fractional entitlements.

11.8 Notwithstanding anything set out in this Scheme and subject to the approval of the Stock Exchanges, the Demerged Company may dispatch the Election Notice to the members of the Demerged Company and complete the processes set out in Clause 11 prior to the Redeemable Preference Shares commencing trading subsequent to the Record Date for the Demerger, in which event the timelines set out in this Clause 11 shall stand modified accordingly in consultation with the Stock Exchanges.

12 Exit Options

12.1 Exit option to Redeemable Preference Shareholders

- (a) The Eligible Members, who have exercised the exit option available to them under Clause 11.2 above; shall sell the Redeemable Preference Shares to the promoters of the Demerged Company and/ or their affiliates or any other person and/ or entity identified by them ("Purchaser- RPS"), within 30 (thirty) days from the date of allotment of the Redeemable Preference Shares by the Resulting Company at a price of Rs 112.30 (Rupees One hundred twelve and thirty paise) which includes a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per Redeemable Preference Share ("Purchase Consideration- RPS") ("Exit Right/ Event").
- (b) On occurrence/ exercising of the Exit Right/ Event, the Eligible Members will within 7 (seven) business days from the receipt of the Redeemable Preference Shares, the Purchaser-RPS shall send the Purchase Consideration-RPS by the bankers cheque/demand draft at the address notified in the Election Notice or as available in the records of the Demerged Company. In the event if the bank details of the Eligible Members are notified with the registrar and transfer agent of the Demerged Company, the Purchaser-RPS may also within 7 (seven) business days of transfer of Redeemable Preference Shares, credit the Purchase Consideration-RPS by e-transfer in the bank accounts of each of the Eligible Member registered with the registrar and transfer agent of the Demerged Company. The stamp duty for the transfer shall be borne by the Purchaser-RPS for the said purpose on a pro rata basis. The Purchaser-RPS shall be deemed to include their nominees or assigns who accepts in totality the



10.14 The Redeemable Preference Shares including those issued under this Scheme shall be listed on a recognised stock exchange. However, the Resulting Company Equity Shares, including those issued in terms of this Clause 10, shall not be listed and/or admitted on any of the stock exchanges in India. The Scheme therefore envisages an exit mechanism as set out in Clause 12 below for the Eligible Members of the Demerged Company. The Resulting Company shall apply for listing of its Redeemable Preference Shares including those issued in terms of this Clause 10 on a recognized stock exchange in terms of the SEBI Circulars.

10.15 Subject to the provisions of this Scheme including Exit Options provided under Clause 12, the Redeemable Preference Shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

11 Election Procedure

11.1 The Demerged Company shall approach the Stock Exchanges within a period of 7 (seven) business days or such other time as may be decided by the Board of the Demerged Company, from the Effective Date to ascertain the Record Date and the Eligible Members.

11.2 Within 7 (seven) business days from the Record Date, or such other date as may be required by the Stock Exchanges, the Demerged Company shall dispatch the format of a notice (the "Election Notice") to each Eligible Member (being resident and FIIs), which shall allow such Eligible Member (subject to receipt of requisite approvals as set out in Clause 10.3 in case of Eligible Members being FIIs), the following options, and contain or require the furnishing of such other information as may be necessary to give effect to such options:

- (a) issuance and allotment of Resulting Company Equity Shares (as consideration pursuant to Clause 10.1 and 10.3); or
- (b) issuance and allotment of Redeemable Preference Shares (as consideration pursuant to Clause 10.1 and 10.3) with an option to voluntary exit in accordance with Clause 12.1 below.

11.3 The Eligible Members being the promoter(s) and/or the promoter group of the Demerged Company shall be compulsorily issued Resulting Company Equity Shares (as consideration pursuant to Clause 10) and shall not be eligible to exercise the exit option provided under the Scheme.

11.4 Each resident Eligible Member (other than the Custodian) shall be required to submit the duly completed Election Notice to the Demerged Company on or prior to the expiry of 30 (thirty) business days from dispatch of the Election Notice, or such other date as may be required by the Stock Exchanges ("Election Period"). Eligible Members shall be required to exercise the option available to them under this Clause 11 in its entirety and not in parts.

11.5 If any resident Eligible Member has not submitted the duly completed Election Notice to the Demerged Company prior to the expiry of the Election Period or has not provided requisite details as may be required in relation to the option or where such Election Notice has not been received by Demerged Company or its registrars or the Election Notice has returned undelivered or the ownership of the equity shares of the Demerged Company is in dispute, then in that event, such resident Eligible Member shall be compulsorily allotted Resulting Company Equity Shares (as consideration pursuant to Clause 10) in the ratio as stated in Clause 10.1 above.



terms of the Scheme. Any other liability of including under the Income Tax Act, 1961 shall be borne by the respective parties.

12.2 Exit option to non-resident Resulting Company Equity Shareholders (including Depository and FIs)

- (a) The Boards of the Demerged Company and the Resulting Company shall cause the promoters of the Demerged Company to appoint a merchant banker (Category-I) registered with the SEBI ("**Merchant Banker**") to act on behalf of and as an agent and trustee of the Eligible Members, being non-residents (including FIs and the Depository of Demerged Company GDRs) ("**Non Resident Eligible Members**") for the sale and purchase of Resulting Company Equity Shares as stated below.
- (b) Without prejudice to the aforesaid, in the event if (i) the Eligible Members being FIs (subject to receipt of requisite approvals as set out in Clause 10.3) choose to receive the Resulting Company Equity Shares in accordance with Clause 10.3(b); or (ii) all requisite approval set out in Clauses 10.2 or 10.4, as the case maybe, are not received by the Resulting Company as on the Effective Date, the Resulting Company shall for and on behalf of and in trust for the Non-Resident Eligible Members, issue and allot Resulting Company Equity Shares to the Merchant Banker and the Merchant Banker shall for and on behalf of such Non-Resident Eligible Members receive the aforesaid Resulting Company Equity Shares, subject to receipt of necessary regulatory approval, in an on-shore escrow account opened by it with a scheduled commercial bank in India to be determined by and upon terms and conditions acceptable to the Board, for this purpose ("**Escrow Account**") in the manner stated in this Clause.
- (c) Immediately upon allotment of Resulting Company Equity Shares to the Merchant Banker, the Merchant Banker shall for and on behalf of the Non-Resident Eligible Members, offer for sale the Resulting Company Equity Shares, issued and allotted to it under the Scheme, for purchase by the promoters of the Demerged Company and/or their affiliates or any other person and/or entity identified by them ("**Purchaser-Equity**") within 30 (thirty) days from the date of allotment of the Resulting Company Equity Shares by the Resulting Company at a price of Rs 112.30 (Rupees One hundred twelve and thirty paise) which includes a premium of Rs 110.30 (Rupees One hundred ten and thirty paise) per Resulting Company Equity Share ("**Purchase Consideration-Equity**") in the manner set out below.
- (d) Upon receipt of the Resulting Company Equity Shares from the Eligible Members in accordance with this Clause 12, the Merchant Banker shall on behalf of the Purchaser-Equity, send the Purchase Consideration – Equity by the banker's cheque/demand draft at the address available in the records of the Demerged Company for and on behalf of the Purchaser -Equity. In the event, if the bank details of the Non Resident Eligible Members are notified with the registrar and transfer agent of the Demerged Company, the Merchant Banker may also within 7 (seven) business days, cause the credit of the Purchase Consideration-Equity by e-transfer in the bank accounts of each of the Non Resident Eligible Members registered with the registrar and transfer agent of the Demerged Company. The Purchaser-Equity shall be deemed to include their nominees or assigns who accepts in totality the terms of the Scheme.
- (e) The said sale for and behalf of Non Resident Eligible Members by the Merchant Banker shall be deemed/ considered to be a sale by the Non Resident Eligible Member. Upon the receipt of Purchaser Consideration – Equity in relation to the aforesaid sale of the



Resulting Company Equity Shares, the Merchant Banker shall distribute such proceeds within 7 (seven) business days from receipt of such consideration from the Purchaser-Equity to the Non Resident Eligible Members (after deducting or withholding for or on account of any present or future taxes or duties as required by Applicable Laws), in the same proportion as their entitlements.

- (f) Notwithstanding anything contrary contained in any other law, the allotment of Resulting Company Equity Shares to the Merchant Banker for and on behalf of the Non Resident Eligible Members under this Scheme, shall be deemed to be allotment of equity shares to the Non Resident Eligible Members under the provisions of applicable law including that under the provisions of Section 2(19AA) of the Income Tax Act, 1961.
- (g) All the expenses including the appointment of the Merchant Banker, opening of the Escrow Account, the stamp duty for the said transfer of Resulting Company Equity Shares shall be borne by the Purchaser-Equity. The Purchaser-Equity shall be deemed to include their nominees or assigns who accepts in totality the terms of the Scheme.

12.3 The aforesaid Purchase Consideration – RPS and Purchase Consideration- Equity has been arrived based on the recommendations made in the valuation reports issued by two independent valuers i.e. Price Waterhouse & Co. LLP and Haribhakti & Co.

12.4 The exit options provided in the Scheme are fair just, equitable and reasonable. In view of option provided under Clause 10 and exit options provided under Clause 12, the non-listing of Resulting Company Equity Shares will not adversely affect the rights of the shareholders of the Demerged Company regarding sale and disposal of the Resulting Company Equity Shares and Redeemable Preference Shares.

13 Dividends

13.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date in the ordinary course.

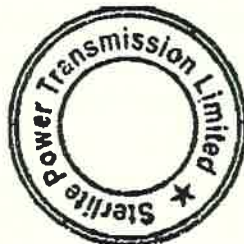
13.2 Upon the Scheme becoming effective, on and from the Appointed Date, the profits of the Demerged Undertaking shall belong to and be the profits of the Resulting Company and will be available to Resulting Company for being disposed of in any manner as it thinks fit.

13.3 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 equity shareholder of Demerged Company and/or Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Demerged Company and Resulting Company respectively, subject to such approval of the shareholders, as may be required.

14 Accounting by the Demerged Company and the Resulting Company

14.1 Accounting treatment in the books of the Demerged Company:

- (a) Upon the Scheme becoming effective, the Demerged Company shall reduce the book value of assets and liabilities pertaining to the Demerged Undertaking, as on the Appointed Date, from its books of account.;



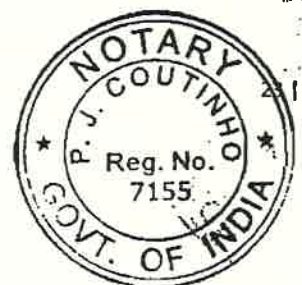
- (b) The difference, being the excess of book value of assets over the book value of liabilities of the Demerged Undertaking, transferred by Demerged Company to the Resulting Company shall be adjusted against the securities premium account of the Demerged Company and balance, if any, shall be first adjusted against the general reserve account of the Demerged Company and thereafter against profit and loss account of the Demerged Company.
- (c) The reduction, if any, in the securities premium account of the Demerged Company shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 of the Companies Act, 2013 and Sections 100 - 103 of the Companies Act, 1956 and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. The Demerged Company shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.
- (d) All existing shares held by the Demerged Company in the Resulting Company shall stand cancelled, without any further act or deed as an integral part of this Scheme in accordance with Clause 20. The loss on such cancellation shall be debited to profit and loss account of the Demerged Company.

14.2 In the books of the Resulting Company

- (a) Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same value appearing in the books of Demerged Company on the close of business on 31 March 2015.
- (b) The Resulting Company shall credit its share capital account in its books of account with the aggregate face value of the Securities issued to the shareholders of Demerged Company pursuant to Clause 10 of this Scheme. Further, the Resulting Company shall credit to its securities premium account, the aggregate premium on Securities issued by it pursuant to Clause 10. The securities premium recorded by the Resulting Company shall be applied as per the provisions of Section 52 of the Companies Act, 2013.
- (c) The difference, being the excess of value of Net Assets Value of the Demerged Undertaking transferred from the Demerged Company and recorded by the Resulting Company in accordance with Clause 14.2(a) above, over the amount credited as share capital and securities premium account as per Clause 14.2(b), and after adjusting the reduction in the capital of the Resulting Company pursuant to Clause 20 below, shall be credited to capital reserve of the Resulting Company and the deficit, if any, shall be debited to goodwill account of the Resulting Company. Such goodwill, if any, shall be amortised over a period of 5 years from the Appointed Date.

Explanation:

"Net Assets Value" for the purpose of this Clause shall be computed as the book value of the assets of the Demerged Company pertaining to the Demerged Undertaking



transferred to the Resulting Company less the book value of the liabilities pertaining to the Demerged Undertaking becoming liabilities of the Resulting Company.

- (d) If considered appropriate for the purpose of application of uniform accounting methods and policies between the Demerged Company and the Resulting Company, the Resulting Company may make suitable adjustments and adjust the effect thereof in its securities premium account.

15 Remaining Undertaking

- 15.1 The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and remain vested in and be managed by the Demerged Company.
- 15.2 All legal, taxation and / or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the remaining business) shall be continued and enforced against the Demerged Company.
- 15.3 If proceedings are taken against the Resulting Company in respect of matters referred to in Clause 15.2 above relating to the Remaining Undertaking, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company, against all liabilities and obligations incurred by the Resulting Company in respect thereof.

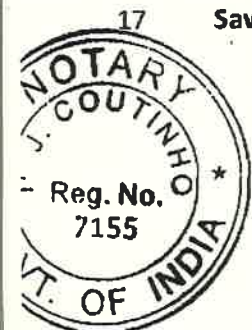
16 Authorised Share Capital

- 16.1 Upon the Scheme being effective, and prior to issuance of Securities under Clause 10 above, the Authorised Capital of the Resulting Company shall stand increased and the existing capital clause contained in the Memorandum of Association of the Resulting Company shall, upon coming into effect of this Scheme, be altered and substituted pursuant to Sections 13 and 61 of the Companies Act 2013 and Section 394 and other applicable provisions of the Companies Act 1956 and Companies Act 2013, as follows:

"The Authorised Share Capital of the Company is Rs. 23,28,00,000 (Rupees twenty three crores twenty eight lakhs) divided into 8,00,00,000 (Rupees eight crores) Equity Shares of Rs. 2 (Rupees) each and 3,64,00,000 (Rupees three crores sixty four lakhs) Redeemable Preference Shares of Rs. 2 (Rupees two) with a power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force."

- 16.2 It is clarified that the approval of the members of the Resulting Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of the Resulting Company as required under Sections 13, 14, 61 and 64 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013 and the Companies Act 1956.

17 Saving of Concluded Transactions



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

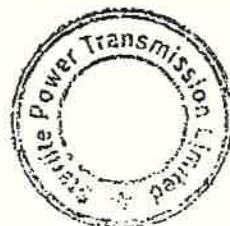
18 Conduct of the business of the Demerged Undertaking

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

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

19 Modification of Scheme

- 19.1 The Demerged Company and Resulting Company by their respective Board of Directors or any Committee thereof or any Director authorized in that behalf (hereinafter referred to as the "Delegate") may assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the High Court(s) or any authorities under law may deem fit to approve of or impose and which the Demerged Company and Resulting Company may in their discretion accept such modifications or amendments or additions as the Demerged Company and Resulting Company or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise for carrying out this Scheme, and the Demerged Company and Resulting Company by their respective Boards of Directors or Delegate are hereby authorised to do, perform and execute



all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the High Court or any authorities, which the Demerged Company or any of the Resulting Company find unacceptable for any reason, then Demerged Company and the Resulting Company shall be at liberty to withdraw the Scheme. The aforesaid powers of the Demerged Company and the Resulting Company may be exercised by the Delegate of the respective Companies.

- 19.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of the Demerged Company and the Resulting Companies may give such directions as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective Companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those conditions (to the extent permissible under law).

PART – III

20 Reduction and reorganization of the share capital of Resulting Company

- 20.1 Simultaneously with the issue and allotment of the Securities by the Resulting Company to the equity shareholders of the Demerged Company in accordance with Clause 10 of this Scheme, in the books of the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date which shall be regarded as reduction of share capital. The order of the High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

The consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be the consent of its shareholders for the purposes of effecting the above reduction, if any, under provisions of Section 100 to 103 of the Act, and no further resolution under Section 100 to 103 of the Act or any other applicable provisions of the Act, would be required to be separately passed. The Resulting Company shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

PART – IV

GENERAL PROVISIONS

21 Immediately upon the Scheme being effective:

- 21.1 the Demerged Company and the Resulting Company shall enter into shared services agreements *inter alia* in relation to use by the Resulting Company of office space, infrastructure facilities, club membership facilities, information technology services, security personnel, legal, administrative and other services, etc. of the Demerged Company on such terms and conditions that may be agreed between the Parties and on payment of consideration on an arm's length basis and which are in the ordinary course of business.



- 21.2 The reduction, if any, in the securities premium account of the Demerged Company shall be effected as an integral part of the Scheme in accordance with the provisions of Section 52 of the Companies Act, 2013 and Sections 100 - 103 of the Companies Act, 1956 and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.

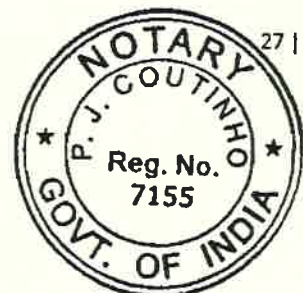
The consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be the consent of its shareholders for the purposes of effecting the above reduction, if any, under provisions of Section 52 of the Companies Act, 2013 and Sections 100 - 103 of the Companies Act, 1956 and no further resolution under Section 100 - 103 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

- 22 The Board of the Demerged Company and the Board of the Resulting Company may assent to any modifications or amendment to the Scheme or agree to any terms and/or conditions which the Appropriate Authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for setting any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.
- 23 The Resulting Company and the Demerged Company, with the approval of their respective Board, shall be entitled to issue bonus shares, rights issue, reclassify, consolidate, sub-divide and/or split their shares subject to requirements pursuant to commitments, obligations or arrangements existing prior to the Scheme coming into effect.
- 24 Notwithstanding anything contained herein, the order of the High Court sanctioning the Scheme shall be adjudicated at the jurisdiction of the registered office of the Resulting Company. Further, since the Scheme is an arrangement between a holding company and its wholly owned subsidiary, the provisions of the Notification No. 1 dated 16 January 1937 will be applicable.

For the purpose of giving effect to the Scheme or to any modification thereof, the Board of the Demerged Company are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise during implementation of the Scheme.

- 25.1 The Scheme is conditional on and subject to:

- (a) the Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and/or creditors of the Parties to the Scheme as may be directed by the High Court or any other Appropriate Authority, as may be applicable;
- (b) the Parties complying with other provisions of the SEBI Circulars, including the requirements stated in Clause 25.1(a) above;
- (c) the sanction or approval of the Appropriate Authorities including the Reserve Bank of India being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required; and
- (d) the sanction of the High Court, under Sections 391 to 394 of the Act read with Section 52 of the Companies Act 2013 and Sections 100-103 of the Companies Act, 1956 in



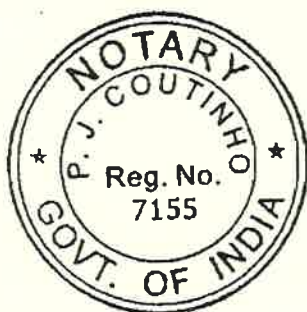
favour of the Demerged Company and Resulting Company to the necessary order or orders under Section 394 of the Act, being obtained.

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



For Sterlite Power Transmission Limited,

Authorised Signatory



TRUE-COPY

SSS at
6-5-16
(S. S. AGATE)
I/C. COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY



IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTIONCOMPANY SCHEME PETITION NO. 68 OF 2016
CONNECTED WITH
COMPANY SUMMONS FOR DIRECTION NO. 845 OF 2015

Sterlite Power Transmission Limited

...Petitioner company

Mr.Anindya Basarkod with Himanshu Vidhani I/b. Khaitan & Co. for Petitioner.
Mr.Rashin Boatwalla I/b. M.K. Ambalal & Co. for National Stock Exchange Indai Ltd.
Mr.Arun Kumar Roy I/b. A.A. Ansari for RD.

CORAM : S.C. GUPTE, J.

29 APRIL 2016

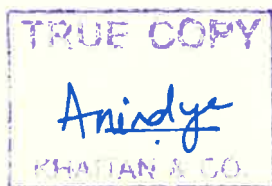
P.C.:

In the cause title of the order dated 22 April 2016, the name "Sterlite Power Technologies Limited" may be corrected as "Sterlite Power Transmission Limited."

(S.C. Gupta, J.)



TRUE COPY
[Signature]
3-5-16
Section Officer
High Court, Appellate Side
Bombay



TRUE-COPY
[Signature]
6.5.16
(S. S. AGATE)
I/C. COMPANY REGISTRAR
HIGH COURT (O.S.)
BOMBAY

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IN THE HIGH COURT OF JUDICATURE AT
BOMBAY
ORDINARY ORIGINAL CIVIL
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COMPANY SCHEME PETITION NO. 67 OF
2016
CONNECTED WITH
COMPANY SUMMONS FOR DIRECTION
NO. 844 OF 2015

Sterlite Technologies
Limited

...Petitioner Company



**AUTHENTICATED COPY OF THE
MINUTES OF ORDER DATED 22nd
APRIL, 2016 ALONG WITH SCHEME**

Applied for authenticated copies on... 22/4/16
Authenticated copies submitted on... 02/05/16
Engrossed on 06/05/16
Examined by *elvel*
Compared with..... *Virela*
Ready on..... 06 MAY 2016
Delivered on..... 06 MAY 2016

M/S. KHAITAN & CO.
Advocates for the Petitioner Company
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Mumbai 400 013