
SCHEME OF ARRANGEMENT

Under Section 391 to 394 of the Companies Act, 1956

AMONGST

Daily Bread Gourmet Foods (India) Private Limited (Transferor Company)

And

Britannia Industries Limited (Transferee Company)

And

Their Respective Shareholders & Creditors

This Scheme of Arrangement is presented pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956/ other applicable regulations, for demerger of the Manufacturing Business division and Retail Sales Business division (“Demerged Undertakings”) of **Daily Bread Gourmet Foods (India) Private Limited** (“Demerged Company” or “Transferor Company”) into **Britannia Industries Limited** (“Resulting Company” or “Transferee Company”).

THE SCHEME

The Scheme is divided into the following parts:

- i) **PART I** – Introduction and objective of the Scheme;
- ii) **PART II** – Definitions and share capitals;
- iii) **PART III** – Deals with demerger, i.e. transfer and vesting of the Transferred Undertaking from the Transferor Company to the Transferee Company and matters incidental thereto, in accordance with section 391 to 394 of the Companies Act, 1956 or such other equivalent provisions of the Companies Act, 2013, as applicable; and
- iv) **PART IV** - Deals with general/ residuary terms and conditions.



PART I

Introduction and Objective of the Scheme

A. INTRODUCTION

Resulting Company or Transferee Company

Britannia Industries Limited

- (i) Britannia Industries Limited (“BIL” or “Resulting Company” or “Transferee Company”) is a company incorporated under the Indian Companies Act, 1913 having its registered office at No.5/1A, Hungerford Street, Kolkata – 700 017, West Bengal, India. BIL was incorporated on 21 March 1918 (Certificate of Incorporation No. L15412WB1918PLC002964).

BIL houses the “Britannia” brand and is a leading food company in India, delivering products in over five categories (ie, biscuits, breads, dairy, cakes and rusk) through 3.5 million distributors/ retail outlets across India.

Demerged Company or Transferor Company

Daily Bread Gourmet Foods (India) Private Limited

- (i) Daily Bread Gourmet Foods (India) Private Limited (“DB” or “Demerged Company” or “Transferor Company”) is a company incorporated under the Companies Act, 1956 having its registered office at Prestige Shantiniketan, The Business Precint, Tower C, 16th Floor, Whitefield Main Road, Mahadevapura Post, Bangalore – 560 048, Karnataka, India. DB was incorporated on 25 April 2003 (CIN No. U01549KA2003PTC031859).

Presently, DB is a wholly owned subsidiary of BIL, a leading manufacturer and retailer of premium bakery products. DB is engaged, *inter-alia*, in the business of manufacture and retail of regular breads as well as a wide range of premium gourmet bakery products (including specialty breads, cakes, cookies, desserts, products, savorys, beverages, chocolates and frozen products, etc). The aforesaid products are made available to the retail consumers, through its own retail outlets operated under the “Daily Bread” brand and to the institutional customers as well (either as processed products or finished goods). Specifically, these products are also sold to certain institutional customers, who might use it as a raw material for the purpose of manufacturing their own products, to sell it to the ultimate customers. Currently, the operations of DB are classified into the following undertakings/ business heads:



1. **Manufacturing Business** – comprises of a state-of-the-art manufacturing facility measuring around 21,000 sq ft, located at Bommanahalli in Bangalore. The facility focuses on manufacture of gourmet/ specialty bakery products, cakes, etc, as well as regular breads under the Daily Bread brand.
2. **Retail Sales Business** – comprises of sales to retail consumers through the “Daily Bread” branded outlets/ stores in Bangalore (comprising both franchisees and own shops) which act as a hub for the wide variety of products (ie, cakes, pastries, breads, etc).
3. **Institutional Sales Business** – apart from retail outlets/ stores, DB also sells its products to institutional clients, broadly classified in the following categories:
 - 3.1. Modern Trade – comprises of B2B sale of regular breads/ other bakery products to established third party retailers including departmental stores/ leading supermarket chains (such as "More", "Spencers", etc), who make onward sales to retail customers.
 - 3.2. Institutional sales of processed products – B2B sale of bakery products to established eateries/ food joints operating in the food and beverages (“F&B”) industry (such as "KFC", "Dominos", etc) who might consume these products as raw materials for manufacturing their own products and onward sale to ultimate customers. Apart from big players in the F&B industry, DB also caters to bulk orders (for private orders/ office parties, etc).

B. OBJECTIVES OF THE SCHEME

The circumstances that have necessitated or justified the proposed Scheme and its main benefits are, inter alia, summarized as under:

- (i) The Board of Directors of both the companies intend to shift the Manufacturing Business and Retail Sales Business of the Demerged Company into the Transferee Company, since they recognize the strength of BIL’s manufacturing capabilities and effectively cater/ supply products to retail customers. The Board of Directors also believe that this would aid operational synergies and economies of scale arising out of the established manufacturing capabilities and infrastructure of the Transferee company. In addition, the Transferred Undertaking would enable/ equip the Transferee company to offer premium bakery products to its existing suite of customers and also provide a direct platform for retail sale of all the existing ‘Britannia’ branded products of the Transferee Company. This would also enable the Transferee Company to nurture the Daily Bread brand by effectively leveraging its brand/ management teams/ capabilities.



- (ii) Post the aforesaid demerger, the Demerged Company would focus on the “institutional trade” and continue to sell the products (either processed or finished products) to its institutional customers. Accordingly, it requires a distinct focus/ expertise and marketing strategies (vis-à-vis Transferred Undertaking) which the Demerged Company already possesses given its expertise of operations in this space over the past years with a specialized team whose focus has been on expanding the institutional sales business.
- (iii) This arrangement will help in optimal utilization of resources, operations on economies of scale, achieve cost savings, rationalization and optimization of administrative expenses on the manufacturing/ retail distribution activities for both the companies by eliminating duplication of efforts and focusing on core competencies. Separately, this will enable the Demerged Company to provide focused leadership and management attention on the Remaining Institutional Trade Business which would operate on a trading model – buying of products manufactured from the Transferee Company under a mutually agreed arrangement and selling them to institutional customers.
- (iv) Overall, the Scheme of Arrangement is intended to restructure within the group of companies wherein the Transferee Company keeps the manufacturing and B2C business within its direct management as they form part of its core competency and retains the B2B business (comprising of Institutional Sales business) with the Transferor Company to enable better and more efficient management, control and running of its various businesses and offering opportunities to the management of both the companies to vigorously pursue growth and expansion.
- (v) The Scheme, which is in the interest of shareholders, creditors and employees of the Transferor Company, the Transferee Company and their stakeholders, would result in the following benefits to both the Companies, their shareholders and creditors:
- (a) focused business approach to the respective line of business of both Transferor and Transferee Companies
 - (b) emergence of uniform manufacturing process
 - (c) benefit of financial resources, managerial, technical and marketing expertise of Transferee shall be available to the erstwhile independent B2C units of Transferor Company
 - (d) synergy in operations, economies in costs and other benefits resulting from the economies of scale, by combining the demerged businesses and operations of the Transferor Company with that of the Transferee Company .
- (vi) The scheme shall not in any manner be prejudicial to the interests of concerned shareholders, creditors and/ or general public at large and such transfer of Demerged Undertaking shall be on a ‘going-concern’ basis.



PART II
Definitions and Share Capitals

1. DEFINITIONS

- 1.1 **“Act”** means the Companies Act, 1956, Companies Act, 2013, as applicable and the rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof. It is being clarified that as on the date of approval of this Scheme, by the Board of Directors of DB and by the Board of Directors of the Transferee Company, Section 391 to 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. Accordingly, reference in this Scheme to the particular provisions of the Act, are reference to the particular provisions of the Companies Act, 1956. Upon such provisions standing notified/ re-enacted by enforcement of provisions of the Companies Act, 2013, such reference shall, unless a different intention appears, be construed as reference to the provisions so re-enacted.
- 1.2 **“Appointed Date”** means 1 April 2015 as may be approved by the Hon’ble High Court of Karnataka and Hon’ble High Court of West Bengal.
- 1.3 **“Companies”** collectively mean the Demerged Company and the Transferee Company.
- 1.4 **“Demerged Company or Transferor Company” or “DB”** means **Daily Bread Gourmet Foods (India) Private Limited**, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated at Prestige Shantiniketan, The Business Precint, Tower C, 16th Floor, Whitefield Main Road, Mahadevapura Post, Bangalore – 560 048, Karnataka, India.
- 1.5 **“Demerged Undertaking” or “Transferred Undertaking”** means the Manufacturing business and the Retail Sales business divisions of Demerged Company which is being transferred to the Transferee Company, as laid out in SCHEDULE I of the Scheme. Demerged Undertaking shall include (without limitation):
- (a) All assets wherever situated, whether leasehold or freehold, tangible or intangible, including all plant and machinery, buildings, offices, roads and culverts, tube well installations, plant and machinery, equipments, capital work-in-progress, vehicles, furniture, fixtures, office equipment, computer installations, cash and cash equivalents, electrical appliances, accessories, investments, including stocks, receivables, goodwill, industrial and other licenses and rights, software products, design, developments, tools, operating systems, trademarks and other intellectual property rights [excluding manufacturing know-how for cakes, pastries, desserts, savories (including quiches, calzones, puffs, etc), tea time snacks (including muffins, donuts, brownie, etc), sandwiches, pasta, salads, wraps, chocolates and products made using the frozen technology pertaining to the Remaining Business), leases and tenancy rights, other interests, rights or powers of every kind, nature and description whatsoever pertaining to or relatable to the Demerged Undertaking;



- (b) All liabilities present and future and the specific contingent liabilities pertaining to or relating to the Demerged Undertaking;
- (c) All rights and licenses (including licenses as specifically outlined in SCHEDULE II), all assignments and grants thereof, all permits, approvals, registrations, notifications, consents, certificates, quota rights, import quotas, rights (including rights under any agreement, contracts, applications, letters of intent, or any other contracts), subsidies, grants, tax credits, incentives or schemes of Central /State Governments, quality certifications and approvals (both Indian and foreign), product registrations (both Indian and foreign), regulatory approvals, entitlements, industrial and other licenses, the registrations/ benefits under various schemes and such other schemes, registrations/approvals/licenses from the Central Government, any State Government, any local authority, Customs, Central Excise, Income Tax, Service Tax, Sales Tax, Value Added Tax, Reserve Bank of India, Ministry of Corporate Affairs, Ministry of Commerce & Industry, Ministry of Finance, Ministry of Home Affairs, Department of Weights & Measures, Food Safety & Standards Authority of India, Ministry of Labour & Employees, municipal permissions, goodwill, approvals, consents, tenancies, if any, in relation to the project and/or residential properties for the employees, investments and/or interest (whether vested, contingent or otherwise) in projects undertaken by the Demerged Undertaking, either solely or jointly with other parties, cash balances, bank balances, bank accounts, deposits, advances, recoverable, receivables, easements, advantages, financial assets, hire purchase and lease arrangements, the benefits of bank guarantees issued by the Demerged Company in relation to the Demerged Undertaking, privileges, all other claims, rights and benefits (including under any powers of attorney issued by the Demerged Company in relation to the Demerged Undertaking or any powers of attorney issued in favour of the Demerged Company or from or by virtue of any proceeding before a legal, quasi-judicial authority or any other statutory authority to which the Demerged Company was party), powers and facilities of every kind, nature and description whatsoever, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests, in connection with or relating to the Demerged Undertaking;
- (d) All employees of the Demerged Company substantially engaged in the Demerged Undertaking and those employees that are determined by the Board of Directors of Demerged Company to be substantially engaged in or in relation to the business of the Demerged Undertaking;



- (e) All deposits and balances with Government, Semi-Government, local and other authorities and bodies, customers and other persons, earnest moneys and/or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to the business of the Demerged Undertaking;
- (f) All books, records, files, papers, product specifications, formulae, manual, write-up, process information records, standard operating procedures, designs, computer programmes along with their licenses, manuals and back-up copies, drawings, other 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, directly or indirectly in connection with or relating to the business of the Demerged Undertaking;
- (g) All trademarks, brands (including Daily Bread), trade names, patents and domain names, copyrights, industrial designs, building plan approvals, NOCs, sanctions and licenses, trade secrets, product registrations and other intellectual property and all other interests exclusively relating to the goods or services being dealt with by the business of the Demerged Undertaking but shall not include any assets or liabilities relating to the remaining business of the Demerged Company.

It is intended that the definition of the Demerged Undertaking under this clause would enable the transfer of all properties, assets and liabilities of the Demerged Company as per SCHEDULE I, comprising of the Transferred Undertaking, on a going concern basis to the Transferee Company pursuant to the Scheme.

Provided however that any question that may arise as to whether a specified asset or liability or employee pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Transferee Company.

- 1.6 **“Effective Date”** means the date on which the certified copies of order/s sanctioning the Scheme under Sections 391 and 394 of the Act passed by the Honourable High Court of Karnataka and High Court of West Bengal, are duly filed with the Registrar of Companies, Karnataka and West Bengal. References in this Scheme to the date of ‘coming into effect of this Scheme’ or ‘becoming effective’ or ‘effectiveness of this Scheme’ shall mean the ‘Effective Date’.



- 1.7 **"Hon'ble High Court of " or "Court"s** means the High Court of Judicature of Karnataka having jurisdiction in relation to the Transferor Company and the High Court of Judicature of West Bengal having jurisdiction in relation to the Transferee Company and shall include the National Company Law Tribunal, as and when notified.
- 1.8 **"Remaining Undertaking" or "Remaining Business"** means all the assets, liabilities, activities and operations of the Demerged Company other than the assets and liabilities of the Demerged Undertaking as mentioned above in Clause 1.5.
- 1.9 **"Resulting Company or Transferee Company"** means Britannia Industries Limited having its registered office at No.5/1A, Hungerford Street, Kolkata – 700 017, West Bengal, India.
- 1.10 **"Stock Exchanges"** means National Stock Exchange of India Limited and Bombay Stock Exchange Limited
- 1.11 **"Scheme"** means the Scheme of Arrangement as set out herein in its present form, or with any modification(s) approved or imposed or directed by the Hon'ble High Courts of Karnataka and West Bengal.

2. OPERATIVE DATE

The Scheme set out herein in its present form with any modification(s) approved or imposed or directed by the Hon'ble High Courts of Karnataka and West Bengal at Bangalore shall be operative from the Effective Date but shall be deemed to be effective from the Appointed Date.

3. SHARE CAPITALS

- 3.1 The share capital of Britannia Industries Limited (Transferee Company) as of 31 March 2015 is as follows:

Particulars	Amount in Rupees
Authorised share capital of 25,00,00,000 equity shares of Rs 2 each	50,00,00,000
Issued, subscribed and paid up equity share capital of 11,99,25,815 equity shares of Rs 2 each.	23,98,51,630



Subsequent to 31 March 2015, as on the date of the Scheme being approved by the Board of Directors of the Transferee Company, the share capital of the Transferee Company is as follows:

Particulars	Amount in Rupees
Authorised share capital of 25,00,00,000 equity shares of Rs 2 each	50,00,00,000
Issued, subscribed and paid up equity share capital of 11,99,75,815 equity shares of Rs 2 each.	23,99,51,630

The equity shares of the Transferee Company are listed on the Stock Exchanges.

3.2 The share capital of the Daily Bread Gourmet Foods (India) Private Limited (Demerged Company) as of 31 March 2015 is as follows:

Particulars	Amount in Rupees
Authorised share capital of 7,50,00,000 equity shares of Rs 4 each	30,00,00,000
Issued, subscribed and paid up share capital of 6,91,81,418 equity shares of Rs 4 each, fully paid up	27,67,25,672

Subsequent to 31 March 2015, as on the date of the Scheme being approved by the Board of Directors of the Demerged Company, the share capital of the Demerged Company is as follows:

Particulars	Amount in Rupees
Authorised share capital of 7,50,00,000 equity shares of Rs 4 each	30,00,00,000
Issued, subscribed and paid up share capital of 6,91,81,418 equity shares of Rs 4 each, fully paid up	27,67,25,672

The equity shares of the Transferor Company are not listed on any recognised stock exchanges in India.



PART III

Demerger, ie, transfer and vesting of the Transferred Undertaking from the Transferor Company to the Transferee Company and matters incidental thereto

4. With effect from the Appointed Date, the Demerged Undertaking of the Demerged Company would be transferred on a going concern basis to the Transferee Company. As from the Appointed Date, Demerged Company shall be deemed to have carried on and to be carrying on its business on behalf of and in trust for Transferee company until such time as the Scheme takes effect. The demerger of the Demerged Undertaking of Demerged Company into Transferee Company under this Scheme of Arrangement will be effected under the provisions of Section 391 to 394 of the Act as on the appointed date. This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) read with provisions of Section 47 of the Income Tax Act, 1961 such that:
 - 4.1 All the properties of the Demerged Undertaking being transferred by the Demerged Company immediately before the demerger, becomes the properties of the Transferee Company by virtue of the demerger;
 - 4.2 All the liabilities relatable to the Demerged Undertaking being transferred by the Demerged Company, immediately before the demerger, becomes the liabilities of the Transferee Company by virtue of the demerger;
 - 4.3 The properties and the liabilities, if any, relatable to the Demerged Undertaking being transferred by the Demerged Company are transferred to Transferee Company at values appearing in the books of the Demerged Company on the Appointed Date;
 - 4.4 The Transferee Company shall not be required to issue any shares in consideration of the demerger, since the Demerged Company is a wholly owned subsidiary of the Transferee Company.;
 - 4.5 The transfer of the Demerged Undertaking to the Transferee Company will be on a going concern basis.

If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the above provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income-Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with conditions contained in Section 2(19AA) of the Income Tax Act, 1961. Such modification will however not affect other parts of the Scheme.



5. TRANSFER OF ASSETS

5.1 With effect from the Appointed Date, the entire business and undertaking comprising of the business activities together with all the assets of the Demerged Undertaking, shall without further act or deed, but subject to the charges affecting the same be transferred and/or deemed to be transferred to and vested in the Transferee Company so as to become the properties of Transferee Company.

5.2 As on the appointed date, all assets and properties of the Demerged Undertaking which are moveable in nature, including investments, or are otherwise capable of transfer by physical delivery or by endorsement and delivery, shall be so transferred by the Demerged Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company.

6. TRANSFER OF LIABILITIES

With effect from the Appointed Date, all the debts, liabilities, contingent liabilities, duties and obligations and any accretions and additions or reductions thereto of the Demerged Undertaking without any further act or deed shall deemed to be transferred to and vested in the Transferee Company so as to become the debts, liabilities, duties and obligations of the Transferee Company.

7. TRANSFER OF EMPLOYEES

7.1 Upon the coming into effect of this Scheme, all employees substantially engaged with the Demerged Undertaking and any other employees decided by the Board of Directors of the Demerged company as on such date shall become the employees of the Transferee Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company, without any interruption of service as a result of the demerger of Demerged Company into the Transferee Company. The position, rank and designation of such employees would be decided by the Transferee Company.

7.2 Upon the Scheme coming into effect, the accounts of the employees, who are employed by Demerged Company, relating to Provident Fund, Gratuity Fund and Pension and/or Superannuation Fund and any other Fund, shall be identified, determined and transferred to the respective funds of Transferee Company and the employees shall be deemed to have become members of such trusts/funds of Transferee Company. Until such time that the Resulting Company creates its own funds, the Resulting Company may, subject to necessary approvals and permissions, if any, continue to make contributions pertaining to the employees of the Manufacturing Division to the relevant funds of the Demerged Company. Such equitable interest pertaining to the employees of the Manufacturing Division shall be transferred to the funds created by the Resulting Company on creation of relevant funds by the Resulting Company. It is clarified that the services of the employees of the Demerged Company will be treated as having been continued for the purpose of the aforesaid Funds or Schemes and if necessary the names of the aforesaid



Funds or Schemes will be suitably changed. Such Funds or Schemes of the Demerged Company may be amalgamated with similar Funds or Schemes of the Resulting Company if the Resulting Company considers so desirable or deems fit for the smooth administration, management and operation and uniformity of such Funds or Schemes, so however, that such Funds or Schemes do not become less favourable to the employees of the Demerged Company with reference to those on the date preceding the Effective Date.

8. LEGAL PROCEEDINGS

All legal proceedings of whatsoever nature by or against in regard to the Demerged Undertaking pending and/or arising at the Appointed Date or its properties, assets, debts, liabilities, duties and obligations referred to in clause 4, 5 and 6 shall be continued and/or enforced until the Effective Date as desired by the Transferee Company and as and from the Effective Date shall be continued and enforced by or against Transferee Company in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Undertaking.

9. APPOINTED DATE

9.1 The transfer of property and liabilities and the continuance of proceedings by the Demerged Company under clauses 4, 5 and 6 above shall not affect any transaction or proceedings already concluded by Demerged Company on or after the Appointed Date till the Effective Date to the end and intent that Transferee Company accepts and adopts all acts, deeds and things done and executed by Demerged Company in regard thereto as done and executed by Transferee Company on behalf of itself.

9.2 It is clarified that all debts, liabilities, contingent liabilities, duties and obligations of the Demerged Undertaking, as on the Appointed Date whether provided for or not in the books of accounts of the Demerged Company and all other liabilities which may accrue or arise after the Appointed Date but which relates to the period on or up to the day of the Appointed Date, shall be the debts, liabilities, duties and obligations of Transferee Company including any encumbrance on the assets of Demerged Company or on any income earned from those assets.

10. CONTRACTS, DEEDS, ETC

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature, relating to which the Demerged Undertaking of the Demerged Company is a party and is subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of Transferee Company, as the case may be, and may be enforced by or against Transferee Company as fully and eventually as if, instead of the Demerged Company, the Transferee Company had been a party thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements.



confirmations or novations, to which Demerged Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of Demerged Company and to implement or carry out all formalities required on the part of the Demerged Undertaking of Demerged Company to give effect to the provisions of this Scheme.

11. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

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

- (i) The Demerged Company shall carry on and be deemed to have carried on the business and activities in relation to the Demerged Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the Demerged Undertaking for and on account of and in trust for the Transferee company.
- (ii) All the profits or income accruing or arising to the Demerged Company or expenditure or losses arising or incurred by the Demerged Company in relation to the Demerged Undertaking shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Transferee company; and
- (iii) The Demerged Company shall carry on the business and activities of Demerged Undertaking with reasonable diligence and business prudence.

11.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned including Department of Scientific and Industrial Research, Ministry of Science and Technology, as are necessary under any law for such consents, approvals and sanctions which Transferee Company may require to carry on the business of the Demerged Undertaking.

12. CONSIDERATION

Since the Transferee Company holds the entire share capital of Demerged Company, upon the Scheme being sanctioned by the High Courts of Karnataka and West Bengal, there will be no issue/ allotment of shares of the Transferee Company as a consideration for the transfer of the Demerged Undertaking under the Scheme from the Demerged Company to the Transferee Company.



13. ACCOUNTING TREATMENT

13.1 In the books of the Demerged Company:

- a) Upon the coming into effect of the Scheme, with effect from the Appointed Date, the accounts representing the assets and liabilities of the Demerged Undertaking, as laid out in SCHEDULE I shall stand closed on transfer to the Transferee Company, including the loans and advances, trade payables, provisions, fixed assets, etc, relating or pertaining to the Demerged Undertaking which will be transferred in entirety to the Transferee Company in accordance with the provisions of this Scheme.
- b) The assets and the liabilities of the Demerged Undertaking being transferred to the Transferee company shall be at values appearing in books of account of Demerged Company on the Appointed date. Accordingly, the Demerged Company will reduce the book value of assets and liabilities pertaining to the Demerged Undertaking transferred to the Transferee Company.
- c) The difference between the values of assets and liabilities transferred pursuant to the Scheme shall be appropriated and adjusted against the accumulated balances of the Profit & Loss account (in reserves and surplus) of the Demerged Company.

13.2 In the books of the Transferee Company:

- a) Upon coming into effect of this Scheme and upon the arrangement becoming operative, Transferee Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same value appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Appointed Date.
- b) The value of investment in the Demerged Company (net-off the provision for diminution in value corresponding to such investment) in the books of the Transferee Company, shall be suitably reduced to extent it is not represented by the net assets transferred pursuant to demerger so as to reflect the value of the investment in Demerged Company at its fair value without any further act or deed for reduction thereof by the Transferee Company.
- c) If the difference arising between the values of the net assets (excluding the inter corporate transactions between the Demerged Company and the Transferee Company including but not limited to trade receivables, short term borrowings, trade payables relating or pertaining to the Demerged Undertaking) transferred pursuant to this Scheme and the consequent reduction in value of investment held by the Transferee Company in the Demerged Company as prescribed in Para 13.2.(b) above is a surplus, the same shall be credited to Capital Reserves and if the above is



deficit, the same shall be debited to accumulated balance of Profit & Loss account (in reserves and surplus) in the balance sheet of the Transferee Company.

- d) In case of any differences in accounting policies between the Demerged Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted against General Reserve, to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policies.
- e) The above accounting treatment is to be followed both under the accounting standards currently applicable and under the Ind-AS, when applicable.

14. TAX

- 14.1 Upon the Scheme becoming effective, the Transferee Company and/or Demerged Company may revise, if it becomes necessary, its income tax returns, sales tax returns, excise and cenvat returns, service tax returns, other tax returns and to restore input credit adjusted earlier or claim refunds/ credits pursuant to the provisions of this Scheme.
- 14.2 Upon the Scheme coming into effect, all taxes/cess/duties payable by or on behalf of the Demerged Company pertaining to the Demerged Undertaking from the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with the revenue authorities and including the right of carry forward of accumulated losses or unabsorbed depreciation and right to claim minimum alternate tax credit, if any, of the Demerged Company pertaining to the Demerged Undertaking, shall, for all purposes, be treated as the tax/cess, duty, liabilities or refunds, claims, accumulated losses or unabsorbed depreciation and tax credit of the Transferee Company.
- 14.3 Upon the Scheme becoming effective, Transferee Company is expressly permitted to claim refunds/credits on account of service tax in accordance with the Service Tax Rules, pertaining to the Demerged Undertaking.
- 14.4 In accordance with the Cenvat Credit Rules under the Cenvat Credit Rules, 2004, as are prevalent on the Effective Date, the unutilized service tax credits, if any, relating to the service tax paid on input services availed by the Demerged Company for the Demerged Undertaking shall be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the service tax payable by it, without limitation.



15. REMAINING BUSINESS OF DEMERGED COMPANY

- 15.1 All the assets, liabilities and obligations pertaining to the Remaining Business shall continue to belong to and be managed by the Demerged Company.
- 15.2 The Remaining business shall continue to belong to and be vested in and be continued to be owned and managed by the Demerged Company and may be operated from the premises of the Transferee Company pursuant to sanction of the Scheme, until otherwise indicated by the Companies. All legal, taxation or other proceedings by or against the Demerged Company 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 Undertaking (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company. The Transferee Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company in relation to the Remaining Business.
- 15.3 Notwithstanding the demerger of the Demerged Undertaking to the Transferee Company operative from the Appointed Date:
- (i) The Demerged Company shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf; and
 - (ii) All profits and cash accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Business shall, for all purposes, be treated as the profits/cash or losses, as the case may be, of the Demerged Company.
- 15.4 All the assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after Appointed Date shall belong to and continue to remain vested in the Demerged Company.
- 15.5 As and from the date of acceptance of this Scheme by the Board of Directors of Demerged Company and the Board of Directors of the Resulting Company and till the Effective date, Demerged Company shall not alienate, create a charge/ mortgage, encumber or otherwise deal with the assets of the Transferred Undertaking or any part thereof without the prior written concurrence of the Board of Directors of Transferee Company.



PART IV
General Terms and Conditions

16. CONDITIONALITY OF THE SCHEME

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

- (iii) The scheme being approved by Stock Exchange(s) pursuant to guidelines issued by the Securities and Exchange Board of India as amended/ updated from time to time, as may be applicable and considered necessary to give effect to the Scheme.
- (iv) The scheme being approved by the requisite majority in number and value of the members and creditors of the Transferor Company and the Transferee Company as required under Applicable Laws and as may be directed by the High Court(s);
- (v) The certified copies of the Order of the Hon'ble High Courts of Karnataka and West Bengal under Sections 391 and 394 of the Act or such other equivalent provisions as applicable, and the necessary order being obtained in respect of the same; and
- (vi) The certified copies of the order of the Hon'ble High Court(s) referred to in this Scheme being filed with the respective Registrar of Companies.

17. APPLICATION TO HIGH COURT

17.1 The Demerged Company and the Transferee Company shall, with all reasonable dispatch, make application to the Hon'ble High Court of Karnataka and the Hon'ble High Court of West Bengal where the registered offices of the Transferor Company and the Transferee Company respectively, are situated, for sanctioning the Scheme of Arrangement under Section 391 to 394 of the Act.

17.2 Upon the Scheme becoming effective, the Financial Statements of the Transferor Company and the Transferee Company shall be reconstructed in accordance with the terms of the Scheme.

18. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Demerged Company and the Transferee Company, by their respective Boards of Directors, may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e., the Board of Directors). The Demerged Company and the Transferee Company, by their respective Boards of Directors, shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions 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.

19. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in Clause 16 not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority, 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.

20. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.



SCHEDULE I

SCHEDULE OF ASSETS AND LIABILITIES OF THE DEMERGED UNDERTAKING OF DAILY BREAD GOURMET FOODS (INDIA) PRIVATE LIMITED (DEMERGED COMPANY) TO BE TAKEN OVER BY BRITANNIA INDUSTRIES LIMITED AS ON 1 APRIL 2015

Particulars	Amount (INR in 000 ₹)
Fixed assets	
Leasehold improvements	3,892
Plant & equipments	28,796
Furniture & fixtures	3,656
Motor vehicles	103
Office equipment	287
Computers	194
Computer software	299
Total Fixed Assets	37,227
Non-current assets	
Long-term loans and advances	15,863
Current assets	
Inventories	3,428
Trade receivables	1,634
Cash and bank balances	4,483
Other assets	1,301
Total current assets	10,845
Non-current liabilities	
Other long-term liabilities	586
Long-term provisions	1,602
Total non-current assets	2,188
Current liabilities	
Trade payables	33,596
Other current liabilities	10,444
Short-term provisions	444
Total non-current assets	44,484



SCHEDULE II

SCHEDULE OF LICENSES TO BE TRANSFERRED TO THE TRANSFEREE COMPANY

Description of License	Locations
Trade License	Licenses pertaining to all locations/ constituents of the Demerged Undertaking including J. P. Nagar, Indiranagar, BEL Road, Koramangala BDA, HSR Layout, Banashankari, HAL-III Stage, Brigade Metropolis, Bannerghatta, Salarpuria Touchstone, Bommanahalli Factory, etc
PFA/ Food License	
Labour License (Shops & Establishment Act)	
Weights & Measure (Legal Metrology)	
Music License (Intellectual Property Rights)	

**CERTIFIED TRUE COPY
BRITANNIA INDUSTRIES LIMITED**

RK Arora

**RAJESH ARORA
COMPANY SECRETARY**