

SCHEME OF ARRANGEMENT
UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 78,100 TO 103
OF THE COMPANIES ACT, 1956
BETWEEN
MARICO LIMITED
AND
MARICO KAYA ENTERPRISES LIMITED¹
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(A) PREAMBLE

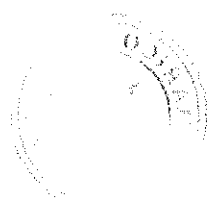
This Scheme of Arrangement ('Scheme') is presented under Sections 391 to 394 read with Sections 78, 100 to 103 and other applicable provisions of the Companies Act, 1956 for the demerger of the Kaya Business (as defined hereinafter) from Marico Limited ('Marico') to Marico Kaya Enterprises Limited ('Marico Kaya'), on a going concern basis, pursuant to the relevant provisions of the Companies Act, 1956. This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

(B) RATIONALE FOR THE SCHEME

Marico mainly operates in the Fast Moving Consumer Goods and Skin Care Segment and is one of the leading companies in the global beauty and wellness space. Marico operates its skin care solutions segment through Kaya skin clinics in India and Middle East and through Derma Rx clinics in Singapore and Malaysia. The Kaya Business mainly includes solutions for skin beauty, skin concerns, laser hair reduction and anti-ageing. The management of Marico is of the view that segregation of the Kaya Business from Marico, inter alia, would lead to following benefits:

- (i) Efficient and focused management of Kaya business segment;
- (ii) Unlocking value for the shareholders of Marico; and

¹ Name subject to approval from the Registrar of Companies



- (iii) Increase flexibility for value extraction and fund raising;

(C) PARTS OF THE SCHEME:

This Scheme of Arrangement is divided into the following parts:

- (i) PART I deals with the definitions and share capital;
- (ii) PART II deals with demerger of Kaya Business of Marico into Marico Kaya;
- (iii) PART III deals with general terms and conditions applicable to this Scheme.



PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

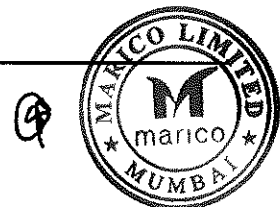
In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 "Act" or "The Act" means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force.
- 1.2 "Appointed Date" means 1st day of April 2013 or such other date as may be fixed or approved by the High Court.
- 1.3 "Court" or "High Court" means the High Court of Judicature at Bombay or such other Authority having jurisdiction in the matter and shall include the National Company Law Tribunal, if and when applicable.
- 1.4 "Effective Date" means the last of the dates on which the certified copy or authenticated copy of the Order sanctioning this Scheme passed by the High Court is filed by Marico and Marico Kaya with the Registrar of Companies, Mumbai, Maharashtra. Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.
- 1.5 "Kaya Business" means the business of providing skin care services and solutions under the brand name of Kaya and Derma Rx in India and abroad including but not limited to medical services of Marico on a going concern basis and shall without limitation include the following:
- (i) all properties and assets, whether moveable or immoveable, including all rights (whether freehold, leasehold or license), title, interest, cash and bank balances, bills of exchange, covenant and undertakings of Marico pertaining to Kaya Business;
 - (ii) all assets (whether moveable or immoveable, real or personal, corporeal or incorporeal, in possession, or in reversion, leasehold or otherwise, present, future, contingent, tangible or intangible) including investments of Marico pertaining to Kaya Business and not limited to the plant and machinery, capital work in



progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits including deposits or outstandings in litigations or paid under protest, provisions, advances, receivables, funds, leases, licences, tenancy rights, premises, hire purchase and lease arrangements including benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licences, registrations, quotas, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested into or granted in favour of or held for the benefit of or enjoyed by Marico pertaining to Kaya Business;

- (iii) all debts, borrowings, obligations and liabilities, whether present or future, whether secured or unsecured, of Marico pertaining to the Kaya Business comprising of:
 - (a) all the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of Marico pertaining to the Kaya Business;
 - (b) the specific loans or borrowings raised, incurred and utilised solely for the activities and operations of Marico pertaining to the Kaya Business; and
 - (c) liabilities other than those referred to in sub-clauses (a) and (b) above and not directly relatable to the Kaya Business, being the amounts of any general or multipurpose borrowings of Marico as stand in the same proportion which the value of assets transferred under this Clause of Kaya Business bears to the total value of the assets of Marico immediately before the Appointed Date;
- (iv) all intellectual property rights, including patents, trademarks and copyrights of Marico pertaining to Kaya Business;
- (v) all books, records, files, papers, engineering and process information, computer programmes, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to Kaya Business;
- (vi) all employees of Marico engaged in Kaya Business;



- (vii) all earnest monies, security deposits, or other entitlements, if any, in connection with or relating to Marico pertaining to Kaya Business;

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

- 1.6 **"Marico Kaya" or "the Resulting Company"** means Marico Kaya Enterprises Limited, a company incorporated under the Companies Act, 1956, and having its Registered Office at Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai, Maharashtra 400050.
- 1.7 **"Marico" or "the Demerged Company"** means Marico Limited, a company incorporated under the Companies Act, 1956, and having its Registered Office at Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai, Maharashtra 400050.
- 1.8 **"Record Date"** means, in respect of demerger of the Kaya Business of Marico into Marico Kaya, the date to be fixed jointly by the Board of Directors of Marico and Marico Kaya for the purposes of determining the shareholders of Marico to whom shares would be issued in accordance with Clause 5 of this Scheme.
- 1.9 **"Remaining Business of Marico"** means all the undertakings, businesses, activities and operations of the Demerged Company other than the Kaya Business;
- 1.10 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement in its present form as submitted to the Honorable High Court of Judicature of Bombay or this Scheme with such modification(s), if any made, as per Clause 15 of the Scheme.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.



2. DATE OF TAKING EFFECT AND OPERATIVE DATE

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

3. SHARE CAPITAL

- 3.1 The authorized, issued, subscribed and paid-up share capital of Marico as on 30th September, 2012 is as under:

Share Capital	Amount in Rupees
<u>Authorized Share Capital</u>	
65,00,00,000 Equity Shares of Re. 1/- each	65,00,00,000
15,00,00,000 Preference Shares of Rs. 10/- each	1,50,00,00,000
TOTAL	2,15,00,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
64,45,55,299 equity shares of Re. 1/- each fully paid-up	64,45,55,299
TOTAL	64,45,55,299

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of Marico, Marico has issued further shares on account of exercise of ESOP's. The revised issued, subscribed and paid up capital of Marico is as under:

Share Capital	Amount in Rupees
<u>Authorized Share Capital</u>	
65,00,00,000 Equity Shares of Re. 1/- each	65,00,00,000
15,00,00,000 Preference Shares of Rs. 10/- each	1,50,00,00,000
TOTAL	2,15,00,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
64,47,07,599 equity shares of Re. 1/- each fully paid-up	64,47,07,599
TOTAL	64,47,07,599

The shares of Marico are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.



3.2 The authorized, issued, subscribed and paid-up share capital of Marico Kaya as on the date of its incorporation shall be as under:

Share Capital	Amount in Rupees
<u>Authorized Share Capital</u>	
1,40,00,000 equity shares of Rs.10 each	14,00,00,000
Total	14,00,00,000
<u>Issued, Subscribed and Paid-up Share Capital</u>	
1,00,00,000 equity shares of Rs.10 each	10,00,00,000
Total	10,00,00,000

Marico Kaya is a wholly owned subsidiary of Marico.



PART II

DEMERGER OF KAYA BUSINESS OF MARICO INTO MARICO KAYA

4. TRANSFER AND VESTING OF KAYA BUSINESS OF MARICO INTO MARICO KAYA

- 4.1 With effect from the Appointed Date and upon the Scheme becoming effective, Kaya Business shall, pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, 1961, and without any further act, instrument, deed, matter or thing, stand transferred to and vested into, as a going concern, into Marico Kaya, as of the Appointed Date and all the estate and interest of Marico therein shall consequently vest into Marico Kaya with effect from the Effective Date.
- 4.2 Without prejudice to the generality of Clause 4.1, in respect of such of the assets of Kaya Business as are moveable in nature or are otherwise capable of transfer and vesting by manual delivery or by endorsement and/or delivery or by physical possession including plant, machinery and equipment, the same may be transferred to and vested into Marico Kaya, as follows:
- (i) All the moveable assets capable of being transferred and vested by delivery, including plant and machinery, shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to Marico Kaya along with such other documents as may be necessary towards the end and intent that the property therein passes to Marico Kaya on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of Marico Kaya accordingly. The investments held in dematerialized form will be transferred to Marico Kaya by issuing appropriate delivery instructions to the depository participant with whom Marico has an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of Directors of Marico and Marico Kaya, being a date after the sanction of the Scheme by the High Court.
 - (ii) The moveable assets, other than those specified in Clause 4.2 (i) above, including intangible assets, actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested into as the property of Marico Kaya. Marico Kaya may, if required, give notice in such form as it may deem fit and proper to each person or



debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of Marico Kaya to recover or realise the same is in substitution of the right of Marico and that appropriate entry should be passed in their respective books to record the aforesaid charges.

- 4.3 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, of every kind, nature and description of Kaya Business, shall, under the provisions of Sections 391 to 394 of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to Marico Kaya so as to become, from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of Marico Kaya and 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 debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.
- 4.4 The transfer and vesting of the Kaya Business, shall be subject to the existing securities, charges and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof of Kaya Business.

Provided however, any reference in any security documents or arrangements to which Marico is a party, shall be construed as reference only to the assets pertaining to Kaya Business as are vested into Marico Kaya by virtue of the aforesaid Clauses, to the end and intent that such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of Marico.

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

- 4.5 Subject to Applicable Law any undertaking of Marico, which is binding on Marico as on the date of the Appointed Date of this Scheme, to give a guarantee to any person in respect of any obligation of Kaya Business shall continue in full force and effect against Marico.
- 4.6 Where any of the liabilities and obligations attributed to Kaya Business on the Appointed Date has been discharged by Marico on behalf of Kaya Business after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of Marico Kaya.



- 4.7 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory or other licences, permissions or approvals or consents held by Marico in relation to the Kaya Business shall stand transferred to or vested into Marico Kaya, without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory or other authorities concerned therewith in favour of Marico Kaya. The benefit of all statutory and regulatory permissions including the statutory or other licences, tax registrations, permits, permissions or approvals or consents required to carry on the operations of Kaya Business shall vest into and become available to Marico Kaya pursuant to this Scheme.
- 4.8 Marico in relation to Kaya Business may be entitled to various benefits under incentive schemes and policies in relation to Kaya Business and pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies pertaining to Kaya Business shall be transferred to and vested into Marico Kaya and all benefits, entitlements and incentives of any nature whatsoever including benefits under income tax, excise (including modified value added tax, central value added tax), sales tax (including deferment of any tax), service tax, exemptions, concessions, remissions, subsidies and other incentives in relation to Kaya Business, to the extent statutorily available, shall be claimed by Marico Kaya.

5. ISSUE OF SHARES BY MARICO KAYA

- 5.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the Kaya Business into Marico Kaya, Marico Kaya shall, without any further application or deed, issue and allot equity shares of face value of INR 10 each at a premium of INR 200 per share, credited as fully paid up, to the members of Marico whose name appear in the Register of Members of Marico as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following manner:
- 5.2 "1 (One) fully paid-up Equity Share of INR 10 (Rupees Ten) each of Marico Kaya shall be issued and allotted for every 50 (Fifty) fully paid-up Equity Shares of INR 1 (Rupee One) each held in Marico"
- 5.3 The Equity Shares to be issued to the members of Marico under Clause 5.1 shall be subject to the terms of the Memorandum and Articles of Association of Marico Kaya and shall rank pari passu with the existing equity shares of Marico Kaya in all respects including, but subject to the provisions of Section 205 of the Act, dividend (including interim dividend) for the financial year starting from the Appointed Date. The holders of the equity



shares of Marico Kaya and Marico 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 from the respective companies of which they are members for the financial year upto the Appointed Date. It is clarified that the aforesaid provision in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of Marico Kaya or Marico to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Marico Kaya and Marico and subject to the approval of the shareholders of Marico Kaya and Marico.

- 5.4 No shares shall be allotted in respect of fractional entitlements, if any, by Marico Kaya to which the members of Marico may be entitled on allotment of shares as per Clause 5.1. The Board of Directors of the Marico Kaya shall, instead consolidate all such fractional entitlements and thereupon allot equity shares in lieu thereof to a director or an officer of Marico Kaya or such other person as the Board of Directors of Marico Kaya shall appoint in this behalf who shall hold the shares in trust on behalf of the members of Marico entitled to fractional entitlements with the express understanding that such director or officer or person shall sell the same in the market at such time or times and at such price or prices in the market and to such person, as he deems fit, and pay to Marico Kaya, the net sale proceeds thereof, whereupon Marico Kaya shall distribute such net sale proceeds, subject to tax deductions as applicable, to the members of Marico in proportion to their respective fractional entitlements.
- 5.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Marico, the Board of Marico 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 Marico, after the effectiveness of this Scheme.
- 5.6 The equity shares to be issued by Marico Kaya to the members of Marico pursuant to Clause 5.1 of this Scheme, in respect of any shares in Marico which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by Marico Kaya.
- 5.7 The equity shares shall be issued in dematerialized form to those shareholders who hold shares of Marico in dematerialized form, in to the account in which Marico shares are held or such other account as is intimated by the shareholders to Marico and / or its Registrar before the Record Date. All those shareholders who hold shares of Marico in physical form



shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Marico and / or its Registrar before the Record Date. The shareholders who fail to provide such details shall be issued equity shares in physical form.

- 5.8 The Board of Directors of Marico Kaya shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities and undertake necessary compliance for the issue and allotment of equity shares to the members of Marico pursuant to clause 5.1 of the Scheme.
- 5.9 The equity shares to be issued to the members of Marico pursuant to clause 5.1 of this Scheme will be listed and/or admitted to trading in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 on all the Stock Exchanges on which shares of Marico are listed on the Effective Date. Marico Kaya shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for Marico Kaya with the formalities of the said Stock Exchanges. The equity shares of Marico Kaya allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange(s). There shall be no change in the shareholding pattern or control in Marico Kaya between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges.
- 5.10 Marico Kaya shall, if necessary and to the extent required, increase its authorized share capital to facilitate issue of equity shares under this Scheme.
- 5.11 Approval of this Scheme by the shareholders of Marico Kaya shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Marico Kaya to the shareholders of Marico, as provided in this Scheme.
- 5.12 The approval of this Scheme by the shareholders of both the companies under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31, 372A and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 6 REDUCTION OF THE EXISTING EQUITY SHARE CAPITAL OF MARICO KAYA**
- 6.1 Upon the Scheme becoming effective and upon the issue of shares by Marico Kaya in accordance with Clause 5 above, the existing 1,00,000 (One Lac) equity shares of INR 10/-



each of Marico Kaya held by Marico, as on the Record Date shall, without any application or deed, stand cancelled without any payment.

- 6.2 The cancellation of the existing equity shares of INR 10 each amounting to INR 10,00,000 (Ten Lac Only) of Marico Kaya as mentioned in Clause 6.1 above shall be effected as an integral part of this Scheme without having to follow the process under Sections 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and hence the provisions of Section 101 of the Act will not be applicable. Further, Marico Kaya shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

7 ACCOUNTING TREATMENT IN THE BOOKS OF MARICO AND MARICO KAYA

7.1 IN THE BOOKS OF MARICO KAYA

- 7.1.1 Marico Kaya shall record the assets and liabilities, pertaining to the Kaya Business, at the respective book values as appearing in the books of Marico, as on the Appointed Date.
- 7.1.2 Marico Kaya shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to Clause 5.1 of this Scheme. Further, Marico Kaya shall credit to its Securities Premium Account, the aggregate premium on equity shares issued by it pursuant to Clause 5.1 of this Scheme.
- 7.1.3 The difference, being the excess of value of Net Assets Value of the Kaya Business transferred from Marico and recorded by Marico Kaya in terms of clause 7.1.1 above, over the amount credited as share capital and Securities Premium Account as per clause 7.1.2, and after adjusting the reduction in the capital of Marico Kaya pursuant to clause 6 above, shall be credited to Capital Reserve of Marico Kaya. Deficit, if any, shall be debited to Goodwill Account of Marico Kaya which shall be tested for impairment on an annual basis.
- 7.1.4 If considered appropriate for the purpose of application of uniform accounting methods and policies between Marico and Marico Kaya, Marico Kaya may make suitable adjustments and adjust the effect thereof in Securities Premium Account.

Explanation:



"Net Assets Value" shall be computed as the book value of the assets of Marico pertaining to the Kaya Business transferred to Marico Kaya less the book value of the liabilities pertaining to the Kaya Business becoming liabilities of Marico Kaya.

7.2 IN THE BOOKS OF MARICO

- 7.2.1 Upon the Scheme becoming effective, Marico shall reduce the book value of assets and liabilities pertaining to the Kaya Business from its books of account.
- 7.2.2 The difference, being the excess of book value of assets over the book value of liabilities of the Kaya Business, transferred to Marico Kaya shall be adjusted against the Securities Premium Account of Marico in the standalone and consolidated accounts.
- 7.2.3 The utilization of the Securities Premium Account of Marico as mentioned in Clause 7.2.3 above shall be effected as an integral part of this Scheme without having to follow the process under Section 78 read with Sections 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and hence the provisions of Section 101 of the Act will not be applicable. Marico shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.
- 7.2.4 In line with Clause 6, all existing shares held by Marico in Marico Kaya, i.e. 1,00,000 equity shares of Rs 10 each aggregating to INR 10,00,000, shall stand cancelled, without any further act or deed as an integral part of this Scheme. The loss on such cancellation shall be debited to Profit and Loss Account of Marico.

8 CONDUCT OF KAYA BUSINESS

Upon filing the Scheme with the Hon'ble High Court of Judicature at Bombay and upto and including the Effective Date:

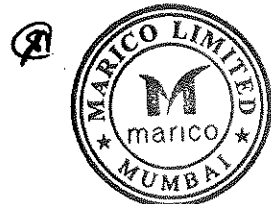
- 8.1 Marico shall be deemed to have been carrying on and shall carry on the Kaya Business and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for Marico Kaya. Marico hereby undertakes to hold its said assets with utmost prudence until the Effective Date.



- 8.2 Marico shall carry on the business and activities of the Kaya Business with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of Marico Kaya, alienate charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.
- 8.3 With effect from the Appointed Date, all the profits or income accruing or arising to Marico or expenditure or losses arising or incurred or suffered by Marico, in relation to the Kaya Business, 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 Marico Kaya.
- 8.4 Marico shall not vary the terms and conditions of any agreements or contracts in relation to the Kaya Business except in the ordinary course of business or without the prior consent Marico Kaya or pursuant to any pre-existing obligation undertaken by them, as the case may be.
- 8.5 Marico and Marico Kaya shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

9 EMPLOYEES

- 9.1 On the Scheme becoming effective all staff, workmen and employees of Marico pertaining to the Kaya Business who are in service as on the Effective Date shall become staff, workmen and employees of Marico Kaya without any break in their service and on the basis of continuity of service. Marico Kaya agrees that the services of all such employees with Marico, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date. Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to the Kaya Business shall be mutually decided by Board of Directors of Marico and Marico Kaya or committee(s) thereof.
- 9.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff, workmen and employee of the Kaya Business shall, with the approval of the concerned authorities, become Funds of Marico Kaya, or shall be transferred to or merged with other similar funds of Marico Kaya for all purposes whatsoever in relation to the administration or operation of



such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions of respective Trust Deeds or other agreements, if any, to the end and intent that all rights, duties, powers and obligations of Marico in relation to such Funds shall become those of Marico Kaya. It is clarified that the services of the staff, workmen and employee will be treated as having been continuous for the purpose of the said Funds. It is further provided that where all or any of the employees of Kaya Business transferred to Marico Kaya are subsequently transferred to any of the subsidiaries of Marico Kaya, the Funds created for the benefit of such employees shall also be transferred to the said subsidiaries and the provisions of this sub clause 9.2 shall mutatis mutandis shall apply in relation to such transfer of such employees.

- 9.3 In respect of stock options outstanding under the Marico Employee Stock Option Scheme 2007 in the hands of the employees of Kaya Business, it is hereby clarified that the said options which have been vested in the employees of Kaya Business shall lapse if the same are not exercised before the Effective Date.

10 LEGAL PROCEEDINGS

- 10.1 Upon the Scheme becoming effective, all suits, appeals, legal, administrative or other proceedings of whatsoever nature, by or against Marico in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority pending and/or arising on or after the Appointed Date and relating to Kaya Business, shall be continued and enforced by or against Marico Kaya only to the exclusion of Marico in the manner and to the same extent as would have been continued and enforced by or against Marico. Marico shall not be liable to pay any amounts arising out of such proceedings including interest, penalties, damages, costs etc and the same shall be paid only by Marico Kaya.
- 10.2 After the Appointed Date, if any proceedings are taken against Marico in respect of the matters referred to in the Clause 10.1 above, Marico shall defend the same at the cost of Marico Kaya and Marico Kaya shall reimburse and indemnify Marico against all liabilities and obligations incurred by Marico in respect thereof and further reimburse all amounts including interest, penalties, damages, costs etc which Marico may be called upon to pay or secure in respect of any liability or obligation relating to Kaya Business.
- 10.3 Marico Kaya undertakes to have all legal or other proceedings initiated by or against Marico referred to in Clause 10.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against Marico Kaya to the exclusion of Marico to the extent legally permissible after the Scheme being effective. To the extent such



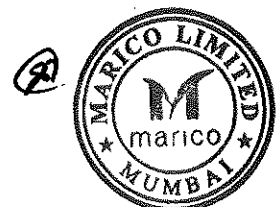
proceedings cannot be taken over by Marico Kaya, the proceedings shall be pursued by Marico for and on behalf of Marico Kaya as per the instructions of and entirely at the cost and expenses of Marico Kaya.

11 CONTRACTS, DEEDS, ETC.

- 11.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Kaya Business, which is subsisting as on the Effective Date, shall be in full force and effect against or in favour of Marico Kaya, and may be enforced by or against Marico Kaya as fully and effectually as if, instead of Marico, Marico Kaya had been a party thereto.
- 11.2 Marico Kaya shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Marico will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. Marico Kaya shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Marico and to implement or carry out all formalities required on the part of Marico to give effect to the provisions of this Scheme.
- 11.3 Without prejudice to the aforesaid, it is clarified that if any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to Kaya Business which Marico owns or to which Marico is a party, cannot be transferred to Marico Kaya for any reason whatsoever, Marico shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Marico Kaya, in so far as it is permissible so to do, till such time as the transfer is effected.

12 SAVING OF CONCLUDED TRANSACTIONS

The vesting of the Kaya Business into Marico Kaya under Clause 4 above and the continuance of proceedings by or against Marico in relation to the Kaya Business shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that Marico Kaya accepts and adopts all acts, deeds and things done and executed by or on behalf of Marico Kaya.



PART III

GENERAL TERMS AND CONDITIONS

13 REMAINING BUSINESS OF MARICO

13.1 The Remaining Business of Marico and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Marico.

13.2 All legal and other proceedings by or against Marico under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business of Marico (including those relating to any property, right, power, liability, obligation or duty of Marico in respect of the Remaining Business of Marico) shall be continued and enforced by or against Marico.

13.3 With effect from the Appointed Date and including the Effective Date –

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

(b) all profit accruing to Marico thereon or losses arising or incurred by it relating to the Remaining Business of Marico shall, for all purposes, be treated as the profit, or losses, as the case may be, of Marico

14 APPLICATION TO HIGH COURT

Marico and Marico Kaya shall with all reasonable dispatch make all necessary applications under Sections 391 to 394 read with Sections 78 and 100 to 103 of the Act and other applicable provisions of the Act to the High Court for seeking approval of the Scheme.

15 MODIFICATION OR AMENDMENTS TO THE SCHEME

Marico and Marico Kaya by their respective Boards of Directors ('the Board', which term shall include Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent



events or otherwise by them (i.e. the Board), Marico and Marico Kaya by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

16 CONDITIONALITY OF THE SCHEME

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

- 16.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 16.2 The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of Marico and Marico Kaya as may be directed by the High Court.
- 16.3 The sanction of the High Court under Sections 391 to 394 read with Sections 78 and 100 to 103 of the said Act in favour of Marico and Marico Kaya under the said provisions and to the necessary Order under Section 394 of the said Act being obtained;
- 16.4 Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai by Marico and Marico Kaya as may be applicable.

17 EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before September 30, 2013 or within such further period or periods as may be agreed upon between Marico and Marico Kaya by their respective Board of Directors or any committee thereof (and which the Board of Directors of the companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed



and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

18 COSTS, CHARGES & EXPENSES

- 18.1 All costs, charges, taxes including duties, levies and all other expenses if any (save as expressly otherwise agreed) and except as provided in sub-clause 18.2, of Marico and Marico Kaya arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by Marico.
- 18.2 Stamp duty payable in relation to issue of shares pursuant to Scheme shall be borne by Marico Kaya.

