



PHILIPS INDIA LIMITED

Registered Office	:	3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal
Tel No	:	+91 124 4606000
Fax No:	:	+91 124 4606666
CIN	:	U31902WB1930PLC006663
Website	:	www.philips.co.in
Email	:	rajiv.mathur@philips.com

TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS

Day	:	Friday
Date	:	February 19, 2021
Time	:	3.00 P.M.
Mode	:	Video Conference/ other Audio Visual Mode

REMOTE E-VOTING:

Commencing on	:	February 15, 2021 at 9.00 A.M.
Ending on	:	February 18, 2021 at 5.00 P.M.

E-voting facility shall also be available to the Secured Creditors of the Applicant Company during the Meeting.

Sl. No.	Contents	Page No.
1.	Notice of Tribunal Convened Meeting of the secured creditors of Philips India Limited convened as per the directions of the Kolkata Bench of the National Company Law Tribunal for seeking their consent and approval to the Composite Scheme of Arrangement amongst Philips India Limited, Preethi Kitchen Appliances Private Limited, Philips Domestic Appliances India Limited and their respective shareholders, under Sections 230 - 232 of the Companies Act, 2013.	3 - 10
2.	Explanatory Statement under Section 230(3) of the Companies Act, 2013, read with Section 102 of the Companies Act, 2013 and Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.	11 - 39
3.	Composite Scheme of Arrangement amongst Philips India Limited, Preethi Kitchen Appliances Private Limited, Philips Domestic Appliances India Limited and their respective shareholders, under Sections 230 - 232 of the Companies Act, 2013, enclosed as Annexure 1 .	40 - 110
4.	Report adopted by the Board of Directors of Philips India Limited pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013, enclosed as Annexure 2 .	111 - 117
5.	Report adopted by the Board of Directors of Preethi Kitchen Appliances Private Limited pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013, enclosed as Annexure 3 .	118 - 124
6.	Report adopted by the Board of Directors of Philips Domestic Appliances India Limited pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013, enclosed as Annexure 4 .	125 - 130
7.	Supplementary accounting statement of Philips India Limited for the period ending September 30, 2020, enclosed as Annexure 5 .	131 - 132
8.	Supplementary accounting statement of Preethi Kitchen Appliances Private Limited for the period ending September 30, 2020, enclosed as Annexure 6 .	133 - 134
9.	Copies of valuation reports, enclosed as Annexure 7 .	135 - 157

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH, AT KOLKATA**

C.A. (CAA) NO. 1157/KB OF 2020

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 of the Companies Act, 2013 and other applicable provisions of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Composite Scheme of Arrangement amongst Philips India Limited, Preethi Kitchen Appliances Private Limited and Philips Domestic Appliances India Limited and their respective shareholders

And

In the matter of:

Philips India Limited (CIN: U31902WB1930PLC006663), a company, incorporated under the Companies Act, 1913, having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal;

And

Philips Domestic Appliances India Limited (CIN: U29308WB2020PLC238116), a company, incorporated under the Companies Act, 2013, having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town, Kolkata – 700156, West Bengal, India;

And

Preethi Kitchen Appliances Private Limited (CIN: U36993MH2011PTC213827), a company, incorporated under the Companies Act, 1956, having its registered office at Raheja Platinum, Sag Baug Road, Off, Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra.

Philips India Limited (CIN: U31902WB1930PLC006663),)
a company, incorporated under the Companies Act, 1913,)
having its registered office at 3rd Floor, Tower A, DLF IT Park,)
08 Block AF Major Arterial Road, New Town (Rajarhat))
Kolkata – 700156, West Bengal.)
) **...Applicant Company/Demerged Company**

FORM NO. CAA-2

NOTICE CONVENING THE TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS OF PHILIPS INDIA LIMITED

Notice is hereby given that by an order dated January 5, 2021, the Kolkata Bench of the National Company Law Tribunal (“NCLT”, and such order, the “Order”) has directed a meeting to be held of the secured creditors of Philips India Limited (“Applicant Company”/ “PIL”/ “Demerged Company”) for the purpose of considering, and if thought fit, approving with or without modification, the proposed composite scheme of arrangement amongst the Applicant Company, Preethi Kitchen Appliances Private Limited (hereinafter referred to as “Preethi” or the “Amalgamating Company”), Philips Domestic Appliances India Limited (hereinafter referred to as “Philips Domestic Appliances” or the “Resulting Company”) and their respective shareholders, pursuant to the provisions of Sections 230 - 232 of the Companies Act, 2013 and the rules framed thereunder (“Act”) (the “Scheme”).

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of the secured creditors of the Applicant Company will be held on Friday, February 19, 2021 at 3.00 P.M. (“Tribunal Convened Meeting” or “Meeting”) through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”), at which time the secured creditors are requested to attend the Meeting.

Copies of the Scheme, this Notice and the Explanatory Statement under Section 230 (3) of the Act and all documents referred to therein shall be available on the website of the Applicant Company (www.philips.co.in) and can also be obtained free of charge at the registered office of the Applicant Company at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal, on all days, except Saturday, Sunday and public holidays, between 11:00 A.M. and 1:00 P.M., up to and including the date of the Meeting..

The NCLT has appointed Mr. D.N Sharma, Advocate to be the Chairperson and Mr. Rishav Banerjee, Advocate to be the Alternate Chairperson of the said Tribunal Convened Meeting. The above-mentioned Scheme, if approved at the Tribunal Convened Meeting, will be subject to the subsequent approval of the NCLT.

TAKE NOTICE that the following resolutions are proposed under Sections 230(3) of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the provisions of the Memorandum of Association and Articles of Association of the Applicant Company, for the purpose of considering, and if thought fit, to assent/ dissent for the following resolutions:

“RESOLVED THAT pursuant to the provisions of Sections 230 - 232 of the Companies Act, 2013, and any other applicable provisions of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the rules, circulars and notifications made thereunder, as may be applicable, and relevant provisions of other applicable laws, the provisions of the Memorandum of Association and Articles of Association of Philips India Limited (“Company”), and subject to the approval of the Kolkata Bench of the National Company Law Tribunal, the Mumbai Bench of the National Company Law Tribunal and such other approvals, permissions and sanctions of regulatory or governmental and other authorities or tribunals, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by the Kolkata Bench of the National Company Law Tribunal, the Mumbai Bench of the National Company Law Tribunal, or by any regulatory or other authorities or tribunal, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to mean and include one or more committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this resolution), the proposed arrangement embodied in the composite scheme of arrangement amongst the Company, a public limited company, having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal, Preethi Kitchen Appliances Private Limited, a private limited company, having its registered office at Raheja Platinum, Sag Baug Road, Off, Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra, Philips Domestic Appliances India Limited, a public limited company, having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town, Kolkata-700156, West Bengal and their respective shareholders (“Scheme”),

as enclosed to the notice of this meeting of the secured creditors of the Company and as placed before this meeting, be and is hereby approved with or without modification and for conditions, if any, which may be required and/or imposed and/or permitted by the Kolkata Bench of the National Company Law Tribunal or the Mumbai Bench of the National Company Law Tribunal while sanctioning the Scheme and/or by any other tribunal or governmental authority, without being required to seek any further consent or approval of the secured creditors of the Company.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board, be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper; and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, settling of any questions or difficulties arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of the Scheme and if necessary, to waive any of those, and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect or to carry out such modifications/directions as may be required and/or imposed and/or permitted by the Kolkata Bench of the National Company Law Tribunal and/or the Mumbai Bench of the National Company Law Tribunal, while sanctioning the Scheme, or by any governmental authorities, or to approve withdrawal (and where applicable, re-filing) of the Scheme at any stage for any reason including in case any changes and/or modifications are suggested/required to be made in the Scheme or any condition suggested, required or imposed, whether by any shareholder; creditor; the relevant benches of the National Company Law Tribunal, and/or any other authority, are in its view not acceptable to the Company, and/or if the Scheme cannot be implemented otherwise, and to do all such acts, deeds and things as it may deem necessary and desirable in connection therewith and incidental thereto, without being required to seek any further consent or approval of the secured creditors of the Company.”

TAKE FURTHER NOTICE THAT in pursuance of the said Order, a meeting of the secured creditors is scheduled to be held on Friday, February 19, 2021 at 3.00 P.M., through VC/OAVM when you are requested to attend.

TAKE FURTHER NOTICE THAT in compliance with the provisions of the Act, the Applicant Company has provided the facility of remote e-voting (in addition to e-voting at the Meeting) so as to enable the secured creditors, to consider and approve the Scheme by way of the aforesaid resolution. Accordingly, the Applicant Company is offering remote e-voting facility to the secured creditors and the remote e-voting period commences from February 15, 2021 at 9.00 A.M. and ends on February 18, 2021 at 5.00 P.M.. In view of the ongoing COVID-19 pandemic and with the objective to maintain social distancing, the Meeting shall be conducted through VC/OAVM for which the Applicant Company is also providing the facility of e-voting during the Meeting to the secured creditors attending the Meeting.

TAKE FURTHER NOTICE THAT each secured creditor can opt for only one mode of voting i.e., either e-voting at the Meeting or by remote e-voting. In case of any secured creditor exercising its right to vote via both modes, i.e., casting vote by remote e-voting and also during the Meeting, then remote e-voting shall prevail over voting by the said secured creditor during the Meeting. In such cases, the vote cast during the Meeting by the secured creditor shall be treated as invalid.

A copy of the Explanatory Statement under Section 230(3) of the Act, read with Section 102 of the Act and Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“**Merger Rules**”) along with copy of the Scheme and other annexures, as indicated in the index, are enclosed herewith.

Dated at this January 12, 2021

Sd/-
Mr. Dharendra Nath Sharma
Chairperson appointed for the Meeting

Registered Office:

Philips India Limited

3rd Floor, Tower A, DLF IT Park, 08 Block AF
Major Arterial Road, New Town (Rajarhat) Kolkata –
700156, West Bengal

Notes:

1. In view of the COVID – 19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circulars dated April 8, 2020, April 13, 2020, June 15, 2020, September 28, 2020 and December 31, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of general meetings through VC/OAVM, without the physical presence of the members at a common venue. In accordance with the provisions of the Companies Act, 2013 and the rules framed thereunder, the MCA Circulars and the directions of the Kolkata bench of the NCLT vide its Order dated January 5, 2021, this Meeting of the secured creditors is being held through VC/OAVM. The proceedings of the meeting shall however be deemed to be conducted at the registered office of the Applicant Company which shall be the deemed venue of the meeting.
2. Since this Meeting is being held through VC/OAVM, physical attendance of secured creditors has been dispensed with. Accordingly, the facility for appointment of proxies by the secured creditors will not be available for the Meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Only such secured creditors of the Applicant Company may attend and/or e-vote (either in the Meeting through VC/OAVM or through remote e-voting), whose names appear in the statutory auditor’s certificate certifying the list of secured creditors of the Applicant Company as on August 31, 2020, as has been filed with the Kolkata bench of the NCLT. A person/ entity who is not a secured creditor on such date should treat the notice for information purposes only and shall not be entitled to avail the facility of voting at the venue of the Meeting.
4. A body corporate which is a secured creditor of the Applicant Company is entitled to appoint an authorized representative for the purpose of participating and/ or voting during the meeting held through VC/OAVM. Further, such body corporates (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned certified copy (pdf. file) of the relevant resolution/ authority letter/power of attorney of the board of directors or other governing body of the body corporate, authorizing such representative to attend and vote at the Meeting together with attested specimen signature(s) of the duly authorized representative(s), to the scrutinizer at pandey.madhu4@gmail.com from their registered email address with a copy marked to rajiv.mathur@philips.com, no later than 48 hours before the scheduled time of the Meeting. It is also requested to upload the same in the e-voting module in their login.
5. The Notice, together with the documents accompanying the same, is being sent physically by permitted modes to all the secured creditors whose names appear in the statutory auditor’s certificate certifying the list of secured creditors of the Applicant Company as on August 31, 2020, to their last known addresses as are available with the Applicant Company. For secured creditors whose e-mail ids are available with the Applicant Company, soft copies of the notice (together with the documents accompanying the same) shall also be sent to such email addresses. In case any such secured creditors whose email addresses are not registered with the Applicant Company, wish to receive a soft copy of the Notice, they are requested to send an e-mail to rajiv.mathur@philips.com, along with scanned copy of the request letter duly signed by creditor(s) providing the email address, mobile number & self-attested PAN copy for sending the Notice of Meeting and the e-voting instructions by February 10, 2021 and a soft copy of this Notice will be provided to such secured creditors.
6. In terms of the provisions of Section 107 of the Companies Act 2013, since the resolutions as set out in this Notice are being conducted through e-voting (including remote e-voting), the said resolutions will not be decided on a show of hands at the Meeting.
7. Since the Meeting will be held through VC / OAVM, the Route Map is not annexed in this Notice.
8. In terms of the Order of the NCLT dated January 5, 2021, the quorum of the meeting of the secured creditors of the Applicant Company shall be as prescribed under Section 103 of the Act. Further, the Order also directs that in case the required quorum for the Meeting is not present within 30 minutes from the commencement of the Meeting, then the persons present shall constitute quorum.

9. This Notice and the Explanatory Statement and all documents referred to herein will be available for inspection by the secured creditors (i) on the website of the Applicant Company; and (ii) at the registered office of the Applicant Company on all days, except Saturday, Sunday and public holidays, between 11:00 A.M. and 1:00 P.M., up to and including the date of the Meeting.
10. The Applicant Company has engaged the services of Kfin Technologies Private Limited for facilitating remote e-voting and e-voting during the said Meeting to be held through VC/OAVM on February 19, 2021. The secured creditors are requested to follow the instructions mentioned in the Note below
11. The voting by secured creditors through remote e-voting shall commence at 9.00 A.M. on February 15, 2021 and shall close at 5.00 P.M. on February 18, 2021. During this period, secured creditors may cast their vote electronically. The remote e-voting module shall be disabled by 5:00 P.M. on February 18, 2021 for voting thereafter. Those secured creditors, who will be present in the Meeting through VC/OAVM facility and have not cast their vote on the resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the Meeting. Secured creditors who cast their votes through remote e-voting may attend the Meeting but shall not be entitled to cast their vote during the Meeting.
12. The secured creditors can opt only one mode for voting i.e., remote e-voting or e-voting during the Meeting. Once the vote on the resolution is cast by the secured creditor, he or she will not be allowed to change it subsequently.
13. In terms of the Order of the NCLT, the Notice convening the Meeting will be published through advertisement once each in Kolkata edition of 'Business Standard' in English and 'AAJKAL' in Bengali indicating the day, date and time of the Meeting and stating that the copies of the Scheme and the explanatory statement required to be furnished pursuant to Sections 230 - 232 of the Act are being sent with the Notice.
14. The NCLT vide its Order dated January 5, 2021 has appointed Ms. Madhuri Pandey Pr. C.S. , as the scrutinizer for the Meeting.
15. The scrutinizer will submit her report to the chairperson of the Meeting after scrutinizing the voting by secured creditors of the Applicant Company through (i) remote e-voting process; and (ii) e-voting during the Meeting.
16. The secured creditors can join the Meeting through VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice.
17. The voting rights of a secured creditor shall be in proportion to such secured creditor's outstanding value/ amount (due to the secured creditor by the Applicant Company) as on August 31, 2020 as specified in the statutory auditor's certificate certifying the list of secured creditors of the Applicant Company as on August 31, 2020, as has been filed with the Kolkata bench of the NCLT.
18. Any queries/grievances in relation to remote e-voting or e-voting at the Meeting may be addressed to the Company Secretary of the Applicant Company through e-mail at rajiv.mathur@philips.com or may be addressed to Kfin Technologies Private Limited, Registrar and Transfer Agent through e-mail at einward.ris@kfintech.com.
19. The results declared along with the Scrutinizer's Report shall be hosted on the website of the Applicant Company i.e. www.philips.co.in and on the website of KFintech i.e. <https://evoting.kfintech.com>. The resolutions shall be deemed to be passed at the registered office of the Applicant Company on the date of the Meeting, subject to receipt of the requisite number of votes in favour of the resolutions.

**THE INSTRUCTIONS FOR SECURED CREDITORS FOR REMOTE E-VOTING AND E-VOTING ARE AS UNDER:-
PROCEDURE FOR JOINING THE MEETING THROUGH VC/ OAVM:**

The Applicant Company will provide VC/ OAVM facility to its secured creditors for participating in the Meeting. Secured creditors will be able to attend the Meeting through VC/OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their remote e-voting login <https://evoting.kfintech.com> credentials.

- I. A person, whose name appears in the statutory auditor's certificate certifying the list of secured creditors of the Applicant Company as on August 31, 2020, as has been filed with the Kolkata bench of the NCLT, only shall be entitled to avail the facility of remote e-voting or for participation at the Meeting and voting through Insta Poll thereat. A person who is not an secured creditor as on the aforementioned date and whose name does not appear in the aforementioned list, should treat the Notice for information purpose only.
- II. Any person who is an secured creditor, whose name appears in the statutory auditor's certificate certifying the list of secured creditors of the Applicant Company as on August 31, 2020, as has been filed with the Kolkata bench of the NCLT, will be assigned a User ID and Password which will be communicated along with the Notice being sent through physical mode and via e-mail at the last known e-mail address as available with the Applicant Company. Please also see details under remote e-voting instructions below regarding User ID and Password.
- III. Secured creditors are requested to follow the procedure given below:
 - (a) Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
 - (b) Enter the login credentials (i.e., User ID and password for e-voting)
 - (c) After logging in, click on "Video Conference" option
 - (d) Then click on camera icon appearing against Meeting event of "Philips India Limited" to attend the Meeting.
- IV. Secured creditors who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the remote e-voting instructions.
- V. Secured creditors are encouraged to join the Meeting through laptops with Google Chrome for better experience.

Further, secured creditors will be required to allow camera, if any, and are requested to use internet with a good speed to avoid any disturbance during the meeting.

Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- VI. Facility to join the meeting shall be opened 30 minutes before the scheduled time of the Meeting and shall be kept open throughout the proceedings of the Meeting.
- VII. Secured creditors who need assistance before or during the Meeting, can contact KFintech on toll free number: 1800 345 4001.
- VIII. Login to the VC/ OAVM platform using the e-voting credentials by the secured creditors shall be considered for record of attendance of such secured creditors for the Meeting, and the attending of Meeting upon its commencement will be counted for the purpose of reckoning the quorum in terms of the Order.

Remote E-voting

Secured creditors may cast their votes remotely, using an electronic voting system (“**remote e-voting**”). The remote e-voting period commences at 9:00AM on February 15, 2021 and ends at 5:00 PM on February 18, 2021. The remote e-voting module will be disabled by Kfintech for voting thereafter.

E-voting at the Meeting

The facility for voting through electronic voting system will also be made available at the Meeting (“**Insta Poll**”) and secured creditors attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Insta Poll.

Facility to cast vote through Insta Poll will be made available on the video conferencing screen and will be activated once the Insta Poll is announced at the Meeting.

Secured creditors may click on the “Thumb sign” on the left-hand corner of the video screen to take them to the “Insta Poll” page. Secured creditors may click on the “Insta Poll” icon to reach the resolution page and vote on the resolutions.

The manner of e-voting by Secured creditors is provided in the instructions given below:

A. Information and instructions relating to e-voting are as under:

- (i) The secured creditors who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is cast by an secured creditor, whether partially or otherwise, the secured creditor shall not be allowed to change it subsequently or cast the vote again.
- (ii) A secured creditor can opt for only single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Insta Poll). If an secured creditor casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as “INVALID”.
- (iii) On the voting page, you may cast your vote seeking the appropriate option (i.e. “FOR” or “AGAINST”) and click on ‘SUBMIT’. You may also choose to “ABSTAIN” and vote will not be counted under either head.
- (iv) In case any of the creditors do not cast their vote, then it will be treated as they have abstained themselves from voting.
- (v) Voting has to be done for each item of the Notice separately.
- (vi) A confirmation box will be displayed. Click “OK” to confirm, else “CANCEL” to modify.
- (vii) Once you confirm, you will not be allowed to modify your vote.
- (viii) The Applicant Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by such secured creditors whose names appear in the statutory auditor’s certificate certifying the list of secured creditors of the Applicant Company as on August 31, 2020, as has been filed with the Kolkata bench of the NCLT who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.

B. Information and instructions for remote e-voting:

- (i) **In case an secured creditor receives an e-mail from the Applicant Company / Kfintech (for secured creditors whose e-mail addresses are available/registered with the Applicant Company):**
 - a. Launch internet browser by typing the URL: <https://evoting.kfintech.com>
 - b. Enter the login credentials (User ID and password given in the e-mail).
 - c. After entering these details appropriately, click on “LOGIN”.

- d. You will now reach password change menu wherein you are required to mandatorily change your password upon logging in for the first time. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - e. You need to login again with the new credentials.
 - f. On successful login, the system will prompt you to select the E-Voting Event Number (EVEN) for Philips India Limited.
 - g. On the voting page, you may cast your vote seeking the appropriate option (i.e. “FOR” or “AGAINST”) and click on ‘SUBMIT’. You may also choose to “ABSTAIN” and vote will not be counted under either head.
 - h. A confirmation box will be displayed. Click “OK” to confirm, else “CANCEL” to modify.
 - i. Once you confirm, you will not be allowed to modify your vote.
 - j. In case any of the creditors do not cast their vote, then it will be treated as they have abstained themselves from voting.
 - k. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
 - l. Body corporates are required to send legible scanned certified true copy (in PDF Format) of the board resolution / power of attorney / authority letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the scrutinizer at e-mail id: pandey.madhu4@gmail.com from their registered email address with a copy marked to rajiv.mathur@philips.com, no later than 48 hours before the scheduled time of the Meeting. It is also requested to upload the same in the e-voting module in their login.
- (ii) **In case of an secured creditor whose e-mail address is not registered / updated with the Applicant Company, please follow the following steps to generate your login credentials:**
- a. Secured creditors whose names appear in the statutory auditor’s certificate certifying the list of secured creditors of the Applicant Company as on August 31, 2020, as has been filed with the Kolkata bench of the NCLT, who have not registered / updated their email addresses with the Applicant Company, are requested to register / update the same by writing to rajiv.mathur@philips.com with a copy to einward.ris@kfintech.com and attaching a self-attested copy of PAN card.
 - b. After due verification, the Applicant Company / KFintech will forward your login credentials to your registered email address.
 - c. Follow the instructions provided above to cast your vote.

Submission of Questions/ queries prior to the Meeting: Relevant secured creditors of the Applicant Company desiring any additional information or having any question or query are requested to e-mail Applicant Company at rajiv.mathur@philips.com at least 2 days before the date of the Meeting so as to enable Applicant Company to keep the information ready. Alternatively, secured creditors may also visit <https://evoting.kfintech.com> and click on the tab “Post Your Queries Here” to post their queries/ views/questions in the window provided, by mentioning their name, corporate name (if applicable) and User ID. The window shall be activated from February 10, 2021 to February 16, 2021. Such questions by the secured creditors shall be taken up during the Meeting and replied to by the Applicant Company suitably.

Speaker Registration before the Meeting: In addition to the above, speaker registration may also be allowed during the period from February 10, 2021 to February 16, 2021. Secured creditors who wish to register as speakers during such period are requested to visit <https://evoting.kfintech.com/> and click on ‘Speaker Registration’ during this period. The secured creditors shall be provided with a ‘queue number’ before the Meeting. Secured creditors are requested to remember the same and wait for their turn to be called by the Chairperson of the Meeting during the question & answer session. Due to inherent limitation of transmission and

coordination during the Meeting, the Applicant Company may have to dispense with or curtail the question & answer session. Hence, secured creditors are encouraged to send their questions/queries etc., in advance as provided above.

While the Applicant Company will be sending this Notice via e-mail or physically via permitted modes, at the last known addresses of the relevant secured creditors as is available with Applicant Company, however, the secured creditors are requested to keep their email addresses validated/ updated with the Applicant Company to enable servicing of Notice and other related communications (if any) electronically to their email address in future.

In case of any query pertaining to e-voting, secured creditors may refer to the “Help” and “FAQs” sections / E-voting user manual available through a dropdown menu in the “Downloads” section of Kfintech’s website for e-voting: <https://evoting.kfintech.com> or call Kfintech on 1800 345 4001 (toll free).

Secured creditors are requested to also note the following contact details for addressing e-voting grievances:

Mr. Anil Dalvi
Manager

KFin Technologies Private Limited
Selenium Tower B, Plot 31 - 32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032
Telephone: +91 - 40 6716 2222/ 6716 1631
Fax: +91 - 40 2342 0814
E-mail: inward.ris@kfintech.com.

Encl: As above.

EXPLANATORY STATEMENT UNDER SECTIONS 230(3) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS OF PHILIPS INDIA LIMITED

1. Pursuant to an order dated January 5, 2021, passed by the Kolkata Bench of the National Company Law Tribunal (“NCLT”) in the abovementioned C.A. (CAA) NO. 1157/KB OF 2020 (“Order”), a meeting of the secured creditors of Philips India Limited (the “Applicant Company/ PIL/Demerged Company”) is being convened through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) on February 19, 2021 at 3.00 P.M. (“Tribunal Convened Meeting” or “Meeting”) for the purpose of considering, and if thought fit, approving the composite scheme of arrangement amongst the Applicant Company, Preethi Kitchen Appliances Private Limited (hereinafter referred to as “Preethi” or the “Amalgamating Company”), Philips Domestic Appliances India Limited (hereinafter referred to “Philips Domestic Appliances” or the “Resulting Company”) and their respective shareholders, pursuant to the provisions of Sections 230 - 232 of the Companies Act, 2013 (“Act”) and such other provisions of the Act, as applicable (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the “Scheme”). The Scheme has been approved by the audit committee and the board of directors of the Applicant Company (“Board”) at their meetings held on September 11, 2020. A copy of the Scheme is enclosed as **Annexure 1**.
2. The Scheme *inter alia* provides for (i) reorganization of the share capital and securities premium reserve account of Preethi by way of reduction in the face value of its fully paid up equity shares and reduction of its securities premium reserve account and return of the amounts so reduced to the shareholders of Preethi on a proportionate basis. The remaining amount in the securities premium reserve account shall be partly adjusted against the balance in the profit and loss account of Preethi to *inter alia* write off net accumulated losses of Preethi (“Proposed Re-organization”); (ii) transfer by way of demerger of the domestic appliances business undertaking of the Applicant Company including its shareholding in Preethi, as a going concern, to Philips Domestic Appliances, in consideration for the issuance of equity shares by Philips Domestic Appliances to the shareholders of the Applicant Company as per the share entitlement ratio approved by the boards of directors of the Applicant Company and Philips Domestic Appliances and reduction of the initial share capital of Philips Domestic Appliances held by the Applicant Company (“Proposed Demerger”); and (iii) subsequent amalgamation of Preethi into Philips Domestic Appliances (“Proposed Amalgamation”) and reorganization of the authorized share capital of Philips Domestic Appliances as provided under the Scheme (collectively, the “Proposed Restructuring”) pursuant to the provisions of Sections 230 - 232 of the Act, and such other provisions of the Act, as applicable (including any statutory modification(s) or re-enactment thereof), for the time being in force.
3. In terms of the said Order, the quorum for the Tribunal Convened Meeting shall be as prescribed under Section 103 of the Act. In the event such quorum is not present within 30 minutes from commencement of the Meeting, then the secured creditors present shall constitute quorum of the Meeting. In terms of the said Order, the NCLT, has appointed Mr. D.N Sharma, Advocate, to be the Chairperson and Mr. Rishav Banerjee, Advocate to be the Alternate Chairperson, of the Tribunal Convened Meeting.
4. In accordance with the provisions of Sections 230-232 of the Act, the Scheme shall be considered approved by the secured creditors only if the Scheme is approved by majority of persons representing three-fourths in value of the secured creditors, of the Applicant Company, voting at the Meeting or through remote e-voting.
5. The Scheme has been filed with the relevant Registrar of Companies in Form No. GNL-1.
6. **Details as per Rule 6(3) of the Merger Rules**
- I. **Details of the order of the NCLT directing the calling, convening and conducting of the Meeting**

Please refer to paragraph no. 1 of this Explanatory Statement for date of the Order and the date, and time of the Tribunal Convened Meeting.

II. Details of the Applicant Company, Preethi and Philips Domestic Appliances

S. No.	Particulars	Philips India Limited	Preethi Kitchen Appliances Private Limited	Philips Domestic Appliances India Limited
1.	Corporate Identification Number	U31902WB1930PLC006663	U36993MH2011PTC213827	U29308WB2020PLC238116
2.	Permanent Account Number	AABCP9487A	AAFCP8830K	AALCP2532N
3.	Date of Incorporation	January 31, 1930	February 21, 2011	July 17, 2020
4.	Type of company	Public limited company	Private limited company	Public limited company
5.	Registered office address and e-mail address	3 rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal e-mail: rajiv.mathur@philips.com	Raheja Platinum, Sag Baug Road, Off, Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra e-mail: rajiv.mathur@philips.com	3 rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town, Kolkata – 700156, West Bengal e-mail: rajiv.mathur@philips.com

III. Other Particulars of the Applicant Company as per Rule 6(3) of the Merger Rules

(a) **Summary of the main objects as per the Memorandum of Association and main business carried on by the Applicant Company**

The objects for which PIL has been established are set out in its Memorandum of Association. The main objects as set out in Clause 3 of the Memorandum of Association are as hereunder:

“3(a) To carry on the business of manufacturers and sellers of and dealers in and agents for all kinds of radio-apparatus, all kinds of electric lamps including gas-filled lamps, vacuum lamps, carbon lamps, and arc lamps, electric discharge tubes and other articles, instruments and things required for or capable of being used for or in connection with the generation, transformation propagation, radiation, distribution, supply, accumulation and employment or application of electricity, for radiating, wires for wireless signalling, lighting, heating, motive power, X-ray, medical and other purposes whatsoever, and to construct, maintain, carry out, work, buy, sell, let on hire and deal in works, plant, machinery, conveniences and things of all kinds capable of being used in connection with such purposes of any kind, including cables, wires, lines, stations, exchanges, accumulators, dynamos, motors, batteries, switching, regulating, controlling, signaling and medical apparatus, lamps, meters and engines.

+ (aa) To carry on the business of manufacturers and sellers of and dealers in and agents for electric, electronic, hardware and/or software products and/ or activities in connection therewith including, Multimedia, Video Projection Systems, Personal Communication Systems, Telecommunication Systems, CableTelevision Networking, Television and Film programmes, all Hardware, Software Products, equipment, accessories, components and add-on parts of all description related to Consumer Electronics, Business Electronics and Professional Electronics, Development and exploitation of technical and other expertise including software.

+ (aaa) To manufacture and trading of any kind of electronic, mechanical and chemical goods, products or components, and to perform any industrial and commercial activities and to do everything pertaining thereto or concerned therewith.

++ (aaal) To provide all or any types, descriptions, classifications, kinds, forms and varieties of services, including but not limited to information technology services, communications services, information technology enabled services, back-office services, customer center services, technical support services, sales center services, e-commerce services, accounting services, data entry services, data conversion services, content development services, human resource services, insurance claim processing services, legal data base services, payroll services, data search services, market research services, marketing services, services relating to sales, distribution services, and to operate a high technology data processing center, for providing management, processing, analysis, development and accounting information and data.

++ (aaa2) To carry on business of application software, embedded software, business software, industrial software, technology development, in-product software, computer aided design software, integrated circuit designs, system design, digital signal processing, firmware/ microcode for consumer, industrial, entertainment, Semi-industrial, professional, hobbyistic, application specific and general purpose categories, and to design, develop, manufacture, conduct research,

assemble, distribute, service, repair, trade, deal in, act as agents, export, import, buy, sell, lease, or to let out on hire and provide consultancy in software, hardware including components and spares and allied accessories, add-ons and office automation systems/ equipment and to design, develop, integrate, buy, sell, add value, or take up turn key projects, provide substitution for import, export, support, maintain or otherwise deal in computer software, hardware and office automation systems and equipment used in any other field, to maintain training centres and to provide management consultancy, techno economic feasibility studies of projects, design and development of Management Information System.

++(aaa3) To purchase, take on lease or hire, exchange or otherwise acquire, manufacture, fabricate, construct, assemble, design, develop, recondition, operate, set-up, maintain, improve, repair, work upon and to sell, lease or let on hire, export, dispose of and otherwise deal in computer hardware and software, computer applications, peripherals, consumables, accessories and media and any office machine, and processing machines of all kinds and all machinery, component parts, accessories, appliances, apparatus, devices, materials, substances, articles and things of a character similar or analogous to the foregoing and to deal in any other manner in all kinds of computers, computer equipments and computer related products, softwares, information technology, and other items and to render all other services in connection therewith.

- (b) To carry on the business of manufacturers and sellers of and dealers in and agents for all kinds of luminous, electrical signs, devices, ornamental and decorative work, electrical, mechanical and other advertising signs, material for electrical, and other illumination work, electrical transformers and other electrical material of any and every description. To contract for the lighting of any public and private place or property by electric or other light and to establish and maintain centres from which light, heat or power may be distributed in any way or supplied or used for any purpose and to contract for the performance of any service or the execution of any work which can be effected by electricity, magnetism or any mechanical or scientific process.*

(bb) To carry on the business of manufacturers and/or sellers of and dealers in all kinds of Health and Wellness products and services, including appliances for providing clean and potable water, energy efficient and health monitoring devices of every kind and description, and personal care and oral healthcare products of all types and descriptions and all kinds of components, parts, accessories, apparatus, material, substances, articles and things of a character similar or analogous to the foregoing and to render all other services in connection therewith.

- (c) To carry on the business of electricians, electrical and general engineers, and manufacturers and sellers of and dealers in and agents for all kinds of telegraphic and telephonic works and apparatus of any and every description, electrical instrument manufacturers, glass manufacturers and workers, metal workers and merchants, advertising agents and contractors and any other trade whatsoever, whether manufacturing or otherwise which can in the opinion of the Company be advantageously or conveniently carried on by the Company by way of extension of or in connection with its general business, or is calculated directly or indirectly to develop any branch of the Company's business or to increase the value of or turn to account any of the Company's assets, property or rights.*

**(cc) To buy, sell, import, export and deal in both wholesale and retail, and whether as principals, agents, brokers or otherwise, engineering goods, chemicals and allied products, plastic and linoleum and allied products, leather goods, sports goods, canned and frozen fish, processed foods, food, agriculture and forest products, handicrafts, tobacco products, ready-made garments and all kinds of fabrics, textiles, gems and jewellery, minerals and ores and other miscellaneous products.*

*** (ccc) To carry on the business of transporters and carriers of goods and merchandise of every kind and description by land, water and air, clearing and forwarding agents, warehousemen, shipping agents, charterers and freight contractors.*

PIL is engaged in various businesses including domestic appliances business; diagnostic imaging, interventional x-ray, and ultrasound, and patient monitoring businesses; manufacturing, trading and dealing of consumer products such as grooming products, beauty products, oral health care and mother and child care products, informatics solutions on healthcare informatics, infrastructure and consulting solutions; software development, product engineering and service innovation in relation to various products; and other functions.

(b) **Details of change of name, registered office and objects of the Applicant Company during the last five years**

Change of Name: There has been no change in the name of the Applicant Company during the last five years.

Change of Registered Office: There has been no change in the registered office of the Applicant Company during the last five years.

Change of objects: There has been no change in the objects of the Applicant Company during the last five years.

(c) **Details of the capital structure of the Applicant Company including authorised, issued, subscribed and paid up share capital**

The authorised, issued, subscribed and paid up share capital of the Applicant Company as on October 6, 2020, is as under:

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

Subsequent to October 6, 2020, till date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Applicant Company.

Post Scheme Capital Structure:

There will be no change in the authorised, issued, subscribed and paid up share capital of the Applicant Company, pursuant to the Scheme.

(d) **Details of the Promoters and Directors along with their addresses**

The details of the promoters of the Applicant Company are as follows:

S. No.	Name of the Promoter	Address
Promoter/ Promoter Group		
1.	Koninklijke Philips N.V	High Tech Campus 52, 5656 AG Eindhoven, the Netherlands
2.	Philips Radio B.V.	High Tech Campus 5, 5656 AG Eindhoven, the Netherlands

The Applicant Company is a subsidiary of Koninklijke Philips N.V., a company incorporated under the laws of Netherlands, which holds 96.13% stake in PIL. Philips Radio B.V. holds 60 shares in PIL. The remaining 3.87% stake in PIL is held by public shareholders.

The Applicant Company had 5 directors as on October 6, 2020. The details of such directors are set forth below:

S. No.	Name of Director	Designation	Address
1.	S.M. Datta	Chairman – Non-Executive Director	104b, Bakhtavar, Lower Colaba Road, Colaba, Mumbai - 400005, Maharashtra
2.	Daniel Mazon	Managing Director and Vice – Chairman	Flat No. 1017 A, Tower 10, DLF Magnolias DLF Phase 5, Gurgaon - 122009

S. No.	Name of Director	Designation	Address
3.	Rajiv Mathur	Whole-time director and Company Secretary	1543, Sector-A Pocket B And C Vasant Kunj, New Delhi - 110070
4.	Sudeep Agrawal	Whole-time director and Chief Financial Officer	C 122, The Summit, DLF City Phase 5, Sector 54 Gurgaon 122011
5.	Geetu Gidwani Verma	Director – Non-Executive Director	B-PH-01, Central Park-1, DLF Phase-V, Gurgaon, 122002, Haryana

Subsequent to October 6, 2020, till date, there has been no change in the composition of the board of directors of the Applicant Company.

- (e) ***The date of the board meeting of the Applicant Company at which the Scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not or participate on such resolution:***

The Scheme was approved by the audit committee and the board of directors of the Applicant Company in their meetings dated September 11, 2020. Details of directors of the Applicant Company and their votes in respect of the resolution passed on September 11, 2020 are as follows:

S. No.	Names of the Directors	Voted in favor/ against/ Abstain
1.	S.M. Datta	In favour
2.	Daniel Mazon	In favour
3.	Rajiv Mathur	In favour
4.	Sudeep Agrawal	In favour
5.	Geetu Gidwani Verma	In favour

- (f) As on August 31, 2020, the Applicant Company had 4,380 (Four Thousand Three Hundred and Eighty) unsecured creditors and the aggregate amount due to such unsecured creditors was INR 7,00,32,23,778 (Indian Rupees Seven Hundred Crores Thirty Two Lakhs Twenty Three Thousand Seven Hundred and Seventy Eight only).
- (g) None of the Directors, the Key Managerial Personnel (as defined under the Act and rules formed thereunder) of the Applicant Company and their respective Relatives (as defined under the Act and rules formed thereunder) have any interests, financial or otherwise in the Scheme, except to the extent of their respective shareholding in the Applicant Company, Philips Domestic Appliances and Preethi, if any.

(h) **Disclosure about effect of the Scheme on directors, key managerial personnel, debenture trustee and other stakeholders of the Applicant Company:**

Disclosure about the effect of the Scheme on the following persons:

S. No	Category of Stakeholder	Effect of the Scheme on Stakeholders
A.	Shareholders	<p>The Applicant Company has only one class of shareholders i.e. equity shareholders.</p> <p>Upon the Scheme becoming effective and in consideration of the Proposed Demerger, Philips Domestic Appliances shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Applicant Company, holding fully paid-up equity shares in the Applicant Company and whose names appear in the register of members of the Applicant Company and/ or the records of the depository(ies) as members of the Applicant Company, as on the Record Date (<i>as defined under the Scheme</i>), or to their respective heirs, executors, administrators, other legal representative or other successors in title in the following manner:</p> <p><i>1 fully paid-up equity share of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances shall be issued and allotted for every 1 fully paid-up equity share of INR 10 (Indian Rupees ten only) held in the Applicant Company (“Share Entitlement Ratio”) such that in aggregate 5,75,17,242 (Five Crore Seventy Five Lakh Seventeen Thousand Two Hundred and Forty Two) fully-paid up equity shares of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances shall be issued to the members of the Applicant Company pursuant to the Proposed Demerger.</i></p> <p>There will be no dilution in the shareholding of the shareholders of the Applicant Company pursuant to the Scheme. Pursuant to the Proposed Restructuring under the Scheme, the economic and voting interests of the shareholders of the Applicant Company will remain unchanged. The shareholders of the Applicant Company will continue to remain shareholders of the Applicant Company and will also become shareholders of Philips Domestic Appliances in the same proportion as their shareholding in the Applicant Company.</p> <p>The entire shareholding of the Applicant Company (together with its nominees) in Philips Domestic Appliances, as was issued and paid-up, shall stand cancelled without any further act, instrument or deed in accordance with the provisions of the Scheme.</p> <p>The Proposed Restructuring is expected to have several benefits for the Applicant Company and is expected to be in the best interests of the shareholders of the Applicant Company.</p>
B.	Key managerial personnel (KMPs) and Directors	<p>The Scheme will not have any effect on the KMPs or directors of the Applicant Company and no change in the KMPs or directors of the Applicant Company is envisaged pursuant to the Scheme.</p>
C.	Promoters	<p>The effect of the Scheme on the promoters of the Applicant Company will be similar to the effect of the Scheme on all other (non-promoter) shareholders of the Applicant Company. Like all other shareholders of the Applicant Company, the promoters of the Applicant Company will be allotted equity shares in Philips Domestic Appliances in accordance with the Share Entitlement Ratio and their shareholding in the Applicant Company will remain unaffected. Please refer to item (A) above for details regarding effect of the Scheme on the shareholders including promoters.</p>

S. No	Category of Stakeholder	Effect of the Scheme on Stakeholders
D.	Non-Promoter Shareholders	The effect of the Scheme on the non-promoter shareholders of the Applicant Company will be similar to the effect of the Scheme on all promoter shareholders of the Applicant Company. All shareholders of the Applicant Company, including the non-promoter shareholders of the Applicant Company will be allotted equity shares in Philips Domestic Appliances in accordance with the Share Entitlement Ratio and their shareholding in the Applicant Company will remain unaffected. Please refer to item (A) above for details regarding effect of the Scheme on the shareholders including non-promoter shareholders.
E.	Employees	On the Scheme becoming effective, all employees engaged exclusively in or in relation to the Demerged Undertaking (<i>as defined under the Scheme</i>) of the Applicant Company and in service as on the Effective Date and whose services are transferred to Philips Domestic Appliances (“ PIL Transferred Employees ”) shall be deemed to have become employees of Philips Domestic Appliances with effect from the Appointed Date or their respective joining date, whichever is later, without any interruption or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Philips Domestic Appliances shall not be less favourable than those applicable to them with reference to their employment in the Applicant Company as on the Effective Date. There will be no impact on the employment of employees of the Applicant Company other than the PIL Transferred Employees, pursuant to the Scheme.
F.	Creditors	The Proposed Re-structuring is not in any way prejudicial to the interests of any creditors of the Applicant Company. Upon coming into effect of this Scheme and with effect from the Appointed Date, all Liabilities (<i>as defined under the Scheme</i>) of the Applicant Company, pertaining and relatable exclusively to its Domestic Appliances Business (<i>as defined under the Scheme</i>) as on the Appointed Date, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Applicant Company i.e. the Demerged Liabilities (as defined in the Scheme and which will include all liabilities and obligations of the Applicant Company towards its creditors pertaining to its Domestic Appliances Business), shall without any further act, instrument or deed stand transferred to and vested in Philips Domestic Appliances and the same shall be assumed by Philips Domestic Appliances to the extent that they are outstanding as on the Effective Date, on the same terms and conditions as were applicable to the Applicant Company and in accordance with the Scheme, which Philips Domestic Appliances shall meet, discharge and satisfy. All Liabilities of the Applicant Company other than the Demerged Liabilities (including in respect of creditors pertaining to its Remaining Business (<i>as defined under the Scheme</i>)) shall continue with the Applicant Company.
G.	Depositors	Not Applicable. The Applicant Company does not have any depositors.
H.	Debenture holders	Not Applicable. The Applicant Company does not have any debenture holders.
I.	Debenture trustee and Deposit Trustee	Not Applicable. The Applicant Company does not have any deposit trustee or debenture trustee.

(i) **Disclosure about effect of the Scheme on material interests of directors, key managerial personnel (KMP), debenture trustee and other stakeholders:**

Please refer to the table above for the effect of the Scheme on material interests of directors, KMPs, debenture trustee and other stakeholders. Applicant Company does not have any debenture trustees.

IV. **Other Particulars of Preethi as per Rule 6(3) of the Merger Rules**

(i) ***Summary of the main objects as per the Memorandum of Association and main business carried on by Preethi***

Preethi has been incorporated with the object of, *inter alia*, undertaking the business of manufacturing, processing, sale, import, export, distributing, trading of and dealing in domestic and kitchen appliances. The main object as stated in its Memorandum of Association, provided as follows:

“To carry on in India or abroad the business of manufacturers, sellers, importers, exporters, processors, distributors, traders dealers in and agents for all kinds of domestic and kitchen appliances including mixies, mixer grinders (including wet grinder) fruit squeezers, refrigerators, air conditioners, room coolers, washing machines, iron pressers, steam pressers, geysers, mixers, toasters, transformers, televisions, electric motors & electrical appliances of all kinds & description for household use, kitchen and domestic machines parts thereof and fittings, ovens, electric iron, vacuum cleaner and all kinds of household appliances and utensils, blenders, water purifiers, roti makers, air conditioners, components, parts, accessories, articles and things of a character similar or analogous to the foregoing and to render all services in relation to the business.”

Preethi is one of the leading manufacturers of kitchen appliances focusing on the South Indian market. Preethi’s product range comprises of mixers, table top grinders, coffee makers, induction cookers, electric rice cookers, electric kettle, electric iron box and electric pressure cookers.

(ii) ***Details of change of name, registered office and objects of Preethi during the last five years***

Change of Name: There has been no change in the name of Preethi during the last five years.

Change of Registered Office: There has been no change in the registered office of Preethi during the last five years.

Change of objects: There has been no change in the objects of Preethi during the last five years.

(iii) ***Details of the capital structure of Preethi including authorised, issued, subscribed and paid up share capital***

The details of the authorized, issued, subscribed and paid up share capital of Preethi as on October 6, 2020 are as under:

Share Capital	Amount (In Rs.)
<u>Authorized Share Capital</u>	
96,987,421 Equity Shares of INR 10 each	969,874,210
34,062,579 8% Compulsorily Convertible Non-cumulative preference shares of INR 10 each	340,625,790
TOTAL	1,310,500,000
<u>Issued, subscribed and paid-up Share Capital</u>	
95,187,940 equity Shares of 10 each fully paid up	951,879,400
TOTAL	951,879,400

Subsequent to October 6, 2020, till date, there has been no change in the authorised, issued, subscribed and paid up share capital of Preethi.

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

Post Scheme Capital Structure:

Upon the coming into effect of the Scheme, Preethi shall stand amalgamated into the Resulting Company and shall stand dissolved without being wound up.

(iv) Details of the Promoters and Directors along with their addresses

The details of the promoters of Preethi are as follows:

S. No.	Name of the Promoter	Address
1.	Philips India Limited	3 rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal

Preethi had 3 (three) directors as on September 30, 2020. The details of such directors are set forth below:

S. No.	Name of Director	Designation	Address
1.	Subramanian Srinivasan	Managing Director	Flat IB, Etica Kalathimka, No. 1, Kamaraj Salai, Laxmiuram, Thiruvannamipur, Chenna – 600 041, Tamil Nadu
2.	Rajiv Mathur	Director	1543, Sector A, Pocket B & C, Vasant Kunj, New Delhi – 11—70, Delhi
3.	Sudeep Agarwal	Director	C 122, The Summit, DLF City Phase 5, Sector 54, Gurgaon – 122 011, Haryana

Subsequent to September 30, 2020, till date, there has been no change in the composition of the board of directors of Preethi.

(v) The date of the board meeting of Preethi at which the Scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

The Scheme was approved by the board of directors of Preethi in its meeting dated September 15, 2020. Details of the directors and their votes in respect of the resolution passed on September 15, 2020 are as follows:

S. No.	Names of the Director of the Company	Voted in favour/ against/ abstain
1.	Subramanian Srinivasan	In favour
2.	Rajiv Mathur	In favour
3.	Sudeep Agarwal	In favour

(vi) As on August 31, 2020, Preethi had 537 (Five Hundred and Thirty Seven only) unsecured creditors and the aggregate amount due to such unsecured creditors was INR 60,06,68,159 (Indian Rupees Sixty Crore Six Lakhs Sixty Eight Thousand One Hundred and Fifty Nine only).

(vii) None of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of Preethi and their respective Relatives (as defined under the Act and rules framed thereunder) have any interests, financial or otherwise in the Scheme except to the extent of their respective shareholdings in the Applicant Company, Preethi and Philips Domestic Appliances, as the case may be.

(viii) **Disclosure about effect of the Scheme on directors, key managerial personnel, debenture trustee and other stakeholders of Preethi**

Disclosure about the effect of the Scheme on the following persons:

S. No.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
A.	Each class of shareholders	<p>Preethi has only one class of shareholders i.e. equity shareholders. Preethi has 3 equity shareholders namely, PIL and 2 other individual shareholders who are nominees of PIL (“PIL Nominees”).</p> <p>As a part of the Proposed Re-organization, upon coming into effect of the Scheme:</p> <p>(a) the issued, subscribed and paid-up equity share capital of Preethi shall be reduced from INR 95,18,79,400 (Indian rupees Ninety Five Crores Eighteen Lakhs Seventy Nine Thousand and Four Hundred) divided into 9,51,87,940 (Nine Crores Fifty One Lakh Eighty Seven Thousand Nine Hundred and Forty) fully paid up equity shares of face value INR 10 (Indian rupees Ten) each to INR 47,59,39,700 (Indian rupees Forty Seven Crore Fifty Nine Lakh Thirty Nine Thousand Seven Hundred) divided into 9,51,87,940 (Nine Crores Fifty One Lakh Eighty Seven Thousand Nine Hundred and Forty) fully paid up equity shares of face value INR 5 (Indian rupees Five) each, without any further act, instrument or deed;</p> <p>(b) the securities premium reserve account of Preethi shall be reduced from an amount of INR 6,47,91,60,669 (Indian rupees Six Hundred Forty Seven Crore Ninety One Lakh Sixty Thousand and Six Hundred Sixty Nine) to INR 1,63,91,00,369 (Indian rupees One Hundred Sixty Three Crores Ninety One Lakhs Three Hundred and Sixty Nine).</p> <p>The amounts so reduced shall be utilized as follows:</p> <p>(a) an amount of INR 42.72 (Indian Rupees Forty Two and Seventy Two Paise) per fully paid up equity share of face value INR 10 (Indian rupees Ten) each held by the shareholder of Preethi shall be returned to the shareholders of Preethi by way of cash (subject to the payment/ withholding of applicable taxes, if any) aggregating to INR 4,06,60,00,000 (Indian Rupees Four Hundred Six Crore and Sixty Lakhs); and</p> <p>(b) Post return of capital (as stated above), an amount of INR 1,25,00,00,000 (Indian Rupees One Hundred Twenty Five Crores) of the securities premium reserve account shall be adjusted against the balance in the profit and loss account of Preethi to inter alia write off the net accumulated losses of Preethi.</p> <p>The Proposed Reorganization is not in any way prejudicial to the interests of the shareholders of Preethi.</p> <p>Pursuant to the Proposed Demerger, the investment held by PIL (and the PIL Nominees) in Preethi shall be transferred to and vested in and be deemed to have been transferred to and vested in Philips Domestic Appliances. As a result, prior to the Proposed Amalgamation, Philips Domestic Appliances shall hold 100% of the issued, subscribed and paid-up capital of Preethi. Consequently, pursuant to the Proposed Amalgamation, the entire share capital held by Philips Domestic Appliances in Preethi shall stand cancelled without any further application, act or deed in accordance with the provisions of the Scheme. Further, on the Scheme becoming effective, Preethi shall stand dissolved without being wound-up.</p> <p>The Proposed Restructuring is expected to have several benefits for Preethi and the Philips group as a whole, and is expected to be in the best interests of the shareholders of Preethi as they shall be getting a return of amounts that is in excess of the requirements of Preethi.</p>

B.	Key managerial personnel (“KMP”) and Directors	Pursuant to the Proposed Restructuring and upon the effectiveness of the Scheme, Preethi shall stand dissolved without winding up and accordingly, its Board shall cease to exist and therefore the current directors of Preethi will cease to hold their directorship position(s) in Preethi. Further, the KMPs of Preethi (i.e. Mr. Rajiv Mathur, Director; Mr. Sudeep Agrawal, Director; Mr. Srinivasan Subramanian, Managing Director; and Mrs. Aruna. A, Company Secretary) will cease to be KMPs of Preethi, pursuant to dissolution of Preethi under the Scheme.
C.	Promoters	Since Preethi is a wholly owned subsidiary of PIL, PIL and the PIL Nominees are the only shareholders of Preethi. An amount of INR 42.72 (Indian rupees Forty Two and Seventy Two Paise) shall be returned to PIL and the PIL Nominees by way of cash (subject to the payment/ withholding of applicable taxes, if any) for every fully paid up equity share of face value INR 10 (Indian rupees Ten) each held by them in Preethi. Further, pursuant to the Proposed Demerger, PIL along with the PIL Nominees, shall cease to hold any shares in Preethi as the investment of PIL and the PIL Nominees in Preethi shall be transferred to and vested in and be deemed to have been transferred to and vested in Philips Domestic Appliances. Pursuant to the Proposed Amalgamation, the entire share capital held by Philips Domestic Appliances in Preethi shall stand cancelled without any further application, act or deed in accordance with the provisions of the Scheme. Upon the Scheme becoming effective, Preethi shall stand dissolved without being wound-up.
D.	Non-promoter shareholders	Since Preethi is a wholly owned subsidiary of PIL, there are no non-promoter shareholders in Preethi.
E.	Employees	Upon the Scheme becoming effective, pursuant to the Proposed Amalgamation, all employees of Preethi in service as on the Effective Date (<i>as defined under the Scheme</i>), shall become employees of the Resulting Company with effect from the Appointed Date (<i>as defined under the Scheme</i>) or their respective joining date, whichever is later, without any interruption or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to their employment in Preethi as on the Effective Date.
F.	Creditors	The Proposed Re-structuring is not in any way prejudicial to the interests of any creditors of Preethi. Further, this will not impact the normal operations of Preethi or its ability to repay its creditors or honor any of its other commitments, in the ordinary course of its business. All Liabilities (as defined in the Scheme and which will include all liabilities and obligations of Preethi towards its creditors) shall automatically stand transferred to and vested in Philips Domestic Appliances and the same shall be assumed by Philips Domestic Appliances, on the same terms and conditions as were applicable to Preethi.
G.	Depositors	Not Applicable. Preethi does not have any depositors.
H.	Debenture holders	Not Applicable. Preethi does not have any debenture holders.
I.	Debenture trustee and Deposit Trustee	Not Applicable. Preethi does not have any deposit trustee or debenture trustee.

(ix) **Disclosure about effect of the Scheme on material interests of directors, key managerial personnel (KMP), debenture trustee and other stakeholders:**

Please refer to the table above for the effect of the Scheme on material interests of directors, KMPs, debenture trustee and other stakeholders of Preethi. Preethi does not have any debenture trustees.

V. **Other Particulars of Philips Domestic Appliances as per Rule 6(3) of the Merger Rules**

(i) ***Summary of the main objects as per the Memorandum of Association and main business carried on by Philips Domestic Appliances***

The main objects for which Philips Domestic Appliances has been established as set out in Clause 3 of its Memorandum of Association is reproduced hereunder:

“3.(a) *The objects to be pursued by the company on its incorporation are*

- (a) *To manufacture, produce, process, develop, design, assemble, repair; import, export, buy, sell, brand, hire, let on hire, lease, pack, recondition, service, supply or otherwise deal in all models, shapes, sizes, capacities and varieties of electrical appliances, domestic and household appliances, heating, cooking appliances and devices, gadgets such as refrigerators, dryers, heaters, geysers, irons, mixers, filters, ceiling fans, table fans, exhaust fans, vacuum cleaners, washing machines, air conditioners, radio, televisions, air-purifiers, air-fryers, pressure cookers, ovens, cooking ranges, hot plates, other cooking utensils of all types, and other similar products, their consumable, parts, accessories, components, fittings such as electrical wires and accessories; heaters, presses, enamelled wires, cords, tapes, cells, tubes and other allied articles and appliances for any use in domestic or industrial purposes whether as wholesalers, retailers, agents, subagents, distributors or otherwise and to act as electrical/electronic engineers and consultants in India and abroad.*
- (b) *To carry on the business of manufacturers, producers, stockiest, commission agents, importers, exporters of electrical products and other domestic appliances, their assemblies, kits, spares and accessories in India and abroad.*

(ii) ***Details of change of name, registered office and objects of Philips Domestic Appliances during the last five years***

Change of Name: Philips Domestic Appliances was incorporated in July, 2020. There has been no change in the name of Philips Domestic Appliances since its incorporation.

Change of Registered Office: Philips Domestic Appliances was incorporated in July, 2020. There has been no change in the registered office of Philips Domestic Appliances since its incorporation.

Change of objects: Philips Domestic Appliances was incorporated in July, 2020. There has been no change in objects of Philips Domestic Appliances since its incorporation.

(iii) ***Details of the capital structure of Philips Domestic Appliances including authorised, issued, subscribed and paid up share capital***

The authorised, issued, subscribed and paid-up share capital of Philips Domestic Appliances as on October 6, 2020, is as under:

Share Capital	Amount (In INR)
Authorized Share Capital	
50,000 equity shares of 10 each	5,00,000
TOTAL	5,00,000
Issued, Paid-up and Subscribed Share Capital	
50,000 equity shares of face value of Rs. 10/- each	5,00,000
TOTAL	5,00,000

Subsequent to October 6, 2020, till date, there has been no change in the authorised, issued, subscribed and paid up share capital of Philips Domestic Appliances.

The entire issued and paid-up capital of Philips Domestic Appliances is held by the Applicant Company and its 6 nominee shareholders.

Post Scheme Capital Structure:

Upon the coming into effect of the Scheme but prior to the issuance and allotment of shares by Philips Domestic Appliances to the shareholders of the Applicant Company in consideration for the Proposed Demerger, the authorized share capital of Philips Domestic Appliances shall automatically stand increased, without any further act, instrument or deed on the part of Philips Domestic Appliances, by an amount equal to the authorized share capital of Preethi. Pursuant to the aforesaid increase in the authorized share capital of Philips Domestic Appliances as a result of the Proposed Amalgamation, the resultant authorized share capital of Philips Domestic Appliances shall be reclassified/re-organized as follows:

Share Capital	Amount (In INR)
Authorized Share Capital	
9,70,37,421 equity shares of INR 10 each	97,03,74,210
3,40,62,579 Compulsorily Convertible Preference Shares of INR 10 each	34,06,25,790
TOTAL	1,31,10,00,000

Upon the coming into effect of this Scheme and in consideration of the Proposed Demerger, Philips Domestic Appliances shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Applicant Company, holding fully paid up equity shares in the Applicant Company and whose names appear in the register of members of the Applicant Company and/ or the records of the depository(ies) as members of the Applicant Company as on the Record Date (*as defined in the Scheme*), or to their respective heirs, executors, administrators, other legal representative or other successors, in the Share Entitlement Ratio i.e., 1 fully paid up equity share of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances shall be issued and allotted for every 1 fully paid-up equity share of INR 10 (Indian Rupees ten only) held in the Applicant Company such that in aggregate 5,75,17,242 (Five Crore Seventy Five Lakh Seventeen Thousand Two Hundred and Forty Two) fully paid up equity shares of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances shall be issued to the members of the Applicant Company.

(iv) *Details of the Promoters and Directors along with their addresses*

The details of the promoter of Philips Domestic Appliances are as follows:

S. No.	Name of the Promoter	Address
1.	Philips India Limited	3 rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal

Philips Domestic Appliances had 3 directors as on October 6, 2020. The details of such directors are as set forth below:

S. No.	Name of Director	Designation	Address
1.	Rajiv Mathur	Director	1543, Sector A, Pocket B & C, Vasant Kunj, New Delhi – 110070, Delhi
2.	Sudeep Agrawal	Director	C 122, The Summit, DLF City Phase 5, Sector 54, Gurgaon – 122 011, Haryana
3.	Gulbahar Taurani	Director	TNA I I 4-A, DLF City Phase 5, Gurgaon- 122009, Haryana

Subsequent to October 6, 2020, till date, there has been no change in the composition of the board of directors of Philips Domestic Appliances.

- (v) ***The date of the board meeting of Philips Domestic Appliances at which the Scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not or participate on such resolution:***

The Scheme was approved by the board of directors of Philips Domestic Appliances in its meeting dated September 28, 2020. Details of directors of Philips Domestic Appliances who voted on the resolution passed on September 28, 2020 are as follows:

S. No.	Names of the Directors	Voted in favor/ against/ Abstain
1.	Rajiv Mathur	In favour
2.	Sudeep Agrawal	In favour
3.	Gulbahar Taurani	In favour

- (vi) As on September 15, 2020, Philips Domestic Appliances had 1 (one) unsecured creditor namely, the Applicant Company, and the amount due to such unsecured creditor was INR 75,000 (Indian Rupees Seventy Thousand only).

None of the Directors, the Key Managerial Personnel (as defined under the Act and rules formed thereunder) of Philips Domestic Appliances and their respective Relatives (as defined under the Act and rules formed thereunder) have any interests, financial or otherwise in the Scheme, except to the extent of their respective shareholding in the Applicant Company, Preethi and/or Philips Domestic Appliances, if any.

- (vii) **Disclosure about effect of the Scheme on directors, key managerial personnel, debenture trustee and other stakeholders of Philips Domestic Appliances:**

Disclosure about the effect of the Scheme on the following persons:

S. No	Category of Stakeholder	Effect of the Scheme on Stakeholders
A.	Shareholders	<p>Philips Domestic Appliances has only one class of shareholders i.e. equity shareholders. It has seven equity shareholders, namely, PIL and 6 (six) individuals who hold 1 share each as nominee shareholders on behalf of PIL.</p> <p>Upon the Scheme becoming effective and in consideration of the Proposed Demerger, Philips Domestic Appliances shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Applicant Company, holding fully paid-up equity shares in the Applicant Company and whose names appear in the register of members of the Applicant Company and/ or the records of the depository(ies) as members of the Applicant Company, as on the Record Date (<i>as defined under the Scheme</i>), or to their respective heirs, executors, administrators, other legal representative or other successors in title in the Share Entitlement Ratio i.e.</p> <p><i>1 fully paid-up equity share of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances shall be issued and allotted for every 1 fully paid-up equity share of INR 10 (Indian Rupees ten only) held in PIL such that in aggregate 5,75,17,242 (Five Crore Seventy Five Lakh Seventeen Thousand Two Hundred and Forty Two) fully-paid up equity shares of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances shall be issued to the members of PIL pursuant to the Proposed Demerger.</i></p> <p>Pursuant to the Proposed Restructuring under the Scheme, the shareholders of the Applicant Company will continue to remain shareholders of the Applicant Company and will also become shareholders of Philips Domestic Appliances in the same proportion as their shareholding in the Applicant Company.</p>

S. No	Category of Stakeholder	Effect of the Scheme on Stakeholders
		<p>Simultaneously with the allotment of shares by Philips Domestic Appliances to the shareholders of the Applicant Company as specified above, the existing shareholding of the Applicant Company (together with its nominees) in Philips Domestic Appliances, as was issued and paid up, shall stand cancelled without any further act, instrument or deed in accordance with the provisions of the Scheme.</p> <p>Further, pursuant to the Proposed Demerger, the investment held by the Applicant Company in Preethi shall be transferred to and vested in and be deemed to have been transferred to and vested in Philips Domestic Appliances. As a result, prior to the Proposed Amalgamation, Philips Domestic Appliances shall hold 100% of the issued, subscribed and paid-up capital of Preethi. Consequently, pursuant to the Proposed Amalgamation, the entire share capital held by Philips Domestic Appliances in Preethi shall stand cancelled without any further application, act or deed in accordance with the provisions of the Scheme. No new shares shall be issued nor any payment be made in cash or in kind whatsoever by Philips Domestic Appliances in lieu of such shares of Preethi.</p> <p>The Proposed Restructuring is expected to have several benefits for all stakeholders including Philips Domestic Appliances and its shareholders.</p>
B.	Promoters	<p>Since Philips Domestic Appliances is a wholly owned subsidiary of the Applicant Company, the Applicant Company along with its 6 nominee shareholders, are the only shareholders and promoters of Philips Domestic Appliances. As specified in Sl. No. A above, pursuant to the Proposed Restructuring, the entire shareholding of the Applicant Company (together with the 6 shares held by the 6 nominee shareholders) in Philips Domestic Appliances, as was issued and paid-up, shall stand cancelled without any further act, instrument or deed in accordance with the provisions of the Scheme. As a result, after coming into effect of the Scheme, the Applicant Company and the said nominee shareholders, will cease to hold any shares in Philips Domestic Appliances.</p> <p>However, post the scheme coming into effect, all the shareholders of the Applicant Company (as on the Record Date) will become the shareholders of Philips Domestic Appliances in the same proportion as their respective shareholding in the Applicant Company. This means the promoter shareholders of the Applicant Company shall also become the promoter shareholders of Philips Domestic Appliances post the scheme coming into effect and shall hold the same proportion of shares as they hold in the Applicant Company.</p>
C.	Non-Promoter Shareholders	<p>Since Philips Domestic Appliances is a wholly owned subsidiary of the Applicant Company, there are no non-promoter shareholders in Philips Domestic Appliances. However, post the scheme coming into effect, all the shareholders of the Applicant Company (as on the Record Date) will become the shareholders of Philips Domestic Appliances in the same proportion as their respective shareholding in the Applicant Company. This means the non-promoter shareholders of the Applicant Company shall also become the non-promoter shareholders of Philips Domestic Appliances post the scheme coming into effect and shall hold the same proportion of shares as they hold in the Applicant Company.</p>
D.	Key Managerial Personnel (KMPs) and Directors	<p>The Scheme will not have any effect on the KMPs or directors of Philips Domestic Appliances and no change in the KMPs or directors of Philips Domestic Appliances is envisaged pursuant to the Scheme.</p>

S. No	Category of Stakeholder	Effect of the Scheme on Stakeholders
E.	Employees	<p>The Scheme will not have any effect on the current employees of Philips Domestic Appliances.</p> <p>On the Scheme becoming effective, all PIL Transferred Employees shall be deemed to have become employees of Philips Domestic Appliances with effect from the Appointed Date or their respective joining date, whichever is later, without any interruption or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Philips Domestic Appliances shall not be less favourable than those applicable to them with reference to their employment in the Applicant Company as on the Effective Date.</p> <p>Upon the Scheme becoming effective, pursuant to the Proposed Amalgamation, all employees of Preethi in service as on the Effective Date, shall become employees of the Resulting Company with effect from the Appointed Date or their respective joining date, whichever is later, without any interruption or break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to their employment in Preethi as on the Effective Date.</p>
F.	Creditors	Philips Domestic Appliances does not have any secured creditors and has only 1 unsecured creditor i.e. the Applicant Company. The Scheme will not be prejudicial to the interests of the unsecured creditor of Philips Domestic Appliances i.e. the Applicant Company, as the liabilities and obligations towards the Applicant Company as an unsecured creditor, shall continue with Philips Domestic Appliances.
G.	Depositors	Not Applicable. Philips Domestic Appliances does not have any depositors.
H.	Debenture Holders	Not Applicable. Philips Domestic Appliances does not have any debenture holders.
I.	Deposit Trustee and Debenture Trustee	Not Applicable. Philips Domestic Appliances does not have any deposit trustee or debenture trustee.

(viii) **Disclosure about effect of the Scheme on material interests of directors, key managerial personnel (KMP), debenture trustee and other stakeholders:**

Please refer to the table above for the effect of the Scheme on material interests of directors, KMPs, debenture trustee and other stakeholders of Philips Domestic Appliances. Philips Domestic Appliances does not have any debenture trustees.

VI. Other details regarding the Scheme required as per Rule 6(3) of the Merger Rules

(a) ***Relationship between the Applicant Company, Preethi and Philips Domestic Appliances:***

Preethi and Philips Domestic Appliances are both wholly owned subsidiaries of the Applicant Company.

(b) ***Appointed Date, Effective Date, Record Date and Share Entitlement Ratio:***

Appointed Date: means the opening of business on July 1, 2021 or such other date as the NCLT may direct/allow.

Effective Date: means the last of the dates on which all the conditions and matters referred to in Clause 35 of the Scheme occur or have been fulfilled or waived in accordance with this Scheme.

Share Entitlement Ratio and other considerations, if any:

- (i) Proposed Re-organization of Preethi: Upon the Scheme becoming effective and pursuant to the Proposed Re-organization of the share capital and securities premium reserve account of Preethi, an amount of INR 42.72 (Indian rupees Forty Two and Seventy Two Paise) shall be returned to the shareholders of Preethi i.e. the Applicant Company and its nominees, by way of cash (subject to the payment/ withholding of applicable taxes, if any) for every fully paid up equity share of face value INR 10 (Indian rupees Ten) each held by them in Preethi.

- (ii) Proposed Demerger of the Applicant Company: Upon the Scheme becoming effective and in consideration of the Proposed Demerger, Philips Domestic Appliances shall, issue and allot to all shareholders of the Applicant Company holding fully paid-up equity shares in the Applicant Company and whose names appear in the register of members of the Applicant Company and/ or the records of the depository(ies) as members of the Applicant Company, as on the Record Date (*as defined under the Scheme*), or to their respective heirs, executors, administrators, other legal representative or other successors in title, 1 fully paid up equity share of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances for every 1 fully paid-up equity share of INR 10 (Indian Rupees ten only) held in PIL i.e. the Share Entitlement Ratio.
 - (iii) Proposed Amalgamation of Preethi into Philips Domestic Appliances: Pursuant to the Proposed Amalgamation, the entire share capital held by Philips Domestic Appliances in Preethi shall stand cancelled without any further application, act or deed in accordance with the provisions of the Scheme. No new shares shall be issued nor any payment be made in cash or in kind whatsoever by Philips Domestic Appliances in lieu of such shares of Preethi.
- (c) **Summary of the Valuation Reports**

- (i) Price Waterhouse & Co LLP (“PWC”) (having Firm Registration No 016844N) was appointed to provide a report on the Share Entitlement Ratio as proposed by the management of the Applicant Company for the purposes of the equity shares of Philips Domestic Appliances to be issued to the shareholders of the Applicant Company in consideration of the Proposed Demerger. In its report dated September 3, 2020, PWC has in relation to the Share Entitlement Ratio, stated that considering that all the current shareholders of the Applicant Company will, pursuant to the Proposed Demerger, be the ultimate economic and beneficial owners of Philips Domestic Appliances and that upon allotment of equity shares by Philips Domestic Appliances in the Share Entitlement Ratio, the economic and beneficial interest of the shareholders in the equity of Philips Domestic Appliances will be the same as it is in the equity of the Applicant Company, the Share Entitlement Ratio is fair in relation to the Proposed Demerger.
- (ii) Ms. Bhavna Garg (having ICAI Membership No. 524347, IBBI Registration No. IBBI/RV/05/2019/10677 and ICAI RVO Membership No. ICAI RVO/S&FA/00029) was also appointed to provide a report on the Share Entitlement Ratio as proposed by the management of the Applicant Company for the purposes of the equity shares of Philips Domestic Appliances to be issued to the shareholders of the Applicant Company in consideration of the Proposed Demerger. In her report dated August 28, 2020, she has in relation to the Share Entitlement Ratio, stated that the same is fair and reasonable considering that all the shareholders of the Applicant Company will pursuant to the Proposed Demerger, be the ultimate beneficial owners of Philips Domestic Appliances in the same ratio as that of their shareholding in the Applicant Company, as on the record date to be fixed by the boards of directors of the Applicant Company and Philips Domestic Appliances.

The Share Entitlement Ratio has been approved by the board of directors of the Applicant Company, audit committee of the Applicant Company and the board of directors of the Resulting Company.

- (iii) Ms. Bhavna Garg was also appointed to provide a report on the assessment of the Proposed Reorganization of Preethi as proposed under the Scheme. In her report dated August 28, 2020, she has stated that, subject to the specific representations and assumptions as specified therein, the Proposed Reorganization (a) shall make the capital of Preethi commensurate to the operating assets and shall improve the overall financial matrices for Preethi and its shareholders i.e. return on capital employed (ROCE) and return on net worth (RONW); and (b) is not prejudicial to the interest of shareholders of Preethi as they shall be getting a return of amounts in excess of the requirements of Preethi (i.e. INR 42.72 (Indian rupees Forty Two and Seventy Two Paise) for every fully paid up equity share of face value INR 10 (Indian rupees Ten) each held by them in Preethi).

(d) ***Details of capital restructuring***

The Scheme does not envisage any restructuring of the share capital of the Applicant Company. However, the Scheme, provides for:

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

(e) ***Detail of debt restructuring***

The Scheme does not envisage any debt restructuring of the Applicant Company, Preethi or Philips Domestic Appliances.

(f) ***Rationale of the Composite Scheme of Arrangement, and the benefit of the Scheme of Arrangement as perceived by the Board of Directors of the Applicant Company***

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

- (i) Philips Domestic Appliances and Preethi are wholly owned subsidiaries of the Applicant Company. The Applicant Company is a subsidiary of Koninklijke Philips N.V. which holds 96.13% approx. of the total issued and paid up share capital in PIL with the remaining 3.87% approx. of the total issued and paid up share capital being held by minority shareholders. The economic interests of the shareholders of the Applicant Company will remain unchanged. The shareholders of the Applicant Company will continue to remain shareholders of the Applicant Company and will also become shareholders of Philips Domestic Appliances in the same proportion as their shareholding in the Applicant Company. The Scheme is therefore, expected to be in the best interests of the shareholders, employees and the creditors of each of the Applicant Company, Philips Domestic Appliances and the Applicant Company;
- (ii) Presently, the Domestic Appliances Business (*as defined under the Scheme*) of the Applicant Company is housed in Preethi and the Demerged Undertaking (*as defined under the Scheme*) of the Applicant Company. Pursuant to the Scheme, the Domestic Appliances Business of the Applicant Company will be separated and transferred into Philips Domestic Appliances by way of (A) the Proposed Demerger; and (B) the Proposed Amalgamation. This segregation of the Domestic Appliances Business is being undertaken in line with the global separation plan of the Philips group to improve efficiencies of the individual business divisions;
- (iii) The restructuring will help the Applicant Company to consolidate its Domestic Appliances Business in India into one entity (being Philips Domestic Appliances), leading to increased focus, alignment and operational efficiency.

It will enable the management to position itself better to capture growth opportunities, achieve cost synergies, be closer to customers, adapt more quickly to evolving customer needs and enable decisive investments in the future of the Domestic Appliances Business;

- (iv) The Proposed Demerger will enable the Applicant Company to focus on and enhance its Remaining Business (as defined in the Scheme) by streamlining its operations;
 - (v) As independent companies with dedicated, focused and lean management structures, both Philips Domestic Appliances as well as the Applicant Company will be able to make appropriate investments to boost growth and drive profitability, ultimately generating significantly more value for their customers, employees and shareholders;
 - (vi) Each of Philips Domestic Appliances and the Applicant Company will be able to attract different sets of investors enabling them to select investments that best suit their strategies and risk profiles. This will also create an optimum structure for monetization in the future of the Domestic Appliances Business so separated and consolidated; and
 - (vii) Preethi has more capital than it can profitably employ and the capital is in surplus to its requirements. This has given rise to the need to return the excess capital and readjust the relation between capital and assets and to accurately and fairly reflect the assets and liabilities of Preethi in its books of accounts. Therefore, the Proposed Reorganization is being undertaken to give a true and fair view of the books of accounts of Preethi and to reflect its assets and liabilities at their real value and maximize its business value.
- (g) No investigation or proceedings are pending against the Applicant Company, Philips Domestic Appliances and Preethi, under the Act.

(h) ***Details of availability of the following documents for obtaining extracts from or making or obtaining copies***

The following documents will be available for obtaining extracts from or for making or obtaining copies of or for inspection by the secured creditors of the Applicant Company (i) on the website of the Applicant Company; and (ii) at its registered office on all days except Saturday, Sunday and public holidays between 11:00 A.M. and 1:00 P.M., up to and including the date of the Meeting:

- A. This Notice, Explanatory Statement and all documents annexed hereto;
- B. Certified copy of the order passed by the Kolkata Bench of the NCLT in C.A. (CAA) NO. 1157/KB OF 2020, dated January 5, 2021 *inter alia* directing the Applicant Company, to convene the respective NCLT convened meetings;
- C. Copy of the Scheme;
- D. Copies of the Memorandum of Association and Articles of Association of the Applicant Company, Philips Domestic Appliances and Preethi;
- E. Copies of the latest audited financial statements of the Applicant Company, and Preethi including consolidated financial statements and copies of the last unaudited financial statements of Philips Domestic Appliances;
- F. Copies of the valuation reports i.e. share entitlement ratio reports from PWC and the registered valuer; and the report of the registered valuer on the Proposed Re-organization of Preethi;
- G. The certificates issued by the statutory auditors of the Applicant Company, Philips Domestic Appliances and Preethi, respectively, to the effect that the accounting treatment, if any, proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act;
- H. Copies of Form No. GNL-1 filed with the relevant Registrar of Companies along with challans, evidencing filing of the Scheme; and
- I. Such other information or documents as the board of directors or the management of the Applicant Company may consider necessary and relevant.

(i) ***Details of approvals, sanctions or no-objection(s) from regulatory or any other governmental authorities in relation to the Scheme***

- A. The Scheme was filed by the Applicant Company and Philips Domestic Appliances with the Kolkata Bench of the NCLT on October 13, 2020, and the Kolkata Bench of the NCLT has given directions to convene meetings of the creditors and shareholders of the Applicant Company while granting dispensation with the requirement of holding meetings of the creditors and shareholders of Philips Domestic Appliances, vide an Order dated January 5, 2021. The Scheme was filed by Preethi with the Mumbai Bench of the NCLT on October 15, 2020, and the Mumbai Bench of the NCLT, has dispensed with the requirement of holding meetings of the creditors and shareholders of Preethi and given directions to issue notices to its creditors, vide an order dated December 10, 2020.
- B. The Scheme is subject to approval by majority of persons representing three-fourth in value of the secured creditors, unsecured creditors and equity shareholders of the Applicant Company, voting in the respective meetings or through authorized representatives or by remote e-voting (in case of the equity shareholders and unsecured creditors), in terms of Section 230-232 of the Act.
- C. Further, the Applicant Company confirms that notice of the Scheme in the prescribed form is also being served on all concerned authorities in terms of the Order of the Kolkata bench of the NCLT dated January 5, 2021 and the order of the Mumbai bench of the NCLT dated December 10, 2020.

(a) The relevant clauses of the Scheme are as under:

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

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

- (d) *all benefits, entitlements, permits, clearances, registrations, incentives and concessions under incentive schemes and policies, whether under Central, State or other laws, including under income tax, customs, Goods and Service Tax (CGST, SGST and IGST) and Foreign Trade Policy of Government of India or any other policy of the Central Government or State Government or any other authority, along with associated obligations, of the Amalgamating Company, to the extent statutorily available;*
- (e) *all taxes, duties (including obligation for advance licenses), cess, etc. including all or any refunds, credit and claims or entitlements relating thereto of the Amalgamating Company;*
- (f) *all written contracts, including government contracts, distributor agreements, concession agreements, operation and maintenance agreements, marketing agreements, consultancy agreements, service agreements, contracts with vendors/suppliers, business agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments to suppliers, commitments with partners, hire and purchase arrangements, contracts with contractors to supply contract labour, undertakings, deeds, bonds, investments and interest in projects undertaken by the Amalgamating Company (either solely or jointly with other parties) insurance covers and claims, clearances and other instruments of whatsoever nature and description, to which the Amalgamating Company is a party, or to the benefit of which the Amalgamating Company may be eligible, and all rights, title, interests, claims obligations and benefits of the Amalgamating Company thereunder (collectively, the "Preethi Contracts");*
- (g) *all intellectual property rights (whether registered or unregistered), being logos, trade names, trademarks (including goodwill therein), service marks, copyrights, patents, technical know-how, trade secrets, domain names, designs, engineering and process information, computer programmes, drawings, manuals, whether in physical or electronic form, any other business or commercial rights, whether registered, unregistered or pending applications owned or used by the Amalgamating Company;*
- (h) *all rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Amalgamating Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Amalgamating Company;*
- (i) *all experience, past track record, qualification criteria and credentials of the Amalgamating Company in manufacturing and supplying the products/ services thereof to various customers, Governmental Authorities, agencies, departments and clients for the purpose of eligibility, standing, evaluation and participation in existing and future bids, tenders and contracts with various customers, Governmental Authorities, agencies, departments, clients, etc.;*
- (j) *all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), computer programmes, drawings, manuals, data, databases including databases for production, procurement, commercial and management, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and all other books and records, software and related data, whether in physical or electronic form of the Amalgamating Company;*
- (k) *all the Liabilities (as hereinafter defined) of the Amalgamating Company, whether provided for or not in the books of account or disclosed in the balance sheet of the Amalgamating Company;*
- (l) *the Preethi Transferred Employees; and*
- (m) *all Proceedings (as hereinafter defined) initiated by or against the Amalgamating Company or claims, proceedings and investigations to which the Amalgamating Company is party.*

- 1.6 “**Appointed Date**” means opening of business on July 1, 2021 or such other date as may be mutually agreed by the Companies (as hereinafter defined) or such other date as the NCLT may direct/allow;
- 1.11 “**Demerged Undertaking**” means all the assets, Liabilities, businesses, undertakings, activities, operations and properties, of whatsoever nature and kind and wheresoever situated, forming part of the Domestic Appliances Business of the Demerged Company, on a going concern basis, as on the Appointed Date, and shall mean:
- (a) the entire shareholding of Preethi held by the Demerged Company (together with its nominees);
 - (b) all immovable properties as are currently being used solely for the purpose of the Domestic Appliances Business of the Demerged Company (i.e., land together with the buildings and structures standing thereon or under construction), including those as specifically stipulated in Schedule 2 to this Scheme (whether freehold, leasehold, leave and licensed or otherwise, including tenancies in relation to warehouses, research facilities, godowns, depots, office space and guest houses and residential premises occupied by the PIL Transferred Employees (as hereinafter defined), and all documents of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;
 - (c) all immovable properties which are being shared by the Demerged Undertaking and the Remaining Business of the Demerged Company and which shall be transferred to the Resulting Company in the proportion and manner determined by the mutual agreement of the Boards of the Demerged Company and the Resulting Company, including either as a leasehold right or license / sublicense right;
 - (d) all assets, wherever situated, as are movable in nature pertaining solely to the Domestic Appliances Business of the Demerged Company, whether present, future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal, including without limitation current assets, plant and machinery, leasehold improvements, capital work in progress, furniture, fixtures, appliances, accessories, office equipment, power lines, communication facilities, installations, vehicles, inventory, stock, diesel generator sets, godowns, utilities, actionable claims, earnest monies, security deposits and sundry debtors, prepaid expenses, bills of exchange, financial assets, investments including shares, scrips, stocks, bonds, debentures, units or pass through certificates and accrued benefits thereto, outstanding loans and advances, recoverable in cash or in kind or for value to be received, receivables, funds, cheques and other negotiable instruments, cash and bank balances as may be determined by the mutual agreement of the Board of the Demerged Company and the Resulting Company, deposits including accrued interests thereto with Governmental Authority(ies), other authorities and bodies, customers and other Persons, benefits of any bank guarantees, performance guarantees, corporate guarantees and letters of credit and tax related assets including income tax, withholding tax, TDS, advance tax, CGST credits, SGST Credits and IGST Credits, or set-offs and any other tax benefits, subsidies, grants, tax credits, exemptions and refunds including investments of the Demerged Company in Preethi;
 - (e) all permits, licenses, permissions (including municipal permissions), approvals, consents, authorizations, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions including those relating to easements, privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof including applications made in relation thereto (“**Business Licenses**”) that pertain to the Domestic Appliances Business of the Demerged Company;
 - (f) all benefits, entitlements, permits, clearances, registrations, incentives and concessions under incentive schemes and policies, whether under Central, State or other laws, including under income tax, customs, Goods and Service Tax (CGST, SGST and IGST) and Foreign Trade Policy of Government of India or any other policy of the Central Government or State Government or any other authority, along with associated obligations, in relation to the Domestic Appliances Business of the Demerged Company, to the extent statutorily available;

- (g) *all taxes, duties (including obligation for advance licenses), cess, etc. that are allocable, referable or related to the Domestic Appliances Business of the Demerged Company, including all or any refunds, credit and claims or entitlements relating thereto. It is hereby clarified that all taxes, duties (including obligation for advance licenses), cess, etc. that are common to both the Domestic Appliances Business and the Remaining Business of the Demerged Company shall be allocated to the Domestic Appliances Business of the Demerged Company by the mutual agreement of the Board of the Demerged Company and the Resulting Company;*
- (h) *all written contracts, including government contracts, distributor agreements, concession agreements, operation and maintenance agreements, marketing agreements, consultancy agreements, service agreements, contracts with vendors/suppliers, business agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments to suppliers, commitments with partners, hire and purchase arrangements, contracts with contractors to supply contract labour, undertakings, deeds, bonds, investments and interest in projects undertaken by the Demerged Company (either solely or jointly with other parties) insurance covers and claims, clearances and other instruments of whatsoever nature and description, solely in relation to the Domestic Appliances Business of the Demerged Company, to which the Demerged Company is a party, and all rights, title, interests, claims obligations and benefits thereunder (collectively, the “**PIL Transferred Contracts**”);*
- (i) *all written contracts, including government contracts, distributor agreements, concession agreements, operation and maintenance agreements, marketing agreements, consultancy agreements, service agreements, contracts with vendors/suppliers, business agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments to suppliers, commitments with partners, hire and purchase arrangements, contracts with contractors to supply contract labour, undertakings, deeds, bonds, investments and interest in projects undertaken by the Demerged Company (either solely or jointly with other parties) insurance covers and claims, clearances and other instruments of whatsoever nature and description that relate to and to the benefit of which the Demerged Undertaking as well as the Remaining Business of the Demerged Company are eligible and which are subsisting or having effect on the Effective Date (including any such contracts that are entered into prior to the Effective Date for the common benefit of the Demerged Undertaking and the Remaining Business of the Demerged Company) and all rights, title, interests, claims obligations and benefits thereunder (collectively, the “**PIL Shared Contracts**”) and which shall be transferred to the Resulting Company in the manner determined by the mutual agreement of the Boards of the Demerged Company and the Resulting Company, either by way of novation or assignment or sub-contracting or otherwise.;*
- (j) *all intellectual property rights (whether registered or unregistered), being logos, trade names, trademarks (including goodwill therein), service marks, copyrights, patents, technical know-how, trade secrets, domain names, designs, engineering and process information, computer programmes, drawings, manuals, any other business or commercial rights, whether in physical or electronic form, whether registered, unregistered or pending applications, that are (i) solely owned by the Demerged Company; and (ii) exclusively used in the Domestic Appliances Business of the Demerged Company; including those specified in Schedule 3 to this Scheme (“**DA Intellectual Property**”);*
- (k) *all rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Company forming part of its Domestic Appliances Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company solely for its Domestic Appliances Business;*

- (l) *all experience, past track record, qualification criteria and credentials of the Demerged Undertaking in manufacturing and supplying the products/ services thereof to various customers, Governmental Authorities, agencies, departments and clients pertaining to the Domestic Appliance Business (and to the exclusion of those pertaining to the Remaining Business) for the purpose of eligibility, standing, evaluation and participation in existing and future bids, tenders and contracts with various customers, Governmental Authorities, agencies, departments, clients, etc.;*
- (m) *all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), computer programmes, drawings, manuals, data, databases including databases for production, procurement, commercial and management, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and all other books and records, software and related data, whether in physical or electronic form that pertain to the Domestic Appliances Business of the Demerged Company;*
- (n) *the Demerged Liabilities;*
- (o) *the PIL Transferred Employees; and*
- (p) *all Proceedings that pertain to the Domestic Appliances Business or the Demerged Undertaking of the Demerged Company, initiated by or against the Demerged Company or claims, proceedings and investigations to which the Demerged Company is party to, pending on the Effective Date, or which may be instituted any time in the future in relation to the Domestic Appliances Business of the Demerged Company, including Proceedings specifically stipulated in Schedule 4 to this Scheme;*

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

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

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

1.33 **“Record Date”** *means a mutually agreed date to be fixed by the Boards of PIL and Philips Domestic Appliances for the purposes of determining the equity shareholders of PIL to whom shares of Philips Domestic Appliances would be issued and allotted in accordance with Clause 11 of this Scheme;*

1.35 **“Remaining Business”** *means all undertakings, investments, businesses, activities and operations of the Demerged Company other than those comprised in the Demerged Undertaking.*

7. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

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

11. CONSIDERATION FOR THE DEMERGER

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

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

11.2 The Share Entitlement Ratio ensures that the economic interest and voting rights of the shareholders remains the same in the Demerged Company and the Resulting Company. The Share Entitlement Ratio has been determined by the Board of Directors of the Demerged Company and the Resulting Company based on their independent judgment and taking into consideration the share entitlement reports dated August 28, 2020 and September 3, 2020 provided by Ms. Bhavna Garg (having ICAI Membership No. 524347, IBBI Registration No. IBBI/RV/05/2019/10677 and ICMAI RVO Membership No. ICMAI RVO/S&FA/00029) and Price Waterhouse & Co LLP (having Firm Registration No 016844N), respectively.

11.3 The equity shares to be issued and allotted by the Resulting Company to the equity shareholders of the Demerged Company shall be subject to the Scheme, the memorandum of association and articles of association of the Resulting Company and Applicable Laws, and shall rank *pari passu* in all respects with the then existing equity shares of the Resulting Company.

11.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Demerged Company, after the effectiveness of this Scheme. The Board of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Demerged Company on account of difficulties faced in the transaction period.

11.5 The equity shares to be issued and allotted pursuant to this Clause 11 shall be issued in dematerialized form to those shareholders who hold shares of the Demerged Company in dematerialized form, into the account in which shares of the Demerged Company are held or such other account as is intimated in writing by the shareholders to the Demerged Company and/ or its Registrar and Share Transfer Agent provided such intimation has been received by the Demerged

Company and/or its Registrar and Share Transfer Agent at least 10 (ten) working days prior to the Record Date. All those shareholders who hold shares of the Demerged Company in physical form shall also be issued equity shares of the Resulting Company in dematerialized form provided the details of their depository accounts are intimated in writing to the Demerged Company and/ or its Registrar and Share Transfer Agent at least 10 (ten) working days prior to the Record Date. It is clarified that in respect of such shareholders of the Demerged Company who fail to provide the required details of their depository accounts or whose details in this regard are incomplete, the Resulting Company shall issue the equity shares to be issued and allotted pursuant to this Clause 11 in accordance with Applicable Law, either in physical form, as may be permitted under Applicable Law; or in dematerialized form to a trustee appointed by the Board of the Resulting Company (“Trustee”) who shall hold such equity shares in trust for the benefit of the relevant equity shareholders of the Demerged Company. Any corporate benefits accruing on such shares viz. bonus shares, split etc. shall also be credited to such depository account of the Trustee. The Trustee shall not exercise the voting rights on such shares. The equity shares of the Resulting Company held by the Trustee for the benefit of such shareholders shall together with all rights and emoluments thereto be transferred to the relevant shareholders upon provision by the respective shareholders of all details of their depository accounts, along with such other details/documents as may be required by the Trustee.

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

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

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

- 12.1 Simultaneously with the allotment of shares by the Resulting Company in terms of Clause 11, the existing shareholding of the Demerged Company (together with its nominees) in the Resulting Company as was issued and paid up shall stand cancelled without any further act, instrument or deed in accordance with the provisions of the Scheme.*
- 12.2 The reduction of equity share capital of the Resulting Company shall be effected as an integral part of this Scheme and the Resulting Company shall not be required to follow the process under Sections 66 of the Act or any other provisions of Applicable Law separately. Without prejudice to the aforesaid it is hereby clarified that, the approval granted by shareholders to the Scheme shall also be deemed to be the approval for the purpose of Section 66 and other relevant provisions of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purposes of confirming the reduction.*
- 12.3 The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any or payment of paid up share capital.*
- 12.4 Notwithstanding the reduction in the share capital of the Resulting Company in terms of this Clause 12, the Resulting Company shall not be required to add “And Reduced” as suffix to its name.*

19. AMALGAMATION OF THE AMALGAMATING COMPANY WITH THE RESULTING COMPANY

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

24. CANCELLATION OF SHARES

Pursuant to the transfer by way of demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company pursuant to and in terms of Part D of this Scheme, the investments held by the Demerged Company in the Amalgamating Company shall be transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company. As a result, prior to the amalgamation of the Amalgamating Company with the Resulting Company pursuant to and in terms of Part E of this Scheme, the Resulting Company shall hold 100% of the issued, subscribed and paid-up capital of the Amalgamating Company. Consequently, pursuant to the amalgamation of the Amalgamating Company with the Resulting Company, the entire share capital held by the Resulting Company in the Amalgamating Company shall stand cancelled upon the Scheme becoming effective, without any further application, act or deed. It is clarified that no new shares shall be issued or payment made in cash or in kind whatsoever by the Resulting Company in lieu of such shares of the Amalgamating Company

29. DISSOLUTION OF AMALGAMATING COMPANY

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

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

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

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

“The Authorized Share Capital of the Company is INR 1,31,10,00,000 (Indian Rupees One Hundred Thirty One Crore and Ten Lakh) comprising of 9,70,37,421 (Nine Crore Seventy Lakh Thirty Seven Thousand Four Hundred and Twenty One) equity shares of INR 10 (Indian Rupees Ten) each; and 3,40,62,579 (Three Crore Forty Lakhs Sixty Two Thousand Five Hundred and Seventy Nine) Preference Shares (CCPS) of INR 10 (Ten) each, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach

thereto respectively such preferential, qualified or special rights, privileges or conditions in such manner as may for the time being provided by the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act, or provided by the Articles of Association of the Company.”

35. CONDITIONALITY AND EFFECTIVENESS OF THE SCHEME

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

- (a) *the Scheme being approved by the respective requisite majorities of the various classes of shareholders and/or creditors (as applicable) of each of PIL, Preethi and Philips Domestic Appliances as required under the Act and as may be directed by the NCLT(s) or any other competent authority, or dispensation having been received from the NCLT(s) in relation to obtaining such approval from the members and/or creditors, and the requisite orders of the NCLTs being obtained in this regard;*
- (b) *such other approvals and sanctions including sanction of any Governmental Authority as may be mandatorily required by law in respect of the Scheme, being obtained;*
- (c) *the respective Boards of the Demerged Company and the Resulting Company having passed a resolution confirming IT Infrastructure Readiness;*
- (d) *the Scheme being sanctioned by the NCLTs in terms of Sections 230 to Section 232 and other relevant provisions of the Act;*
- (e) *occurrence of the Appointed Date; and*
- (f) *the certified copies of the sanction order(s) of the NCLTs approving this Scheme being filed with the relevant Registrars of Companies having jurisdiction over the Companies.”*

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

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

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

A copy of the proposed Scheme is attached as **Annexure 1** to this Explanatory Statement.

The features set out above are only some of the salient features of the Scheme, which are subject to other provisions of the Scheme. The secured creditors are requested to read the entire text of the Scheme (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the Scheme.

7. Documents required to be circulated for the Tribunal Convened Meeting under Section 232(2) of the Act

As required under Section 232(2) of the Act, the following documents are being circulated with this Notice and explanatory statement:

- (i) Scheme, enclosed as **Annexure 1**;
- (ii) Report adopted by the Board of Directors of the Applicant Company pursuant to the provisions of Section 232(2)(c) of the Act, enclosed as **Annexure 2**;
- (iii) Report adopted by the Board of Directors of Preethi pursuant to the provisions of Section 232(2)(c) of the Act, enclosed as **Annexure 3**;
- (iv) Report adopted by the Board of Directors of Philips Domestic Appliances pursuant to the provisions of Section 232(2)(c) of the Act, enclosed as **Annexure 4**;
- (v) Supplementary accounting statement of the Applicant Company for the period ending September 30, 2020, enclosed as **Annexure 5**;
- (vi) Supplementary accounting statement of Preethi for the period ending September 30, 2020, enclosed as **Annexure 6**; and
- (vii) Valuation Reports, enclosed as **Annexure 7**.

Dated at this January 12, 2021

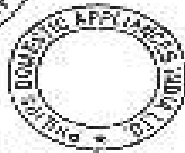
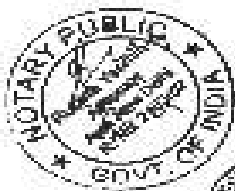
Sd/-

Mr. Dhirendra Nath Sharma

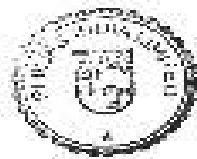
Chairperson appointed for the Meeting

P-1

COMPOSITE SCHEME OF ARRANGEMENT
AMONGST
PHILIPS INDIA LIMITED
AND
PREETII KITCHEN APPLIANCES PRIVATE LIMITED
AND
PHILIPS DOMESTIC APPLIANCES INDIA LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS
UNDER SECTIONS 250 TO 252 OF THE COMPANIES ACT, 2013



Signature



Signature

PART A - GENERAL

I. PREAMBLE

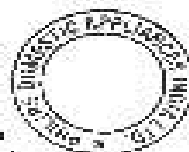
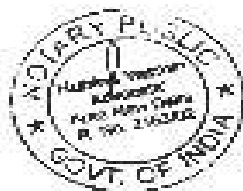
This Corporate Scheme of Arrangement ("Scheme" as more particularly defined hereunder) amongst Philips India Limited ("PIL" or the "Demerged Company"), Preethi Kitchen Appliances Private Limited ("Preethi" or the "Amalgamating Company"), Philips Domestic Appliances India Limited ("Philips Domestic Appliances"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

II. BACKGROUND

(a) PIL is a public limited company (having corporate identification number: U31903WB1930PLCC006663) incorporated on January 31, 1930 under the provisions of the Companies Act, 1913 ("1913 Act") and existing under the Act, having its registered office at 3rd Floor, Tower A, DLF IT Park, G3 Block AF Major Aerial Road, New Town (Rajarhat) Kolkata - 700156, West Bengal. PIL is engaged in various businesses including Domestic Appliances Business; diagnostic imaging, interventional x-ray, and ultrasound, and patient monitoring businesses; manufacturing, trading and dealing of consumer products such as grooming products, beauty products, oral health care and mother and child care products, informatics solutions on healthcare informatics, infrastructure and consulting solutions; software development, product engineering and service innovation in relation to various products; and other functions.

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

PIL was incorporated on January 31, 1930, in the State of West Bengal as a private limited company under the name "Philips Electricals Company (India) Private Limited". The name of PIL was changed to "Philips India Private Limited" with effect from September 12, 1956. The status of PIL was changed from a private limited company to a public limited company with effect from November 4, 1957. Consequently, the name of PIL was changed to "Philips India Limited". Thereafter, the name of PIL was changed to "Paisa Electronics & Electricals Limited" (with effect from April 20, 1979), "Philips India Limited" (with effect from December 20, 1995) and "Philips Electronics India Limited" (with effect from August 8, 2005). On October 25, 2013, the name of PIL was again changed to its present name, "Philips India Limited".



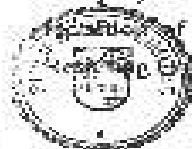
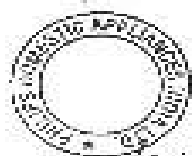
(b) Preethi is a private limited company (having corporate identification number: U36994MH2011PT1004837) incorporated on February 21, 2011 under the provisions of the Companies Act, 1956 ("1956 Act") and existing under the Act, having its registered office at Rubega Platinum, Sag Baraj Road, Old Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra. Preethi is one of the leading manufacturers of kitchen appliances focusing on the South Indian market. Preethi's product range comprises of mixers, table top grinders, coffee makers, induction cookers, electric rice cookers, electric kettle, electric iron box and electric pressure cookers. Preethi is a wholly owned subsidiary of PPL with its entire issued and paid up share capital being held by PPL and its nominee shareholders.

(c) Philips Domestic Appliances is a public limited company (having corporate identification number: U29308WB2020PLC238116) incorporated on July 17, 2009 under the provisions of the Act, having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arerial Road, New Town, Kolkata-700156, West Bengal. Philips Domestic Appliances has been incorporated with the object of, *inter alia*, carrying on the business of manufacturers, producers, stockists, commission agents, importers and exporters of electrical products and other domestic appliances, their assemblies, kits, spares and accessories, in India and abroad. Philips Domestic Appliances is a wholly owned subsidiary of PPL with its entire issued and paid up share capital being held by PPL and its nominee shareholders.

III. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

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



Signature _____

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

IV. RATIONALE

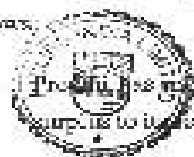
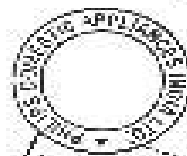
This Scheme provides for:

- (i) re-organization of the share capital and securities premium reserve account of Preethi involving reduction in the face value of the fully paid up equity shares and reduction of the securities premium reserve account of Preethi and return of the amounts so reduced to the shareholders of Preethi on a pro-rata basis. The remaining amount in the securities premium reserve account shall be partly adjusted against the balance in the profit and loss account of Preethi to set off net accumulated losses of Preethi. ("Capital Reduction");
- (ii) the transfer by way of a demerger of the Demerged Undertaking (defined below) of the Demerged Company to the Resulting Company on a going concern basis, reduction of share capital held by the Demerged Company in the Resulting Company and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company ("Demerger");
- (iii) amalgamation of the Amalgamating Company with the Resulting Company and dissolution of the Amalgamating Company without winding up and the cancellation of equity shares of Amalgamating Company held by the Resulting Company ("Amalgamation"); and
- (iv) various other matters consequential or integrally connected therewith including the re-organization of the share capital of the Resulting Company,

pursuant to Sections 230 to 232 of the Act and other provisions of the Act, as may be applicable, in the manner provided for in this Scheme and in compliance with Sections 2(19AA) and 2(1D) and other applicable provisions of the Income Tax Act, 1961 read with Income Tax Rules, 1962.

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

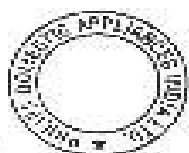
- (a) Preethi has no core capital base, it can profitably employ and the capital is in surplus to its requirements. This has given rise to the need to return the excess



Page 4 of 71

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

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



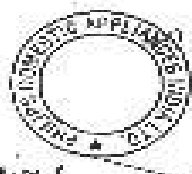
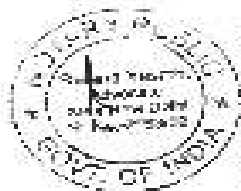
Page 5 of 51

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

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

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

- (i) all the properties of the Demerged Company forming part of the Demerged Undertaking immediately before the Demerger shall become the properties of the Resulting Company by virtue of the Demerger;
- (ii) all the liabilities of the Demerged Company forming part of the Demerged Undertaking immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the Demerger;
- (iii) the properties and the liabilities of the Demerged Company forming part of the Demerged Undertaking shall be transferred to the Resulting Company at the values appearing in the books of accounts of the Demerged Company immediately before the Demerger;
- the Resulting Company shall issue, in consideration of the Demerger, shares to the shareholders of the Demerged Company on a proportionate basis i.e. in the same proportion as (defined below):



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

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

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

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

PART B - DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

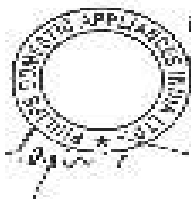
1. DEFINITIONS

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

"1913 Act" means the Companies Act, 1913 and the rules and regulations made thereunder;

"1956 Act" means the Companies Act, 1956 and the rules and regulations made thereunder;

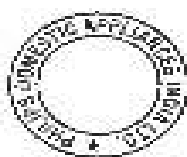
"Act" means the Companies Act, 2013 and the rules made thereunder and shall include any amendment, modification or re-enactment thereof for the time being in



[Handwritten signatures and initials]

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

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



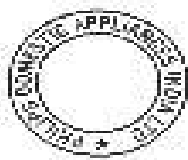
(c) all benefits, entitlements, permits, clearances, registrations, incentives and concessions under incentive schemes and policies, whether under Central, State or other laws, including under income tax, customs, Goods and Service Tax (CGST, SGST and IGST) and Foreign Trade Policy of Government of India or any other policy of the Central Government or State Government or any other authority, along with associated obligations, of the Amalgamating Company, to the extent statutorily available;

(d) all taxes, duties (including obligation for advance licenses), cess, etc. including all or any refunds, credit and claims or entitlements relating thereto of the Amalgamating Company;

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

(f) all intellectual property rights (whether registered or unregistered), being logos, trade names, trademarks (including goodwill therein), service marks, copyrights, patents, technical know-how, trade secrets, domain names, designs, engineering and process information, computer programmes, drawings, manuals, whether in physical or electronic form, any other business or commercial rights, whether registered, unregistered or pending applications owned or used by the Amalgamating Company;

(g) all rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held, investments, registrations, engagements, arrangements of all kind, and all other rights, easements, liberties and advantages of whatsoever nature and wherever situated belonging to or in the

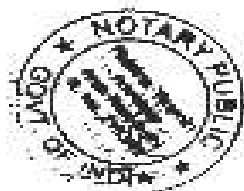


Signature

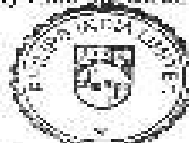
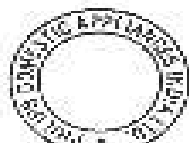
Signature
Page 2 of 7

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

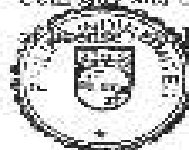
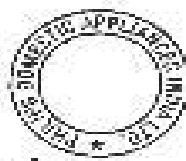
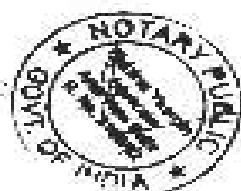
- (i) all experience, past track record, qualification criteria and credentials of the Amalgamating Company in manufacturing and supplying the products/ services thereof to various customers, Governmental Authorities, agencies, departments and others for the purpose of eligibility, standing, evaluation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



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

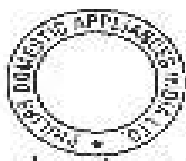
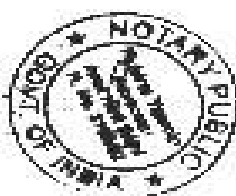


- 1.6 "Appointed Date" means opening of business on July 1, 2021 or such other date as may be mutually agreed by the Companies (as hereinafter defined) or such other date as the NCLT may direct/allow;
- 1.7 "Board" in respect of a Company means the board of directors of such Company in office at the relevant time, and, unless it is repugnant to the context, shall include a committee duly constituted and authorized thereby;
- 1.8 "Business Licenses" has the meaning set out in Clause 1.71 (e) of this Scheme;
- 1.9 "Companies" means PIL, Preschi and Philips Domestic Appliances, collectively, and "Company" means any one of them as the context may require;
- 1.10 "Demerged Liabilities" has the meaning set out in Clause 2.12 of this Scheme;
- 1.11 "Demerged Undertaking" means all the assets, liabilities, businesses, undertakings, activities, operations and properties, of whatsoever nature and kind and wherever situated, forming part of the Domestic Appliances Business of the Demerged Company, on a going concern basis, as on the Appointed Date, and shall mean:
 - (a) the entire shareholding of Preschi held by the Demerged Company (together with its nominees);
 - (b) all immovable properties now or currently being used solely for the purpose of the Domestic Appliances Business of the Demerged Company (i.e., land together with the buildings and structures standing thereon or under construction), including those as specifically stipulated in Schedule 2 to this Scheme (whether freehold, leasehold, lease and licensed or otherwise, including townships in relation to warehouses, research facilities, godowns, depots, office space and guest houses and residences) premises occupied by the PIL Transferred Employees (as hereinafter defined), and all documents of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;
 - (c) all immovable properties which are being shared by the Demerged Undertaking and the Remaining Business of the Demerged Company and which shall be transferred to the Resulting Company in the proportion and manner determined by the mutual agreement of the Boards of the Demerged Company and the Resulting Company, including either as a leasehold right or license right;



Signature _____

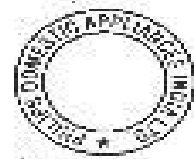
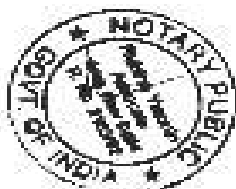
- (d) all assets, wherever situated, as are movable in nature pertaining solely to the Domestic Appliances Business of the Demerged Company, whether present, future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal, including without limitation current assets,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



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

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

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



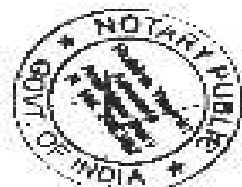
[Handwritten signatures and dates]

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

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

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

(m) all books, records, files, papers, engineering and process information, trade credentials (whether proprietary or otherwise), computer programmes,



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

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

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

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

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

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

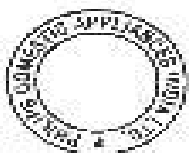
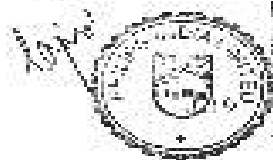
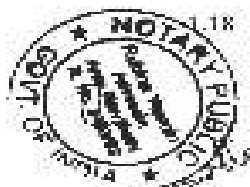
1.15. "Governmental Authority" means any central, state, provincial, local or similar governmental, statutory, regulatory, quasi-judicial, judicial, administrative authority, agency, commission, departmental or public body or authority, board, branch, tribunal or court or other entity authorized to make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

1.16. "INR" means Indian Rupees;

1.17. "IT Infrastructure Readiness" has the meaning set out in Clause 34.2 of this Scheme;

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

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



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

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

1.21 "Philips Domestic Appliances" or "Resulting Company" means Philips Domestic Appliances India Limited (corporate identification number: U29008WB2002PLC218116), a public company incorporated under the Act and having its registered office at 3rd Floor, Tower A, DLF IT Park, 38 Block AF Major Arterial Road, New Town Kolkata 700156 West Bengal;

1.22 "PHL" or "Demerged Company" means Philips India Limited (corporate identification number: U31902WB1990PLC006663), a public company incorporated under the 1913 Act and having its registered office at 3rd Floor, Tower A, DLF IT Park, 38 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal;

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

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

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

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

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

1.28 "Preeti" or "Amalgamating Company" means Preeti Kitchen Appliances Private Limited (corporate identification number: U26991MH2011PTC213827), a private company incorporated under the 1956 Act and having its registered office at Rubeja Platinum, Saig Bang Road, Off. Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra;

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

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

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

2. INTERPRETATION

All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, Income Tax Act, 1961 read with Income Tax Rules, 1962 and other Applicable Laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.

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

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

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

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

2.5 The singular shall include the plural and vice versa; and references to one gender shall include all genders.

2.6 Any phrase introduced by the terms "including", "includes", "in particular" or any similar expression shall be construed as illustrative and shall not limit the scope of the words preceding those terms.

2.7 The Schedules form an integral and inseparable part of this Scheme.

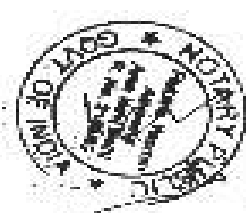
3. DATE OF TAKING EFFECT AND OPERATIVE DATE

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

4. SHARE CAPITAL

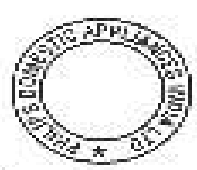
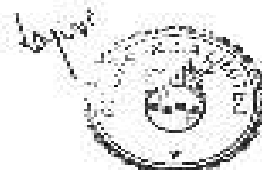
4.1 The authorized, issued, subscribed and paid up share capital of PCL as on September 10, 2020 is as under:

Authorized Share Capital	
9,20,00,000 equity shares of INR 10 each	92,00,00,000
2,00,00,000 non-convertible cumulative preference shares of INR 10 each	20,00,00,000
TOTAL	1,12,00,00,000
Issued, subscribed and paid-up Share Capital	
5,75,17,212 equity shares of INR 10 each fully paid up	57,51,72,120
TOTAL	57,51,72,120



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

Authorized Share Capital	
9,89,87,121 equity shares of INR 10 each	98,98,71,210
5,41,62,579 8% Compulsorily Convertible Non-cumulative preference shares of INR 10 each	54,16,25,790
TOTAL	1,53,15,00,000



Signature

Issued, subscribed and paid-up Share Capital	
95,18,79,940 equity Shares of 10 each fully paid up	95,18,79,940
TOTAL	95,18,79,940

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

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

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

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

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

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

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

the issued, subscribed and paid up equity share capital of Preethi shall be reduced from INR 95,18,79,100 (Indian Rupees Ninety Five Crores Eighteen Lakhs Seventy Nine Thousand and Four Hundred) divided into 9,51,87,940 (Nine Crores Fifty One Lakh Eighty Seven Thousand Nine Hundred and Forty) fully paid up equity shares of face value INR 10 (Indian Rupees Ten) each to INR 47,59,39,700 (Indian Rupees Forty Seven Crore Tidy Nain Lakhs

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

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

The amounts so reduced shall be utilised as follows:

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

Paid up share capital	INR 95,18,79,400 divided into 9,51,87,940 equity shares of INR 10 each	INR 17,59,39,700	INR 17,59,39,700 divided into 9,51,87,940 equity shares of INR 5 each
Securities Premium Reserve Account	INR 6,47,91,60,669	INR 4,84,00,80,300	INR 1,63,91,00,369

- 5.2 The reduction in the share capital and the securities premium reserve account of Preethi shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 230 to 233 of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction and Preethi shall not be required to follow the process under Sections 66 of the Act or any other provisions of Applicable Law separately. Notwithstanding the reduction in the equity share capital and securities premium reserve account of Preethi, Preethi shall not be required to add "And Reduced" as suffix to its name.
- 5.3 Preethi's accumulated losses have substantially wiped off the value represented by the share capital of Preethi. It is therefore proposed to re-organize its share capital and securities premium reserve account in the manner aforesaid, to re-align the relationship between its capital and assets thereby improving the financial position of Preethi.
- 5.4 The proposed re-organization and reduction of the share capital and securities premium reserve account of Preethi is not in any way prejudicial to the interests of any creditors and shareholders as it does not result in any reduction in the liability amount payable towards any creditor. Preethi does not have any secured creditors (other than finance lease obligations for vehicles taken on lease) and hence, the envisaged re-organization/ reduction does not in any way impact the asset coverage ratio for the creditors. Further, this will not impact the normal operations of Preethi or its ability to repay its creditors or honor any of its other commitments, in the ordinary course of its business and in fact it shall enable Preethi to portray a realistic picture of its operations.

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

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

MEMORANDUM OF ASSOCIATION

"The Authorized Share Capital of the Company is INR 1,31,00,00,000 (Indian Rupees One Hundred Thirty One Crore and Five Lakhs), divided into 19,39,74,343

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

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

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

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

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

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

(Indian Rupees Five) each and the amount standing to the credit of the securities premium reserve account will be reduced from INR 6,47,91,60,669 (Indian Rupees Six Hundred Forty Seven Crores Ninety One Lakh Sixty Thousand and Six Hundred Sixty Nine) to INR 1,63,91,000,569 (Indian Rupees One Hundred Sixty Three Crores Ninety One Lakhs Three Hundred and Sixty Nine). The said reduction will be effected by paying of the cash to the shareholders of Preethi (subject to withholding taxes, if any) aggregating to INR 4,06,00,00,000 (Indian Rupees Four Hundred Six Crore and Sixty Lakhs) and writing off accumulated losses by INR 1,25,00,00,000 (Indian Rupees One Hundred Twenty Five Crore).

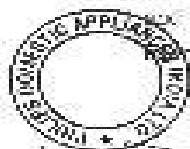
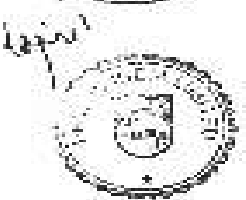
- 6.2 Preethi will comply with all relevant accounting policies and accounting standards with regard to the accounting for the reduction of capital as per the accounting standards prescribed under Section 133 of the Act and any other applicable provisions and laws for the time being in force.
- 6.3 Preethi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

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

TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

TRANSFER OF ASSETS

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking shall, subject to the provisions of this Clause 7 in relation to the mode of transfer and vesting and pursuant to Sections 219 to Section 232 of the Act read with other relevant provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961 read with Income Tax Rules, 1962 and all other applicable provisions of Applicable Laws for the time being in force, without any further act, instrument or deed, be demerged from the Demerged Company and be transferred to and vested in and be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern, so as to constitute and from the Appointed Date, a part of the Resulting Company.

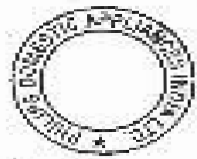
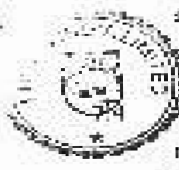


Signature

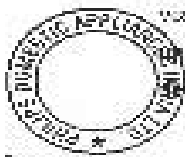
7.2 Without prejudice to the generality of Clause 7.1 above, upon the Scheme becoming effective and with effect from the Appointed Date, in respect of assets of the Demerged Undertaking as are movable in nature and/ or otherwise capable of transfer by manual or constructive delivery and/ or by endorsement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

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

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



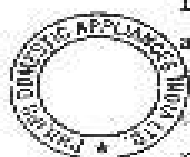
- 7.5 Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Demerged Company in any immovable properties (i.e. land together with the buildings and structures standing thereon or under construction), that are currently being used solely for the purposes of the Demerged Undertaking, including those specifically stipulated in Schedule 2 (whether freehold, leasehold, lease and licensed or otherwise) and all documents of title, rights and encumbrances in relation thereto, shall, pursuant to Sections 230 to 232 of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company on the same terms and conditions, subject to the provisions of this Scheme in relation to encumbrances in favour of any lender including banks and/or financial institutions. The Resulting Company shall be entitled to exercise all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties.
- 7.6 With regard to immovable properties occupied and utilized by the Demerged Undertaking and the Remaining Business of the Demerged Company prior to the Effective Date (including any future immovable properties that are taken on lease or license by the Demerged Company prior to the Effective Date for being occupied and used by the Demerged Undertaking and the Remaining Business of the Demerged Company), the Boards of the Demerged Company and the Resulting Company shall by mutual agreement, prior to the Effective Date, determine the manner in which the Resulting Company shall continue to have the right to occupy and utilize such immovable properties, including by way of the Resulting Company executing new lease/license agreement with the lessor/licensor in relation to the portion of the premises being used by the Demerged Undertaking or the Demerged Company granting new sub-lease/sub-license to the Resulting Company for the portion of the premises being used by the Demerged Undertaking or the corresponding lease/license being assigned to the Resulting Company and thereafter being sub-leased/sub-licensed to the Demerged Company for the portion of the premises being used by the Remaining Business of the Demerged Company.
- 7.7 All assets, estate, rights, title, interest and authorities accrued to and/or acquired by the Demerged Company after the Appointed Date and prior to the Effective Date and forming part of the Demerged Undertaking shall also stand transferred to and vested or be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of this Scheme without any further act, instrument or deed.



[Handwritten signature]

- 7.8 Without prejudice to the aforesaid, it is clarified that if any assets of whatsoever nature (including estate, claims, rights, title, interest in or authorisation relating to such assets) in relation to the Demerged Undertaking, which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.
- 7.9 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date, all Business Licenses that relate exclusively to the Domestic Appliances Business of the Demerged Company shall be transferred to and vested in the Resulting Company and the concerned licensors and grantors of such Business Licenses, shall endorse, where necessary, and record, in accordance with law, the Resulting Company on such Business Licenses so as to empower and facilitate the approval and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations forming part of Demerged Undertaking in the Demerged Company in the Resulting Company without hindrance and that Business Licenses shall remain valid, effective and enforceable on the same terms and conditions and in full force and effect in favour of or against Resulting Company, as the case may be, and may be enforced as fully and efficiently as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obliged thereto. The Resulting Company may take such actions as may be necessary and permissible under Applicable Law to get the aforesaid transferred and/or registered in the name of the Resulting Company.

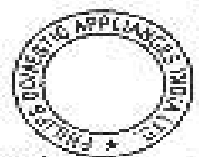
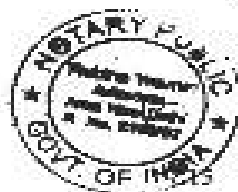
- 7.10 In case of the Business Licenses that are jointly held for the Demerged Undertaking and the Remaining Business of the Demerged Company, then, such Business Licenses shall be deemed to constitute separate Business Licenses and the relevant or concerned Governmental Authorities shall endorse, revalidate,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



[Signature]
Date: 27.11.21

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

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



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

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

TRANSFER OF LIABILITIES

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



[Signature]

[Signature]

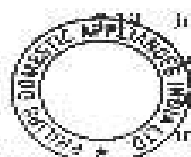
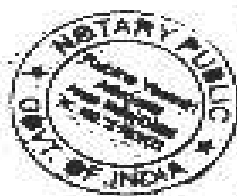
any contract or arrangement by virtue of which such Demerged Liabilities have arisen in order to give effect to the provisions of this Clause, it is clarified that the term "Demerged Liabilities" shall include:

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

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

ENCUMBRANCES

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



18/11/21

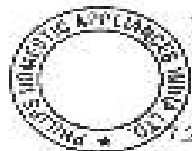
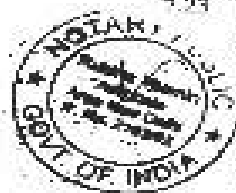
18/11/21

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

- 7.20 In so far as the assets forming part of the Demerged Undertaking are concerned, the Encumbrances, over such assets, to the extent they relate to any Liabilities of the Demerged Company pertaining to the Remaining Business of the Demerged Company shall, as and from the effective date, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as Encumbrances in relation to those Liabilities of the Demerged Company pertaining to the Remaining Business of the Demerged Company which are not transferred to the Resulting Company pursuant to the Scheme (and which shall continue with the Demerged Company).
- 7.21 In so far as the assets of the Remaining Business of the Demerged Company are concerned, the Encumbrances over such assets, to the extent they relate to any Demerged Liabilities forming part of the Demerged Undertaking shall, without any further act, instrument or deed be released and discharged from such Encumbrances.
- 7.22 In so far as the existing Encumbrances in respect of the Liabilities relating to the Remaining Business of the Demerged Company are concerned, such Encumbrance shall, without any further act, instrument, or deed be continued with the Demerged Company only on the assets relating to the Remaining Business of the Demerged Company and the assets of the Demerged Undertaking shall stand released therefrom.

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

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



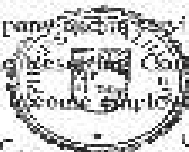
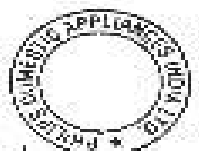
all Liabilities pertaining to the Remaining Business of the Demerged Company and the Resulting Company shall not have any obligations in respect of the Liabilities of the Remaining Business of the Demerged Company. Further, upon the coming into effect of this Scheme and with effect from the Appointed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

- 7.25 The Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to the Demerged Undertaking which shall vest in the Resulting Company by virtue of the Scheme, including for the avoidance of doubt and notwithstanding anything contained herein, that no Encumbrances shall be extended to any of the assets of the Resulting Company, unless otherwise agreed to by the Resulting Company with such secured creditors, if any.
- 7.26 Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the foregoing provisions shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue of any security documents, all of which instruments, deeds or writings shall be deemed to have been modified such or superseded by the foregoing provisions. The absence of any formal amendment which may be required by a lender or trustee or third party or any Person shall not affect the operation of Clauses 7.25 to 7.26.
- 7.27 It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Demerged Liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

- 7.28 Upon this Scheme becoming effective, the borrowing limits of the Resulting Company, in terms of Section 189(1)(c) of the Act, shall without any further act, instrument or deed, stand enhanced by the Demerged Liabilities, such limits being incremental to the existing limits of the Resulting Company, with effect from the Appointed Date.

8. EMPLOYEES

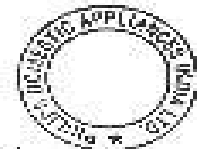
- 8.1 On the Scheme becoming effective, all permanent and temporary employees engaged exclusively in or in relation to the Demerged Undertaking of the Demerged Company, being Employees as on the Effective Date and whose services are transferred to the Resulting Company ("EBT Transferred Employees") shall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



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

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

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



[Handwritten signatures and initials]

8.4 In relation to any other fund (including any funds set up by the Government for employee benefits) created or existing for the benefit of the PIL Transferred Employees, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including, relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such PIL Transferred Employees such that all the rights, duties, powers and obligations of the Demerged Company in relation to such funds shall become those of the Resulting Company.

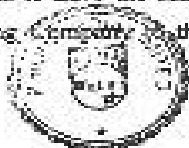
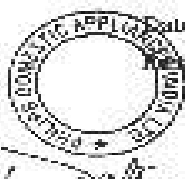
8.5 In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business of Demerged Company are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held ~~over~~ also for the benefit of the employees of the Remaining Business of the Demerged Company and the Resulting Company shall have no liability in respect thereof.

9. LEGAL PROCEEDINGS

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

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

9.3 Subject to Clause 9.2 above, the Resulting Company undertakes to have all Proceedings initiated by or against the Demerged Company referred to in Clause 9.1 above transferred to its name as soon as it is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company, to the exclusion of the Demerged Company. The Resulting



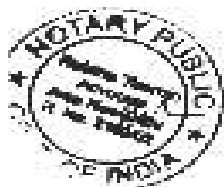
Handwritten signatures and initials over the text of Clause 9.3.

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

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

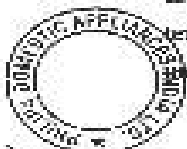
10. CONTRACTS, DEBTS, ETC.

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



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

- 10.2 With regard to the PIL Shared Contracts, such contracts shall continue for the common benefit of the Demerged Undertaking and the Remaining Business until the Effective Date and the Boards of the Demerged Company and the Resulting Company shall by mutual agreement, prior to the Effective Date, determine the manner in which the Resulting Company shall, upon the coming into effect of this Scheme, continue to exercise the rights and obligations under such PIL Shared Contracts, including by way of novation of such PIL Shared Contracts or the Resulting Company executing fresh agreements with the relevant counter-parties in relation to the rights and obligations thereunder pertaining to the Demerged Undertaking or the corresponding PIL Shared Contracts being assigned to the Resulting Company and fresh agreements being executed by the Demerged Company with the relevant counter parties in relation to the rights and obligations thereunder pertaining to the Remaining Business of the Demerged Company or the Demerged Company sub contracting any rights and obligations thereunder to the Resulting Company.
- 10.3 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, in its sole discretion, but shall not be obligated to enter into and/or issue and/or execute, deeds, writings, confirmations, engagements, novations or other documents with or in favour of any party to any PIL Transferred Contract or PIL Shared Contract to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of this Scheme.
- 10.4 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, insurance covers, certificates, clearances, authorizations, approvals, no-objection certificates, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, including by any Governmental Authority, including the benefits of any applications made for any of the foregoing, shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting



Signature
 Page 36 of 71

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

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

11. CONSIDERATION FOR THE DEMERGER

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

"1 fully paid up equity share of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances shall be traced and allotted for every 1 fully paid-up equity share of INR 10 (Indian Rupees ten only) held in PFI. (Share Entitlement Ratio)" such that in aggregate 1,75,17,742 (Five Crore Seventy Five Lakh Seventeen Thousand Two Hundred and Forty Two) fully paid up equity shares of INR 10 (Indian Rupees ten only) each of Philips Domestic Appliances shall be issued to the members of the Demerged Company consistent to the Demerger".

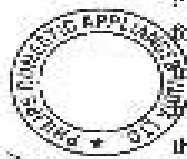
- 11.2 The Share Entitlement Ratio ensures that the economic interest and voting rights of the shareholders remains the same in the Demerged Company and the Resulting Company. The Share Entitlement Ratio has been determined by the Board of directors of the Demerged Company and the Resulting Company based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

ICAI Membership No. 524347, ICSI Registration No. 1888/RV/05/2019/10677 and ICAI RVO Membership No. (ICAI RVO/S&FA/00029) and Price Waterhouse & Co LLP (having Firm Registration No 216844N), respectively.

11.3 The equity shares to be issued and allotted by the Resulting Company to the equity shareholders of the Demerged Company shall be subject to the Scheme, the memorandum of association and articles of association of the Resulting Company and Applicable Laws, and shall rank *pari passu* in all respects with the then existing equity shares of the Resulting Company.

11.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferee or transferee of equity shares in the Demerged Company, after the effectiveness of this Scheme. The Board of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Demerged Company on account of difficulties faced in the transaction period.

11.5 The equity shares to be issued and allotted pursuant to this Clause 11 shall be issued in dematerialized form to those shareholders who hold shares of the Demerged Company in dematerialized form, into the account in which shares of the Demerged Company are held or such other account as is intimated in writing by the shareholders to the Demerged Company and/or its Registrar and Share Transfer Agent provided such intimation has been received by the Demerged Company and/or its Registrar and Share Transfer Agent at least 10 (ten) working days prior to the Record Date. All those shareholders who hold shares of the Demerged Company in physical form shall also be issued equity shares of the Resulting Company in dematerialized form provided the details of their depository accounts are intimated in writing to the Demerged Company and/or its Registrar and Share Transfer Agent at least 10 (ten) working days prior to the Record Date. It is clarified that in respect of such shareholders of the Demerged Company who fail to provide the required details of their depository accounts or whose details in this regard are incomplete, the Resulting Company shall issue the equity shares to be issued and allotted pursuant to this Clause 11 in accordance with Applicable Law, either in physical form, as may be permitted under Applicable Law, or in dematerialized form to a trustee appointed by the Board of the Resulting Company ("Trustee") who shall hold such equity shares in trust for the benefit of the relevant equity shareholders of the Demerged Company. Any corporate benefits accruing on such shares viz. bonus



[Handwritten signature]
 Page 26 of 71

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

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

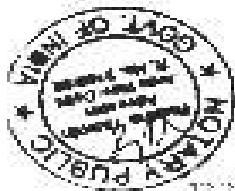
11.6 The equity shares to be issued by the Resulting Company, pursuant to Clause 11.1 above, in respect of any equity shares of the Demerged Company which are held in escrow under the provisions of Section 126 of the Act or which the Resulting Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Laws or otherwise shall, pending allotment or settlement of dispute by the relevant Governmental Authority, be kept in abeyance by the Resulting Company.

11.7 The approval and consent to this Scheme by the shareholders of the Resulting Company shall be deemed to mean that such shareholders have also accepted their consent under Section 65 of the Act for the issuance of shares by the Resulting Company to the shareholders of the Demerged Company pursuant to this Scheme, and other provisions of the Act, as may be applicable.

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

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

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



[Handwritten signature]

[Handwritten signature]

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

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

13. ACCOUNTING TREATMENT

In the books of the Demerged Company

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

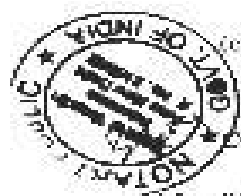
- (a) All the assets and the liabilities of the Demerged Undertaking as appearing in the books of accounts of the Demerged Company shall stand transferred to and vested in the Resulting Company pursuant to the Scheme and shall be reduced from the respective book value of assets and liabilities of the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

In the books of the Resulting Company

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

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

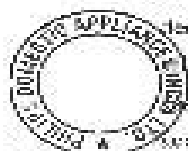
(e) Financial information in the financial statements of the Resulting Company shall be stated in accordance with the applicable accounting standards.



CONDUCT OF BUSINESS

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

14.1.1 The Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking and shall be deemed to have held and stand possessed of and shall hold and stand possessed of its estates, properties, rights, title, interest, authorities, contracts, investments, powers and strategic decisions forming part of the Demerged Undertaking for and on account of and in trust for the Resulting Company.



Signature



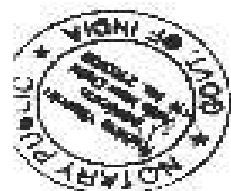
Signature

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

14.1.3 All the profits or income arising or accruing to the Demerged Company and expenditure or losses (including taxes, if any), accruing or paid in relation to any profits or income) arising or incurred or suffered by the Demerged Company, which form part of the Demerged Undertaking, for the period commencing from the Appointed Date, shall, for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of the Resulting Company, except for income or profits or losses or expenditure arising or accruing to the Remaining Business of the Demerged Company.

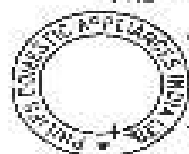
14.1.4 Any of the rights, powers, authorities or privileges attached, related or forming part of the Demerged Undertaking, exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company.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

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



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

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



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



[Handwritten signature]

[Handwritten signature]

shall be deemed to mean that such shareholders have also accorded their consent under Section 186 of the Act in relation to any contract or arrangement entered into or proposed to be entered into by the Resulting Company with the Demerged Company to give effect to the provisions of this Scheme.

15. SAVING OF CONCLUDED TRANSACTIONS

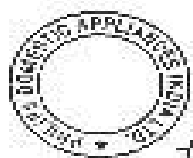
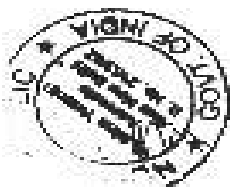
Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking into the Resulting Company as per the provisions of this Scheme shall not affect any transaction or proceedings already concluded by the Demerged Company for the Demerged Undertaking on or before or after the Appointed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

16. TAXES/DUTIES/CESS ETC.

Subject to all taxes to Applicable Law

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

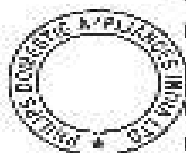
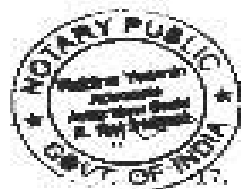
- 16.2 Notwithstanding anything contained in Clause 16.1 above, any Proceedings in respect to or in relation to or pertaining tax assessment that have been initiated by or against the Demerged Company and pertain to the period before the Appointed Date, shall not be transferred to the Resulting Company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



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

17. REMAINING BUSINESS OF THE DEMERGED COMPANY

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



17.2 All Proceedings by or against the Demerged Company whether relating to its period prior to or after the Appointed Date and whether pending on the Appointed Date or which may be instituted thereafter, and which relate to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duty of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company even after the Effective Date.

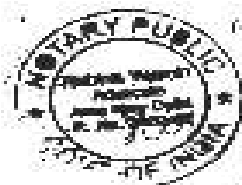
17.3 It is hereby clarified that if any claims are made or Liability is imposed on the Resulting Company which is (a) exclusive to the Remaining Business, the Demerged Company shall indemnify the Resulting Company to the extent of such claim or Liability imposed on the Resulting Company; or (b) common to the Domestic Appliances Business/Demerged Undertaking of the Demerged Company and its Remaining Business, the Boards of the Resulting Company and the Demerged Company shall mutually agree upon the proportion in which such Liability shall be allocated between the Resulting Company and the Demerged Company.

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

(a) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business of the Demerged Company for and on its own behalf;

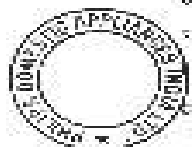
(b) all profits accruing to the Demerged Company or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business of the Demerged Company shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and

(c) all assets and properties acquired by the Demerged Company in relation to the Remaining Business of the Demerged Company on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.



18. WRONG POLICED ASSETS

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



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



Handwritten signature/initials

Handwritten signature/initials

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

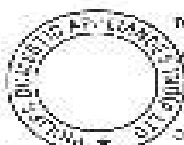
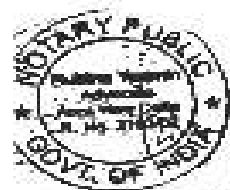
**PART E – AMALGAMATION OF THE AMALGAMATING COMPANY WITH
THE RESULTING COMPANY**

19. AMALGAMATION OF THE AMALGAMATING COMPANY WITH THE RESULTING COMPANY

19.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Amalgamating Undertaking of the Amalgamating Company shall, subject to the provisions of this Clause 19 in relation to the mode of transfer and vesting and pursuant to Sections 230 to 232 of the Act read with other relevant provisions of the Act and Section 2(13) of the Income Tax Act, 1961 read with Income Tax Rules, 1962 and all other applicable provisions of Applicable Laws for the time being in force, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, a part of the Resulting Company.

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

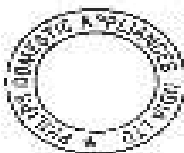
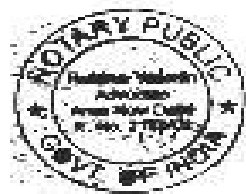
19.3 Without prejudice to the generality of Clause 19.1 and in respect of movable assets of the Amalgamating Company other than those dealt with in Clause 19.2 above, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits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



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

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

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



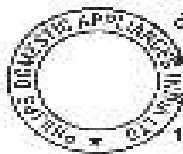
Signature

Signature

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

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

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



Signature



Signature

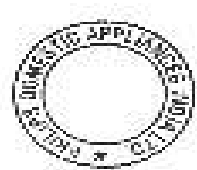
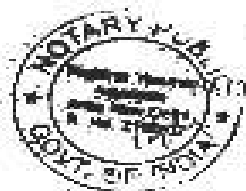
Company shall be transferred to and vested in or deemed to have transferred to or vested in the Resulting Company and the concerned licensors and grantors of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with law, the Resulting Company on such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

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

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

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

TRANSFER OF LIABILITIES



[Signature]

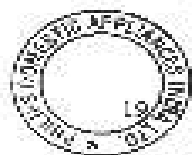
[Signature]

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

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

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

Loans, advances and other obligations (including any guarantees, letters of comfort, letters of comfort or any other instrument or arrangement which may



Signature



Signature

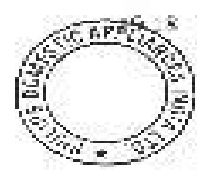
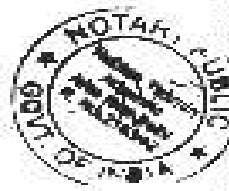
Liability (including a contingent liability in whatever form), if any, due on the Effective Date between the Amalgamating Company and the Resulting Company shall automatically stand discharged and come to an end and there shall be no Liability in that behalf on either the Amalgamating Company or the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

ENCUMBRANCES

19.15 The transfer and vesting of the assets comprised in the Amalgamating Undertaking to and in the Resulting Company upon the coming into effect of the Scheme shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.

19.16 All the existing Encumbrances, if any, existing prior to the Effective Date over the assets of the Amalgamating Company shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Provided that if any of the assets of the Amalgamating Company have not been Encumbered in respect of the Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets.

19.17 Any reference to the Amalgamating Company and its assets and properties in any security instrument or arrangements to which the Amalgamating Company is a party shall be construed as a reference to the Resulting Company and the same assets and properties of the Amalgamating Company which shall be transferred to the Resulting Company by virtue of the Scheme. Without any prejudice to the provisions of the foregoing Clauses, filing of the certified copy of the order of the NCLT sanctioning the Scheme with the Registrar of Companies shall be deemed to be sufficient for modifying or creating the charges in favour of the secured creditors of the Resulting Company, as required as per the provisions of this Scheme. Without prejudice to the above, the Resulting Company may enter into and execute such other deeds, instruments, documents and/or writings and/or do all acts and deeds as may be required, including the filing of necessary particulars and/or modifications of charge, with the Registrar of Companies to give formal effect to the provisions of this Clause and foregoing Clauses, if required.



Anand K. Gupta



Anand K. Gupta

accounted to any of the assets of the Resulting Company, unless otherwise agreed to by the Resulting Company with each secured creditor, if any.

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

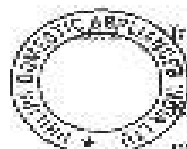
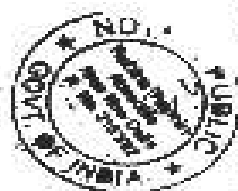
19.20 It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the liabilities of the Amalgamating Company transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary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

19.21 Upon this Scheme becoming effective, the borrowing limits of the Resulting Company, in terms of Section 189(1)(c) of the Act, shall, without any further act, instrument or deed, stand enhanced by all liabilities of the Amalgamating Company transferred to the Resulting Company, such limits being incremental to the existing limits of the Resulting Company, with effect from the Appointed Date.

20. EMPLOYEES

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

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



Signature

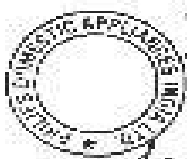
Signature

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

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

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

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



Signature → *Director*

Signature → *Secretary*

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

21. LEGAL PROCEEDINGS

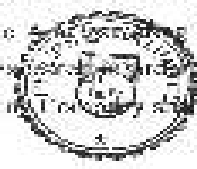
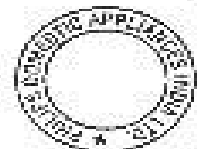
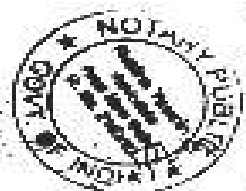
21.1 Upon the coming into effect of this Scheme, all Proceedings, by or against the Amalgamating Company, pending on the Effective Date, shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said Proceedings shall be continued,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

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

22. CONTRACTS, DEEDS, ETC.

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

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



S. Jagd

S. Jagd

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

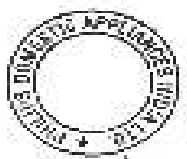
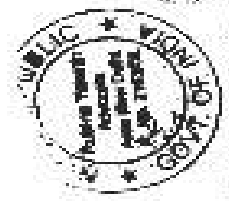
22.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, insurance covers, certificates, clearances, authorizations, approvals, no-objection certificates, powers of attorney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

22.4 Without prejudice to the provisions of Clauses 19 to 22, upon effectiveness of the Scheme, all inter-party transactions between the Amalgamating Company and the Resulting Company shall be considered as intra-party transactions for all purposes on and from the Appointed Date. Upon coming into effect of this Scheme, to the extent that there are any inter-company agreements, contracts, deeds, or other documents as between the Amalgamating Company and the Resulting Company shall stand terminated and the obligations in respect thereof shall stand discharged.

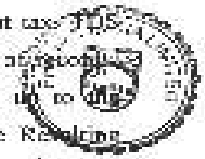
23. TAXES/ DUTIES/ CESS ETC.

Subject at all times to Applicable Law:

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



Agreed



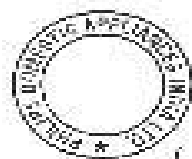
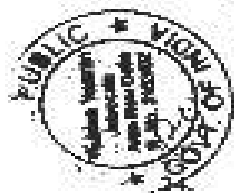
Agreed

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

- 23.2 In so far as various incentives, subsidies, exemptions, all direct and indirect tax related benefits, including service tax benefits, goods and services tax benefits, income tax holiday benefit/ losses and other benefits or exemptions or privileges enjoyed, granted by any Governmental Authority or by any other Person, or availed of by Amalgamating Company are concerned, the same shall, without any further act, instrument or deed, vest with and be available to the Resulting Company on the same terms and conditions as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to Resulting Company.
- 23.3 The Resulting Company is expressly permitted to revise its file/ tax returns/ certificates (notwithstanding that the period for filing/ revising such returns or certificates may have lapsed) including TDS certificates/ returns, income tax returns, GST returns and other statutory returns and to claim refund, advance tax credits, EDS credits, excise, tax collected at source, service tax credits, set off, sales tax, value added tax, credits for goods and services tax, credit of foreign taxes paid/ withheld etc., if any, on the basis of the records of the Amalgamating Company as vested with the Resulting Company upon the coming into effect of this Scheme or as may be required consequent to implementation of this Scheme.
- 23.4 All tax assessment proceedings / appeals of whatsoever nature by or against the Amalgamating Company pending and/or arising after the Appointed Date and relating to the Amalgamating Company shall be continued and/ or enforced until the Effective Date as desired by the Resulting Company. As and from the Effective Date, the tax assessment proceedings shall be continued and enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Amalgamating Company. Further, the aforementioned proceedings shall neither start or be discontinued nor be in any way prejudicially affected by reason of the Amalgamation of the Amalgamating Company with the Resulting Company or anything contained in the Scheme.

CANCELLATION OF SHARES

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



10/10/11 *at*

10/10/11 *at*

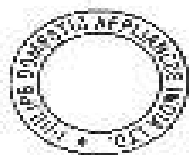
pursuant to and in terms of Part E of this Scheme, the Resulting Company shall hold 100% of the issued, subscribed and paid-up capital of the Amalgamating Company. Consequently, pursuant to the amalgamation of the Amalgamating Company with the Resulting Company, the entire share capital held by the Resulting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

25. ACCOUNTING TREATMENT

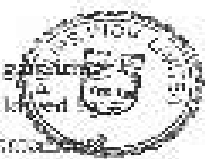
Accounting Treatment in the books of the Resulting Company

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

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



Kapoor



Kapoor

reflect the financial position based on consistent accounting policies.

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

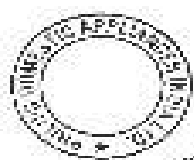
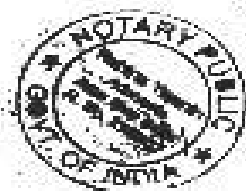
In the books of the Amalgamating Company

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

26. CONDUCT OF BUSINESS

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

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



Chand N. Gupta *altg*



Chand N. Gupta *altg*

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

27. VALIDITY OF EXISTING RESOLUTIONS

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

28. SAVING OF CONCLUDED TRANSACTIONS

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

29. DISSOLUTION OF AMALGAMATING COMPANY

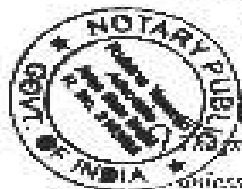
- 29.1 On the Scheme becoming effective, the Amalgamating Company shall stand dissolved without being wound-up.

PART F - GENERAL TERMS AND CONDITIONS

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

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

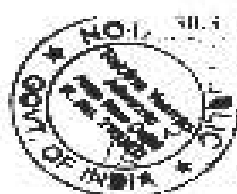
- 30.1 As an integral part of Scheme, and upon coming into effect of the Scheme but prior to the issuance and allotment of shares by the Resulting Company to the shareholders of the Demerged Company, the authorized share capital of the Resulting Company



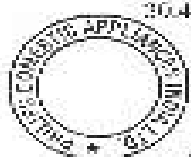
shall automatically stand increased, without any further act, instrument or deed on the part of the Resulting Company, by an amount equal to the authorized share capital of Amalgamating Company. Pursuant to the aforesaid increase in the authorized share capital of the Resulting Company as a result of the Amalgamation and prior to the issuance and allotment of shares by the Resulting Company to the shareholders of the Demerged Company the resultant authorized share capital of the Resulting Company shall be reclassified/re-organized to INR 1,31,19,99,000 (Indian Rupees One Hundred Thirty One Crore and Two Lakhs) comprising of 9,79,57,471 (Nine Crore Seventy Lakh Thirty Seven Thousand Four Hundred and Twenty One) equity shares of INR 10 (Indian Rupees Ten) each and 3,40,62,579 (Three Crore Forty Lakhs Sixty Two Thousand Five Hundred and Seventy Nine) Preference Shares (Compulsorily Convertible Preference Shares) of INR 10 (Indian Rupees Ten) each.

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

"The Authorized Share Capital of the Company is INR 1,31,19,99,000 (Indian Rupees One Hundred Thirty One Crore and Two Lakhs) comprising of 9,79,57,471 (Nine Crore Seventy Lakh Thirty Seven Thousand Four Hundred and Twenty One) equity shares of INR 10 (Indian Rupees Ten) each; and 3,40,62,579 (Three Crore Forty Lakhs Sixty Two Thousand Five Hundred and Seventy Nine) Preference Shares (C.C.P.S.) of INR 10 (Ten) each, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions in such manner as may for the time being provided by the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided by the Act, or provided by the Articles of Association of the Company."



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



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

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

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

31. APPLICATION TO NCLT

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

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

32. DIVIDENDS

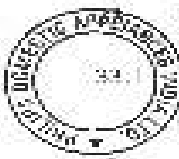
32.1 The Companies shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date, as applicable.

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

32.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of any of the Companies to demand or claim any dividends, which subject to the provisions of the Act, shall be entirely at the discretion of the Boards of the respective Companies, and subject to such approval, if required, of the shareholders of the respective Companies.

MODIFICATION OR AMENDMENTS TO THE SCHEME

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



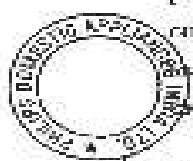
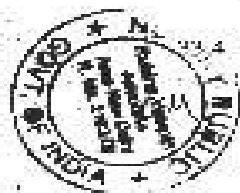
Legis 1

Legis 1

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

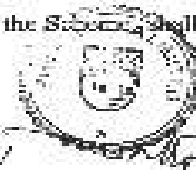
- 33.2 Subject to approval of the NCLTs or any other Governmental Authorities as may be required under Applicable Law, the Companies (acting through their respective Boards) may, in their full and absolute discretion, jointly and as mutually agreed in writing, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time.
- 33.3 On revocation, withdrawal, or cancellation, this Scheme shall stand revoked, withdrawn, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred in-between the Companies or their respective shareholders or creditors or employees or any other Person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

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



[Handwritten signature]

[Handwritten signature]



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

34. SHARED SERVICES AND IT INFRASTRUCTURE

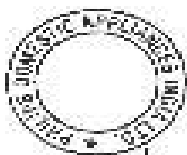
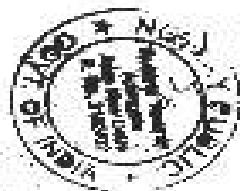
34.1 Immediately upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall enter into shared services agreements in relation to the use by the Resulting Company of office space, infrastructure facilities, information technology services, security personnel, legal, administrative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

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

35. CONDITIONALITY AND EFFECTIVENESS OF THE SCHEME.

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

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



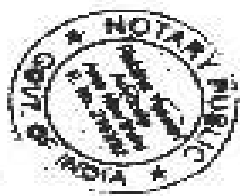
- (b) such other approvals and sanctions including sanction of any Governmental Authority as may be mandatorily required by law in respect of the Scheme, being obtained;
- (c) the respective Boards of the Demerged Company and the Resulting Company having passed a resolution confirming IT Infrastructure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

35.2 The Scheme shall be effective from the Appointed Date but shall be operative from the Effective Date. It is clarified that sequentially, the Scheme shall come into effect in the following manner:

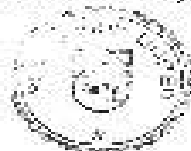
- (a) the reorganization of the share capital and securities premium reserve account of Proshi shall be given effect to as the first step in the manner provided in Part C of the Scheme;
- (b) the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company, on a going concern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

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

REMOVAL OF DIFFICULTIES



Srinivas Reddy



Srinivas Reddy

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

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

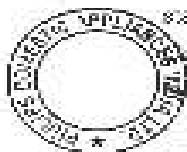
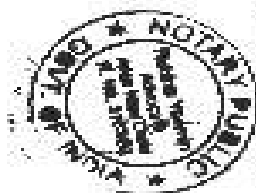
37. SEVERABILITY

37.1 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme shall come into effect only if the Scheme is approved in its entirety unless specifically agreed otherwise by the respective Boards of each of the Companies.

37.2 Subject to Clause 37.1 above, if any part of this Scheme is invalid, ruled illegal by any Governmental Authority or unenforceable under the present or future laws, then Subject to the decision of the Boards of each of the Companies, such part shall be severable from the remainder of this Scheme and shall not affect the validity or implementation of the other parts and/or provisions of this Scheme, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the Companies, the benefits and obligations of this Scheme, including but not limited to such part.

38. COSTS, CHARGES & EXPENSES

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



[Signature]

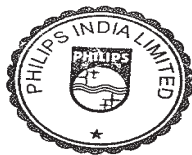
[Signature]
Page 65 of 71

[Signature]





legis → *alter*



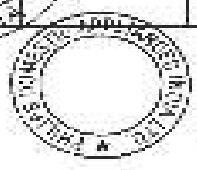
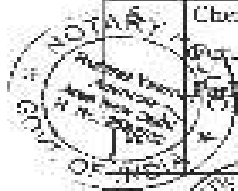
legis → *alter*

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

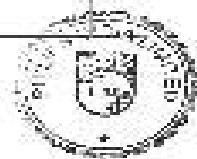
1.	Chennai – Tsalambur	Natham Ekstir Road, Chengalpeta Manufacturing (TK), Karaikalpuram District	41,500
----	---------------------	--	--------

B. Leased Properties

1.	Alumodebal	Mutual center, Anilkumar NR. Sakas India, Dhanjibai Ashram Road Gehel	01/12/2015	30/11/2020	Office	226
2.	Kumbakonam	Unit No. 2, Plot Refashree No. 137(C), 2nd Khattol Floor, Ashok Nagar, (Behind Khadi Nilam)	01/11/2019	31/10/2022	Office	450
3.	Chengamacherry	Alphonsa Hospital Road	01/09/2020	31/07/2022	Office	240
4.	Chennai – Futura Tech Park	334, Old Mahabalipuram Road, Shoolingamallur, Private Ltd	10/03/2019	31/05/2022	Office	10,882
	Chennai – Futura Tech Park	334, Old Mahabalipuram Road, Shoolingamallur, Private Ltd	06/11/2018	15/11/2021	Office	5,899

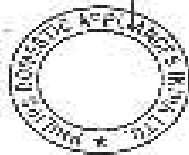
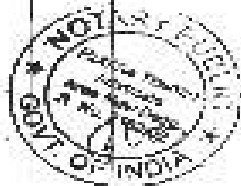


logis *at his*

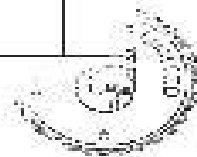


logis *at his*

6.	Chennai Tanjore,	Thayur Village, Chengelpet Taluk, Kanchipuram District, Tamil Nadu	D. ASV Constructors Pvt. Ltd.	01-01-2019	31-12-2029	Manufacturing	70,646
7.	Chennai	113/12A Miasal road U. Thambam Natham Village, Kanchipuram District	Govindan.R	01-01-2013	31-01-2022	Manufacturing	15,000
8.	Chennai Miasal T.	Survey No. 113/13, 113/14, Thazhaminur Natham Village, Kanchipuram District	Durgobharam	01-01-2013	31-09-2021	Manufacturing	15,000
9.	Hyderabad	Diamond Towers, 1-1- 42/38, Sec.undecised	A. Subramanyam	12/04/2016	11-04-2022	Office	700
10.	Kochi	Govind Building, M.G. Road, Cochin	Jinnathunom.R	01-06-2020	30-06-2021	Office	450
11.	Madurai	S.S. Colony	K.A.S. Dhanasekaran	13/08/2018	14/08/2021	Office	1,500
12.	Mumbai	Office No. 20, Anupam Soc Building No. 1, Excel Arcad, I.R.S. Marg, Ghatkoti (West),	Gopal Ranjitlal Pratapji	01/08/2020	31-07-2021	Office	350



Sajid → *Atta*



Sajid → *Atta*

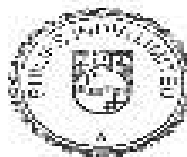
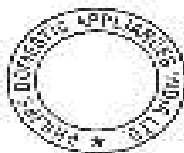
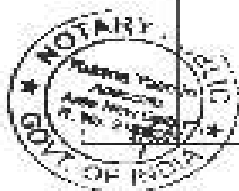
13.	Pune	P. No. 5, S. N. Marjan 21/7/72 Final Madhukar Plan No. 26/10 Malise Bombay-Pune Road		16/12/2017	15/12/2020	Office	1,000
14.	Kolhapur	Miscara Road	Congregation of St. Anne Trust	01/06/2020	30/04/2021	Office	111

SCHEDULE 2

Details of Immovable Properties of the Demerged Undertaking

A. Leased Properties

	Nalaghar	Village, Parganah Gullarwadi, Se. Electronics Road, Tehsil, Tal Nalaghar, Taluk, Distt. Solan.		April 20, April 19, 2020 2024		Lab	4,054



Signature

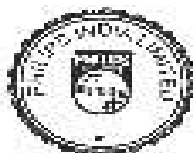
Signature

SCHEDULE 3

List of registered DA Intellectual Property owned by the Demerged Company and pertaining to the Domestic Appliances Business

A. List of Designs

1.	23/02/2013	231634	PII	Dry Iron	07/03/2013	National Procedure Registered
2.	09/04/2014	265361	PII	Base Unit of Mixer Grinder	27/04/2015	National Procedure Registered



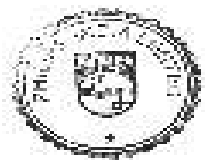
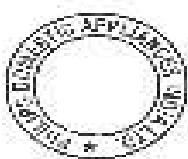
[Handwritten signature]

[Handwritten signature]

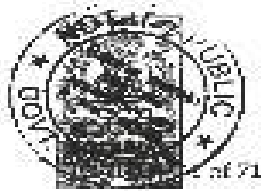
SCHEDULE 4

List of proceedings of PHL pertaining to the Domestic Appliances Business

1.	CC 430/2019	Hsebhajan Singh Virk	Patiala District Commission, Punjab	Consumer Matter - Iron	There was an alteration made in the invoice by the retailer increasing the value of the product from the Maximum Retail Price. Matter pending before court.
2.	CC 302/2018	Sangrta	Lucknow-1 District Commission, Uttar Pradesh	Consumer Matter - Juicer and Soup Maker	The Complainant has alleged that the Juicer and Soup Maker is defective. Evidence by the complainant is asserted. Matter pending before court.
3.	CC 1465/2015	Jai Sharma	Jaipur-1 District Commission, Rajasthan	Consumer Matter - Mixer Grinder	Philips has entered in to an out of court settlement with complainant for INR 2300. Court not accepting the settlement till the time the complainant does not withdraw his complaint officially from court. Matter pending before court.



Signature



Signature

Before me this is duly read over & explained to

Signature

Notary Public, Delhi

PHILIPS

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF PHILIPS INDIA LIMITED ("COMPANY") AT ITS MEETING HELD ON FRIDAY, SEPTEMBER 11, 2020, VIA VIDEO CONFERENCE, DEEMED TO BE HELD AT 5TH FLOOR, 9B, DLF CYBER CITY, GURGAON IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 232(2)(C) OF THE COMPANIES ACT, 2013

1. Background

- 1.1 The proposed composite scheme of arrangement amongst the Company, Preethi Kitchen Appliances Private Limited ("Preethi"), Philips Domestic Appliances India Limited ("Philips Domestic Appliances") and their respective shareholders involving (i) re-organization of the issued and paid-up share capital and securities premium reserve account of Preethi by way of reduction in the face value of the fully paid up equity shares and reduction of the securities premium reserve account of Preethi; and return of the amounts so reduced to the shareholders of Preethi on a proportionate basis. Further, the remaining amounts in the securities premium reserve account shall be partly adjusted against the balance in the profit and loss account of Preethi to *inter alia* write off the net accumulated losses of Preethi. Subsequently, the authorized, issued, subscribed and paid up share capital of Preethi will be re-organized (collectively, the "Proposed Reorganization"), (ii) transfer of the domestic appliances business undertaking of the Company including its investment in Preethi, on a going concern basis, by way of demerger to Philips Domestic Appliances; reduction of share capital held by the Company in Philips Domestic Appliances and issuance of equity shares by Philips Domestic Appliances to the shareholders of the Company ("Proposed Demerger"), (iii) reduction of the initial share capital of Philips Domestic Appliances held by the Company, and (iv) amalgamation of Preethi into Philips Domestic Appliances; dissolution of Preethi without winding up; and the cancellation of equity shares of Preethi that would be held by Philips Domestic Appliances consequent to the Proposed Demerger ("Proposed Amalgamation", collectively with the Proposed Demerger and Proposed Reorganization referred to as the "Proposed Restructuring"), and all other matters consequential or otherwise integrally connected therewith ("Scheme"), was approved by the board of directors of the Company ("Board") vide a resolution passed in its meeting dated 11 September 2020.
- 1.2 As per Section 232(2)(c) of the Companies Act, 2013 ("Act"), the Board is required to adopt a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio, specifying any special valuation difficulties and such report is required to be circulated to the creditors and shareholders of the Company along with the notice convening their respective meeting(s). This report ("Report") has accordingly been prepared in pursuance of the above-stipulated requirements under the Act.

Philips India Limited
 CIN No. U31901WB1970PLC005665
 8th Floor, DLF 9-B, DLF Cyber City, DLF Phase-3, Gurgaon - 122009, India
 Tel : +91 124 4616000 Fax : +91 124 4606665 www.philips.com

Registered Office
 1st Floor, Tower A, 131 F T Park, 08 Block A2, Major Arjun Road
 New Town (Rajarhat), Kolkata - 700156, West Bengal, India



Signature

PHILIPS

- 1.3. A draft of the Scheme and the following documents were circulated to the Board and were duly adopted:
- (i) Reports recommending the share entitlement ratio in respect of the Proposed Demerger:
 - (a) Report dated September 3, 2020 issued by Price Waterhouse & Co LLP (having Firm Registration No 016844N); and
 - (b) Report dated August 28, 2020 issued by Ms. Bhavna Garg (having ICAI Membership No. 524347, IIBI Registration No. IIBI/RV/05/2019/10677 and ICAI RVO Membership No. ICAI RVO/S&FA/00029).
 - (ii) Report dated August 28, 2020 issued by Ms. Bhavna Garg (having ICAI Membership No. 524347, IIBI Registration No. IIBI/RV/05/2019/10677 and ICAI RVO Membership No. ICAI RVO/S&FA/00029) on assessment of the Proposed Reorganization under the Scheme.
 - (iii) Draft certificate from S.R. Batliboi & Co. LLP, 301063E /E300005, the statutory auditors of the Company, certifying that the accounting treatment in the draft Scheme is in accordance with the accounting standards and applicable law.

2. Rationale for the Scheme

- 2.1 Preethi has more capital than it can profitably employ and the capital is in surplus to its requirements. This has given rise to the need to return the excess capital and readjust the relation between capital and assets and to accurately and fairly reflect the assets and liabilities of Preethi in its books of accounts. Therefore, the Proposed Re-organization is being undertaken to give a true and fair view of the books of accounts of Preethi and to reflect its assets and liabilities at their real value and maximize its business value;
- 2.2 Presently, the Domestic Appliances Business (as defined in the Scheme) of the Company is housed in the Company and Preethi. Pursuant to the Scheme, the Domestic Appliances Business of the Company will be separated and transferred into Philips Domestic Appliances by way of (A) the Proposed Demerger, and (B) the Proposed Amalgamation. This segregation of the Domestic Appliances Business is being undertaken in line with the global separation plan of the Philips group to improve efficiencies of the individual business divisions;
- 2.3 The restructuring will help the Company to consolidate its Domestic Appliances Business in India into one entity (being Philips Domestic Appliances), leading to increased focus, alignment and operational efficiency. It will enable the management to position itself better to capture growth

Philips India Limited

CIN No. U11902WB1910PLC006661
8th Floor, DLF 9-B, DLF Cyber City, DLF Phase - I, Gurugram - 122002 (India)
Tel. +911244606001 Fax. +911244606666 www.philips.co.in

Registered Office:
Jrd Floor, Inner A, DLF 1st Park, 0611067 AF, Main Arterial Road
New Town (Rajshahi), Kolkata - 700150, West Bengal, India



PHILIPS

opportunities, achieve cost synergies, be closer to customers, adapt more quickly to evolving customer needs and enable decisive investments in the future of the Domestic Appliances Business.

- 2.4 The Proposed Demerger will enable the Company to focus on and enhance its Remaining Business (as defined in the Scheme) by streamlining its operations;
- 2.5 As independent companies with dedicated, focused and lean management structures, both, the Company as well as Philips Domestic Appliances will be able to make appropriate investments to boost growth and drive profitability, ultimately generating significantly more value for their customers, employees and shareholders;
- 2.6 Both the Company and Philips Domestic Appliances will be able to attract different sets of investors enabling them to select investments that best suit their strategies and risk profiles. This will also create an optimum structure for monetization in future of the Domestic Appliances Business so separated and consolidated; and
- 2.7 Proethi and Philips Domestic Appliances are wholly owned subsidiaries of the Company. The Company is a subsidiary of Koninklijke Philips N.V. which holds 96.13% of the total issued and paid up share capital in the Company with the remaining 3.87% of the total issued and paid up share capital being held by minority shareholders. The economic interests of the shareholders of the Company will remain unchanged. The shareholders of the Company will continue to remain shareholders of the Company and will also become shareholders of Philips Domestic Appliances in the same proportion as their shareholding in the Company. The Scheme is therefore, expected to be in the best interests of the shareholders, employees and the creditors of each of the Company, Proethi and Philips Domestic Appliances.

3. Effect of the Scheme on various stakeholders

S. NO.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
1	Each class of shareholders	The Company has only one class of shareholders i.e. equity shareholders. Upon the Scheme becoming effective and in consideration of the Proposed Demerger, Philips Domestic Appliances shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Company, holding fully paid-up equity shares in the Company and whose names appear in the register of members of the

Philips India Limited

CIN No. 111902W EIG 70 PLCC 006663

8th Floor, DLF 3-B, DLF Cyber City, 5th Phase-3, Gurgaon - 122007 (India)

Tel: +91 124 4606000 Fax: +91 124 4606660 www.philips.com

Registered Office

2nd Floor, Tower A, DLF II Park, 08 Block AF, Major Arsenals Road

New Town (Rajendra) Kolkata - 700156, West Bengal, India



Signature X *atto*

PHILIPS

Company and/or the records of the depository(ies) as members of the Company, as on the Record Date (or defined under the Scheme), or to their respective heirs, executors, administrators, or other legal representative or other successors in title in the following manner.

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

There will be no dilution in the shareholding of the shareholders of the Company pursuant to the Scheme.

It may be noted that the Company has filed an application for reduction of the share capital held by the public shareholders of the Company on April 13, 2018 which is pending before the National Company Law Tribunal ("NCLT"), Kolkata. The Board in its meeting held on June 25, 2020 approved the withdrawal of the aforementioned reduction application and an application for withdrawal of the same was filed before the NCLT, Kolkata on July 27, 2020 ("Withdrawal Application") which is pending approval of the NCLT, Kolkata. The effectiveness of the Scheme is conditional upon *inter alia* approval and sanction of the Withdrawal Application. The withdrawal of the Reduction

Philips India Limited

CIN No. U1902WB930PLC006653

8th Floor, DLF S-B, DLF Cyber City, D11 Phase B, Gurgaon - 122002 (India)

Tel: +91 124 4605000 Fax: +91 124 4604668 www.philips.com

Registered Office

1st Floor, Tower A, DLF IT Park, III Block AF, Major Arterial Road
New Town (Rajabai), Kolkata - 700150, West Bengal, India



Signature

PHILIPS

		<p>Application will not impact the Share Entitlement Ratio and will not have any adverse effect on the economic and voting interests of the shareholders of the Company.</p> <p>Pursuant to the Proposed Restructuring under the Scheme, the economic and voting interests of the shareholders of the Company will remain unchanged. The shareholders of the Company will continue to remain shareholders of the Company and will also become shareholders of Philips Domestic Appliances in the same proportion as their shareholding in the Company.</p> <p>The entire shareholding of the Company (together with its nominees) in Philips Domestic Appliances, as was issued and paid-up, shall stand cancelled without any further act, instrument or deed in accordance with the provisions of the Scheme.</p> <p>The Proposed Restructuring is expected to have several benefits for the Company, as indicated in the rationale of the Scheme stated above, and is expected to be in the best interests of the shareholders of the Company.</p>
2.	Key managerial personnel ("KMP")	<p>The Scheme will not have any effect on the KMPs of the Company and no change in the KMPs of the Company is envisaged pursuant to the Scheme.</p>
3.	Promoters	<p>The effect of the Scheme on the promoters of the Company will be similar to the effect of the Scheme on all other (non-promoter) shareholders of the Company. Like all other shareholders of the Company, the promoters of the Company will be allotted equity shares in Philips Domestic Appliances in accordance with the Share Entitlement Ratio and their shareholding in the Company will remain unaffected. Please refer to point</p>

Philips India Limited

CIN No. U32117WB1932PLC006663
 11th Floor, DLF N-0, DLF Cyber City, DLF Phase-3, Gurgaon - 122002 (India)
 Tel: +91 124 4606000 Fax: +91 124 4606566 www.philips.com

Registered Office:
 3rd Floor, Tower A, GIFT Park, Old Block 4F, New Arora Road,
 New Town (Rajarat), Kolkata - 700150, West Bengal, India



[Handwritten signatures and initials in blue ink]

PHILIPS

		(1) above for details regarding effect of the Scheme on the shareholders including promoters.
4.	Non-promoter shareholders	The effect of the Scheme on the non-promoter shareholders of the Company will be similar to the effect of the Scheme on all promoter shareholders of the Company. All shareholders of the Company, including the non promoter shareholders of the Company will be allotted equity shares in Philips Domestic Appliances in accordance with the Share Entitlement Ratio and their shareholding in the Company will remain unaffected. Please refer to point (1) above for details regarding effect of the Scheme on the shareholders including non-promoter shareholders.

4. Share Entitlement Reports

- 4.1 As regards the Share Entitlement Ratio, as stated above, upon the Scheme becoming effective and in consideration of the Proposed Demerger, Philips Domestic Appliances shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Company, holding fully paid-up equity shares in the Company and whose names appear in the register of members of the Company and/ or the records of the depository(ies) as members of the Company, as on the Record Date, or in their respective heirs, executors, administrators, or legal representative or other successors in title in the following manner:

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

- 4.2 Price Waterhouse & Co LLP ("PWC") (having Firm Registration No 01684N) was appointed to provide a report on the aforementioned Share Entitlement Ratio as proposed by the management of the Company for the purposes of the equity shares of Philips Domestic Appliances to be issued to the shareholders of the Company in consideration of the Proposed Demerger. In its report dated September 3, 2022, PWC has in relation to the Share Entitlement Ratio, stated

Philips India Limited

CIN No. U31902WB1910PLC006663
6th Floor, DLF Phase II, Cyber City, IIT Phase 2, Connaught Place, New Delhi-110028, India
Tel: +91 124 40050100 Fax: +91 124 4006666 www.philips.com

Registered Office:
3rd Floor, Tower A, G11, IT Park, GB Block AE, Major Arterial Road,
New Town (Rajahmundry), Kolkata - 700156, West Bengal, India



[Handwritten signature]

PHILIPS

that considering that all the current shareholders of the Company will, pursuant to the Proposed Demerger, be the ultimate economic and beneficial owners of Philips Domestic Appliances and that upon allotment of equity shares by Philips Domestic Appliances in the Share Entitlement Ratio, the economic and beneficial interest of the shareholders in the equity of Philips Domestic Appliances will be the same as it is in the equity of the Company; the Share Entitlement Ratio is fair in relation to the Proposed Demerger


4.3 Ms. Bhavna Garg (having ICAI Membership No. 524347, IIBI Registration No. IIBI/RV/05/2019/10677 and ICAI RVO Membership No. ICAI RVO/S&FA/00029) was also appointed to provide a report on the aforementioned Share Entitlement Ratio as proposed by the management of the Company for the purposes of the equity shares of Philips Domestic Appliances to be issued to the shareholders of the Company in consideration of the Proposed Demerger. In her report dated August 28, 2020, she has in relation to the Share Entitlement Ratio, stated that the same is fair and reasonable considering that all the shareholders of the Company will pursuant to the Proposed Demerger, be the ultimate beneficial owners of Philips Domestic Appliances in the same ratio as that of their shareholding in the Company, as on the record date to be fixed by the boards of directors of the Company and Philips Domestic Appliances.

4.4 Neither Price Waterhouse & Co LLP nor Ms. Bhavna Garg has expressed any special valuation or other difficulties while providing its/her report on the Share Entitlement Ratio.

5. Adoption of the Report by the Directors

The Board has adopted this Report after noting and considering the information set forth in this Report. The Board or any fully authorized committee by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For and on behalf of the Board of Directors


Rajiv Mathur
Director and Company Secretary
(DIN: 06931798)
(Membership No. F 2045)



Preethi Kitchen Appliances Pvt. Ltd.**Preethi®**

Corporate Office :

Futura Tech Park, Q-4, 4th Floor, Block - B, No. 33A, Rajiv Gandhi Salai, (DMR), Sholinganallur, Chennai - 600 119, INDIA

Phone: 044 - 2450 1042 / 04 / 45, Fax: 044 - 6696 9608

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF PREETHI KITCHEN APPLIANCES PRIVATE LIMITED ("COMPANY") AT ITS MEETING HELD ON TUESDAY, 15TH DAY OF SEPTEMBER, 2020 AT 4.00 P.M THROUGH VIDEO CONFERENCING, DEEMED TO BE HELD AT 6TH FLOOR, 9B, DLF CYBER CITY, GURGAON IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 232(2)(C) OF THE COMPANIES ACT, 2013

1. Background:

- 1.1. The proposed composite scheme of arrangement amongst the Company, Philips India Limited ("PIL"), Philips Domestic Appliances India Limited ("Philips Domestic Appliances") and their respective shareholders, involving, (i) re-organization of the issued and paid-up share capital and securities premium reserve account of the Company by way of reduction in the face value of the fully paid up equity shares and reduction of the securities premium reserve account of the Company; and return of the amounts so reduced to the shareholders of the Company on a proportionate basis. Further, the remaining amounts in the securities premium reserve account shall be partly adjusted against the balance in the profit and loss account of the Company *inter alia* write off the not accumulated losses of the Company (collectively, the "Proposed Reorganization"); (ii) transfer of the domestic appliances business undertaking of PIL including its investment in the Company, as a going concern, by way of demerger, to Philips Domestic Appliances; reduction of share capital held by PIL in Philips Domestic Appliances and issuance of equity shares by Philips Domestic Appliances to the shareholders of PIL ("Proposed Demerger"); and (iii) amalgamation of the Company into Philips Domestic Appliances; dissolution of the Company without winding up; the cancellation of equity shares of the Company that would be held by Philips Domestic Appliances consequent to the Proposed Demerger; and subsequent re-organization of the authorized share capital of Philips Domestic Appliances ("Proposed Amalgamation", collectively with the Proposed Demerger and Proposed Reorganization referred to as the "Proposed Restructuring"), and all other matters consequential or otherwise integrally connected therewith ("Scheme"), was approved by the board of directors of the Company ("Board") vide a resolution passed in its meeting dated 15th September, 2020.
- 1.2. As per Section 232(2)(c) of the Companies Act, 2013 ("Act"), the Board is required to adopt a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio, specifying any special valuation difficulties and such report is required to be circulated to the creditors and shareholders of the Company along with the notice convening their respective meeting(s). This report ("Report") has accordingly been prepared in pursuance of the afore-mentioned requirement under the Act.
- 1.3. A draft of the Scheme and the following documents were circulated to the Board and were duly adopted:
- (i) Reports recommending the share entitlement ratio in respect of the Proposed Demerger:

Registered Office:

C/o. Raheja Platinum, Sag Baug Road, Off Andheri, Kurla Road, Andheri East, Mumbai - 400 059

E-mail: info@preethi.in ★ Website: www.preethi.in ★ CIN No.: U36999MH2011PTC213827

Preethi Kitchen Appliances Pvt. Ltd.

Preethi®

Corporate Office :

Fulata Tech Park, Q-4, 4th Floor, Block - B, No. 33A, Rajiv Gandhi Salai, ICHER, Sholinganapur, Chennai - 600 119, INDIA
Phone : 044 - 2450 1042 / 44 / 43, Fax : 044 - 6694 9648

- (a) Report dated 3rd September, 2020 issued by Price Waterhouse & Co LLP (having Membership Number: 090172 and Firm Registration No 016844N); and
 - (b) Report dated 28th August, 2020 Issued by Ms. Bhavna Garg (having ICAI Membership No. 524347, IIBBI Registration No. IIBBI/RV/05/2019/10677 and ICAI RVO Membership No. ICAI RVO/S&FA/00029).
- (i) Report dated 28th August, 2020 issued by Ms. Bhavna Garg (having ICAI Membership No. 524347, IIBBI Registration No. IIBBI/RV/05/2019/10677 and ICAI RVO Membership No. ICAI RVO/S&FA/00029) on assessment of the Proposed Reorganization under the Scheme.
 - (ii) Draft certificate from S.R. Batlibai & Co. LLP, (having Firm Registration No. 301003E/E300005), the statutory auditors of the Company, certifying that the accounting treatment in the draft Scheme is in accordance with the accounting standards and applicable law.

2. Rationale for the Scheme

- 2.1 The Company has more capital than it can profitably employ and the capital is in surplus to its requirements. This has given rise to the need to return the excess capital and readjust the relation between capital and assets and to accurately and fairly reflect the assets and liabilities of the Company in its books of accounts. Therefore, the Proposed Reorganization is being undertaken to give a true and fair view of the books of accounts of the Company and to reflect its assets and liabilities at their real value and maximize its business value;
- 2.2 Presently, the Domestic Appliances Business (as defined in the Scheme) of PIL is housed in PIL and the Company. Pursuant to the Scheme, the Domestic Appliances Business of PIL will be separated and transferred into Philips Domestic Appliances by way of (A) the Proposed Demerger; and (B) the Proposed Amalgamation. This segregation of the Domestic Appliances Business is being undertaken in line with the global separation plan of the Philips group to improve efficiencies of the individual business divisions;
- 2.3 The restructuring will help the Philips group to consolidate its Domestic Appliances Business in India into one entity (being Philips Domestic Appliances), leading to increased focus, alignment and operational efficiency. It will enable the management to position itself better to capture growth opportunities, achieve cost synergies, be closer to customers, adapt more quickly to evolving customer needs and enable decisive investments in the future of the Domestic Appliances Business;
- 2.4 The Proposed Demerger will enable PIL to focus on and enhance its Remaining Business (as defined in the Scheme) by streamlining its operations;
- 2.5 As independent companies with dedicated, focused and lean management structures, both Philips Domestic Appliances as well as PIL will be able to make appropriate investments to boost growth and

Registered Office:

C/o. Raheja Platinum, Sag Baug Road, Off Andheri, Kurla Road, Andheri East, Mumbai - 400 059
E mail : info@preethi.in ★ Website : www.preethi.in ★ CIN No. : U33200MH2011PTC213B27



Preethi Kitchen Appliances Pvt. Ltd.

Preethi®

Corporate Office :

Futura Tech Park, Q-4, 4th Floor, Block - B, No. 334, Rajiv Gandhi Salai, (Old RR), Sholinganallur, Chennai - 600 119, INDIA

Phone : 044 - 2450 1042 / 44 / 45, Fax : 044 - 6684 9648

drive profitability, ultimately generating significantly more value for their customers, employees and shareholders;

- 2.6 Each of Philips Domestic Appliances and PIL will be able to attract different sets of investors enabling them to select investments that best suit their strategies and risk profiles. This will also create an optimum structure for the Philips group to monetize its Domestic Appliances Business in the future; and
- 2.7 Philips Domestic Appliances and the Company are wholly owned subsidiaries of PIL. PIL is a subsidiary of Koninklijke Philips N.V. which holds 96.13% of the total issued and paid up share capital in PIL with the remaining 3.87% of the total issued and paid up share capital being held by minority shareholders. The economic interests of the shareholders of PIL will remain unchanged. The shareholders of PIL will continue to remain shareholders of PIL, and will also become shareholders of Philips Domestic Appliances in the same proportion as their shareholding in PIL. The Scheme is therefore, expected to be in the best interests of the shareholders, employees and the creditors of each of the Company, Philips Domestic Appliances and PIL.

J. Effect of the Scheme on various stakeholders

S. NO.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
1.	Each class of shareholders	<p>The Company has only one class of shareholders i.e. equity shareholders. The Company has 1 (One) equity shareholder, namely, PIL and 2 (Two), nominees of PIL ("PIL Nominees").</p> <p>As a part of the Proposed Reorganization, upon coming into effect of the Scheme:</p> <p>(a) the issued, subscribed and paid-up equity share capital of the Company shall be reduced from INR 95,18,79,400 (Indian rupees Ninety Five Crores Eighteen Lakhs Seventy Nine Thousand and Four Hundred) divided into 9,51,87,940 (Nine Crores Fifty One Lakh Eighty Seven Thousand Nine Hundred and Forty) fully paid up equity shares of face value INR 10 (Indian rupees Ten) each to INR 47,59,39,700 (Indian rupees Forty Seven Crores Fifty Nine Lakh Thirty Nine Thousand Seven Hundred) divided into 9,51,87,940 (Nine Crores Fifty One Lakh Eighty Seven Thousand Nine Hundred and Forty) fully paid up equity</p>

Registered Office:

C/o. Raheja Platinum, Sag Baug Road, Off Andheri, Kurla Road, Andheri East, Mumbai, Maharashtra - 400 059.

E-mail: info@preethi.in

★ Website: www.preethi.in

★ CIN No.: U36993MH2011PTC213827

Preethi Kitchen Appliances Pvt. Ltd.

Preethi®

Corporate Office :

Futura Tech Park, Q-4, 4th Floor, Block - B, No. 334, Rajiv Gandhi Salai, (OMR), Sholinganallur, Chennai - 600 139, INDIA
Phone : 044 - 2450 1042 / 44 / 45. Fax : 044 - 6694 9668

	<p>shares of face value INR 5 (Indian rupees Five) each, without any further acc. instrument or deed;</p> <p>(b) the securities premium reserve account of the Company shall be reduced from an amount of INR 6,47,91,60,669 (Indian rupees Six Hundred Forty Seven Crore Ninety One Lakh Sixty Thousand and Six Hundred Sixty Nine) to INR 1,63,91,00,369 (Indian rupees One Hundred Sixty Three Crores Ninety One Lakhs Three Hundred and Sixty Nine).</p> <p>The amounts so reduced shall be utilised as follows:</p> <p>(a) an amount of INR 42.72 (Indian rupees Forty Two and Seventy Two Paise) per fully paid up equity share of face value INR 10 (Indian rupees Ten) each held by the shareholder of the Company shall be returned to the shareholders of the Company by way of cash (subject to the payment/ withholding of applicable taxes, if any) aggregating to INR 4,06,60,00,000 (Indian rupees Four Hundred Six Crore and Sixty Lakhs); and</p> <p>(b) Post return of capital (as stated above), an amount of INR 1,25,00,00,000 (Indian Rupees One Hundred Twenty Five Crores) of the securities premium reserve account shall be adjusted against the balance in the profit and loss account of the Company to inter alia write off the net accumulated losses of Company.</p> <p>The Proposed Reorganization is not in any way prejudicial to the interests of the shareholders of Preethi.</p> <p>Pursuant to the Proposed Demerger, the investment held by PIL (and the PIL Nominees) in the Company shall be transferred to said</p>
--	---

Registered Office:

C/o. Raheja Platinum, Sag Baug Road, Off Andheri Kurla Road, Andheri East, Mumbai - 400 059
E-mail: info@preethi.in ★ Website: www.preethi.in ★ CIN No.: U36993MH2011PTC213827



Preethi Kitchen Appliances Pvt. Ltd.

Preet

Corporate Office :

Futura Tech Park, C1-6, 4th Floor, Block - B, No. 334, Rajiv Gandhi Salai, (OMR), Sholinganallur, Chennai - 600 119, INDIA

Phone : 044 - 2450 1042 / 44 / 45, Fax : 044 - 5694 9648

		<p>vested in and be deemed to have been transferred to and vested in Philips Domestic Appliances. As a result, prior to the Proposed Amalgamation, Philips Domestic Appliances shall hold 100% of the issued, subscribed and paid-up capital of the Company. Consequently, pursuant to the Proposed Amalgamation, the entire share capital held by Philips Domestic Appliances in the Company shall stand cancelled without any further application, act or deed in accordance with the provisions of the Scheme. Further, on the Scheme becoming effective, the Company shall stand dissolved without being wound-up.</p> <p>The Proposed Restructuring is expected to have several benefits for the Company and the Philips group as a whole, as indicated in the rationale of the Scheme stated above, and is expected to be in the best interests of the shareholders of the Company as they shall be getting a return of amounts that is in excess of the requirements of the Company.</p>
2.	Key managerial personnel ("KMP")	<p>Pursuant to the Proposed Restructuring and upon the effectiveness of the Scheme, the Company shall stand dissolved without winding up and accordingly, its Board shall cease to exist and accordingly, the current directors of the Company will cease to hold their directorship position(s). Further, the KMPs of the Company (i.e. Mr. Rajiv Mathur, Director, Mr. Sudcep Agrawal, Director, Mr. Srinivasan Subramanian, Managing Director, and Mrs. Aruna. A, Company Secretary) will cease to be KMPs of the Company, pursuant to dissolution of the Company under scheme.</p>
3.	Promoters	<p>Since the Company is a wholly owned subsidiary of PIL, PIL and the PIL Nominees are the only shareholders and promoters of the Company. As specified in point (1) above, an amount of INR 42.72 (Indian rupees Forty Two and</p>

Preethi Kitchen Appliances Pvt. Ltd.

Preethi®

Corporate Office :

Future Tech Park, Q-4, 4th Floor, Block - B, No. 334, Rajiv Gandhi Salai, (OMR), Sholingnallur, Chennai - 600 119, INDIA

Phone : 044 - 3430 1042 / 44 / 45, Fax : 044 - 6694 9648

		for every fully paid up equity share of face value INR 10 (Indian rupees Ten) each held by them in the Company. Further, pursuant to the Proposed Demerger, PIL along with the PIL Nominees, shall cease to hold any shares in the Company as the Investment of PIL and the PIL Nominees in the Company shall be transferred to and vested in and be deemed to have been transferred to and vested in Philips Domestic Appliances. Pursuant to the Proposed Amalgamation, the entire share capital held by Philips Domestic Appliances in the Company shall stand cancelled without any further application, act or deed in accordance with the provisions of the Scheme. Upon the Scheme becoming effective, the Company shall stand dissolved without being wound-up.
4.	Non-promoter shareholders	Since the Company is a wholly owned subsidiary of PIL, there are no non-promoter shareholders in the Company.

4. Report on Assessment of Proposed Reorganization

- 4.1 Ms. Bhavna Garg (having ICAI Membership No. 524347, IIBI Registration No. IIBI/RV/05/2019/10677 and ICAI RVO Membership No. ICAI RVO/S&FA/00029) was also appointed to provide a report on the assessment of the Proposed Reorganization of the Company as proposed under the Scheme. In her report dated 28th August, 2020, she has stated that, subject to the specific representations and assumptions as specified therein, the Proposed Reorganization (a) shall make the capital of the Company commensurate to the operating assets and shall improve the overall financial matrices for the Company and its shareholders i.e. [Return on Capital Employed (ROCE) and Return on Net Worth (RONW)]; and (b) is not prejudicial to the interest of shareholders of the Company as they shall be getting a return of amounts in excess of the requirements of the Company (i.e. INR 42.72 (Indian rupees Forty Two and Seventy Two Paise) for every fully paid up equity share of face value INR 10 (Indian rupees Ten) each held by them in the Company).
- 4.2 Ms. Bhavna Garg has not expressed any special valuation or other difficulties while providing her report on assessment of the Proposed Reorganization

5. Adoption of the Report by the Directors

The Board has adopted this Report after noting and considering the information set forth in this Report. The Board or any fully authorized committee by the Board is entitled to make relevant

Registered Office:

C/o. Raheja Platinum, Sag Baug Road, Off Andheri, Kurla Road, Andheri East, Mumbai, Maharashtra - 400 959

Email: info@preethi.in



Website: www.preethi.in



CIN No. U10993MH2011PTC213827



Preethi Kitchen Appliances Pvt. Ltd.

Preethi®


Corporate Office :

Futura Tech Park Q-4, 4th Floor, Block - B, No. 334, Rajiv Gandhi Salai, (OMR), Sholinganagar, Chennai - 600 119, INDIA

Phone : 044 - 2450 1042 / 44 / 45, Fax : 044 - 6694 9648

modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For and on behalf of the Board of Directors



Sudeep Agrawal

08056132

Place: Gurgaon

Date: 15th September, 2020



Registered Office:

C/o. Ralveja Platinum, Sag Baug Road, Cliff Andheri, Kurla Road, Andheri East, Mumbai, Maharashtra - 400 059

E-mail : info@preethi.in

★ Website : www.preethi.in

★ CIN No. : U36993MH2011PTC213827

PHILIPS

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF PHILIPS DOMESTIC APPLIANCES INDIA LIMITED ("COMPANY") AT ITS MEETING HELD ON MONDAY SEPTEMBER 28, 2020 AT 5TH FLOOR, 9B, DLF CYBER CITY, GURUGRAM, HARYANA, IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 232(2)(C) OF THE COMPANIES ACT, 2013

1. Background:

1.1. The proposed composite scheme of arrangement amongst the Company, Preethi Kitchen Appliances Private Limited ("Preethi"), Philips India Limited ("PIL") and their respective shareholders involving (i) re-organization of the issued and paid-up share capital and securities premium reserve account of Preethi by way of reduction in the face value of the fully paid up equity shares and reduction of the securities premium reserve account of Preethi; and return of the amounts so reduced to the shareholders of Preethi on a proportionate basis. Further, the remaining amounts in the securities premium reserve account shall be partly adjusted against the balance in the profit and loss account of Preethi to *inter alia* write off the net accumulated losses of Preethi (collectively, the "Proposed Reorganization"); (ii) transfer of the domestic appliances business undertaking of PIL including its investment in Preethi, as a going concern, by way of demerger to the Company with effect from the opening of business hours on July 1, 2021 or such other date as may be determined in accordance with the Scheme ("Appointed Date"); reduction of the initial share capital held by PIL in the Company and issuance of equity shares by the Company to the shareholders of PIL ("Proposed Demerger"); and (iii) amalgamation of Preethi into the Company with effect from the Appointed Date; dissolution of Preethi without winding up; and the cancellation of equity shares of Preethi that would be held by the Company consequent to the Proposed Demerger ("Proposed Amalgamation", collectively with the Proposed Demerger and Proposed Reorganization referred to as the "Proposed Restructuring"), and all other matters consequential or otherwise integrally connected therewith including reorganization of the authorized share capital of the Company post the Proposed Amalgamation ("Scheme"), was approved by the board of directors of the Company ("Board") vide a resolution passed in its meeting dated September 28, 2020.

1.2. As per Section 232(2)(c) of the Companies Act, 2013 ("Act"), the Board is required to adopt a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio, specifying any special valuation difficulties and such report is required to be circulated to the creditors and shareholders of the Company along with the notice convening their respective meeting(s). This report ("Report") has accordingly been prepared in pursuance of the aforementioned requirement under the Act.

1.3. A draft of the Scheme and the following documents were circulated to the Board and were duly adopted:

(i) Reports recommending the share entitlement ratio in respect of the Proposed Demerger:

- (a) Report dated September 3, 2020 issued by Price Waterhouse & Co LLP (having FICRA Registration No 016844N); and
- (b) Report dated August 28, 2020 issued by Ms. Bhavna Garg (having ICAI Membership No. 524347, [BB] Registration No. JBB/RV/05/2019/10677 and ICMAI RVO Membership No. ICMAI RVO/S&FA/00029).

Philips Domestic Appliances India Limited
 C.A. No. 10/2020 (MCA21) (2020)
 Registered Office
 5th Floor, Tower 9B, DLF Cyber City, Sector 47, Gurugram, Haryana 122002
 New Delhi: 2020 (MCA21) (2020) (2020) (2020)



Signature of a director, with the word "atto" written next to it.

PHILIPS

- (ii) Report dated August 28, 2020 issued by Ms. Bhavna Garg (having ICAI Membership No. 524347, IBBJ Registration No. IBBJ/RV/05/2019/10677 and ICMAI RVO Membership No. ICMAI RVO/S&FA/00029) on assessment of the Proposed Reorganization under the Scheme
- (iii) Draft certificate from S.R. Bhatnagar & Co. LLP, Chartered Accountants, the statutory auditors of the Company, certifying that the accounting treatment in the draft Scheme is in accordance with the accounting standards and applicable law.

2. Rationale for the Scheme

- 2.1 Preethi has more capital than it can profitably employ and the capital is in surplus to its requirements. This has given rise to the need to return the excess capital and readjust the relation between capital and assets and to accurately and fairly reflect the assets and liabilities of Preethi in its books of accounts. Therefore, the Proposed Reorganization is being undertaken to give a true and fair view of the books of accounts of Preethi and to reflect its assets and liabilities at their real value and maximize its business value;
- 2.2 Presently, the Domestic Appliances Business (as defined in the Scheme) of PIL is housed in PIL and Preethi. Pursuant to the Scheme, the Domestic Appliances Business of PIL will be separated and transferred into the Company by way of (A) the Proposed Demerger; and (B) the Proposed Antalgation. This segregation of the Domestic Appliances Business is being undertaken in line with the global separation plan of the Philips group to improve efficiencies of the individual business divisions;
- 2.3 The restructuring will help PIL to consolidate its Domestic Appliances Business into one entity (being the Company), leading to increased focus, alignment and operational efficiency. It will enable the management to position itself better to capture growth opportunities, achieve cost synergies, be closer to customers, adapt more quickly to evolving customer needs and enable decisive investments in the future of the Domestic Appliances Business;
- 2.4 The Proposed Demerger will enable PIL to focus on and enhance its Remaining Business (as defined in the Scheme) by streamlining its operations;
- 2.5 As independent companies with dedicated, focused and lean management structures, both, the Company as well as PIL will be able to make appropriate investments to boost growth and drive profitability, ultimately generating significantly more value for their customers, employees and shareholders;
- 2.6 Each of the Company and PIL will be able to attract different sets of investors enabling them to select investments that best fit their strategies and risk profiles. This will also create an optimum structure for monetization of domestic appliances business in the future; and
- 2.7 Preethi and the Company are wholly owned subsidiaries of PIL. PIL is a subsidiary of Koninklijke Philips N.V. which holds 96.13% of the total issued and paid up share capital in PIL, with the remaining 3.87% of the total issued and paid up share capital being held by minority shareholders. The economic interests of the shareholders of PIL will remain unchanged. The shareholders of PIL will continue to remain shareholders of PIL, and will also become shareholders of the Company in the same proportion as their shareholding in PIL. The Scheme is therefore, expected to be in the best interests of the shareholders, employees and the creditors of each of the Company, Preethi and PIL.

File no: Domestic Appliances Business - 10/2019-20
CIN: U33201WB2009PL10114

Registered Office:
The First Floor, 2, P. Park, CE Block II, Major Road, 600030
New Town, Kolkata-700016, West Bengal, India



x *Signature* → *attro*

PHILIPS

3. Effect of the Scheme on various stakeholders

S. NO.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON STAKEHOLDERS
1.	Each class of shareholders	<p>The Company has only one class of shareholders i.e. equity shareholders. The Company has seven equity shareholders, namely, PIL and 6 (six) individuals who hold 1 share each as nominee shareholders on behalf of PIL. ("PIL Nominees").</p> <p>Upon the Scheme becoming effective and in consideration of the Proposed Demerger, the Company shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of PIL, holding fully paid-up equity shares in PIL and whose names appear in the register of members of PIL and/ or the records of the depository(ies) as members of PIL, as on the Record Date (as defined under the Scheme), or to their respective heirs, executors, administrators, other legal representative or other successors in title in the following manner:</p> <p>1 fully paid-up equity share of INR 10 (Indian Rupees ten only) each of the Company shall be issued and allotted for every 1 fully paid-up equity share of INR 10 (Indian Rupees ten only) held in PIL ("Share Entitlement Ratio") such that in aggregate 5,75,17,242 (Five Crore Seventy Five Lakh Seventeen Thousand Two Hundred and Forty Two) fully paid up equity shares of INR 10 (Indian Rupees ten only) each of the Company shall be issued to the members of PIL pursuant to the Proposed Demerger.</p> <p>Pursuant to the Proposed Restructuring under the Scheme, the shareholders of PIL, will continue to remain shareholders of PIL and will also become shareholders of the Company in the same proportion as their shareholding in PIL.</p> <p>Simultaneously with the allotment of shares by the Company to the shareholders of PIL as specified above, the existing shareholding of PIL (together with the PIL Nominees) in the Company, as was issued and paid up, shall stand cancelled without any further act, instrument or deed in accordance with the provisions of the Scheme.</p>

Public Depositor Application No. 10/2015-16
 Dated: 10/09/2015

Registered Office:
 Plot No. 1, Phase A, D.P.T. Park, Bhubaneswar - 751005 of India.
 Annual Report 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, India.



Signature: *ajay* *astro*

PHILIPS

		<p>Further, pursuant to the Proposed Demerger, the investment held by PII in Preethi shall be transferred to and vested in and he deemed to have been transferred to and vested in the Company. As a result, prior to the Proposed Amalgamation, the Company shall hold 100% of the issued, subscribed and paid-up capital of Preethi. Consequently, pursuant to the Proposed Amalgamation, the entire share capital held by the Company in Preethi shall stand cancelled without any further application, act or deed in accordance with the provisions of the Scheme. No new shares shall be issued nor any payment be made in cash or in kind whatsoever by the Company in lieu of such shares of Preethi.</p> <p>The Proposed Restructuring is expected to have several benefits for all stakeholders including the Company and its shareholders, as indicated in the rationale of the Scheme stated above.</p>
2.	Key managerial personnel ("KMP")	The Scheme will not have any effect on the KMPs of the Company and no change in the KMPs of the Company is envisaged pursuant to the Scheme.
3.	Promoters	Since the Company is a wholly owned subsidiary of PIL, PIL along with the PIL Nominees, are the only shareholders and promoters of the Company. As specified in point (1) above, pursuant to the Proposed Restructuring, the entire shareholding of PIL, together with the PIL Nominees, in the Company, as was issued and paid-up, shall stand cancelled without any further act, instrument or deed in accordance with the provisions of the Scheme. As a result, after coming into effect of the Scheme, PIL and the PIL Nominees, will cease to hold any shares in the Company.
4.	Non-promoter shareholders	Since the Company is a wholly owned subsidiary of PIL, there are no non-promoter shareholders in the Company. However, post the scheme coming into effect, all the shareholders of PIL will become the shareholders of the Company in the same proportion as their shareholding in PIL. This means the non-promoter shareholders of PIL shall also become the shareholders of the Company post the scheme coming into effect and shall hold the same proportion of shares as they hold in PIL.

PIIL is a company registered under section 2(47)(b) of the Companies Act, 1956.

Registered Office
3 C Main, Tower 3, GIFT Park, GIFT City, Gurgaon (HR) 122002,
India. Tel: +91 12240 20000. Fax: +91 12240 20000.



ajin *altes*

PHILIPS

4. Share Entitlement Reports

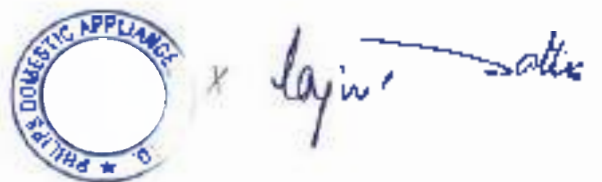
4.1 As regards the Share Entitlement Ratio, as stated above, upon the Scheme becoming effective and in consideration of the Proposed Demerger, the Company shall, without any further application, set or do, issue and allot equity shares, credited as fully paid-up, to the members of PII, holding fully paid-up equity shares in PII and whose names appear in the register of members of PII and/or the records of the depository(ies) as members of PII, as on the Record Date, or to their respective heirs, executors, administrators, other legal representative or other successors in title in the following manner:

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

4.2 Price Waterhouse & Co LLP (having Firm Registration No 016844N) was appointed to provide a report on the aforementioned Share Entitlement Ratio as proposed by the management of PII, for the purposes of the equity shares of the Company to be issued to the shareholders of PII, in consideration of the Proposed Demerger. In its report dated September 3, 2020, PWC has in relation to the Share Entitlement Ratio, stated that considering that all the current shareholders of PII, will, pursuant to the Proposed Demerger, be the ultimate economic and beneficial owners of the Company and that upon allotment of equity shares by the Company in the Share Entitlement Ratio, the economic and beneficial interest of the shareholders in the equity of the Company will be the same as it is in the equity of PII; the Share Entitlement Ratio is fair in relation to the Proposed Demerger.

4.3 Ms. Bhavna Garg (having ICAI Membership No. 524347, IIBFI Registration No IIBF/RV/05/2019/10677 and ICMAI RVO Membership No. ICMAI RVO/S&FA/00029) was also appointed to provide a report on the aforementioned Share Entitlement Ratio as proposed by the management of PII for the purposes of the equity shares of the Company to be issued to the shareholders of PII, in consideration of the Proposed Demerger. In her report dated August 28, 2020, she has in relation to the Share Entitlement Ratio, stated that the same is fair and reasonable considering that all the shareholders of PII will pursuant to the Proposed Demerger, be the ultimate beneficial owners of the Company in the same ratio as that of their shareholding in PII, as on the Record Date.

4.4 Neither Price Waterhouse & Co LLP nor Ms. Bhavna Garg has expressed any special valuation or other difficulties while providing its/her report on the Share Entitlement Ratio.



Philips Consumer Appliances (India) Limited
CIN No. U74900GJ2012PLC012814

Accounting Officer
1st Floor, Tower 4, Plot 7, Sector 68, Gurgaon, Haryana 122002
Phone: +91 9953111111, 9953111111, 9953111111

PHILIPS

5. Adoption of the Report by the Directors

The Board has adopted this Report after noting and considering the information set forth in this Report. The Board or any fully authorized committee by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For and on behalf of the Board of Directors

x Rajiv Mathur → *altus*

Rajiv Mathur

DIN: 06931798

Place: Gurugram

Date: September 28, 2020



PHILIPS DOMESTIC APPLIANCES INDIA LTD
CIN No. U33999DL2012PL1000112

Registered Office
3rd Floor, Tower A, DLF Phase III, Gurgaon - Haryana
www.India.philips.com | 011-26104000 | 011-26104000

Philips India Limited
Balance Sheet As at Sept 30, 2020

Particulars	Amounts in INR Mn	
	As at Sept. 30, 2020 (Unaudited)	As at March 31, 2020 (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	4,940	3,529
Capital work-in-progress	407	247
Investment in subsidiaries and associates	7,431	7,431
Financial Assets		
a. Trade Receivables	938	938
b. Other Financial Assets	485	480
Deferred tax assets (net)	597	842
Advance income tax (net of provision)	3,258	3,033
Other non-current assets	773	709
	18,831	17,015
Current assets		
Inventory	6,063	4,169
Contract Assets	533	234
Financial Assets		
a. Trade receivables	9,222	7,943
b. Cash and cash equivalents	6,402	5,586
c. Other Financial Assets	196	129
Other current assets	2,927	2,955
	25,203	21,066
Assets classified as held for sale	15	15
TOTAL ASSETS	44,049	38,096
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	575	575
Other Equity	22,799	22,001
Equity attributable to equity shareholders	23,374	22,576
LIABILITIES		
Non-current liabilities		
Contract Liabilities	320	320
Financial Liabilities		
Loan Liabilities	2,681	370
Other non-current liabilities	150	160
Provisions	2,945	2,945
	3,996	4,395
Current liabilities		
Contract Liabilities	1,794	1,894
Financial Liabilities		
Loan Liabilities	699	565
Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	28
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	9,167	5,847
Other financial liabilities	20	117
Other current liabilities	1,892	1,537
Provision for taxation (net of advance)	208	208
Provisions	1,079	929
	14,769	11,125
TOTAL EQUITY AND LIABILITIES	44,049	38,096

For and on behalf of the Board
Philips India Limited

Rajiv Mather

Director

DN: 6931798

S Agrawal
Sudheep Agrawal

Sudheep Agrawal

Director

DN: 8056132



Philips India Limited

Statement of Profit and Loss for the six months ended Sept 30, 2020

Amounts in INR Min

Particulars	Six months ended Sept 30, 2020 (Unaudited)	Year ended March 31, 2020 (Audited)
Income		
Revenue from operations	22,940	45,342
Other income	85	422
Total Income	23,025	45,764
Expenses		
Cost of raw materials consumed	1,577	2,309
Purchases of stock-in-trade	7,925	17,329
Changes in inventories of work-in-progress, finished goods and stock-in-trade	-	581
Employee benefits expense	7,410	13,514
Finance costs	107	196
Depreciation and amortization expense	616	1,180
Other expenses	4,240	8,309
Total expenses	21,884	43,419
Profit before exceptional items and tax	1,141	2,346
Exceptional items (net) Loss / (Profit)	-	(142)
Profit before tax	1,141	2,488
Tax expense		
Current tax	(298)	(878)
Deferred tax expenses - credit / (charge)	(45)	(95)
Profit for the year (A)	798	1,515
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or Loss		
Re-measurement gains / (losses) on defined benefit plans		(763)
Income tax effect on defined benefit plans		197
Other Comprehensive Income for the year (B)	-	(566)
Total Comprehensive Income for the year (A+B)	798	949

For and on behalf of the Board
Philips India Limited



Sudheep Agrawal
Sudheep Agrawal
Director
DIN: 8056132

Preethi Kitchen Appliances Pvt. Ltd.**Preethi®****Corporate Office :**

Futura Tech Park, Q-4, 4th Floor, Block - B, No. 334, Rajiv Gandhi Salai, (OMR), Sholinganallur, Chennai - 600 119, INDIA

Phone : 044 - 2450 1042 / 44 / 45 / Fax : 6694 9648

Preethi Kitchen Appliances Private Limited
Statement of Profit and Loss for the period ended 30 September 2020

Particulars	Period ended 30 September 2020	Year ended 31 March 2020
Income		
Revenue from operations	2,000,531,087	6,894,553,329
Other income	65,755,686	180,819,623
Total Income	2,066,286,613	6,875,372,952
Expenses		
Cost of raw materials consumed	767,497,056	2,257,480,830
Purchases of stock-in-trade	752,674,146	1,840,562,441
Changes in inventories of work-in-progress, finished goods and stock-in-trade	227,732,246	(81,750,787)
Employee benefits expense	281,228,593	621,410,259
Finance costs	19,469,087	31,773,566
Depreciation and amortization expense	47,797,012	95,765,535
Other expenses	654,261,892	1,474,555,401
Total expenses	2,721,871,631	6,239,897,327
Profit before exceptional items and tax	244,714,982	645,475,625
Exceptional items (net) Less / (Profit)	-	-
Profit before tax	244,714,982	645,475,625
Tax expense		
Current tax	-	-
Deferred tax expenses - credit / (charge)	(62,995,287)	(718,228,047)
Profit/ (Loss) for the year (A)	181,719,695	(72,753,422)
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or Loss		
Re-measurement gains / (losses) on defined benefit plans	-	13,751,948
Income tax effect on defined benefit plans	-	(3,861,365)
Other Comprehensive Income for the year (B)	-	10,290,583
Total Comprehensive income for the year (A+B)	181,719,695	(62,462,839)
Earnings per equity share		
Basic earnings per equity share of Rs. 10 each (in Rs.)	1.91	(0.76)
Diluted earnings per equity share of Rs. 10 each (in Rs.)	1.91	(0.76)
Basis of preparation, measurement and significant accounting policies		

For and on behalf of the Board
Preethi Kitchen Appliances Private Limited
Sathyanarayanan Srinivasan
DIN: 00274254
Managing Director

Anand Arind Singh
Company Secretary

(Place: Bangalore)


Suboop Agrawal
DIN: 00056132
Director

**Registered Office :**

C/o Boomerang, Unit No. 506, 5th Floor, Wing B-2, Chandivali Farm Road, Powai, Mumbai - 400 072.

E-mail : info@preethi.in ★ Website : www.preethi.in ★ CIN No. : U36993MH2011PTC213827

Preethi Kitchen Appliances Pvt. Ltd.

Corporate Office :

Futura Tech Park, Q-4, 4th Floor, Block - B, No. 334, Rajiv Gandhi Salai, (OMR), Sholinganallur, Chennai - 600 119. INDIA
Phone : 044 - 2450 1042 / 44 / 45 / Fax : 6694 9648

Annexure -6

Preethi Kitchen Appliances Private Limited
Balance Sheet as at 30 September 2020

Particulars	As at 30 September 2020	As at 31 March 2020
ASSETS		
Non-current assets		
Property, Plant and Equipment	481,362,902	507,914,141
Intangibles	1,296,983,182	1,198,993,182
Investment Property	58,545,888	88,899,588
Financial Assets		
Loans	28,084,118	31,222,727
Deferred tax assets (net)	1,879,363,684	1,124,140,952
Income tax asset (net)	38,420,188	42,040,944
Other non-current assets	39,872,276	26,303,176
	<u>1,894,696,776</u>	<u>2,841,134,157</u>
Current assets		
Inventory	383,628,180	644,788,827
Trade receivables	318,093,953	188,772,660
a. Cash and cash equivalents	2,921,603,618	2,891,793,175
b. Other financial assets	11,118,857	14,632,557
Other current assets	229,824,072	153,484,828
	<u>4,764,268,670</u>	<u>3,912,183,047</u>
TOTAL ASSETS	<u>6,658,965,446</u>	<u>6,753,317,204</u>
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	810,899,000	811,879,000
Other Equity	4,833,879,338	6,452,159,643
Equity attributable to equity shareholders	<u>5,644,778,338</u>	<u>7,264,038,643</u>
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Loans	178,800,948	182,442,660
Provisions	168,248,742	77,840,193
	<u>347,049,690</u>	<u>260,282,853</u>
Current liabilities		
Financial liabilities		
a. Loans	-	27,028,285
b. Trade payables	-	85,175,200
c. Total outstanding dues of micro enterprises and small enterprises	6,291,328,549	700,144,280
d. Total outstanding dues of creditors other than micro enterprises and small enterprises	8,310,988	8,470,260
e. Other financial liabilities	418,115,512	248,157,943
Other current liabilities	26,489,813	9,241,999
Current liabilities		
Provisions	-	74,603,073
	<u>1,705,641,193</u>	<u>1,785,811,081</u>
TOTAL EQUITY AND LIABILITIES	<u>7,350,406,639</u>	<u>8,049,849,284</u>

Basis of preparation, measurement and significant accounting policies

For and on behalf of the Board
Preethi Kitchen Appliances Private Limited

Subrahmanian Srivastava

DIN: 08274554

Managing Director

Anura Aradhya

Company Secretary

Place: Chennai

Subrahmanian Srivastava

DIN: 41096152

Director

Registered Office :

C/o Boomerang, Unit No. 506, 5th Floor, Wing B-2, Chandivali Farm Road, Powai, Mumbai - 400 072.
E-mail : info@preethi.in ★ Website : www.preethi.in ★ CIN No. : U36993MH2011PTC213827

BHAVNA GARG
CHARTERED ACCOUNTANT

Private and Confidential

123, Pocket 1, Jasola, New Delhi - 110025
 T : +91-11-49124172 M : 9910223217
 E : bhavna@bgna.in

To

The Board of Directors
 M/s Philips India Limited
 9B, 9th Floor, DLF Cyber City
 DLF Phase III, Gurgaon 122002 HR

Recommendation on Share Entitlement Ratio for the proposed demerger by M/s Philips India Limited of its Domestic Appliance Business and its investment in M/s Preethi Kitchen Appliances Private Limited into M/s Philips Domestic Appliances India Limited

OBJECTIVE

I refer to the engagement letter dated 10th June, 2020, whereby the Board of Directors of M/s Philips India Limited ("the Company" or "Philips") has approached me for a report recommending the Share Entitlement Ratio for the purpose of the proposed restructuring of Philips under a Composite Scheme of Arrangement ("Scheme") amongst Philips India Limited, Preethi Kitchen Appliances Private Limited, Philips Domestic Appliances India Limited and their respective shareholders pursuant to provisions of section 230 to 232 of the Companies Act, 2013 ("Act"). The 'appointed date' for the Scheme shall be 01st July 2021 or such other date as may be determined in accordance with the provisions of the Scheme and 'record date' for the Scheme shall be a mutually agreed date to be fixed by the Board of Directors of Philips and Philips Domestic Appliances India Limited for the purposes of determining the equity shareholders of Philips to whom shares of Philips Domestic Appliances India Limited would be issued and allotted in accordance with Clause 11 of the Scheme.

This report has been provided in the capacity of registered valuer under Section 247 of the Act read with Companies (Registered Valuers and Valuation) Rules, 2017.

This report has been prepared to comply with the purpose mentioned above. The report is not to be used for any other purpose. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

BACKGROUND

PHILIPS INDIA LIMITED

Philips India Limited is a public limited company incorporated on 31st January, 1930 under the provisions of the Companies Act, 1913, having its registered office at 3rd Floor, Tower A, DLF IT Park, D8 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata - 700156, West Bengal. The Company is engaged in various businesses including Domestic Appliances Business (as defined below); diagnostic imaging, interventional x-ray, and ultrasound, and patient monitoring businesses; manufacturing, trading and dealing of consumer products such as grooming products, beauty products, oral health care and mother and child care products, informatics solutions on healthcare informatics, infrastructure and consulting solutions; software development, product engineering and service innovation in relation to various products; and other functions. The Company is a subsidiary of Koninklijke Philips N.V., which is a Netherlands based company having its registered office at Amsterdam ("KPNV").

The Company was incorporated on 31st January, 1930, in the state of West Bengal as a private limited company under the name 'Philips Electricals Company (India) Private Limited'. The name of the Company was changed to 'Philips India Private Limited' with effect from 12th September, 1956. The status of the Company was changed from a private limited company to a public limited company with effect from 04th November, 1957. Consequently, the name of the Company was changed to 'Philips India Limited'. Thereafter, the name of the Company was changed to 'Peico Electronics & Electricals Limited' (with effect from 20th April, 1979), 'Philips India Limited' (with effect from 20th December, 1993) and 'Philips Electronics India Limited' (with effect from 08th August, 2005). On 23rd October, 2013, the name of the Company was again changed to its present name, 'Philips India Limited'.



1 | Page

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

The Capital Structure of the Company as on 31st March, 2020 stands as under:

A) Authorized Share Capital:

- 9,20,00,000 Equity Shares of ₹ 10 each;
- 2,00,00,000 Non-convertible cumulative preference Shares of ₹ 10 each.

B) Issued, Subscribed and Paid-up Share Capital:

- 5,75,17,242 Equity Shares of ₹ 10 each.

The shareholding of the Company as on 31st March, 2020 is as under:

Name of Shareholder	No. of Shares	%age
Koninklijke Philips N.V	5,52,90,182	96.13%
Others	22,27,060	3.87%
Total	5,75,17,242	100%

PREETHI KITCHEN APPLIANCES PRIVATE LIMITED

Preethi Kitchen Appliances Private Limited ("PKAPL") is a private limited company incorporated on 21st February, 2011 under the provisions of the Companies Act, 1956 ("1956 Act"), having its registered office at Raheja Platinum, Sag Baug Road, Off, Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra. PKAPL is one of the leading manufacturers of kitchen appliances focusing on the South Indian market. PKAPL product range comprises mixies, table top grinders, coffee makers, induction cookers, electric rice cookers, electric kettle, electric iron box and electric pressure cooker.

The Capital Structure of PKAPL as on 31st March, 2020 stands as under:

A) Authorized Share Capital:

- 9,69,87,421 Equity Shares of ₹ 10 each;
- 3,40,62,579 8% Compulsorily Convertible Non-cumulative preference share of ₹ 10 each.

B) Issued, Subscribed and Paid-up Share Capital:

- 9,51,87,940 Equity Shares of ₹ 10 each.

The shareholding of the Company as on 31st March, 2020 is as under:

Name of Shareholder	No. of Shares	%age
Philips India Limited (includes beneficial ownership)	9,51,87,940	100%
Total	9,51,87,940	100%



PHILIPS DOMESTIC APPLIANCES INDIA LIMITED

Philips Domestic Appliances India Limited ("Resulting Company") is a public limited company incorporated on 17th July, 2020 under the provisions of the Act, having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town, Kolkata-700156, West Bengal. Philips Domestic Appliances has been incorporated with the object of, inter alia, to carry on the business of manufacturers, producers, stockiest, commission agents, importers, exporters of electrical products and other domestic appliances, their assemblies, kits, spares and accessories in India and abroad.

The Capital Structure of Resulting Company as on date stands as under:

A) Authorized Share Capital:

- 50,000 Equity Shares of ₹ 10 each

B) Issued, Subscribed and Paid-up Share Capital:

- 50,000 Equity Shares of ₹ 10 each.

Name of Shareholder	No. of Shares	%age
Philips India Limited (includes beneficial ownership)	50,000	100%
Total	50,000	100%

PROPOSED TRANSACTION

I understand that the managements of Philips (together referred as "Management") is contemplating the demerger of its Domestic Appliance Business and its investment in PKAPL into the Resulting Company, through a Scheme pursuant to provisions of section 230 to 232 of the Act.

For the aforesaid purpose, I have been requested by the Board of Directors of Philips to submit a Report recommending the ratio of entitlement of equity share of Resulting Company to the shareholders of Philips in connection with the proposed demerger for the consideration of the Board of Directors of Philips.

INFORMATION SOURCES AND PROCEDURES

Reliance has been placed on the information provided by the management of Company during discussions.

It may be relevant to indicate here that scope of my assignment did not include any corroborative work on the above stated information and their underlying assumptions, as provided by the management of the Company.

Key Documents received

- (i) Audited Financial Statements of Philips for the year ended 31st March, 2020;
- (ii) Audited Financial Statements of Philips for the year ended 31st March, 2019;
- (iii) Audited Financial Statements of PKAPL for the year ended 31st March, 2020;
- (iv) Audited Financial Statements of PKAPL for the year ended 31st March, 2019;
- (v) Draft Composite Scheme of Arrangement;



- (vi) Other relevant details such as history of the Company, its promoters, shareholding pattern, other relevant information and data.
- (vii) I have also received the necessary explanations and information, which I believed were relevant to the present exercise from the executives and management of the Company.

The Company have been provided with the opportunity to review the draft report as part of the standard practice to make sure that factual inaccuracies/omissions are avoided in the final report.

APPROACH – SHARE ENTITLEMENT RATIO FOR PROPOSED DEMERGER

As per the Proposed Scheme, in consideration of the transfer and vesting of Domestic Appliance Business of Philips and its investment in PKAPL into the Resulting Company, the Resulting Company shall issue & allot equity shares to the equity shareholders of Philips based on the ratio of allotment of shares.

Upon the issue of shares by the Resulting Company, the entire existing share capital of the Resulting Company held by Philips shall stand cancelled without any payment.

I understand that, as part of the Scheme the Domestic Appliance Business of Philips and its investment in PKAPL is proposed to be demerged into Resulting Company. Once the scheme is implemented, all the shareholders of Philips would also become shareholders in the Resulting Company, and their shareholding in Resulting Company would mirror their shareholding in Philips.

I further understand that as an effect of demerger, each shareholder of Philips would become owner of shares in two companies instead of one. Post demerger, the percentage holding of a shareholder in Philips would remain unchanged from the proportion of capital held by such shareholder in Philips prior to the demerger.

The Management of Philips has further indicated that the shareholding of Resulting Company pursuant to the Proposed Demerger of Domestic Appliance Business of Philips and its investment in PKAPL into the Resulting Company would be, effectively, same as the shareholding of Philips as the new shares of Resulting Company would be issued to the shareholders of Philips in proportion to their shareholding in Philips as on the 'record date'. Thus I understand that the interest of the shareholders in Philips will effectively remain unchanged and therefore from that perspective shareholders interest would not be prejudicially affected. The Scheme does not envisage dilution of the holding of any one or more of shareholders as a result of operation of the Scheme.

RECOMMENDATION OF SHARE ENTITLEMENT RATIO FOR THE PROPOSED DEMERGER

Considering the desired capital structure of Resulting Company, the management has proposed a share entitlement ratio of 1 fully paid equity share of Resulting Company of face value ₹ 10 each, in exchange of every 1 fully paid equity share of Philips of face value ₹ 10 each in the event of Demerger of Domestic Appliance Business of Philips and its investment in PKAPL into Resulting Company.

As proposed by the management and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the share entitlement ratio in the event of demerger is proposed as follows:

- 1 fully paid equity share having face value of ₹ 10 each of the Resulting Company for every 1 fully paid equity share of face value of ₹ 10 each held in Philips.

I believe that the above share entitlement ratio is fair and reasonable considering that all the shareholders of Philips will upon demerger, be the ultimate beneficial owners of Resulting Company in the same ratio as they hold shares in Philips, as on the 'record date'



SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- This Report has been prepared for the Board of Directors of the Company and Resulting Company, for the purpose indicated and accordingly the report should not be relied upon for any other purpose or by any other party. I understand that the Board of Directors of the Resulting Company have passed a resolution ratifying and approving the terms of our engagement letter dated 10th June, 2020 in their Board Meeting dated 21st July, 2020 and hence the Board of Directors of the Resulting Company may also rely on our report. I shall not accept any responsibility or liability to any third party to whom this Report may be shown or whose hands it may come.
- I am independent of the shareholders, directors and management of the company and do not have any financial association with the shareholders, directors and management of the company other than receipt of fees in connection with the professional services provided.
- Provision of share entitlement ratio recommendation and considerations of the issues described herein are areas of my regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting or tax-related services that may otherwise be provided.
- My scope is limited to expression of my view on the proposed share entitlement ratio and its impact on the economic interest of the shareholders of Philips and the Resulting Company. The report should not be construed as, my opinion or certifying the compliance of the proposed restructuring with the provisions of any laws including the Companies Act, 1956, Companies Act, 2013, FEMA, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from Proposed demerger.
- This Report, its contents and the results herein are (i) specific to the purpose of report agreed as per the terms of my engagement; and (ii) are based on the data detailed in the section - Information Sources and Procedures.
- I acknowledge that I have no present or contemplated financial interest in the Company. My fees for this engagement are based upon normal billing rates, and not contingent upon the results or the value of the company or in any other manner. I have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.
- I owe responsibility to only the Boards of Directors of Philips who have appointed me under the terms of my engagement letter and nobody else. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to Philips. In no event shall I be liable for any loss, damage, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of Philips, their directors, employees or agents. In no circumstances shall the liability of Ms. Bhavna Garg, her employees, relating to the services provided in connection with the engagement set out in this report exceed the amount paid to me in respect of the fees charged by me for these services.
- In the course of this engagement, I was provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of my engagement, I have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and was considered as part of my analysis for this report and (ii) the accuracy of information made available to me by the company. In accordance with my work order, I have not audited, reviewed or otherwise investigated the historical financial information provided to me. I have not independently investigated or otherwise verified the data provided by the company. Accordingly, I do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statement. Also, with respect to explanations and information sought from the company, I have been given to understand by the Management of the company that they have not omitted any relevant and material factors about the Company.



Private and Confidential

- The determination of share entitlement ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single share exchange ratio. While I have provided my recommendation of the share entitlement ratio based on the information available to me and within the scope and constraints of my engagement, others may have a different opinion. The final responsibility for decision of the share entitlement ratio at which the proposed demerger shall take place will be with the Board of Directors.
- Except where specifically stated to the contrary, this report does not give any consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that may not have been recorded in the audited/ unaudited balance sheet of the company and my conclusion assumes that the assets and liabilities reflected in its audited/unaudited balance sheet, and assets/liabilities being transferred for, remain intact as of the report date.
- This report does not look into the business/commercial reasons behind the restructuring proposed under the scheme nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the restructuring proposed under the scheme as compared with any other alternatives business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- The company and its representatives warranted to me that the information supplied to me was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. Information supplied to me has been accepted as correct without any further verification. I have not audited, reviewed, or compiled the financial information provided to me and, accordingly, I express no audit opinion or any other form of assurance on this information.
- This report reflects facts and conditions existing or reasonable foreseeable at the date of this report. Events occurring after the date hereof may affect this report and assumption used in preparing it, and I do not assume any obligation to update, revise or reaffirm this report.
- My engagement for this work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.
- No change of any item in this report shall be made by anyone other than me, and I will have no responsibility for any such unauthorized change.
- I have made no investigation of title to property. I have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.
- The report will be used in relation to the proposed scheme amongst Philips, PKAPL, Resulting Company and their respective shareholders. Notwithstanding anything to the contrary contained herein, this report may be filed or shared with the relevant benches of the National Company Law Tribunal and or the National Company Law Appellate Tribunal and other courts and governmental, statutory, regulatory, quasi-judicial, judicial, administrative authorities, or any other person as required under applicable law in relation to or in connection with the aforesaid scheme.

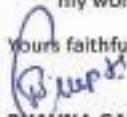


Private and Confidential

- This Report is issued on the understanding that the Management has drawn my attention to all matters of which they are aware, which may have an impact on this Report up to the date of the signature. I have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

I would like to record my appreciation for the courtesy and co-operation received during the course of my work and look forward to continuing my professional association.

Yours faithfully,



BHAVNA GARG

ICAI Membership No. 524347

IBBI Registration No. IBBI/RV/05/2019/10677

ICMAI RVO Membership No. ICMAI RVO/S&FA/00029

UDIN: 20524347AAAAQ82619

New Delhi; 28th August, 2020



To

The Board of Directors
M/s Philips India Limited
9B, 9th Floor, DLF Cyber City
DLF Phase III, Gurgaon 122002 HR

The Board of Directors
M/s Preethi Kitchen Appliances Private Limited
Raheja platinum, Sag Baug Road, Off,
Andheri Kurla Road, Andheri East
Mumbai, Maharashtra 400059 IN

**REPORT SUMMARISING ASSESSMENT OF THE PROPOSED CAPITAL REDUCTION
BY M/S PREETHI KITCHEN APPLIANCES PRIVATE LIMITED**

1. OBJECTIVE

I refer to the engagement letter dated 10th June, 2020, whereby, the Management of M/s Philips India Limited (hereinafter referred to as "the Company" or "Philips" or "PIL" or "Demerged Company") and M/s Preethi Kitchen Appliances Private Limited ("PKAPL") has approached me to prepare Report summarising assessment of the proposed capital reduction by PKAPL.

This report has been prepared for the purpose mentioned above. The report is not to be used for any other purpose. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts and in conjunction with the relevant documents referred to herein.

2. BACKGROUND

PHILIPS INDIA LIMITED

Philips India Limited is a public limited company incorporated on 31st January, 1930 under the provisions of the Companies Act, 1913, having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata - 700156, West Bengal. The Company is engaged in various businesses including Domestic Appliances Business (as defined below); diagnostic imaging, interventional x-ray, and ultrasound, and patient monitoring businesses; manufacturing, trading and dealing of consumer products such as grooming products, beauty products, oral health care and mother and child care products, informatics solutions on healthcare informatics, infrastructure and consulting solutions; software development, product engineering and service innovation in relation to various products; and other functions. The Company is a subsidiary of Koninklijke Philips N.V., which is a Netherlands based company having its registered office at Amsterdam ("KPNV").

The Company was incorporated on 31st January, 1930, in the state of West Bengal as a private limited company under the name 'Philips Electricals Company (India) Private Limited'. The name of the Company was changed to 'Philips India Private Limited' with effect from 12th September, 1956. The status of the Company was changed from a private limited company to a public limited company with effect from 04th November, 1957. Consequently, the name of the Company was changed to 'Philips India Limited'. Thereafter, the name of the Company was changed to 'Pelco Electronics & Electricals Limited' (with effect from 20th April, 1979), 'Philips India Limited' (with effect from 20th December, 1993) and 'Philips Electronics India Limited' (with effect from 08th August, 2005). On 23rd October, 2013, the name of the Company was again changed to its present name, 'Philips India Limited'.



Private and Confidential

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

The Capital Structure of the Company as on 31st March, 2020 stands as under:

A) Authorized Share Capital:

- 9,20,00,000 Equity Shares of ₹ 10 each;
- 2,00,00,000 Non-convertible cumulative preference Shares of ₹ 10 each.

B) Issued, Subscribed and Paid-up Share Capital:

- 5,75,17,242 Equity Shares of ₹ 10 each.

The shareholding of the Company as on 31st March, 2020 is as under:

Name of Shareholder	No. of Shares	%age
Koninklijke Philips N.V	5,52,90,182	96.13%
Others	22,27,060	3.87%
Total	5,75,17,242	100%

PREETHI KITCHEN APPLIANCES PRIVATE LIMITED

Preethi Kitchen Appliances Private Limited ("PKAPL") is a private limited company incorporated on 21st February, 2011 under the provisions of the Companies Act, 1956 ("1956 Act"), having its registered office at Raheja Platinum, Sag Baug Road, Off, Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra. PKAPL is one of the leading manufacturers of kitchen appliances focusing on the South Indian market. PKAPL product range comprises mixies, table top grinders, coffee makers, induction cookers, electric rice cookers, electric kettle, electric iron box and electric pressure cooker.

The Capital Structure of PKAPL as on 31st March, 2020 stands as under:

A) Authorized Share Capital:

- 9,69,87,421 Equity Shares of ₹ 10 each;
- 3,40,62,579 8% Compulsorily Convertible Non-cumulative preference share of ₹ 10 each.

B) Issued, Subscribed and Paid-up Share Capital:

- 9,51,87,940 Equity Shares of ₹ 10 each.

The shareholding of PKAPL as on 31st March, 2020 is as under:

Name of Shareholder	No. of Shares	%age
Philips India Limited (includes beneficial ownership)	9,51,87,940	100%
Total	9,51,87,940	100%



PROPOSED RESTRUCTURING

I understand that management of Philips is contemplating to restructure its Domestic Appliance Business in India and Investment of Philips in PKAPL ("Demerged Undertaking"), in to Philips Domestic Appliances India Limited (wholly owned subsidiary of Philips) ("Resulting Company"). Such restructuring is proposed to be carried out through a Composite Scheme of Arrangement ("SOA") under the provisions of the Companies Act, 2013 ("Act"). The appointed date for the SOA shall be 01st July, 2021 or such other date as may be determined in accordance with the provisions of the SOA.

Following are the step under such SOA:

- (a) re-organization of the share capital and securities premium reserve account of PKAPL involving reduction in the face value of the fully paid up equity shares and reduction of the securities premium reserve account of PKAPL and return of the amounts so reduced to the shareholders of PKAPL on a proportionate basis. The remaining amount in the securities premium reserve account shall be partly adjusted against the balance in the profit and loss account of PKAPL to inter alia write off net accumulated losses of PKAPL ("Capital Reduction");
- (b) The transfer by way of a demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company on a going concern basis, reduction of share capital held by the Demerged Company in the Resulting Company and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company;
- (c) Amalgamation of PKAPL with the Resulting Company and dissolution of PKAPL without winding up and the cancellation of equity shares of PKAPL held by the Resulting Company ("Amalgamation"); and
- (d) Various other matters consequential or integrally connected therewith including the re-organisation of the share capital of the Resulting Company.

I understand from the Management that PKAPL has more capital than it can profitably employ and the capital is in surplus to its requirements. This has given rise to the need to return the excess capital and readjust the relation between capital and assets and to accurately and fairly reflect the assets and liabilities of PKAPL in its books of accounts. Therefore, the Capital Reduction of PKAPL is being undertaken under the SOA to give a true and fair view of the books of accounts of PKAPL and to reflect its assets and liabilities at their real value and maximize its business value. The Capital Reduction involves reduction in the face value of the fully paid up equity shares and reduction of the securities premium reserve account of PKAPL; and return of the amounts so reduced to the shareholders of PKAPL on a proportionate basis. Further, the remaining amount in the securities premium reserve account shall be partly adjusted against the balance in the profit and loss account of PKAPL to inter alia write off the net accumulated losses of PKAPL;

The above reduction in the share capital and the securities premium reserve of PKAPL shall be effected in accordance with the provisions of Section 230 to 232 of the Act. I also understand that the order of the NCLT sanctioning the SOA shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction and PKAPL will not be required to follow the process under section 66 of the Act separately.

In this context, the management has requested me to prepare this Report for Summarising assessment of the proposed capital reduction by PKAPL.



3. **INFORMATION SOURCES AND PROCEDURES**

Reliance has been placed on the information provided by the management of Philips and PKAPL during discussions.

It may be relevant to indicate here that scope of my assignment did not include any corroborative work on the above stated information and their underlying assumptions, as provided by the management of the Companies.

Key Documents received:

- (i) Audited Financial Statements of Philips for the year ended 31st March, 2020;
- (ii) Audited Financial Statements of Philips for the year ended 31st March, 2019;
- (iii) Audited Financial Statements of PKAPL for the year ended 31st March, 2020;
- (iv) Audited Financial Statements of PKAPL for the year ended 31st March, 2019;
- (v) Fair valuation report of Land dated 16th June, 2020 issued by CBRE South Asia Private Limited to PKAPL.
- (vi) Financial Projection of PKAPL for the fifteen months from 01st April, 2020 to 30th June, 2021 and projected balance sheet as on 30th June, 2021.
- (vii) Draft Composite Scheme of Arrangement;
- (viii) Other relevant details such as history of the Companies, its promoters, shareholding pattern, other relevant information and data.
- (ix) I have also received the necessary explanations and information, which I believed were relevant to the present exercise from the executives and management of the Companies.

The Companies have been provided with the opportunity to review the draft report as part of the standard practice to make sure that factual inaccuracies/omissions are avoided in the final report.



4. FINANCIAL INFORMATION OF PKAPL

(Amount in Millions)

Particulars	31st Mar 2020	31st Mar 2019*	31st Mar 2018*
Revenue from operations	6,695	6,873	5,750
Other Income	181	176	190
Total Revenue	6,876	7,049	5,940
Cost of raw materials consumed	2,258	3,106	2,752
Purchases of stock-in-trade	1,841	1,312	725
Changes in inventories of work-in-progress, finished goods and stock-in-trade	(82)	(98)	50
Excise duty on sale goods	-	-	149
Employee benefits expense	621	664	626
Other expenses	1,474	999	778
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	764	1,066	860
<i>As % of Revenue</i>	11.41%	15.51%	14.96%
Less: Depreciation and amortization expense	96	742	688
<i>As % of Revenue</i>	1.43%	10.80%	11.97%
Earnings Before Interest and Tax (EBIT)	668	324	172
<i>As % of Revenue</i>	9.98%	4.71%	2.99%
Less: Finance costs	22	5	5
Less: Taxes (Inclusive of Deferred Tax)	719	73	(1,931)
Profit/(Loss) after Tax (before extra ordinary items)	(73)	246	2,098
Extra ordinary items	-	235	-
Profit/(Loss) after Tax	(73)	11	2098

*figures has been taken from audited financial statements for the year ended 31st March, 2019**Key Points**

- Total Revenue from operations of PKAPL were ₹ 6,876 Mn, ₹ 7,049 Mn and ₹ 5,940 Mn for the year ended on 31st March, 2020, 31st March, 2019 and 31st March, 2018 respectively.
- Profit/(Loss) after tax of PKAPL were ₹ (73) Mn, ₹ 246 Mn and ₹ 2,098 Mn for the year ended on 31st March, 2020, 31st March, 2019 and 31st March, 2018 respectively.



Private and Confidential

(Amount in Million)

Particulars	31st Mar 2020	31st Mar 2019*	31st Mar 2018*
Property, Plant and Equipment	337	275	525
ROU assets	171	-	-
Investment Property	59	59	59
Intangibles	1,191	1,191	1,801
Loans	31	30	31
Deferred tax assets (net)	1,134	1,855	1,931
Income tax asset (net)	32	21	14
Other non current assets	26	40	39
Current Assets			
Inventories	645	571	529
Trade receivables	109	250	194
Cash and cash equivalents	2,992	2,323	1,413
Other Financial Assets	14	18	14
Other current assets	155	100	63
Long Term borrowings	3	3	7
Short Term borrowings	3	4	74
ROU Liabilities	183	-	-
Current Liabilities			
Trade Payables	885	917	756
Other financial liabilities	9	2	8
Other current liabilities	249	188	173
Provisions	151	134	131
Contract Liabilities	9	16	12
Net Worth	5,404	5,469	5,452
As represented by			
Equity Share Capital	952	952	613
Instruments entirely in equity	-	-	339
Other Equity			
Securities Premium Reserve	6,479	6,479	6,479
Retained Earnings	(2,050)	(1,974)	(1,985)
Remeasurement of net defined benefit liability/ asset, net	23	12	6
Net Worth	5,404	5,469	5,452

*figures has been taken from audited financial statements for the year ended 31st March, 2019

Key Points

- Total assets of PKAPL were ₹ 6,896 Mn, ₹ 6,733 Mn and ₹ 6,613 Mn as on 31st March, 2020, 31st March, 2019 and 31st March, 2018 respectively.
- Total current assets of PKAPL were ₹ 3,915 Mn, ₹ 3,262 Mn and ₹ 2,213 Mn as on 31st March, 2020, 31st March, 2019 and 31st March, 2018 respectively.
- Total current liabilities of PKAPL were ₹ 1,303 Mn, ₹ 1,257 Mn and ₹ 1,080 Mn as on 31st March, 2020, 31st March, 2019 and 31st March, 2018 respectively.
- Net Working Capital except cash and cash equivalents and including loans, income tax assets (net) and Other non-current assets of PKAPL were ₹ (480) Mn, ₹ (234) Mn and ₹ (277) Mn as on 31st March, 2020, 31st March, 2019 and 31st March, 2018 respectively.
- Total net worth of PKAPL were ₹ 5,404 Mn, ₹ 5,469 Mn and ₹ 5,452 Mn as on 31st March, 2020, 31st March, 2019 and 31st March, 2018 respectively.



6 | Page

- As at 31st March, 2020, PKAPL had Cash and cash equivalents amounting to ₹ 2,992 Mn and Investment property of ₹ 59 Mn representing a surplus land parcel, which it envisages to transfer to Philips GBS LLP, on an arm's length basis, at an expected value of ₹ 116 Mn (as per discussion with the management, the land was acquired in March 2010 and the book value of the land is ₹ 59 Mn. The likely capital gain on sale of such land is expected to be minimal with indexed cost of ₹ 119 Mn. Further, I also understand from the management that PKAPL has capital loss of ₹ 145 Mn which are available for setting off any capital gain which would be generated from the sale of this land parcel. Hence PKAPL is unlikely to pay tax on the capital gains) (As provided by the management, further, I also understand that the transfer would be completed prior to filing of the SOA).

5. ANALYSIS

i. Return of Capital in excess of PKAPL's need

- Based on the financial projections of PKAPL, I understand from the management that going forward with increasing revenues, profits of PKAPL are expected to increase. Following is the projected future profitability over the next 15 months period:

Particulars	Amount in Millions
Revenue	6,821
COGS	6,318
EBIT	503
Add: Interest on deposits	136
Less: Finance Cost	45
Less: Taxes*	-
Profit after Tax	594
Add: Depreciation	133
Cash profits	727

* I understand from the management that PKAPL has unabsorbed depreciation of ₹ 4,693 Mn as at 31st March, 2020 accordingly tax has not been considered in the above calculation.

- Also, I understand from the Management that the available capacity is sufficient to cater to the increased revenues and only marginal investment with respect to maintenance capex would be required. Such maintenance capex can easily be funded using internal accruals/profits.
- Considering the existing cash position of ₹ 2,992, Mn as at 31st March, 2020 and factoring the expected future profitability for PKAPL from 01st April, 2020 to 30th June, 2021, the balance sheet of PKAPL as at 30th June, 2021 is projected by the management as follows:

Particulars	Amount in Millions
Intangible Fixed Assets	1,191
Tangible Fixed Assets	553
Deferred Tax assets	1,134
Net Working Capital	(888)
Cash and cash equivalents	4,066
Total	6,055
Equity Share Capital	952
Securities Premium Reserve	6,479
Accumulated losses as at 31 st March, 2020	(2,027)
Profit for the period (01 st April, 2020 to 30 th June, 2021)	594
Capital profit on sale of land	57
Total	6,055



ii. Set-off of Accumulated Losses against Securities Premium Reserve Account

Basis above, PKAPL will have estimated accumulated book losses of ₹ 1,433 Mn as at 30th June, 2021 (debit balance as at March 31, 2020 ₹ 2027 Mn minus estimated profit from 1st April, 2020 to 30th June, 2021 ₹ 594 Mn). I understand from the Management that in addition to the reduction of the Securities Premium Reserve Account by an amount of ₹ 3,590 Mn which will be used to return cash to its shareholder, PKAPL will reduce the Securities Premium Reserve Account by an additional amount of ₹ 1,250 Mn which will be adjusted against the accumulated losses of PKAPL. The balance accumulated book loss, if any, post such adjustment will continue to remain in the books of PKAPL and will be transferred to Resulting Company upon merger of PKAPL with the Resulting Company in accordance with the SOA. Such an adjustment would not have any adverse effect on the creditors and shareholder and PKAPL would honour its commitments and meet its obligations in the ordinary course of business. Further, PKAPL does not have any secured creditors (other than financial lease obligations for vehicles taken on lease) and hence the envisaged set-off does not in any way impact the asset coverage ratio for the creditors.

Basis the above, the projected available cash and cash equivalents as at 30th June, 2021 is ₹ 4,066 Mn which per share basis works out to be ₹ 42.72.

I understand from the management that the repayment of capital to its shareholders have been proposed in the following manner:

Particulars	Amount in Millions except per share data
Net cash which may be returned	4,066
Amount per share basis	42.72
Proposed return of amounts in excess of the requirements of PKAPL to the shareholders from the share capital	5
Total amount returned to shareholders	475.94
Available cash post repayment of share capital to be returned by way of return of securities premium	3,590
Amount per share (representing return of securities premium)	37.72

Particulars	Amount in Millions
Securities Premium Reserve as on 30 th June, 2021	6,479
Less: Adjustment of available cash post return of amounts in excess of the requirements of PKAPL to the shareholders from the share capital to be returned by way of return of securities premium (refer above table)	(3,590)
Less: Adjustment of accumulated losses	(1,250)
Balance available to be carried over	1,639

The Capital Reduction shall make the capital commensurate to the operating assets and shall improve the overall financial matrices for the PKAPL and its shareholders i.e. ROCE and RONW.

The envisaged Capital Reduction is not prejudicial to the interest of shareholders of PKAPL as they shall be getting a return of amounts in excess of the requirements of PKAPL.

The above calculation is subject to the specific representations and assumptions:

- Sale of Land Parcel at an estimated price of ₹ 116 Mn;
- Achievability of future profitability and consequent cash position as projected by the management for 30th June, 2021; and
- No tax impact on the future profitability.

The Key assumptions as quoted above forms the very basis of the working and the computation which are subject to same and hence the Board of Directors should assess the financials and available cash of PKAPL as on the Appointed Date.



6. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- * The Analysis is confidential and has been prepared exclusively for the company/PKAPL. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without my prior written consent. Such consent will only be given after full consideration of the circumstances at the time.
- * In rendering our opinion, I have assumed, that the SOA will be implemented on the terms described therein, without any waiver or modification of any material term or conditions.
- * My opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the SOA or any matter related thereto.
- * I am independent of the shareholders, directors and management of the companies and do not have any financial association with the shareholders, directors and management of the companies other than receipt of fees in connection with the professional services provided.
- * My Opinion described herein are areas of my regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided.
- * I acknowledge that I have no present or contemplated financial interest in the Company/PKAPL. My fees for this report are based upon normal billing rates, and not contingent upon the results or in any other manner. I have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.
- * In the course of the engagement, I was provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of my engagement, I have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and was considered as part of my analysis for this report and (ii) the accuracy of information made available to me by the company/PKAPL. In accordance with my work order and in accordance with customary approach adopted, I have not audited, reviewed or otherwise investigated the historical financial information provided to me. I have not independently investigated or otherwise verified the data provided by the company/PKAPL. Accordingly, I do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statement. Also, with respect to explanations and information sought from the company/PKAPL, I have been given to understand by the Management of the company/PKAPL that they have not omitted any relevant and material factors about the Company/PKAPL.
- * Except as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of the company/PKAPL.
- * This report does not look into the business/commercial reasons behind the restructuring proposed under the SOA nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the restructuring proposed under the SOA as compared with any other alternatives business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- * I have not attempted to confirm whether or not all assets of the company/PKAPL are free and clear of liens and encumbrances, or that the owner has good title to all the assets.



Private and Confidential

- I have been informed by management that there are no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. I have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.
- The company/PKAPL and its representatives warranted to me that the information supplied to me was complete and accurate to the best of their knowledge and that the financial information properly reflects the business conditions and operating results for the respective periods in accordance with generally accepted accounting principles. Information supplied to me has been accepted as correct without any further verification. I have not audited, reviewed, or compiled the financial information provided to me and, accordingly, I express no audit opinion or any other form of assurance on this information.
- I do not provide assurance on the achievability of the results forecasted by the client because differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.
- Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without the written consent. This report and my opinion arrived at herein are for the exclusive use of my client for the sole and specific purposes as noted herein.
- The figures presented in the body of report may have been calculated using electronic spreadsheets which calculate figures up to a precision of several decimal points. While rounded figures are carried to the body of the report at each stage, the higher precision unrounded numbers continue to be used in the computations. Any minor difference in figures observed on manual calculation of figures within the body of the report could be attributable to such rounding off.
- My engagement for this report consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.
- I am not an environmental consultant or auditor, and takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report, wishing to know whether such liabilities exist, or the scope and their effect on the value of the property, are encouraged to obtain a professional environmental assessment. I do not conduct or provide environmental assessments and has not performed one for the subject property.
- No change of any item in this report shall be made by anyone other than me, and I will have no responsibility for any such unauthorized change.
- The report is also based on the financial projections provided to me by the management of the company/PKAPL and thus the responsibility for forecasts and the assumptions on which they are based is solely that of the Management of the Company/PKAPL and I do not provide any confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecasts necessarily depend upon subjective judgement.
- I have also assumed that the company/PKAPL will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company/PKAPL will maintain the character and integrity of the Company/PKAPL through any sale, reorganization or reduction of any owner's/manager's participation in the existing activities of the Company/PKAPL.



Private and Confidential

- Financial information of PKAPL is included solely to assist in the development of a conclusion presented in this report and should not be used to obtain credit or for other purpose. Because of the limited purpose of the information presented, it may be incomplete and contain departures from generally accepted accounting principles. I have not audited, reviewed or compiled this information and express no assurance on it.
- I have made no investigation of title to property. I have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the entity has good title to all assets.
- The report will be used in relation to the proposed SOA between Philips, PKAPL, Resulting Company and their respective shareholders. Notwithstanding anything to the contrary contained herein, this report may be filed or shared with the relevant benches of the National Company Law Tribunal and or the National Company Law Appellate Tribunal and other courts and governmental, statutory, regulatory, quasi-judicial, judicial, administrative authorities, or any other person as required under applicable law in relation to or in connection with the aforesaid SOA.
- This Report is issued on the understanding that the Management has drawn my attention to all matters of which they are aware, which may have an impact on this Report up to the date of the signature. I have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

I would like to record my appreciation for the courtesy and co-operation received during the course of my work and look forward to continuing my professional association.

Yours faithfully,



BHAVNA GARG

ICAI Membership No. 524347

IBBI Registration No. IBBI/RV/05/2019/10677

ICMAI RVO Membership No. ICMAI RVO/S&FA/00029

UDIN: 20524347AAAAQC4428

New Delhi; 28th August, 2020



Price Waterhouse & Co LLP

Chartered Accountants

Private and Confidential

September 03, 2020

Board of Directors
Philips India Limited
9th Floor, DLF 9-B
DLF Cyber City
Sector 25, DLF Phase 3,
Gurgaon 122 002, India

Dear Sirs,

Subject: Share Entitlement Ratio Report

1 CONTEXT AND PURPOSE

- 1.1 We refer to the engagement letter (“EL”) dated June 19, 2020 and the subsequent discussions we had with you, wherein you requested our report on the proposed ratio of allotment of equity shares of Philips Domestic Appliances India Limited (“Resulting Company”) to the shareholders of Philips India Limited (“PIL” or the “Demerged Company”), together referred to as the “Specified Companies”, in connection with the proposed demerger of the Domestic Appliances business from PIL into the Resulting Company (“Demerger”).

2 BACKGROUND

- 2.1 PIL is a public limited company incorporated on January 31, 1930, having its registered office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town (Rajarhat) Kolkata – 700156, West Bengal. PIL is engaged in various businesses including Domestic Appliances Business; diagnostic imaging, interventional x-ray, and ultrasound, and patient monitoring businesses; manufacturing, trading and dealing of consumer products such as grooming products, beauty products, oral health care and mother and child care products, informatics solutions on healthcare informatics, infrastructure and consulting solutions; software development, product engineering and service innovation in relation to various products; and other functions
- 2.2 PIL is a subsidiary of Koninklijke Philips N.V., which is a Netherlands based company having its registered office at Amsterdam (“KPNV”). KPNV holds 96.13% stake in PIL with the remaining 3.87% stake held by minority shareholders (“Minority Shareholders”).
- 2.3 PIL also has a wholly owned subsidiary, Preethi Kitchen Appliances Private Limited (“Preethi”). Preethi is a private limited company having its registered office at Raheja Platinum, Sag Baug Road, Off, Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra. Preethi is one of the leading manufacturers of kitchen appliances specifically catering to the South Indian market. Preethi’s product range comprises mixers, table top grinders, coffee makers, induction cookers, electric rice cookers, electric kettle, electric iron box and electric pressure cookers.
- 2.4 Philips Domestic Appliances is a public limited company incorporated on July 17, 2020, having its Registered Office at 3rd Floor, Tower A, DLF IT Park, 08 Block AF Major Arterial Road, New Town, Kolkata-700156, West Bengal. Philips Domestic Appliances has been incorporated with the object of, inter alia, to carry on the business of manufacturers, producers, stockiest, commission agents, importers, exporters of electrical products and other domestic appliances, their assemblies, kits, spares and accessories in India and abroad. Philips Domestic Appliances is a wholly owned subsidiary of PIL.

Price Waterhouse & Co LLP, Building No. 10, 17th Floor, Tower C, DLF Cyber City, Gurgaon – 122 002
T: +91 (124) 3306000, F: +91 (124) 3306999

Registered Office and Head Office: Sucheta Bhawan, 11-A, Vishnu Digambar Marg, New Delhi 110002

Price Waterhouse & Co (a Partnership Firm) converted into Price Waterhouse & Co LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-2731) with effect from April 24, 2014. Post its conversion to Price Waterhouse & Co LLP, its ICAI registration number 016844N/N-500015 (ICAI registration number before conversion was 016844N)

- 2.5 We understand that the management of PIL (“Management”) is contemplating to demerge the Domestic Appliances Business (“DA Business”) into Resulting Company. The Demerger is proposed to be effected through a Composite Scheme Of Arrangement (“Scheme”) under the provisions of section 230 to 232 of the Companies Act, 2013. As per the Scheme the Appointed Date for the proposed Demerger is July 1, 2021 or such other date as may be mutually agreed by the Companies (as defined under the Scheme), or such other date as the NCLT may direct/allow (“Appointed Date”).
- 2.6 As per Scheme the Domestic Appliances Business means the business of (A) manufacturing, trading and dealing in (i) kitchen appliances i.e., appliances used primarily for food preparation and cooking and more specifically covering products such as mixer- grinders, food processors, hand mixers, juicers, ovens, air fryers, induction cook tops etc.; (ii) garment care products such as irons, steamers and related accessories; and (iii) home care products such as air purifiers, vaccum cleaners, air filters and coffee makers etc.; and (B) software development, product engineering and service innovation in relation to the products specified in (A) above. It also includes the entire shareholding of Preethi held by the Demerged Company. However, the Domestic Appliances Business does not include the business of manufacturing, trading and dealing in grooming products for face and body; beauty products including hair care and female depilation; mother and child care products; and oral health care products.
- 2.7 We understand that simultaneously with the allotment of shares by the Resulting Company, the existing shareholding of the Demerged Company in the Resulting Company shall stand cancelled in accordance with the provisions of the Scheme. We further understand that as part of the Demerger, all assets and liabilities identified as pertaining to the DA Business shall be transferred to the Resulting Company at values as appearing in the books of PIL.
- 2.8 In connection with the Demerger, and based on the information made available by the Management, Price Waterhouse & Co LLP (“PW & Co”/ “us” /“we”) have been requested to provide a report on the proposed ratio of allotment of equity shares of the Resulting Company to be issued to the shareholders of PIL (“Share Entitlement Ratio”) (the “Services”). The Share Entitlement Ratio is being proposed by the Management.
- 2.9 We understand that the Demerger will be a vanilla demerger, i.e. all the shareholders of PIL will become shareholders of the Resulting Company and the Shareholding pattern of the Resulting Company shall mirror the shareholding pattern of PIL, on the record date. Accordingly, Demerger will not impact the economic and beneficial interest of the shareholders of PIL.

3 PROCEDURES

The procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the analysis of following information related to the Company, Preethi and the carved out DA business furnished to us by the Management:

- Audited financial statements of PIL, Preethi for the year ended 31 March 2019 and 31 March 2020;
- Carved out financials of DA Business for the year ended 31 March 2020;
- Number of equity shares of the Resulting Company proposed to be issued to the shareholders of PIL on the demerger of the DA Business into the Resulting Company;
- Draft Composite Scheme of Arrangement (“Scheme”) dated August 24, 2020 for the Demerger;
- Existing shareholding pattern of PIL and of the Resulting Company;
- Interviews and correspondence with the Management, on which we have relied; and
- Such other analyses, reviews and inquiries, as we considered necessary.



4 RATIO OF ALLOTMENT

- 4.1 The Management has proposed the following Share Entitlement Ratio:
- 1 fully paid up equity share having face value of INR 10/- each of the Resulting Company for every 1 fully paid up equity share of INR 10/- each in PIL.
- 4.2 We have considered the outstanding number of equity shares of PIL and the number of equity shares of the Resulting Company as follows:
- As of the Report Date, the issued, subscribed and paid up capital of PIL consists of 57,517,242 equity shares of INR 10/- each;
 - As of the Report Date, the initial issued, subscribed and paid up capital of the Resulting Company comprises of 50,000 equity shares of INR 10 each. The entire paid-up and issued capital of the Resulting Company is held by PIL as on the date of the Report.
- 4.3 Pursuant to the Scheme, the Resulting Company, in order to comply with the intent of maintaining the economic and beneficial interest of the shareholders of PIL shall issue 57,517,242 equity shares of INR 10 each to all the shareholders of PIL and the initial issued, subscribed and paid up capital of the Resulting Company consisting of 50,000 equity shares of INR 10 each shall stand cancelled.
- 4.4 Based on the aforementioned, in particular read with paragraphs 2 and 4.1 – 4.3 above and caveats below, and considering that all shareholders of PIL, upon Demerger, be the ultimate economic and beneficial owners of the Resulting Company and that upon allotment of equity shares by the Resulting Company in the proposed Share Entitlement Ratio, the economic and beneficial interest of the shareholders in the equity of the Resulting Company will be the same¹ as it is in the equity of PIL; the above Share Entitlement Ratio is fair in relation to the Demerger.

5 CAVEATS

- 5.1 The Report, its contents and the results herein are specific to (i) the purpose as per the terms of our engagement and (ii) and are based on the financial and other information provided by the Management of the Company, which we believe to be reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the Management. We have, therefore, not carried out any due diligence review, independent audit or other test or validation of such financial and other information to establish the accuracy or sufficiency of the financial statements referred to above or of the information, explanations and representations provided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.
- 5.2 We have made no investigation of, and assume no responsibility for the title to, or liabilities against, the equity of PIL.
- 5.3 The service provided under this Report does not represent accounting, assurance, accounting/tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- 5.4 The Report will be used by the Client only for the purpose, as indicated in this report, for which we have been appointed. The Report cannot be used or relied for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this report.



¹ Since the beneficial economic interest of the Shareholders of Demerged Company in PIL and the Resulting Company will be the same, no Valuation has been undertaken for the DA Business or the Resulting Company or of PIL.

- 5.5 The DA Business is proposed to be demerged into the Resulting Company with effect from the Appointed Date and we have considered the provisional Balance Sheets of PIL and the DA Business as at March 31, 2020. The Management has explained that the DA Business would be carried on in normal course of operations till the Appointed Date and subsequently, till the Scheme becomes effective. The Management has represented that financial statements of PIL, DA Business and Preethi as at March 31, 2020, as provided to us, include all disclosures necessary for a fair presentation of its financial position and results of operations in accordance with generally accepted accounting principles in India consistently applied, and disclosures otherwise required by the laws and regulations to which they are subject.
- 5.6 As per the Management while the DA Business operates as a going concern, its business activities have been impacted due to Covid-19 pandemic and the consequent lockdown in India. The Management has represented that other than the Covid-19 impact no material adverse change has occurred in the operations and financial position of the Company between March 31, 2020 and the date of the issue of this Report.
- 5.7 Our scope of work is limited to expression of our view on the proposed Share Entitlement Ratio and its impact on the economic and beneficial interest of the shareholders of the Specified Companies. Our report is not, nor should it be construed as, our opining or certifying the compliance of the proposed Demerger of the Business with the provisions of any law including companies law, FEMA and taxation related laws or as regards any legal implications or issues arising from such proposed Demerger.
- 5.8 There is no indisputable single share entitlement ratio. While we have provided our view on the proposed Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. You acknowledge and agree that you have the final responsibility for determination of the Share Entitlement Ratio for the proposed Demerger and factors other than our report will need to be taken into account in determining such ratios; these will include your own assessment of the proposed Demerger and may include the input of other professional advisors.
- 5.9 We have not provided this report as a registered valuer under the Companies Act 2013 ("Act"), the Companies (Registered Valuers And Valuation) Rules, 2017 or as per any other rules, regulations, standards, bye-laws, ordinance, notifications issued pursuant to such Act or Rules. We understand that PIL has separately appointed a Registered Valuer for providing a report under the Companies Act 2013.

6 DISTRIBUTION OF OUR REPORT

- 6.1 This letter report is prepared for the Board of Directors of PIL.
- 6.2 We understand that the Board of Directors of the Resulting Company (as one of the Specified Companies) have passed a resolution ratifying and approving the terms of our EL dated June 19, 2020 in their Board Meeting dated July 21, 2020 and hence the Board of Directors of the Resulting Company may also rely on our report.



Price Waterhouse & Co LLP
Chartered Accountants

Share Entitlement Ratio Report
Philips India Limited
September 03, 2020
Page 5

In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Specified Companies, their directors, employees or agents. In no circumstances shall the liability of Price Waterhouse & Co LLP, its partners, directors or employees, relating to the services provided in connection with the engagement set out in this report exceed the amount paid to us in respect of the fees charged for these services.

We would like to record our appreciation for the courtesy and co-operation received by us during the course of our work.

For Price Waterhouse & Co LLP
Chartered Accountants
Firm Registration No 016844N/ N-500015



Rajan Wadhawan
Partner
Membership Number: 090172
Date: 03 September, 2020
UDIN number: 20090172AAAAAT8568