

ORIENT PAPER & INDUSTRIES LIMITED

Registered Office : Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha

Tel No : (0674) 2396930

CIN : L21011OR1936PLC000117

Website : www.orientpaperindia.com

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MEETING OF THE UNSECURED CREDITORS

OF

ORIENT PAPER & INDUSTRIES LIMITED

**(convened pursuant to order dated 18th day of May 2017 passed by
the National Company Law Tribunal, Bench at Kolkata)**

| | |
|--------------|---|
| Day | Thursday |
| Date | 29th June, 2017 |
| Time | 2.30 P.M. |
| Venue | Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India |

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

KOLKATA BENCH

Company Application No.160 of 2017

In the matter of:

The Companies Act, 2013

And

In the matter of Sections 230 and 232 of the Companies Act, 2013

And

In the Matter of:

Orient Paper & Industries Limited, having CIN L21011OR1936PLC000117, a company incorporated under the provisions of the Companies Act, 1913, having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha

And

Orient Electric Limited, having CIN U31100OR2016PLC025892, a company incorporated under the provisions of the Companies Act, 2013, having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha.

..... Applicants.

NOTICE CONVENING MEETING OF THE UNSECURED CREDITORS OF ORIENT PAPER & INDUSTRIES LIMITED

To

The Unsecured Creditors of Orient Paper & Industries Limited

NOTICE is hereby given that by an order made on the 18th day of May 2017 in the abovementioned Company Application, the Hon'ble National Company Law Tribunal, Bench at Kolkata ("NCLT") has directed separate meetings to be held of the equity shareholders, secured creditors and unsecured creditors of Orient Paper & Industries Limited, being the Applicant Company no.1 abovenamed (hereinafter referred to as the "Demerged Company") and equity shareholders and unsecured creditors of Orient Electric Ltd., being the Applicant Company no.2 abovenamed (hereinafter referred to as the "Resulting Company") for the purpose of considering, and if thought fit, approving, with or without modification, the arrangement proposed to be made between the Demerged Company and the Resulting Company.

In pursuance of the said order and as directed therein, further notice is hereby given that meeting of the unsecured creditors of the Demerged Company will be held at Unit VIII, Plot No 7, Bhoinagar, Bhubaneswar-751012, Odisha, India on Thursday, the 29th day of June 2017 at 2:30 P.M. at which place, day, date and time the said unsecured creditors of the Demerged Company are requested to attend.

At the said meeting, the following resolution will be considered and if thought fit, be passed:

"RESOLVED THAT pursuant to the provisions of Sections 230 and 232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon'ble National Company Law Tribunal, Kolkata Bench ("NCLT") and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by NCLT or by any regulatory or other authorities, 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 person(s) which the Board

may nominate to exercise its powers including the powers conferred by this resolution), the arrangement embodied in the Scheme of Arrangement between Orient Paper & Industries Limited and Orient Electric Limited and their respective shareholders and creditors ("Scheme") placed before this meeting and initialled by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper."

Persons entitled to attend and vote at the said meeting may vote in person or by proxy, provided that all proxies in the prescribed form, duly signed by you or your authorised representative, are deposited at the registered office of the Demerged Company at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India not later than 48 (forty-eight) hours before the time fixed for the said meeting.

Forms of Proxy can be obtained from the registered office of the Demerged Company.

Copies of the Scheme and of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the enclosures as indicated in the aforesaid Index, can be obtained free of charge from the registered office of the Demerged Company at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India or at the office of its advocates, M/s. Khaitan & Co, Emerald House, 1B, Old Post Office Street, Kolkata 700 001, India.

NCLT has appointed Ms. Anima Maiti to be the Chairperson of the said meeting, including for any adjournment or adjournments thereof.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of NCLT.

A copy of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Scheme and the other enclosures as indicated in the aforesaid Index are enclosed.

Sd/- Anima Maiti

Dated this 24th day of May 2017

Chairperson appointed for the meeting

Notes:

1. Only unsecured creditors appearing in the list of the Demerged Company as on 28th February 2017 and corporate which is a creditor of the Demerged Company may attend and vote at the meeting of the Unsecured Creditors of the Demerged Company provided a copy of the resolution of the board of directors or other governing body of the body corporate authorising such representative to attend and vote at the meeting of the unsecured creditors of the Demerged Company, duly certified to be a true copy by a director, the manager, the secretary or other authorised officer of such body corporate, is deposited at the registered office of the Demerged Company not later than 48 (forty eight) hours before the scheduled time of the commencement of the meeting of the unsecured creditors of the Demerged Company.
2. The form of proxy can be obtained free of charge from the registered office of the Demerged Company.
3. All alterations made in the form of proxy should be initialed.
4. During the period beginning 24 (twenty-four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, an unsecured creditor would be entitled to inspect the proxies lodged at any time during the business hours of the Demerged Company, provided that not less than 3 (three) days of notice in writing is given to the Demerged Company.
5. The quorum of the said meeting shall be 2 (two) members present in person or by proxy.
6. An unsecured creditor of the Demerged Company or his proxy, attending the meeting, is requested to bring the Attendance Slip duly completed and signed.

7. The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the unsecured creditors of the Demerged Company at the registered office of the Demerged Company between 10.00 a.m. and 12.00 noon on all days (except Saturdays, Sundays and public holidays) upto the date of the meeting.
8. NCLT, by its said Order, has, interalia, directed that meeting of the unsecured creditors of the Demerged Company shall be convened and held at the registered office of the Demerged Company on Thursday, the 29th day of June 2017 at 2:30 P.M. for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme. Unsecured creditors of the Demerged Company would be entitled to vote in the said meeting either in person or through proxy.
9. In accordance with the provisions of Sections 230 – 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three fourth in value of the unsecured creditors of the Demerged Company, voting in person or by proxy, agree to the Scheme.
10. The Notice together with the documents accompanying the same, is being sent to all the unsecured creditors either by registered post or speed post/ airmail or by courier service to those unsecured creditors, whose names appear in the records of the Demerged Company as on 28th February 2017.
11. The notice convening the meeting, the date of dispatch of the notice and the Explanatory Statement will be published through advertisement in the following newspapers, namely, (i) Business Standard in the English language; and (ii) translation thereof in Orissa Bhaskar (Odisha Edition) in the Oriya language.

Encl.: As above

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

KOLKATA BENCH

Company Application No.160 of 2017

In the matter of:

The Companies Act, 2013;

And

In the matter of Sections 230 and 232 of the Companies Act, 2013;

And

In the Matter of:

Orient Paper & Industries Limited, having CIN L21011OR1936PLC000117, a company incorporated under the provisions of the Companies Act, 1913, having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha

And

Orient Electric Limited, having CIN U31100OR2016PLC025892, a company incorporated under the provisions of the Companies Act, 2013, having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha.

..... Applicants.

EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232(1) AND (2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. Pursuant to an order dated 18th day of May 2017 passed by the Hon'ble National Company Law Tribunal, Bench, at Kolkata (the "NCLT"), in Company Application No.160 of 2017 ("Order"), meeting of the unsecured creditors of Orient Paper and Industries Limited ("the Demerged Company") is being convened at the registered office of the Demerged Company at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India on Thursday, the 29th day of June 2017 at 2:30 P.M. for the purpose of considering, and if thought fit, approving, with or without modification, the Scheme of Arrangement between the Demerged Company and the Resulting Company and their respective shareholders and creditors under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme").
A copy of the Scheme which has been, inter alia, approved by the Board of Directors of the Demerged Company at its meeting held on 17th October 2016 is enclosed as **Annexure 1**. Capitalised terms used herein but not defined shall have the meaning assigned to them in the Scheme unless otherwise stated.
2. In terms of the said Order, the quorum for the said meeting of the unsecured creditors of the Demerged Company shall be 2(two) members present in person.
Further, in terms of the said Order, NCLT, has appointed Ms. Anima Maiti as the Chairperson of the meeting of the Demerged Company, including for any adjournment or adjournments thereof.
3. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 (the "Act") read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the "Rules").
4. As stated earlier, NCLT, by its said Order, has directed that meetings of the equity shareholders of the Demerged Company, secured creditors of the Demerged Company, unsecured creditors of the Demerged Company, equity shareholders of the Resulting Company and unsecured creditors of the Resulting Company shall be convened and held at the registered office of the Applicant Companies on Thursday, the 29th day of June 2017 for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme. The said shareholders and creditors of the Applicant Companies would be entitled to vote in the said meeting(s) as the case may be either in person or through proxy.
5. In accordance with the provisions of Sections 230 – 232 of the Act, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the unsecured creditors of the Demerged Company, as the case may be, voting in person or by proxy agree to the Scheme.
6. In terms of the order dated 18th day of May 2017, passed by the NCLT, in Company Application No.160 of 2017, if the entries in the books/registers of the Demerged Company in relation to the number/value of the amount are disputed, the Chairman shall determine the number/value for the purposes of the said meeting and his decision in that behalf shall be final.

Particulars of the Demerged Company

7. The Demerged Company was incorporated on the 25th day of July 1936 under the name and style of “Orient Paper Mills Limited” under the provisions of the Indian Companies Act, 1913 as a public company limited by shares. Thereafter, the name of the Demerged Company was changed to its existing name with effect from 13th September 1978. There has been no change in the name of the Demerged Company in the last five (5) years. The Corporate Identification Number of the Demerged Company is L21011OR1936PLC000117. The Permanent Account Number of the Demerged Company is AAACO3279J. The equity shares of the Demerged Company are listed on the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”).
8. The Registered Office of Demerged Company is situated at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha. There has been no change in the registered office address of the Demerged Company in last five (5) years. The e-mail address of the Demerged Company is cosec@orientpaperindia.com.
9. The objects for which Demerged Company has been established are set out in its Memorandum of Association. Some of the relevant objects of Demerged Company are, inter alia, as follows:

“3. (1) To carry on the manufacture of Pulp, Paper, Boards and other articles and the business of buyers, sellers, dealers, exporters of any goods or merchandise whatsoever and to transact all manufacturing or treating and preparing processes and mercantile business and to purchase and vend raw material and manufactured articles.

1(HHH) To carry on the business of designing, manufacturing, processing, treating, preparing, assembling, fabricating, importing, exporting, buying, selling, trading, leasing and/or otherwise dealing in all kinds and types of electrical, mechanical, structural goods, materials, components, apparatus, devices, appliances, equipments and accessories including electrical motor, transformers, generators, accumulators, cables and wires, fans, dynamos, starters and automobile components and accessories.

I(1)(a) To carry on business of all kinds of designers, manufacturers, processors, assemblers, fabricators, dealers, traders, commission agents, distributors, suppliers, importers, exporters, contractors, consultants and to deal in any manner including hiring, renting, leasing, storing, packing, transporting, converting, repairing, installing, training, with regard to servicing, maintenance of all types of electrical, electronic and telecommunication plants, stations, goods, materials, components, apparatus, devices, appliances, equipments and accessories.”

Clause (10) of Object Clause III of the Memorandum of Association of the Demerged Company, which contains provision for amalgamation is reproduced herein below:

“(10) To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint adventure, reciprocal concession or otherwise or amalgamate with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction capable of being carried or conducted so as directly or indirectly to benefit this Company and to lend money to or guarantee the contracts of or otherwise assist any such person or company and to take or otherwise acquire shares and security of any such company or in any other of the company having objects altogether or in part similar to those of this company and to sell, hold reissue with or without guarantee or otherwise deal with the same.”

There has been no change in the object clause of the Demerged Company in the last 5 years.

10. The brief description of the major activities being carried out by the Demerged Company are as under:
- 10.1. The Demerged Company has various manufacturing divisions, viz. (i) manufacture and distribution of paper and paper products such as writing paper, printing paper and tissue paper (collectively referred to as the “Paper Business”); and (ii) manufacture and distribution of consumer appliances such as fans, lighting products, Home Appliances and switch gears (collectively referred to as the “Consumer Electric Business”).
- 10.2. The Demerged Company holds 100% paid-up equity share capital of the Resulting Company.
11. The Authorised, Issued, Subscribed and Paid up Share Capital of the Demerged Company as on 31st December 2016 was as follows:

| Authorised Share Capital | Amount (Rs) |
|--|----------------------|
| 75,00,00,000 Equity Shares of Re 1 each | 75,00,00,000 |
| 25,00,00,000 Preference Shares of Rs 100 each | 25,00,00,000 |
| Total | 100,00,00,000 |
| Issued Share Capital | |
| 20,48,87,970 - Equity Shares of Re 1 each | 20,48,87,970 |
| Total | 20,48,87,970 |
| Subscribed and Fully Paid Up Share Capital | |
| 20,48,68,760 - Equity Shares of Re 1 each, fully paid up | 20,48,68,760 |
| Add: Forfeited shares (Amount originally paid-up) | 9,605 |
| Total | 20,48,78,365 |

12. Subsequent to the aforesaid accounts, on 17th February 2017, the Demerged Company has, pursuant to rights issue of shares, issued and allotted 73,16,742 equity shares of Re.1/- each aggregating to Rs. 73,16,742/-, as a result whereof, the Issued, Subscribed and Paid up Share Capital of the Demerged Company has been increased to Rs. 21,21,95,107/- divided into 21,21,85,502 Equity Shares of Re.1/- each, fully paid up and a sum of Rs.9,605/- on account of forfeited shares.

Particulars of the Resulting Company

13. The Resulting Company was incorporated on 10th October 2016 as a public company limited by shares under the provisions of the Companies Act, 2013. There has been no change in the name of the Resulting Company in the last five (5) years. The Corporate Identification Number of the Resulting Company is U31100OR2016PLC025892. The Permanent Account Number of the Resulting Company is AACCO3929R. The shares of the Resulting Company are not listed on any Stock Exchange.
14. The Registered Office of the Resulting Company is situated at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha. There has been no change in the registered office address of the Resulting Company in last five (5) years. The e-mail address of the Resulting Company is manoj.dugar@orientelectric.com
15. The objects for which the Resulting Company has been established are set out in its Memorandum of Association. Some of the relevant objects of the Resulting Company are as follows:

“III.(A).1. To carry on the business of manufacturing, assembling, altering, exchanging, buying, selling, importing, exporting, servicing or otherwise dealing in all types of consumer electrical goods, home appliances, personal appliances, electronic equipment and instruments including ceiling fans, table fan, pedestal fan, wall mounting fan, exhaust fans, industrial fans, special purpose fans, cooler products, instant water heaters, storage metal water heaters, immersion water heater, dry/steam irons, juicers, mixers, grinders, hand blenders, electric kettles, toasters, coffee makers, induction cooktops, home ups, rechargeable lanterns, air coolers, room heaters, commercial luminaires, industrial luminaires, streetlight luminaires, post top/landscape luminaires, flood lighting luminaires, LED lighting luminaires, lighting fixtures, bulbs, fluorescent tubes, domestic pumps, agriculture pumps, industrial pumps, audio/video door phone, access-control systems, home-automation solutions, video surveillance/electronic access control, fire alarm and control systems, plugs & sockets/interlocked switch socket, enclosures, cable glands/cable reels and its accessories including chokes, starters, switches and condensers, undertake turnkey projects, combine two or more of its products, provide after sales services, provide consultancy and other services and solutions in relation to its products.”

Clause (B.36.) of Object Clause 3 of the Memorandum of Association of the Resulting Company, which contains provision for amalgamation is reproduced herein below:

“(B) 36. To amalgamate, merge, demerge, enter into partnership or into any arrangement for sharing or pooling of profits, amalgamation, union of interest, cooperation, joint venture, reciprocal concession or otherwise with any person, firm or company carrying on or engaged in or about to carry on any business or transaction which may seem capable of being carried on or conducted so as, directly or indirectly to benefit the Company.”

There has been no change in the object clause of the Resulting Company in the last 5 years.

16. The brief description of some of the major businesses being carried out by the Resulting Company along with its subsidiaries, joint ventures and associates are as under:
- 16.1. The Resulting Company has been incorporated for the purposes of undertaking the business of manufacture and sale of electric products.
- 16.2. The Demerged Company holds the entire paid up share capital of the Resulting Company.
17. The Authorised, Issued, Subscribed and Paid up Share Capital of the Resulting Company as on 31st December 2016 was as follows:

| Authorised Share Capital | Amount (Rs) |
|---|--------------------|
| 5,00,000 Equity Shares of Re 1 each | 5,00,000 |
| Total | 5,00,000 |
| Issued, Subscribed and Fully Paid up Share Capital | |
| 5,00,000 Equity Shares of Re 1 each | 5,00,000 |
| Total | 5,00,000 |

18. Subsequent to 31st December 2016, there has not been any change in the Authorised, Issued or Paid up Share Capital of the Resulting Company.

Description and Rationale for the Scheme

19. The Scheme provides for demerger of the Demerged Undertaking of the Demerged Company (as defined in the Scheme) to the Resulting Company. The proposal is to be implemented in terms of the Scheme under Sections 230 - 232 of the Act.

20. The rationale for the Scheme is as under:

- (a) The Demerged Company is engaged in 2 (two) distinct lines of business namely:
 - i) manufacture and distribution of paper and paper products such as writing paper, printing paper and tissue paper - (collectively referred to as the “Paper Business”); and
 - ii) manufacture and distribution of consumer appliances such as fans, lighting products, Home Appliances and switch gears (collectively referred to as the “Consumer Electric Business”).
- (b) The nature of risk and competition involved in each of the Paper Business and Consumer Electric Business is distinct, necessitating different management approaches and focus. Moreover, the competitive dynamics of these businesses are also different.
- (c) The separation of the Consumer Electric Business, by way of the Scheme from the Demerged Company would lead to significant benefits for both businesses including:
 - (i) enable a dedicated management focus and to accelerate growth of the Consumer Electric Business unlocking significant value for the shareholders of Orient Paper & Industries Limited; and
 - (ii) access to varied sources of funds for the rapid growth of both businesses.
- (d) With a view to achieve the aforesaid growth potential of the respective businesses, the Demerged Company proposes to re-organise and segregate, by way of the Scheme, its business, undertaking and investments in the Consumer Electric Business.

The Scheme does not have any adverse effect on either the shareholders or the employees or the creditors of the Demerged Company.

Corporate Approvals

21. The proposed Scheme was placed before the Audit Committee of the Demerged Company at its meeting held on 17th October 2016. The Audit Committee of the Demerged Company took into account the Valuation Report/Share Exchange Ratio/Share Entitlement Ratio, dated 17th October 2016, issued by M/s. NDA & Associates, an independent chartered accountant (the “Valuation Report”) and the fairness opinion, dated 17th October 2016, provided by M/s. IDBI Capital Markets & Securities Limited, a Category I Merchant Banker (“Fairness Opinion”), appointed for this purpose by the Demerged Company. A copy of the Valuation Report is enclosed as **Annexure 2**. The Valuation Report is also open for inspection at the registered office of the Demerged Company. A copy of the Fairness Opinion is enclosed as **Annexure 3**. The Audit Committee based on the aforesaid, inter alia, recommended the Scheme to the Board of Directors of the Demerged Company.
22. The Scheme along with the Valuation Report was placed before the Board of Directors of the Demerged Company, at their meeting dated 17th October 2016. The Fairness Opinion and the report of the Audit Committee was also submitted to the Board of Directors of the Demerged Company. Based on the aforesaid, the Board of Directors of the Demerged Company approved the Scheme. The meeting of the Board of Directors of the Demerged Company, held on 17th October 2016, was attended by Mr. C K Birla, Mr. B K Jhavar, Mr. A Ghosh, Mr. Michael Bastian, Mr. N S Sisodia, Directors and Mr. M L Pachisia, Managing Director of the Company (Mr. C K Birla, Chairman, being part of Promoter Group of the Demerged Company, abstained from voting on the resolution in respect of the Scheme). None of the directors of the Demerged Company who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the directors of the Demerged Company who attended and voted at the meeting.
23. Separately, the proposed Scheme along with the Valuation Report was placed before the Board of Directors of the Resulting Company, at their meeting dated 17th October 2016. Based on the aforesaid, the Board of Directors of the Resulting Company approved the Scheme. The meeting of the Board of Directors of the Resulting Company, held on 17th October 2016, was attended by Mr. M L Pachisia and Mr. P K Sonthalia, Directors. None of the directors of the Resulting Company who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the directors of the Resulting Company who attended and voted at the meeting.

Approvals and actions taken in relation to the Scheme

24. BSE Ltd. was appointed as the designated stock exchange by the Demerged Company for the purpose of coordinating with the SEBI, pursuant to the Circular No. CIR/CFD/CMD/16/2015 dated 30th November 2015 (“SEBI Circular”). The Demerged Company has received observation letters regarding the Scheme from the BSE and the NSE, both on 15th March 2017.
25. As required by the SEBI Circular, the Demerged Company had filed the complaints report with BSE and NSE, on 9th March 2017 and 25th January 2017 respectively. This report indicates that the Demerged Company received NIL complaints.
26. The Applicant Companies or any of them would obtain such necessary approvals/sanctions/no objection(s) from the regulatory or other governmental authorities, if so required.
27. The Scheme was filed by the Companies with the NCLT, on 31st March 2017.

Salient extracts of the Scheme

28. The salient extracts of the Scheme are as under:

DEFINITIONS

- A. “Appointed Date” means opening business hours of 1st March 2017.
- B. “Demerged Company” means Orient Paper & Industries Limited, a public company, limited by shares, incorporated under the provisions of the Companies Act, 1913, under Corporate Identity No L21011OR1936PLC000117 and having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India.
- C. “Demerged Undertaking” means all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and where so ever situated, of the Demerged Company, in relation to and pertaining to the Consumer Electric Business on a going concern basis, as on the Appointed Date, together with all its assets and liabilities and shall include (without limitation):
- a) all the movable and immovable properties, tangible or intangible, including all computers and accessories, software, applications and related data, equity shares, preference shares and other securities of associate / subsidiary / joint venture companies (excluding investment in equity shares of the Resulting Company), plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold, leasehold rights, brands, sub-letting tenancy rights, with or without the consent of the landlord as may be required by Applicable Law, goodwill, other intangibles, industrial and other licenses, approvals, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Consumer Electric Business as on the Appointed Date;
 - b) all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company pertaining to the Consumer Electric Business as on the Appointed Date;
 - c) all employees of the Demerged Company engaged in or in relation to the Consumer Electric Business along with all benefits under employment including gratuity, superannuation, pension benefits and the provident fund or other compensation or benefits of such employees;
 - d) all the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to the Consumer Electric Business as on the Appointed Date; and
 - e) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the Consumer Electric Business of the Demerged Company as on the Appointed Date.
- Any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the Consumer Electric Business or whether it arises out of the activities or operations of the Consumer Electric Business or not, shall be decided by the Board of the Demerged Company or any committee thereof.
- D. “Effective Date” means opening of business hours of the last of the dates on which the conditions specified in the Scheme are complied with.
- E. “High Court” means the Hon’ble High Court of Orissa at Cuttack, having jurisdiction in relation to the Demerged Company and the Resulting Company. In the event that the provisions of the Companies Act, 2013 pertaining to scheme(s) of arrangement(s) become applicable and effective for the purposes of the Scheme, all references to the High Court in the Scheme shall be deemed to include reference to the National Company Law Tribunal.
- F. “Record Date” shall be the date to be fixed by the Board of the Demerged Company in consultation with the Resulting Company, for the purpose of determining the equity shareholders of the Demerged Company for issue of New Equity Shares (as defined in the Scheme), pursuant to the Scheme.
- G. “Remaining Undertaking” means all the undertakings, businesses, activities and operations of the Demerged Company other than those comprised in the Demerged Undertaking.

- H. "Resulting Company" means Orient Electric Limited, a public company, limited by shares, incorporated under the provisions of the Companies Act, 2013, under Corporate Identity No U31100OR2016PLC025892 and having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar– 751012, Odisha, India.
- I. With effect from the Appointed Date, and subject to the provisions of the Scheme in relation to the mode of transfer and vesting of the Demerged Undertaking, the Demerged Undertaking shall, without any further act, instrument or deed, be and stand transferred to and vested in, and/or be deemed to have been and stand transferred to and vested in the Resulting Company on a going concern basis, so as to become on and from the Appointed Date, the estate, assets, rights, title, interest and authorities of the Resulting Company, pursuant to Section 394(2) of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(19AA) of the Income-tax Act, 1961.
- J. With effect from the Appointed Date, and subject to the provisions of the Scheme in relation to the mode of transfer and vesting of the Demerged Undertaking, the Demerged Undertaking shall, without any further act, instrument or deed, be and stand transferred to and vested in, and/or be deemed to have been and stand transferred to and vested in the Resulting Company on a going concern basis, so as to become on and from the Appointed Date, the estate, assets, rights, title, interest and authorities of the Resulting Company, pursuant to Section 394(2) of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(19AA) of the Income-tax Act, 1961.
- K. Without prejudice to the generality of Clause 4.1 (as defined in the Scheme), on and from the Appointed Date:
- (a) the Demerged Undertaking including all its assets, properties, investments, shareholding interests in other companies, claims, title, interest, assets of whatsoever nature such as licenses and all other rights, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and wheresoever situated shall, pursuant to the provisions of Section 394 and other applicable provisions, if any, of the Act, and pursuant to the order of the High Court sanctioning the Scheme and without further act or deed or instrument, but subject to the charges affecting the same as on the Appointed Date, be and stand transferred to and vested in the Resulting Company as a going concern.
 - (b) without prejudice to the generality of above, with respect to the assets forming part of the Demerged Undertaking that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/or delivery, the same may be so transferred by the Demerged Company without any further act or execution of an instrument with the intent of vesting such assets with the Resulting Company.
 - (c) without prejudice to the aforesaid, the Demerged Undertaking, including all immoveable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold (including but not limited to land, buildings, sites and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Demerged Undertaking shall stand transferred to and be vested in the Resulting Company, without any act or deed to be done or executed by the Demerged Company and/or the Resulting Company. For the purpose of giving effect to the vesting order passed under Section 394 of the Act in respect of the Scheme, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all such immovable properties, including mutation and/or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company pursuant to the sanction of the Scheme by the High Court and upon the effectiveness of the Scheme in accordance with the terms hereof without any further act or deed to be done or executed by the Demerged Company and/or the Resulting Company. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary for the purposes of the aforesaid mutation and/or substitution.

Notwithstanding any provision to the contrary, from the Appointed Date and until the owned property, leasehold property and related rights thereto, license /right to use the immovable property, tenancy rights, liberties and special status are transferred, vested, recorded effected and or perfected, in the record of the Appropriate Authority, in favour of the Resulting Company, the Resulting Company is deemed to be authorized to carry on business in the name and style of the Demerged Company under the relevant agreement, deed, lease and/or license, as the case may be, and the Resulting Company shall keep a record and/or account of such transactions.

- (d) with respect to the assets of the Demerged Undertaking other than those referred to in sub-clause (c) above, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 394 of the Act. All the rights, title and interests of the Demerged Company in any leasehold properties in relation to the Demerged Undertaking shall, pursuant to Section 394(2) of the Act and the provisions of the Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required. The execution of such documents shall form an integral part of the Scheme.
- (e) the consents, permissions, licenses, certificates, authorisations (including for the operation of bank accounts), powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, and the rights and benefits under the same shall, and all quality certifications and approvals, trademarks, brands, patents and domain names, copyrights, industrial designs, trade secrets, trade formulae, and other intellectual property and all other interests relating to the goods or services being dealt with by the Demerged Company in relation to the Demerged

- Undertaking, be transferred to, and vest in, the Resulting Company.
- (f) subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature, in relation to the Demerged Undertaking, to which the Demerged Company is a party subsisting or having effect on or immediately before the Appointed Date shall remain in full force and effect against or in favour of the Resulting Company and shall be binding on and be enforceable by and against the Resulting Company as fully and effectually as if the Resulting Company had at all material times been a party thereto. The Resulting Company will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements and other instruments as stated above.
 - (g) without prejudice to the other provisions of the Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of the Scheme, the Resulting Company may, at any time on or after the Appointed Date, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of the Scheme. The Resulting Company shall under the provisions of the Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.
 - (h) in so far as the various incentives, tax exemption and benefits, tax credits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority, or availed of by the Demerged Company, in relation to or in connection with the Demerged Undertaking as on the Appointed Date are concerned, including income tax deductions, recognitions and exemptions (including, but not limited to payments / write off by the Resulting Company out of Transferred Liabilities under section 43B of the Income-tax Act, 1961, payments / write offs by the Resulting Company out of Transferred Provisions, amount under section 36(1)(vii) of the Income-tax Act, 1961 out of the debts being transferred, unamortised amount under section 35DDA of the Income-tax Act, 1961, both under normal provisions and under section 115JB of the Income-tax Act, 1961, the same shall, without any further act or deed, vest with and be available to the Resulting Company on the same terms and conditions on and from the Appointed Date.
 - (i) as per the provisions of Section 72A(4) and other applicable provisions of the Income- tax Act, 1961, all accumulated tax losses and unabsorbed depreciation of the Demerged Company shall be apportioned amongst the Demerged Company and the Resulting Company, in the ratio of assets retained by the Demerged Company and transferred to the Resulting Company.
 - (j) all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of the Demerged Undertaking) of the Demerged Company as on the Appointed Date and relating to the Demerged Undertaking (“Transferred Liabilities”) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date and shall become the debts, liabilities, loans, obligations and duties of the Resulting Company which shall meet, discharge and satisfy the same. The term “Transferred Liabilities” shall include:
 1. the liabilities which arise out of the activities or operations of the Demerged Undertaking;
 2. the specific loans or borrowings (including debentures raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and
 3. in cases other than those referred to 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 pursuant to the Scheme bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.
 - (k) in so far as any encumbrance in respect of Transferred Liabilities is concerned, such encumbrance shall, without any further act, instrument or deed being required be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which may have been encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to the Scheme. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Undertaking are concerned, the encumbrance, if any, over such assets relating to the Transferred Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to the Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities.
 - (l) any tax liabilities under Customs Act, 1962, Central Excise Act, 1944, value added tax laws, as applicable to any State in which the Demerged Company operates, Central Sales Tax Act, 1956, any other State sales tax / value added tax laws, or service tax, or corporation tax, income tax, or other Applicable Laws and regulations dealing with taxes/ duties/ levies/ cess (hereinafter referred to as “Tax Laws”) to the extent not provided for or covered by tax provision in the Demerged Company’s accounts, in relation to or in connection with the Demerged Undertaking, made as on the date immediately preceding the Appointed Date shall be transferred to the Resulting Company. Any surplus in the provision for taxation/ duties/ levies account as on the date immediately preceding the Appointed Date in relation to the Demerged Undertaking

will also be transferred to the account of and belong to the Resulting Company.

- (m) any claims due to the Demerged Company from its customers or otherwise and which have not been received by the Demerged Company as on the date immediately preceding the Appointed Date as the case may be, in relation to or in connection with the Demerged Undertaking, shall also belong to and be received by the Resulting Company.
 - (n) without prejudice to the generality of the above, all benefits including under Tax Laws, to which the Demerged Company, in relation to or in connection with the Demerged Undertaking, is entitled to in terms of the applicable Tax Laws, including, but not limited to advances recoverable in cash or kind or for value, and deposits with any Appropriate Authority or any third party/entity, shall be available to, and vest in, the Resulting Company.
 - (o) all debentures, bonds, other debt securities and other instruments of like nature (whether convertible into equity shares or not) including non-convertible debentures issued to/held by the Demerged Company, in relation to or in connection with the Demerged Undertaking, shall upon coming into effect of the Scheme pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Act, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company.
 - (p) It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies etc, in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the High Court having sanctioned the Scheme under Sections 391 to 394 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- L. All the licenses, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued to the Demerged Company, in relation to or in connection with the Demerged Undertaking, pursuant to the provisions of Section 394(2) of the Act, shall without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to the Resulting Company so as to become as and from the Appointed Date, the estates, assets, rights, title, interests and authorities of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Law.

Upon the Appointed Date and until the licenses, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favor of the Resulting Company, the Resulting Company is authorized to carry on business in the name and style of the Demerged Company, in relation to or in connection with the Demerged Undertaking, and under the relevant license and or permit and / or approval, as the case may be, and the Resulting Company shall keep a record and/or account of such transactions.

- M. Upon the effectiveness of the Scheme and with effect from the Appointed Date, the Resulting Company undertakes to engage all the employees of the Demerged Company, engaged in or in relation to the Demerged Undertaking, on the same terms and conditions on which they are engaged by the Demerged Company without any interruption of service as a result of transfer of the Demerged Undertaking to the Resulting Company. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and to this effect the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company and/or such new provident fund, gratuity fund and superannuation fund to be established and caused to be recognized by the Appropriate Authorities, by the Resulting Company, or to the government provident fund in relation to the employees of the Demerged Company who are not eligible to become members of the provident fund maintained by the Resulting Company. In relation to those employees who are not covered under the provident fund trust of the Resulting Company, and for whom the Demerged Company is making contributions to the government provident fund, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees.

Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Demerged Company.

The transfer and vesting of the Demerged Undertaking under the Scheme and the continuance of the Proceedings by or against the Resulting Company under Clause 4 of the Scheme shall not affect any transaction or proceeding already completed by the Demerged Company relating to the Demerged Undertaking till the Appointed Date to the end and intent that the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

- N. If any suit, cause of actions, appeal or other legal, taxation, quasi-judicial, arbitral, administrative, or other proceedings of whatever nature, under any Applicable Law (hereinafter referred to as the "Proceedings") by or against the Demerged

Company be pending, in relation to or in connection with the Demerged Undertaking, on the Appointed Date, the same shall not abate, be discontinued or be in anyway prejudicially affected by reason of the transfer and vesting of the Demerged Undertaking or of anything contained in the Scheme, but such Proceedings may be continued, prosecuted, defended and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if the Scheme had not been made. On and from the Appointed Date, the Resulting Company may initiate any Proceedings for and on behalf of the Demerged Company for matters relating to or in connection with the Demerged Undertaking. The Resulting Company shall have/all Proceedings initiated by or against the Demerged Company with respect to the Demerged Undertaking, transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company.

- O. Upon the effectiveness of the Scheme and in consideration of the transfer and vesting of the Demerged Undertaking into the Resulting Company pursuant to provisions of the Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each shareholder of the Demerged Company, whose name is recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date, 1 (one) equity shares of Re 1 (Indian Rupee one) each of Resulting Company credited as fully paid up for every 1 (one) equity share of Re 1 (Indian Rupee One) each held by such shareholder in the Demerged Company (“New Equity Shares”). The ratio in which equity shares of the Resulting Company are to be issued and allotted to the shareholders of the Demerged Company is referred to as the “Share Entitlement Ratio”.
- P. The New Equity Shares to be issued and allotted as provided above shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank pari-passu in all respects with the then existing equity shares of the Resulting Company after the Record Date including with respect to dividend, bonus entitlement, rights shares’ entitlement, voting rights and other corporate benefits.
- Q. In case any shareholder’s shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of the Resulting Company, the Resulting Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and issue and allot the consolidated shares directly to a trustee nominated by the Board of the Resulting Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay to the Resulting Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.
- R. The New Equity Shares to be issued pursuant to Clause O above shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the Board of the Demerged Company. In the event that such notice has not been received by the Resulting Company in respect of any of the shareholders of the Demerged Company, the New Equity Shares shall be issued to such shareholders in dematerialized form provided that the shareholders of the Resulting Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that the Resulting Company has received notice from any shareholder that New Equity Shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/hers/its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue New Equity Shares in physical form to such shareholder or shareholders.
- S. The New Equity Shares issued and/ or allotted pursuant to Clause O in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act shall, pending settlement of dispute by order of court or otherwise, be held in abeyance by the Resulting Company.
- T. The New Equity Shares issued under the Scheme, which the Resulting Company is unable to allot due to Applicable Laws (including, without limitation, the failure to receive approvals of an Appropriate Authority as required under Applicable Law) or any regulations or otherwise shall, pending allotment, be held in abeyance by Resulting Company and shall be dealt with in the manner as may be permissible under the Applicable Law and deemed fit by the Board of the Resulting Company including to enable allotment and sale of such New Equity Shares to a trustee as mentioned in the Scheme and thereafter make distributions of the net sales proceeds in lieu thereof (after the deduction of taxes and expenses incurred) to the eligible shareholders of the Demerged Company, in proportion to their entitlements as per the process specified in the Scheme. If the above cannot be effected for any reason, the Resulting Company shall ensure that this does not delay implementation of the Scheme; and shall, take all such appropriate actions as may be necessary under Applicable Laws. The Resulting Company and / or the Depository shall enter into such further documents and take such further actions as may be necessary or appropriate in this regard and to enable actions contemplated therein.
- U. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of the Demerged Company, the Board of the Demerged Company shall be empowered prior to or even subsequent to the Record Date, to effectuate such transfers in the Demerged Company as if such changes in registered holders were operative as on the Record Date, in order to remove any difficulties arising to the transferors of the shares in relation to the shares issued by the Resulting Company after the Scheme comes into effect. The Board of the Demerged Company shall be empowered to remove such

difficulties that may arise in the course of implementation of the Scheme and registration of new shareholders in the Resulting Company on account of difficulties faced in the transition period.

- V. The issue and allotment of the New Equity Shares in terms of the Scheme shall be deemed to have been carried out as if the procedure laid down under section 62 of the Companies Act, 2013 and any other applicable provisions of the Act have been complied with.
- W. The Resulting Company shall apply for listing of its equity shares including those issued in terms of the Scheme on BSE and NSE in terms of and in compliance of the SEBI Circular.
- X. The New Equity Shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- Y. The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only consistent with the past practice, or in the ordinary course.
- Z. Upon the Scheme becoming effective, the authorised share capital of the Resulting Company will automatically stand increased to INR 25,00,00,000 (Rupees Twenty five crore) by simply filing the requisite forms with the Appropriate Authority and no separate procedure or instrument or deed or payment of any stamp duty and registration fees shall be required to be followed under the Act.

Consequently, the Memorandum of Association of the Resulting Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13 and 61 of the Companies Act 2013 and Section 394 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013, as the case may be, and be replaced by the following clause:

“The Authorised Share Capital of the Company is Rs 25,00,00,000 (Rupees Twenty five crore) divided into 25,00,00,000 (Twenty five crore) Equity Shares of Re 1/- (Rupee one only) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force.”

- AA. It is clarified that the approval of the members of the Resulting Company to the Scheme shall be deemed to be their consent/ approval also to the consequential alteration of the Memorandum of Association of the Resulting Company and the Resulting Company shall not be required to seek separate consent/ approval of its shareholders for such alteration of the Memorandum of Association as required under Sections 13, 14, 61, 62 and 64 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and the applicable provision of the Companies Act, 1956.
- BB. Simultaneously with the issue and allotment of the new equity shares by the Resulting Company to the equity shareholders of the Demerged Company in accordance with Clause 8.1 of the Scheme, in the books of the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date which shall be regarded as reduction of share capital. The order of the High Court sanctioning the Scheme shall be deemed to be an order under section 102 of the Act confirming the reduction.
- CC. The consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be the consent of its shareholders for the purposes of effecting the above reduction, if any, under provisions of Section 100 to 103 of the Act, and no further resolution under Section 100 to 103 of the Act or any other applicable provisions of the Act, would be required to be separately passed.
- DD. Upon the effectiveness of the Scheme, in accordance with the applicable accounting standards, Companies Act, 2013 and generally accepted accounting principles in India:
 - (a) The value of all assets and liabilities pertaining to the Demerged undertaking which cease to be assets and liabilities of the Demerged Company shall be reduced by the Demerged Company at their carrying values; and
 - (b) The difference i.e. the excess or shortfall, as the case may be, of the value of transferred assets over the transferred liabilities pertaining to the Demerged Undertaking and demerged from the Demerged Company pursuant to the Scheme shall be adjusted to the reserves of the Demerged Company.
- EE. Upon the effectiveness of the Scheme and with effect from the Appointed Date:
 - (a) the Resulting Company shall record transferred assets and liabilities pertaining to the Demerged Undertaking at the respective carrying values as appearing in the books of Demerged Company;
 - (b) the Resulting Company shall issue shares to the shareholders of the Demerged Company as per Clause O. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to the Resulting Company's share capital account; and
 - (c) the difference, if any, between the book value of assets and book value of liabilities pertaining to the Demerged Undertaking, after adjusting the amount credited as share capital as per the Scheme, shall be taken to reserves.

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the salient extracts thereof.

Summary of the Valuation Report

29. The Demerged Company has obtained valuation report from M/s NDA & Associates, Chartered Accountants and has obtained the Fairness Opinion from M/s. IDBI Capital Markets & Securities Limited.
30. Since the Resulting Company is a company with no other activity and all the shares to be issued by it pursuant to the Scheme are to be issued to the shareholders of the Demerged Company, in effect, no different shareholder interest is to emerge. The principle to be considered is that the proportionate holding of the shareholders will remain the same.
31. In the present analysis where the proposal is of restructuring of the existing diversified activities into specific activities and that too when the set of shareholders is identical, what is much relevant is not determination of the value of the shares of the companies separately but the determination of the total number of shares of the Resulting Company to be issued in exchange for/ against the existing shares of the Demerged Company.
32. Thus, in this type of demerger, there is no requirement for separate valuation of shares as the Resulting Company is a wholly owned subsidiary of the Demerged Company and all the existing shareholders of the Demerged Company as on the Record Date will become the shareholders of the Resulting Company. Upon allotment of the shares by the Resulting Company, the ultimate beneficial economic interest of the existing shareholders of the Demerged Company in the equity of the Resulting Company will be the same as it is in the equity of the Demerged Company.
33. In view of the above, the share entitlement ratio of 1 (one) equity shares of Re 1 (Indian Rupee one) each of Resulting Company for every 1 (one) equity share of Re 1 (Indian Rupee One) each held by such shareholder in the Demerged Company in consideration for the Scheme is fair and reasonable.

Other matters

34. The accounting treatment as proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act. The certificates issued by the Statutory Auditors of the Companies are open for inspection.

Under the Scheme, there is no arrangement with the creditors, either secured or unsecured of the Demerged Company except to the extent that upon the effectiveness of Part II of the Scheme, the creditors belonging to the Demerged Undertaking of the Demerged Company shall become the creditors of the Resulting Company in the manner as provided in the Scheme. No compromise is offered under the Scheme to any of the creditors of the Applicant Companies. The liability of the creditors of the Demerged Company, under the Scheme, is neither being reduced nor being extinguished. The creditors of the Applicant Companies would in no way be affected by the present Scheme.

As on date, the Demerged Company has no outstanding towards any debentures and public deposits and therefore, the effect of the Scheme on any such debenture holders or public deposit holders does not arise.

Under Clause 6 of Part II of the Scheme, on and from the Effective Date, the Resulting Company undertakes to engage all the Employees of the Demerged Company pertaining to the Demerged Undertaking on the same terms and conditions on which they are engaged by the Demerged Company without any interruption of service and in the manner provided under Clause 6 of Part II of the Scheme. In the circumstances, the rights of the Employees of the Resulting Company would in no way be affected by the Scheme.

The key managerial personnel of the Demerged Company pertaining to the Demerged Undertaking shall be the Employees of the Resulting Company.

Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of the Applicant Companies and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the equity shares held by them in the Applicant Companies and/or to the extent that the said Director(s) are common director(s) of the Applicant Companies. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme. The shareholding of each of the said Directors, the Key Managerial Personnel and their respective relatives, is less than 2% of the paid-up share capital of each of the Companies.

In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of the Demerged Company and Resulting Company have adopted a report explaining effect, as aforesaid, of Compromise on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio. A copy of the said Report is enclosed as **Annexure 4**.

35. No investigation proceedings have been instituted or are pending in relation to the Applicant Companies under Sections 210 to 229 of Chapter XIV of the Act or under the corresponding provisions of the Act of 1956. Further, no proceedings are pending under the Act or under the corresponding provisions of the Act of 1956 against any of the Applicant Companies.
36. To the knowledge of the Applicant Companies, no winding up proceedings have been filed or are pending against them under the Act or the corresponding provisions of the Act of 1956.
37. The Unaudited Financial Results of the Demerged Company and the Audited Financial Results of the Resulting Company for the quarter ended 31st December 2016 are enclosed as **Annexure 5**.
38. The Demerged Company had 24,105 Equity Shareholders holding total paid up share capital of the Demerged Company as on 24th February 2017 and 6 Secured Creditors having total claim of Rs.2,83,20,74,502.38; 3,384 Unsecured Creditors having claims of Rs. 328,40,68,782.02 as on 28th February, 2017.

The Resulting Company had 1 Equity Shareholders holding the entire paid up share capital of the Company as on 24th February, 2017 and 2 Unsecured Creditors having claims of Rs. 87,19,422 as on 28th February, 2017.

39. The name and addresses of the promoters of the Demerged Company including their shareholding in the Companies as on 31st March 2017 are as under:

| SI No. | Name of Promoter | Address | Shareholding |
|--------|--|---|--------------|
| 1. | Chandra Kant Birla | 24, Aurangzeb Road, New Delhi 110011 | 32,69,893 |
| 2. | Nirmala Birla | 8/9, Alipore Road, Kolkata-700027 | 38,78,410 |
| 3. | Amita Birla | 8/9, Alipore Road, Kolkata-700027 | 260,000 |
| 4. | Avanti Birla | 8/9, Alipore Road, Kolkata-700027 | 134,642 |
| 5. | Avani Birla | 8/9, Alipore Road, Kolkata-700027 | 130,000 |
| 6. | Shyam Sundar Jajodia | 4F, Ground Floor- I, Loard Sinha Road, Shakespeare Sarani, Kolkata-700071 | 280,000 |
| 7. | Shekhavati Investments and Traders Ltd. | 78, Syed Amir Ali Avenue, Kolkata-700019 | 127,60,895 |
| 8. | Ashok Investment Corporation Ltd | Birla Building, 11th floor, 9/1, R.N. Mukherjee Road, Kolkata-700001 | 683,038 |
| 9. | Central India Industries Ltd | 9/1, R.N. Mukherjee Road, Kolkata-700001 | 525,59,648 |
| 10. | Rajasthan Industries Ltd. | 9/1, R.N. Mukherjee Road, 14th floor, Kolkata-700001 | 690,035 |
| 11. | National Engineering Industries Ltd. | 9/1, R.N. Mukherjee Road, Kolkata-700001 | 537,400 |
| 12. | Gwalior Finance Corporation Ltd. | 9/1, R.N. Mukherjee Road, 11th floor, Kolkata-700001 | 16,49,375 |
| 13. | Hindusthan Discounting Company Ltd. | 9/1, R.N. Mukherjee Road, Kolkata-700001 | 23,10,678 |
| 14. | Universal Trading Company Ltd. | 9/1, R.N. Mukherjee Road, Kolkata-700001 | 844,280 |
| 15. | India Silica Magnesite Works Ltd. | Birla Building, 11th floor, 9/1, R.N. Mukherjee Road, Kolkata-700001 | 200,000 |
| 16. | Bengal Rubber Company Ltd. | 9/1, R.N. Mukherjee Road, Kolkata-700001 | 195,000 |
| 17. | Amer Investments (Delhi) Ltd. | Birla Tower, 8th floor, 25, Barakhamba Road, New Delhi-110001 | 14,22,000 |
| 18. | Jaipur Finance and Dairy Products Pvt Ltd. | 78, Syed Amir Ali Avenue, Kolkata-700019 | 208,000 |

40. The name and addresses of the promoters of the Resulting Company including their shareholding in the Companies as on 31st March 2017 are as under:

| Name of the Promoters | Address | Shareholding |
|--------------------------------|--|--------------|
| Orient Paper & Industries Ltd. | Unit VIII, Plot No. 7, Bhoynagar, Bhubaneswar – 751012 | 500,000 |

41. The details of the directors of the Demerged Company and their shareholding in the Demerged Company as on 31st March 2017 are as follows:

| Name of Directors | Address | Shareholding |
|--|---|--------------|
| Shri Chandra Kant Birla (DIN: 00118473) | 24, Aurangzeb Road, New Delhi 110011 | 32,69,893 |
| Shri Basant Kumar Jhawar (DIN: 00086237) | 51/F, Gariahat Road, Kolkata-700 019 | NIL |
| Shri Amitabha Ghosh (DIN: 00055962) | Flat No.32, Mehernaz, 91, Cuffe Parade, Mumbai-400005 | 7,400 |
| Shri Michael Bastian (DIN: 00458062) | Cecilia, 1186, 22nd Cross 14th Main, H.S.R. Layout, Sector-III, Bangalore-560102 | 26,733 |
| Shri Narendra Singh Sisodia (DIN: 06363951) | B-30, Bapu Nagar, Jaipur- 302015 | NIL |
| Ms. Gauri Rasgotra (DIN: 06862334) | 6B, Block B, Hudco Place, Andrews Ganj Extension, Behind Ansal Plaza, New Delhi-110 049 | NIL |
| Shri Manohar Lal Pachisia, (DIN: 00065431) | 4, Alipore Park Place, 3rd floor, Kolkata-700027 | 37,948 |

42. The details of the directors of the Resulting Company and their shareholding in the Resulting Company as on 31st March 2017 are as follows:

| Name of Directors | Address | Shareholding |
|---|---|--------------|
| Shri Manohar Lal Pachisia (DIN: 00065431) | 4, Alipore Park Place, 3rd floor, Kolkata-7000 27 | NIL |
| Shri Pradeep Kumar Sonthalia (DIN: 00065464) | Mani Karn, Flat No.7EE, 3B, Ram Mohan Mullick Garden Lane, Kolkata 700 010 | NIL |
| Shri Pramod Chandra Agarwala (DIN: 00065335) | 233, Lower Circular Road, Flat No.7, Kolkata-700020 | NIL |

43. The details of Key Managerial Personnel (KMP) of the Demerged Company and their shareholding in the Demerged Company as on 31st March 2017 are as follows:

| Name of the Directors/ KMP and designation | Address | Shareholding |
|---|---|--------------|
| Shri Manohar Lal Pachisia, Managing Director | 4, Alipore Park Place, 3rd floor, Kolkata-7000 27 | 37,948 |
| Shri Pradeep Kumar Sonthalia, CFO | Mani Karn, Flat No.7EE, 3B, Ram Mohan Mullick Garden Lane, Kolkata 700 010 | 15,920 |
| Shri Ram Prasad Dutta, Company Secretary | Sreenagar 3, Madhyamgram, Kolkata 700129 | NIL |

44. The details of the shareholding of the Key Managerial Personnel (KMP) of the the Resulting Company as on 31st March 2017 are as follows:

| Name of the KMP | Shareholding |
|---------------------------------------|--------------|
| There are no KMP in Resulting Company | NIL |

45. The rights and interests of the Promoters and Non-Promoter shareholders of the Companies involved in the Scheme will not be prejudicially affected by the Scheme. The effect of the Scheme on the Promoter and Non-Promoter shareholders of the Demerged Company and the Resulting Company is detailed herein:

45.1. Demerged Company: Since the Scheme does not provide for issuance of any shares by the Demerged Company and hence the pre and post shareholding of the Demerged Company shall remain the same. The shareholders of the Demerged Company shall be eligible for issuance of shares of the Resulting Company in the ratio provided in the Scheme

45.2. Resulting Company: Entire pre scheme paid up equity share capital of the Resulting Company held by the Demerged Company shall stand cancelled pursuant to the Scheme. Further in consideration to the Scheme, the Resulting Company shall issue 1 (one) equity shares of Re 1 (Indian Rupee one) each of Resulting Company for every 1 (one) equity share of Re 1 (Indian Rupee One) each held by such shareholder in the Demerged Company.

46. The pre-Scheme shareholding pattern of the Demerged Company and the Resulting Company as on 31st March 2017 and the post-Scheme (expected) shareholding pattern of Demerged Company and the Resulting Company are as under:

Pre and Post arrangement shareholding pattern of Demerged Company as on 31st March 2017:

| Sl. No. | Category of Shareholder | Number of folios | Number of Shares held | % of shareholdings |
|----------|--------------------------------------|------------------|-----------------------|--------------------|
| I | Promoter & Promoter Group | | | |
| | A. Indian | 18 | 82013294 | 38.65 |
| | B. Foreign | - | | - |

| | | | | |
|--------------|--|------------------|------------|-------|
| II | Public | | | |
| | A. Institution | | | |
| | i) Mutual funds | 12 | 26653617 | 12.56 |
| | ii) Foreign Portfolio Investors | 12 | 8090883 | 3.81 |
| | iii) Financial Institutions/Banks | 14 | 1036505 | 0.49 |
| | iv) Insurance Companies | 4 | 10305888 | 4.86 |
| | v) Central/State Governments | 1 | 4000 | 0 |
| | B. Non-Institutions | | | |
| | i) Individuals holding nominal share capital upto Rs. 2 lakhs | 23009 | 35231351 | 16.61 |
| | ii) Individuals holding nominal share capital in excess of Rs. 2 lakhs | 14 | 8481247 | 4.00 |
| | iii) NBFCs registered with RBI | 4 | 357660 | 0.16 |
| | iv) Non-Resident Indians | 497 | 1923455 | 0.91 |
| | v) Bodies Corporate | 710 | 12810254 | 6.04 |
| | vi) Co-operative Society | 9 | 21463600 | 10.11 |
| | vii) OCB | 2 | 3813748 | 1.80 |
| Total | 24306 | 212185502 | 100 | |

Pre-arrangement shareholding pattern of the Resulting Company as on 31st March 2017:

| Sl. No | Name of shareholder | No. of equity shares of Re 1/- each | Shareholding in % |
|--------|--|-------------------------------------|-------------------|
| 1. | Orient Paper & Industries Limited | 4,99,994 | 100.00 |
| 2. | Mr Pradeep Kumar Sonthalia (held as a nominee of Orient Paper & Industries Limited) | 1 | - |
| 3. | Mr Pramod Chandra Agarwala (held as a nominee of Orient Paper & Industries Limited) | 1 | - |
| 4. | Mr Manohar Lal Pachisia (held as a nominee of Orient Paper & Industries Limited) | 1 | - |
| 5. | Mr Gautam Mullick (held as a nominee of Orient Paper & Industries Limited) | 1 | - |
| 6. | Mr Amalendu Kuila (held as a nominee of Orient Paper & Industries Limited) | 1 | - |
| 7. | Mr Niranjana Kumar Saha (held as a nominee of Orient Paper & Industries Limited) | 1 | - |
| | Total | 5,00,000 | 100.00% |

Post-arrangement (expected) shareholding pattern of Resulting Company (considering the share holding pattern of the Demerged company as on 31st March 2017):

| Sl No | Category of Shareholder | Number of folios | Number of Shares held | % of shareholdings |
|----------|--------------------------------------|------------------|-----------------------|--------------------|
| I | Promoter & Promoter Group | | | |
| | A. Indian | 18 | 82013294 | 38.65 |
| | B. Foreign | - | | - |

| II | Public | | | |
|-----------|--|--------------|------------------|------------|
| | A. Institution | | | |
| | i) Mutual funds | 12 | 26653617 | 12.56 |
| | ii) Foreign Portfolio Investors | 12 | 8090883 | 3.81 |
| | iii) Financial Institutions/Banks | 14 | 1036505 | 0.49 |
| | iv) Insurance Companies | 4 | 10305888 | 4.86 |
| | v) Central/State Governments | 1 | 4000 | 0 |
| | B. Non-Institutions | | | |
| | i) Individuals holding nominal share capital upto Rs. 2 lakhs | 23009 | 35231351 | 16.61 |
| | ii) Individuals holding nominal share capital in excess of Rs. 2 lakhs | 14 | 8481247 | 4.00 |
| | iii) NBFCs registered with RBI | 4 | 357660 | 0.16 |
| | iv) Non Resident Indians | 497 | 1923455 | 0.91 |
| | v) Bodies Corporate | 710 | 12810254 | 6.04 |
| | vi) Co-operative Society | 9 | 21463600 | 10.11 |
| | vii) OCB | 2 | 3813748 | 1.80 |
| | Total | 24306 | 212185502 | 100 |

47. The post-Scheme (expected) capital structure of Demerged Company will be as follows (assuming the continuing capital structure as on 31st March 2017):

| Authorised Share Capital | Amount (Rs) |
|---|----------------------|
| 75,00,00,000 Equity Shares of Re 1 each | 75,00,00,000 |
| 25,00,00,000 Preference Shares of Rs 100 each | 25,00,00,000 |
| Total | 100,00,00,000 |
| Issued Share Capital | |
| 20,48,87,970-Equity Shares of Re 1 each | 20,48,87,970 |
| 73,16,742 Equity shares of Re. 1/- each on Rights basis | 73,16,742 |
| Total | 21,22,04,712 |
| Subscribed and Fully Paid Up Share Capital | |
| 20,48,68,760-Equity Shares of Re 1 each, fully paid up | 20,48,68,760 |
| 73,16,742 Equity shares of Re. 1/- each on Rights basis | 73,16,742 |
| Total | 21,21,85,502 |
| Add: Forfeited shares (Amount originally paid-up) | 9,605 |
| Total | 21,21,95,107 |

48. The post-Scheme (expected) capital structure of Resulting Company will be as follows (assuming the continuing capital structure as on 31st March 2017):

| Authorised Share Capital | Amount (Rs) |
|---|---------------------|
| 25,00,00,000 Equity Shares of Re 1 each | 25,00,00,000 |
| Total | 25,00,00,000 |
| Issued Share Capital | |
| 21,21,85,502 Equity Shares of Re 1 each | 21,21,85,502 |
| Total | 21,21,85,502 |
| Subscribed and Fully Paid Up Share Capital | |
| 21,21,85,502 Equity Shares of Re 1 each | 21,21,85,502 |
| Total | 21,21,85,502 |

49. In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and null and void.

The following documents will be open for inspection by the Unsecured Creditors of the Resulting Company at its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India between 10.00 a.m. and 12 noon on all days (except Saturdays, Sundays and public holidays) upto the date of the meeting:

- (i) Copy of the order passed by NCLT in Company Application No.160 of 2017 dated 18th day of May 2017 directing the Applicant Companies to, inter alia, convene the meetings of their shareholders and creditors;
- (ii) Copy of the Company Application No.160 of 2017 along with annexures filed by the Applicant Companies before NCLT;
- (iii) Copy of the Memorandum and Articles of Association of the Applicant Companies;
- (iv) Copy of the annual reports of the Demerged Company for the financial years ended 31st March 2016 and 31st March 2015, respectively;
- (v) Unaudited Financial Results of the Demerged Company and audited financial statements of the Resulting Company for the quarter ended 31st December 2016;
- (vi) Statement showing assets and liabilities of the Demerged Undertaking as on the Appointed Date (as defined in the Scheme) i.e 1st March 2017 proposed to be demerged and transferred to the Resulting Company;
- (vii) Copy of the Register of Directors' shareholding of each of the Applicant Companies;
- (viii) Copy of Valuation/Share Exchange Ratio/Share Entitlement Ratio report dated 17th October 2016 submitted by M/s. NDA & Associates, Chartered Accountants;
- (ix) Copy of the Fairness Opinion, dated 17th October 2016, issued by M/s. IDBI Capital Markets & Securities Limited, to the Board of Directors of the Demerged Company;
- (x) Copy of the Audit Committee Report dated 17th October 2016 of the Demerged Company;
- (xi) Copy of the resolutions, all dated 17th October 2016, passed by the respective Board of Directors of the Demerged Company and the Resulting Company, approving the Scheme;
- (xii) Copy of the Statutory Auditors' certificate dated 17th day of October 2016 issued by M/s. S.R. Batliboi & Co., Chartered Accountants stating that the accounting treatment is in conformity with the accounting standards prescribed under Section 133 of the Companies Act 2013;
- (xiii) Copy of the complaints report, dated 9th March 2017 and 25th January 2017, submitted by the Demerged Company to BSE and NSE respectively;
- (xiv) Copy of the no adverse observations/no objection letter issued by BSE and NSE, both dated 15th day of March 2017, respectively, to the Demerged Company;
- (xv) Copy of the Scheme.

The Unsecured Creditors shall be entitled to obtain the extracts from or for making or obtaining the copies of the documents listed above.

50. This statement may be treated as an Explanatory Statement under Sections 230(3), 232(1) and (2) and 102 of the Act read with Rule 6 of the Rules. A copy of the Scheme, Explanatory Statement and Form of Proxy shall be furnished by the Resulting Company to its shareholders/creditors, free of charge, within one (1)day (except Saturdays, Sundays and public holidays) on a requisition being so made for the same by the shareholders/creditors of the Resulting Company.
51. After the Scheme is approved by the equity shareholders, secured creditors and unsecured creditors (including debentureholders) of the Resulting Company, it will be subject to the approval/sanction by NCLT.

Dated this 24th day of May 2017

sd/-Anima Maiti

Chairman appointed for the meeting

Registered office:

Unit – VIII, Plot No. 7, Bhoinagar
Bhubaneswar – 751012, Odisha.

SCHEME OF ARRANGEMENT

BETWEEN

ORIENT PAPER AND INDUSTRIES LIMITED

AND

ORIENT ELECTRIC LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**(UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956 AND
OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956 AND THE COMPANIES ACT, 2013)**

A. PREAMBLE

This scheme of arrangement (hereinafter referred to as the "Scheme") provides for demerger of the Demerged Undertaking (as defined hereinafter) of Orient Paper and Industries Limited and transfer of the same to Orient Electric Limited pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and /or the Companies Act, 2013 (to the extent notified and applicable).

B. DESCRIPTION OF THE DEMERGED COMPANY AND THE RESULTING COMPANY

Orient Paper and Industries Limited is a public company, limited by shares, incorporated under the provisions of the Companies Act, 1913, under Corporate Identity No L21011OR1936PLC000117 and having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India ("**Demerged Company**") and has two primary business segments, being the paper business and the consumer electric business. The equity shares of the Demerged Company are listed on BSE Limited and the National Stock Exchange of India Limited.

Orient Electric Limited is a public company, limited by shares, incorporated under the provisions of the Companies Act, 2013, under Corporate Identity No U31100OR2016PLC025892 and having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Cuttack – 751012, Odisha, India ("**Resulting Company**"). The Resulting Company has been incorporated to carry out the business of consumer electric business. The entire share capital of the Resulting Company is directly held by the Demerged Company.

C. RATIONALE

- (i) The Demerged Company is engaged in 2 (two) distinct lines of business namely:
 - (a) manufacture and distribution of paper and paper products such as writing paper, printing paper and tissue paper - (collectively referred to as the "**Paper Business**"); and

- (b) manufacture and distribution of consumer appliances such as fans, lighting products, Home Appliances and switch gears (collectively referred to as the “**Consumer Electric Business**”).
- (ii) The nature of risk and competition involved in each of the Paper Business and Consumer Electric Business is distinct, necessitating different management approaches and focus. Moreover, the competitive dynamics of these businesses are also different.
- (iii) The separation of the Consumer Electric Business, by way of this Scheme from the Demerged Company would lead to significant benefits for both businesses including:
 - (a) enable a dedicated management focus and to accelerate growth of the Consumer Electric Business unlocking significant value for the shareholders of Orient Paper and Industries Limited; and
 - (b) access to varied sources of funds for the rapid growth of both businesses.
- (iv) With a view to achieve the aforesaid growth potential, the Demerged Company proposes to re-organise and segregate, by way of the Scheme, its business, undertaking and investments in the Consumer Electric Business.
- (v) The Scheme does not have any adverse effect on either the shareholders or the employees or the creditors of the Demerged Company.

D. OPERATION OF THE SCHEME

- (i) Demerged Undertaking of the Demerged Company is proposed to be demerged, pursuant to Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and /or the Companies Act, 2013 (to the extent notified and applicable), and/or any other Applicable Laws and be transferred to the Resulting Company for achieving the above mentioned objectives.
- (ii) The Resulting Company shall issue and allot shares to all the shareholders of the Demerged Company as consideration for the transfer of the Demerged Undertaking in proportion to their shareholding in the Demerged Company and simultaneously with such issuance, in the books of the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date.
- (iii) The demerger of the Demerged Undertaking in accordance with this Scheme shall take effect from the Appointed Date and shall be in accordance with Section 2 (19AA), section 2(19AAA) and section 2(41A) of the Income Tax Act, 1961, such that:
 - (a) all the properties of the Demerged Undertaking as on the Appointed Date shall be transferred to and become the properties of the Resulting Company by virtue of this Scheme;
 - (b) all the liabilities relating to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of the Resulting Company by virtue of this Scheme;
 - (c) the properties and the liabilities relating to the Demerged Undertaking shall be transferred to the Resulting Company at the value appearing in the books of account of the Demerged Company immediately before this demerger;

- (d) the Resulting Company shall issue, in consideration of this demerger, its equity shares to the shareholders of the Demerged Company as on the Record Date on a proportionate basis;
- (e) all the shareholders of the Demerged Company as on the Record Date shall become the shareholders of the Resulting Company by virtue of this demerger; and
- (f) the transfer of the Demerged Undertaking shall be on a going concern basis.

E. GENERAL

This Scheme is divided into the following parts:

- (a) Part I of the Scheme deals with definitions and interpretations, and sets out the share capital of the Demerged Company and the Resulting Company;
- (b) Part II of the Scheme deals with the demerger of the Demerged Undertaking from the Demerged Company as a going concern and transfer to and vesting into the Resulting Company; and
- (c) Part III of the Scheme deals with the general terms and conditions applicable to the Scheme.

PART I

1. DEFINITIONS AND INTERPRETATIONS

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

“Act” or “the Act” means the Companies Act, 1956 and any corresponding provisions of the Companies Act, 2013 (to the extent notified and including any statutory modifications or re-enactment(s) thereof) and rules and regulations made thereunder.

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

“Appointed Date” means opening business hours of 1 March 2017.

“Appropriate Authority” means any applicable central, state or local government, legislative body, regulatory, administrative or statutory authority, agency or commission or department or public or judicial body or authority, including, but not limited, to Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies, National Company Law Tribunal and the High Court.

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

“BSE” means the BSE Limited.

“Demerged Company” means Orient Paper and Industries Limited, a public company, limited by shares, incorporated under the provisions of the Companies Act, 1913, under Corporate Identity No L21011OR1936PLC000117 and having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India.

“Demerged Undertaking” means all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and where so ever situated, of the Demerged Company, in relation to and pertaining to the Consumer Electric Business on a going concern basis, as on the Appointed Date, together with all its assets and liabilities and shall include (without limitation):

- a) all the movable and immovable properties, tangible or intangible, including all computers and accessories, software, applications and related data, equity shares, preference shares and other securities of associate / subsidiary / joint venture companies (excluding investment in equity shares of the Resulting Company), plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold, leasehold rights, brands, sub-letting tenancy rights, with or without the consent of the landlord as may be required by Applicable Law, goodwill, other intangibles, industrial and other licenses, approvals, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Consumer Electric Business as on the Appointed Date;
- b) all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company pertaining to the Consumer Electric Business as on the Appointed Date;
- c) all employees of the Demerged Company engaged in or in relation to the Consumer Electric Business along with all benefits under employment including gratuity, superannuation, pension benefits and the provident fund or other compensation or benefits of such employees;

- d) all the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to the Consumer Electric Business as on the Appointed Date; and
- e) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the Consumer Electric Business of the Demerged Company as on the Appointed Date.

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

"Effective Date" means opening of business hours of the last of the dates on which the conditions specified in Clause 17.1 and 17.2 are complied with.

"High Court" means the Hon'ble High Court of Orissa at Cuttack, having jurisdiction in relation to the Demerged Company and the Resulting Company. In the event that the provisions of the Companies Act, 2013 pertaining to scheme(s) of arrangement(s) become applicable and effective for the purposes of this Scheme, all references to the High Court in this Scheme shall be deemed to include reference to the National Company Law Tribunal.

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

"Parties" means the Demerged Company and the Resulting Company, collectively, as the case may be.

"Party" means the Demerged Company or the Resulting Company, individually.

"Record Date" shall be the date to be fixed by the Board of the Demerged Company in consultation with the Resulting Company, for the purpose of determining the equity shareholders of the Demerged Company for issue of New Equity Shares (as defined in Clause 8.1 below), pursuant to this Scheme.

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

"Resulting Company" means Orient Electric Limited, a public company, limited by shares, incorporated under the provisions of the Companies Act, 2013, under Corporate Identity No U31100OR2016PLC025892 and having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Cuttack – 751012, Odisha, India.

"Scheme" or "the Scheme" or "this Scheme" means this scheme of arrangement in its present form submitted to the High Court or any other Appropriate Authority in the relevant jurisdiction with any modification(s) thereof made under Clause 14 of the Scheme or as directed by the High Court or any other Appropriate Authority and accepted by the Parties.

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

"SEBI Circular" shall mean the circular issued by the SEBI, being Circular CIR/CFD/CMD/16/2015 dated November 30, 2015, and any amendments thereof.

"Stock Exchanges" means BSE and NSE, as may be applicable.

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

1.2 In this Scheme, unless the context otherwise requires:

- 1.2.1 words denoting singular shall include plural and vice versa;
- 1.2.2 any reference to any Section of Companies Act, 1956, if so required and applicable, would mean corresponding Section of Companies Act, 2013;
- 1.2.3 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- 1.2.4 references to the word "include" or "including" shall be construed without limitation;
- 1.2.5 a reference to an article, clause, section, paragraph is, unless indicated to the contrary, a reference to an article, clause, section or paragraph of this Scheme;
- 1.2.6 references to dates and times shall be construed to be references to Indian dates and times;
- 1.2.7 reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- 1.2.8 reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation;
- 1.2.9 reference in this Scheme to the date of "coming into effect of this Scheme or effectiveness of this Scheme" shall mean references to the Effective Date;
- 1.2.10 word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them; and
- 1.2.11 references to a person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal personality).

2. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

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

3. SHARE CAPITAL

3.1 The share capital of the Demerged Company as on September 30, 2016 is as under:

| Authorised Share Capital | Amount (Rs) |
|--|----------------------|
| 75,00,00,000 Equity Shares of Re 1 each | 75,00,00,000 |
| 25,00,000 Preference Shares of Rs 100 each | 25,00,00,000 |
| Total | 100,00,00,000 |
| Issued Share Capital | |
| 20,48,87,970-Equity Shares of Re 1 each | 20,48,87,970 |
| Total | 20,48,87,970 |
| Subscribed and Fully Paid Up Share Capital | |
| 20,48,68,760-Equity Shares of Re 1 each, fully paid up | 20,48,68,760 |
| Add: Forfeited shares (Amount originally paid-up) | 9,605 |
| Total | 20,48,78,365 |

The equity shares of the Demerged Company are listed on BSE and NSE. The Demerged Company is in the process of issuing shares to its shareholders on rights basis. Accordingly, the share capital of the Demerged Company may undergo a change.

3.2 The share capital of the Resulting Company as on 15 October, 2016 is as under:

| Authorised Share Capital | Amount (Rs) |
|---|--------------------|
| 5,00,000 Equity Shares of Re 1 each | 5,00,000 |
| Total | 5,00,000 |
| Issued, Subscribed and Fully Paid up Share Capital | |
| 5,00,000 Equity Shares of Re 1 each | 5,00,000 |
| Total | 5,00,000 |

The equity shares of the Resulting Company are not listed on any stock exchange in India. The entire share capital of the Resulting Company as on 15 October 2016 is held by the Demerged Company and hence the Resulting Company is a wholly-owned subsidiary of the Demerged Company.

PART II

DEMERGER OF THE DEMERGED UNDERTAKING

4. TRANSFER OF ASSETS AND LIABILITIES

4.1 With effect from the Appointed Date, and subject to the provisions of this Scheme in relation to the mode of transfer and vesting of the Demerged Undertaking, the Demerged Undertaking shall, without any further act, instrument or deed, be and stand transferred to and vested in, and/or be deemed to have been and stand transferred to and vested in the Resulting Company on a going concern basis, so as to become on and from the Appointed Date, the estate, assets, rights, title, interest and authorities of the Resulting Company, pursuant to Section 394(2) of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(19AA) of the Income-tax Act, 1961.

- 4.2 Without prejudice to the generality of Clause 4.1 above, on and from the Appointed Date:
- 4.2.1 the Demerged Undertaking including all its assets, properties, investments, shareholding interests in other companies, claims, title, interest, assets of whatsoever nature such as licenses and all other rights, title, interest, contracts or powers of every kind, nature and description of whatsoever nature and wheresoever situated shall, pursuant to the provisions of Section 394 and other applicable provisions, if any, of the Act, and pursuant to the order of the High Court sanctioning this Scheme and without further act or deed or instrument, but subject to the charges affecting the same as on the Appointed Date, be and stand transferred to and vested in the Resulting Company as a going concern.
- 4.2.2 without prejudice to the generality of Clause 4.1 above, with respect to the assets forming part of the Demerged Undertaking that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/or delivery, the same may be so transferred by the Demerged Company without any further act or execution of an instrument with the intent of vesting such assets with the Resulting Company.
- 4.2.3 without prejudice to the aforesaid, the Demerged Undertaking, including all immoveable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold (including but not limited to land, buildings, sites and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Demerged Undertaking shall stand transferred to and be vested in the Resulting Company, without any act or deed to be done or executed by the Demerged Company and/or the Resulting Company. For the purpose of giving effect to the vesting order passed under Section 394 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all such immovable properties, including mutation and/or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company pursuant to the sanction of the Scheme by the High Court and upon the effectiveness of this Scheme in accordance with the terms hereof without any further act or deed to be done or executed by the Demerged Company and/or the Resulting Company. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary for the purposes of the aforesaid mutation and/or substitution.

Notwithstanding any provision to the contrary, from the Appointed Date and until the owned property, leasehold property and related rights thereto, license /right to use the immovable property, tenancy rights, liberties and special status are transferred, vested, recorded effected and or perfected, in the record of the Appropriate Authority, in favour of the Resulting Company, the Resulting Company is deemed to be authorized to carry on business in the name and style of the Demerged Company under the relevant agreement, deed, lease and/or license, as the case may be, and the Resulting Company shall keep a record and/or account of such transactions.

- 4.2.4 with respect to the assets of the Demerged Undertaking other than those referred to in Clause 4.2.2 above, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 394 of the Act. All the rights, title and interests of the Demerged Company in any leasehold properties in relation to the Demerged Undertaking shall, pursuant to Section 394(2) of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required. The execution of such documents shall form an integral part of the Scheme.
- 4.2.5 the consents, permissions, licenses, certificates, authorisations (including for the operation of bank accounts), powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, and the rights and benefits under the same shall, and all quality certifications and approvals, trademarks, brands, patents and domain names, copyrights, industrial designs, trade secrets, trade formulae, and other intellectual property and all other interests relating to the goods or services being dealt with by the Demerged Company in relation to the Demerged Undertaking, be transferred to, and vest in, the Resulting Company.
- 4.2.6 subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature, in relation to the Demerged Undertaking, to which the Demerged Company is a party subsisting or having effect on or immediately before the Appointed Date shall remain in full force and effect against or in favour of the Resulting Company and shall be binding on and be enforceable by and against the Resulting Company as fully and effectually as if the Resulting Company had at all material times been a party thereto. The Resulting Company will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements and other instruments as stated above.
- 4.2.7 without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme, the Resulting Company may, at any time on or after the Appointed Date, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.
- 4.2.8 in so far as the various incentives, tax exemption and benefits, tax credits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority, or availed of by the Demerged Company, in relation to or in connection with the Demerged Undertaking as on the Appointed Date are concerned, including income tax deductions, recognitions and exemptions (including, but not limited to payments / write off by the Resulting Company out

of Transferred Liabilities under section 43B of the Income-tax Act, 1961, payments / write offs by the Resulting Company out of Transferred Provisions, amount under section 36(1)(vii) of the Income-tax Act, 1961 out of the debts being transferred, unamortised amount under section 35DDA of the Income-tax Act, 1961, both under normal provisions and under section 115JB of the Income-tax Act, 1961, the same shall, without any further act or deed, vest with and be available to the Resulting Company on the same terms and conditions on and from the Appointed Date.

- 4.2.9 as per the provisions of Section 72A(4) and other applicable provisions of the Income- tax Act, 1961, all accumulated tax losses and unabsorbed depreciation of the Demerged Company shall be apportioned amongst the Demerged Company and the Resulting Company, in the ratio of assets retained by the Demerged Company and transferred to the Resulting Company;
- 4.2.10 all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of the Demerged Undertaking) of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking ("**Transferred Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date and shall become the debts, liabilities, loans, obligations and duties of the Resulting Company which shall meet, discharge and satisfy the same. The term "**Transferred Liabilities**" shall include:
- 4.2.10.1 the liabilities which arise out of the activities or operations of the Demerged Undertaking;
- 4.2.10.2 the specific loans or borrowings (including debentures raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and
- 4.2.10.3 in cases other than those referred to in Clauses 4.2.10.1 or 4.2.10.2 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 pursuant to this Scheme bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.
- 4.2.11 in so far as any encumbrance in respect of Transferred Liabilities is concerned, such encumbrance shall, without any further act, instrument or deed being required be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which may have been encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to this Scheme. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Undertaking are concerned, the encumbrance, if any, over such assets relating to the Transferred Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such

encumbrance and shall no longer be available as security in relation to such liabilities;

- 4.2.12 any tax liabilities under Customs Act, 1962, Central Excise Act, 1944, value added tax laws, as applicable to any State in which the Demerged Company operates, Central Sales Tax Act, 1956, any other State sales tax / value added tax laws, or service tax, or corporation tax, income tax, or other Applicable Laws and regulations dealing with taxes/ duties/ levies/cess (hereinafter in this Clause 4.2 referred to as "**Tax Laws**") to the extent not provided for or covered by tax provision in the Demerged Company's accounts, in relation to or in connection with the Demerged Undertaking, made as on the date immediately preceding the Appointed Date shall be transferred to the Resulting Company. Any surplus in the provision for taxation/ duties/ levies account as on the date immediately preceding the Appointed Date in relation to the Demerged Undertaking will also be transferred to the account of and belong to the Resulting Company.
- 4.2.13 any claims due to the Demerged Company from its customers or otherwise and which have not been received by the Demerged Company as on the date immediately preceding the Appointed Date as the case may be, in relation to or in connection with the Demerged Undertaking, shall also belong to and be received by the Resulting Company.
- 4.2.14 without prejudice to the generality of the above, all benefits including under Tax Laws, to which the Demerged Company, in relation to or in connection with the Demerged Undertaking, is entitled to in terms of the applicable Tax Laws, including, but not limited to advances recoverable in cash or kind or for value, and deposits with any Appropriate Authority or any third party/entity, shall be available to, and vest in, the Resulting Company.
- 4.2.15 all debentures, bonds, other debt securities and other instruments of like nature (whether convertible into equity shares or not) including non-convertible debentures issued to/held by the Demerged Company, in relation to or in connection with the Demerged Undertaking, shall upon coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Act, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company.
- 4.2.16 with respect to the investments made by the Demerged Company in shares, stocks, bonds, warrants, units of mutual fund or any other securities, shareholding interests in other companies, whether quoted or unquoted, by whatever name called, forming part of the Demerged Undertaking, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 394 of the Act.

It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies etc, in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the High Court having sanctioned this Scheme under Sections 391 to 394 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good

or held on account of the Resulting Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

- 4.2.17 on and from the Appointed Date, and thereafter, the Resulting Company shall be entitled to operate all bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Resulting Company in so far as may be necessary until the transfer of rights and obligations of the Demerged Undertaking to the Resulting Company under this Scheme have been formally given effect to under such contracts and transactions.
- 4.2.18 for avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Appointed Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to operate the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Demerged Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking, after the Appointed Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company. The Resulting Company shall be allowed to maintain bank accounts in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking. It is hereby expressly clarified that any legal proceedings by or against the Demerged Company, in relation to or in connection with the Demerged Undertaking, in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company shall be instituted, or as the case maybe, continued by or against the Resulting Company after the Effective Date.
- 4.2.19 without prejudice to the provisions of the foregoing clauses of this Clause 4.2, and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Odisha at Cuttack to give formal effect to the above provisions.
- 4.2.20 the Resulting Company shall be entitled to get credit/claim refund regarding any tax paid (including advance tax) and/or tax deduction at source certificates, pertaining to the Demerged Undertaking. It is specifically provided that if Demerged Company or their successor(s) receives any refunds / credit / claims or incurs any liability in respect of the Demerged Undertaking, the same shall be on behalf of and as a trustee of Resulting Company and the same shall be refunded to / paid by the Resulting Company.

5. PERMITS, CONSENTS AND LICENSES

- 5.1 All the licenses, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued to the Demerged Company, in relation to or in connection with the Demerged Undertaking, pursuant to the provisions of Section 394(2) of the Act, shall without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to the Resulting Company so as to become as and from the Appointed Date, the estates, assets, rights, title, interests and authorities of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Law.

Upon the Appointed Date and until the licenses, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favor of the Resulting Company, the Resulting Company is authorized to carry on business in the name and style of the Demerged Company, in relation to or in connection with the Demerged Undertaking, and under the relevant license and or permit and / or approval, as the case may be, and the Resulting Company shall keep a record and/or account of such transactions.

6. EMPLOYEES

- 6.1 Upon the effectiveness of this Scheme and with effect from the Appointed Date, the Resulting Company undertakes to engage all the employees of the Demerged Company, engaged in or in relation to the Demerged Undertaking, on the same terms and conditions on which they are engaged by the Demerged Company without any interruption of service as a result of transfer of the Demerged Undertaking to the Resulting Company. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits and to this effect the accumulated balances, if any, standing to the credit of the employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company and/or such new provident fund, gratuity fund and superannuation fund to be established and caused to be recognized by the Appropriate Authorities, by the Resulting Company, or to the government provident fund in relation to the employees of the Demerged Company who are not eligible to become members of the provident fund maintained by the Resulting Company. In relation to those employees who are not covered under the provident fund trust of the Resulting Company, and for whom the Demerged Company is making contributions to the government provident fund, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees.
- 6.2 Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Demerged Company.

6.3 The transfer and vesting of the Demerged Undertaking under the Scheme and the continuance of the Proceedings by or against the Resulting Company under Clause 7 below shall not affect any transaction or proceeding already completed by the Demerged Company relating to the Demerged Undertaking till the Appointed Date to the end and intent that the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

7. PROCEEDINGS

7.1 If any suit, cause of actions, appeal or other legal, taxation, quasi-judicial, arbitral, administrative, or other proceedings of whatever nature, under any Applicable Law (hereinafter referred to as the "**Proceedings**") by or against the Demerged Company be pending, in relation to or in connection with the Demerged Undertaking, on the Appointed Date, the same shall not abate, be discontinued or be in anyway prejudicially affected by reason of the transfer and vesting of the Demerged Undertaking or of anything contained in the Scheme, but such Proceedings may be continued, prosecuted, defended and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if the Scheme had not been made. On and from the Appointed Date, the Resulting Company may initiate any Proceedings for and on behalf of the Demerged Company for matters relating to or in connection with the Demerged Undertaking. The Resulting Company shall have/all Proceedings initiated by or against the Demerged Company with respect to the Demerged Undertaking, transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company.

8. CONSIDERATION

8.1 Upon the effectiveness of this Scheme and in consideration of the transfer and vesting of the Demerged Undertaking into the Resulting Company pursuant to provisions of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each shareholder of the Demerged Company, whose name is recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date, 1 (one) equity shares of Re 1 (Indian Rupee one) each of Resulting Company credited as fully paid up for every 1 (one) equity share of Re 1 (Indian Rupee One) each held by such shareholder in the Demerged Company ("**New Equity Shares**"). The ratio in which equity shares of the Resulting Company are to be issued and allotted to the shareholders of the Demerged Company is referred to as the "**Share Entitlement Ratio**".

8.2 The New Equity Shares to be issued and allotted as provided in Clause 8.1 above shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank *pari-passu* in all respects with the then existing equity shares of the Resulting Company after the Record Date including with respect to dividend, bonus entitlement, rights shares' entitlement, voting rights and other corporate benefits.

8.3 In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of the Resulting Company, the Resulting Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and issue and allot the consolidated shares directly to a trustee nominated by the Board of the Resulting Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole

discretion decide and on such sale, shall pay to the Resulting Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.

- 8.4 The New Equity Shares to be issued pursuant to Clause 8.1 above shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the Board of the Demerged Company. In the event that such notice has not been received by the Resulting Company in respect of any of the shareholders of the Demerged Company, the New Equity Shares shall be issued to such shareholders in dematerialized form provided that the shareholders of the Resulting Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that the Resulting Company has received notice from any shareholder that New Equity Shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/hers/its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue New Equity Shares in physical form to such shareholder or shareholders.
- 8.5 The New Equity Shares issued and/ or allotted pursuant to Clause 8.1, in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act shall, pending settlement of dispute by order of court or otherwise, be held in abeyance by the Resulting Company.
- 8.6 The New Equity Shares issued pursuant to Clause 8.1, which the Resulting Company is unable to allot due to Applicable Laws (including, without limitation, the failure to receive approvals of an Appropriate Authority as required under Applicable Law) or any regulations or otherwise shall, pending allotment, be held in abeyance by Resulting Company and shall be dealt with in the manner as may be permissible under the Applicable Law and deemed fit by the Board of the Resulting Company including to enable allotment and sale of such New Equity Shares to a trustee as mentioned in Clause 8.3 above and thereafter make distributions of the net sales proceeds in lieu thereof (after the deduction of taxes and expenses incurred) to the eligible shareholders of the Demerged Company, in proportion to their entitlements as per the process specified in Clause 8.3 above. If the above cannot be effected for any reason, the Resulting Company shall ensure that this does not delay implementation of the Scheme; and shall, take all such appropriate actions as may be necessary under Applicable Laws. The Resulting Company and / or the Depository shall enter into such further documents and take such further actions as may be necessary or appropriate in this regard and to enable actions contemplated therein.
- 8.7 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of the Demerged Company, the Board of the Demerged Company shall be empowered prior to or even subsequent to the Record Date, to effectuate such transfers in the Demerged Company as if such changes in registered holders were operative as on the Record Date, in order to remove any difficulties arising to the transferors of the shares in relation to the shares issued by the Resulting Company after this Scheme comes into effect. The Board of the Demerged Company shall be empowered to remove such difficulties that may arise in the course of implementation of this Scheme and registration of new shareholders in the Resulting Company on account of difficulties faced in the transition

period.

- 8.8 The issue and allotment of the New Equity Shares in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under section 62 of the Companies Act, 2013 and any other applicable provisions of the Act have been complied with.
- 8.9 The Resulting Company shall apply for listing of its equity shares including those issued in terms of Clause 8.1 above on BSE and NSE in terms of and in compliance of the SEBI Circular.
- 8.10 The New Equity Shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- 8.11 In the event that the Parties restructure their equity share capital by way of share split / consolidation / issue of bonus shares / issue of shares on rights basis during the pendency of the Scheme, the Share Entitlement Ratio shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 8.12 There shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the listing which may affect the basis on which approval is received from the Stock Exchanges.
- 8.13 The New Equity Shares to be issued *in lieu* of the shares of the Demerged Company held in the unclaimed suspense account shall be issued to a new unclaimed suspense account created for shareholders of the Resulting Company.

9. DIVIDENDS

- 9.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only consistent with the past practice, or in the ordinary course.
- 9.2 Upon the Scheme becoming effective, on and from the Appointed Date, the profits of the Demerged Undertaking shall belong to and be the profits of the Resulting Company and will be available to Resulting Company for being disposed of in any manner as it thinks fit.
- 9.3 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 Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of Demerged Company and Resulting Company respectively, subject to such approval of the shareholders, as may be required.

10. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY AND THE RESULTING COMPANY

10.1 Accounting treatment in the books of the Demerged Company

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards, Companies Act, 2013 and generally accepted accounting principles in India:

- 10.1.1 The value of all assets and liabilities pertaining to the Demerged undertaking which cease to be assets and liabilities of the Demerged Company shall be reduced by the Demerged Company at their carrying values; and
- 10.1.2 The difference i.e. the excess or shortfall, as the case may be, of the value of transferred assets over the transferred liabilities pertaining to the Demerged Undertaking and demerged from the Demerged Company pursuant to the Scheme shall be adjusted to the reserves of the Demerged Company.

10.2 Accounting treatment in the books of the Resulting Company

Upon the effectiveness of this Scheme and with effect from the Appointed Date:

- 10.2.1 the Resulting Company shall record transferred assets and liabilities pertaining to the Demerged Undertaking at the respective carrying values as appearing in the books of Demerged Company;
- 10.2.2 the Resulting Company shall issue shares to the shareholders of the Demerged Company as per Clause 8 of this Scheme. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to the Resulting Company's share capital account; and
- 10.2.3 the difference, if any, between the book value of assets and book value of liabilities pertaining to the Demerged Undertaking, after adjusting the amount credited as share capital as per Clause 10.2.2 above, shall be taken to reserves.

11. CONDUCT OF BUSINESS BY THE DEMERGED COMPANY PERTAINING TO DEMERGED UNDERTAKING UNTIL THE EFFECTIVE DATE

Till the Effective Date, the Demerged Company undertakes to carry on the business and activities of the Demerged Undertaking with reasonable diligence, business prudence and shall not except in the ordinary course of business or without prior written consent of the Resulting Company or as provided in this Scheme, alienate, charge, mortgage, encumber or otherwise deal with or dispose any business or part thereof.

12. REMAINING UNDERTAKING

- 12.1 The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and remain vested in and be managed by the Demerged Company.
- 12.2 All proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and relating to the Remaining Undertaking of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Undertaking) shall be continued and enforced against the Demerged Company.
- 12.3 If proceedings are taken against the Resulting Company in respect of matters referred to in Clause 12.2 above relating to the Remaining Undertaking, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company, against all liabilities and obligations incurred by the Resulting Company in respect thereof.

- 12.4 If proceedings are taken against the Demerged Company in respect of matters referred to in Clause 12.2 above relating to the Demerged Undertaking, it 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 and obligations incurred by the Demerged Company in respect thereof.

PART III

GENERAL PROVISIONS

13. APPLICATIONS / PETITIONS TO THE HIGH COURT AND APPROVALS

- 13.1 The Parties shall dispatch, make and file all applications and petitions under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Act before the High Court, for sanction of this Scheme under the provisions of Applicable Law.
- 13.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Demerged Company / Resulting Company may require to own the assets and/ or liabilities of the Demerged Undertaking and to carry on the business of the Demerged Undertaking.

14. INCREASE IN AUTHORISED SHARE CAPITAL OF THE RESULTING COMPANY

- 14.1 Upon this Scheme becoming effective, the authorised share capital of the Resulting Company will automatically stand increased to INR 25,00,00,000 (Rupees Twenty five crore) by simply filing the requisite forms with the Appropriate Authority and no separate procedure or instrument or deed or payment of any stamp duty and registration fees shall be required to be followed under the Act.
- 14.2 Consequently, the Memorandum of Association of the Resulting Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13 and 61 of the Companies Act 2013 and Section 394 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013, as the case may be, and be replaced by the following clause:

"The Authorised Share Capital of the Company is Rs 25,00,00,000 (Rupees Twenty five crore) divided into 25,00,00,000 (Twenty five crore) Equity Shares of Re 1/- (Rupee one only) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force."

- 14.3 It is clarified that the approval of the members of the Resulting Company to this Scheme shall be deemed to be their consent/ approval also to the consequential alteration of the Memorandum of Association of the Resulting Company and the Resulting Company shall not be required to seek separate consent/ approval of its shareholders for such alteration of the Memorandum of Association as required under Sections 13, 14, 61, 62 and 64 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and the applicable provision of the Companies Act, 1956.

15. REDUCTION AND REORGANIZATION OF THE SHARE CAPITAL OF ORIENT ELECTRIC LIMITED

- 15.1 Simultaneously with the issue and allotment of the new equity shares by the Resulting Company to the equity shareholders of the Demerged Company in accordance with Clause 8.1 of this Scheme, in the books of the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date which shall be regarded as reduction of share capital. The order of the High Court sanctioning the Scheme shall be deemed to be an order under section 102 of the Act confirming the reduction.
- 15.2 The consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be the consent of its shareholders for the purposes of effecting the above reduction, if any, under provisions of Section 100 to 103 of the Act, and no further resolution under Section 100 to 103 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

16. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 16.1 The Demerged Company and the Resulting Company, through their respective Boards, acting collectively, in their full and absolute discretion, may make and/or consent to any modifications / amendments to the Scheme or to any conditions or limitations:

16.1.1 which they may deem fit; or

16.1.2 which the High Court, Stock Exchange(s), SEBI and any other Appropriate Authority may deem fit to suggest / impose / direct; or

16.1.3 effect any other modification or amendment which the High Court may deem fit;

and give such directions as they may consider necessary or desirable for settling any question, doubt or difficulty arising under 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 or in regard to its implementation or in any matter connected therewith (including any question, doubt or difficulty arising in connection with any deceased or insolvent shareholder of the Demerged Company or the Resulting Company, as the case may be) and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

- 16.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the authorised person of the Demerged Company and/or the Resulting Company may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all Parties, in the same manner as if the same were specifically incorporated in this Scheme.
- 16.3 If, upon the Scheme becoming effective and upon the transfer and vesting of the assets and liabilities of the Demerged Undertaking into the Resulting Company and pursuant to the provisions of Applicable Law, the Resulting Company is not permitted under the Applicable Law to carry on the certain business or hold assets, licenses, etc, transferred and vested pursuant to this Scheme, the Board of the Resulting Company shall be permitted and/or entitled to divest such business or assets, licences, etc, in the manner as it may be deemed appropriate.

17. CONDITIONS PRECEDENT

17.1 This Scheme is conditional on and subject to:

17.1.1 the sanction or approval of the Appropriate Authorities and other sanctions and approvals (as may be required by Applicable Law) in respect of this Scheme being obtained in respect of any of the matters in respect of which such sanction or approval is required or on the expiry of any statutory time period pursuant to which such approval is deemed to have been granted; and

17.1.2 certified/authenticated copy of the order of the High Court, sanctioning the Scheme, being filed with the Registrar of Companies, Odisha by the Demerged Company and the Resulting Company in relation to this Scheme.

17.2 Other conditions precedent for this Scheme:

17.2.1 approval of the Scheme by the requisite majority of each class of shareholders / creditors of the Demerged Company and the Resulting Company or as may be required under the Act and as may be directed by the High Court; and

17.2.2 the sanction and order of High Court, under Sections 391 to 394 of the Companies Act, 1956 being obtained by the Demerged Company and the Resulting Company.

17.3 It is hereby clarified that submission of the Scheme to the High Court; and to Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Demerged Company and/or the Resulting Company may have under or pursuant to all appropriate and Applicable Law.

17.4 On the approval of this Scheme by the shareholders of the Demerged Company and the Resulting Company, such shareholders shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the demerger, as the case may be, set out in this Scheme, related matters and this Scheme itself.

18. EFFECT OF NON-RECEIPT OF APPROVALS AND MATTERS RELATING TO REVOCATION / WITHDRAWAL OF THE SCHEME

18.1 In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the High Court, and/or the order or orders not being passed as aforesaid on or before 31 December 2017 or within such further period or periods as may be agreed upon between the Demerged Company and the Resulting Company through their respective Boards, the Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

18.2 The Demerged Company and/or the Resulting Company acting through their respective Boards shall each be at liberty to withdraw from this Scheme, (i) in case any condition or alteration imposed by any Appropriate Authority / person is unacceptable to any of them or (ii) they are of the view that coming into effect of this Scheme could have adverse implications on the respective companies.

18.3 In the event of revocation/withdrawal under Clauses 18.1 and 18.2 above, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Demerged Company and/or the Resulting Company 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 as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

18.4 If any provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Demerged Company and the Resulting Company through their respective Boards, affect the validity or implementation of the other parts and/or provisions of this Scheme.

19. **COSTS, CHARGES AND EXPENSES**

The Resulting company shall bear all costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) arising out of or incurred in connection with and in implementing this scheme and matters incidental thereto.

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ORIENT PAPER & INDUSTRIES LTD.
CK BIRLA GROUP

**Report on Recommendation of Share Entitlement Ratio on
Demerger of Consumer Electric Business of Orient Paper
& Industries Limited into Orient Electric Limited**

October 2016

N D A & ASSOCIATES

Chartered Accountants

Strictly Private and Confidential

October 17, 2016

Board of Directors

Orient Paper and Industries Limited

9/1, R. N. Mukherjee Road

Kolkata – 700 001

Board of Directors

Orient Electric Limited

9/1, R. N. Mukherjee Road

Kolkata – 700 001

Re: Report on Recommendation of Share Entitlement Ratio on Demerger of Consumer Electric Business of Orient Paper & Industries Limited into Orient Electric Limited.

Dear Sirs,

1.0 CONTEXT & PURPOSE

We refer to the engagement letter dated 20-09-2016 and the subsequent discussion we had with you, wherein you have requested us to provide our recommendation of a fair Share Entitlement Ratio of Equity Shares of the resultant company to be issued to the shareholders of Orient Paper & Industries Limited (hereinafter referred to as “OPIL” or the “**Demerged Company**”) pursuant to the proposed Scheme of Demerger of Consumer Electric Business of OPIL. “**Consumer Electric Business**” means the undertaking of the Demerged Company carrying on the business of manufacture, production, sale and distribution of Consumer Electricals.

2.0 BACKGROUND

2.1 OPIL is a public company, limited by shares, incorporated under the provisions of the Companies Act, 1913 and having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India and has two primary business segments, being the paper business and the consumer electric business.

The equity shares of the Demerged Company are listed on BSE Limited and the National Stock Exchange of India Limited.

2.2 Orient Electric Limited (hereinafter referred to as “**Resulting Company**” or OEL) is a company incorporated under the Companies Act, 2013 on 10th October, 2016 and having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India.

Commerce House, Suite 4A, 5th Floor, 2A, Ganesh Chandra Avenue, Kolkata 700 013
Offices at : New Delhi & Bangaluru



N D A & Associates

Chartered Accountants

The equity shares of the Resulting Company are not listed on any stock exchange in India. The entire share capital of the Resulting Company is held by the Demerged Company.

- 2.3 We understand that the management of OPIL is contemplating a restructuring of its business. Accordingly, it is proposed that the Consumer Electric Business of the company be demerged into OEL, a newly incorporated wholly owned subsidiary of OPIL.

The demerger is proposed to be effected through a scheme of Arrangement under Sections 391-394 of the Companies Act, 1956 and other applicable provisions of the Companies Act 2013 (to the extent applicable).

It will also be in accordance with Section 2(19AA) of the Income Tax Act, 1961.

- 2.4 Accordingly, the entire business of OPIL shall be restructured and the business activity relating to the consumer electric business proposed to be demerged shall be transferred to and vested with OEL. All the properties movable or immovable and assets of whatever nature and kind relating to the business divisions under consideration for the demerger, shall without any further act or deed be and stand transferred to and vested in OEL and also the liabilities pertaining to the said division shall be assumed by OEL.

- 2.5 The Appointed Date of the proposed Demerger is 1st March 2017 and the Effective Date shall be the date on which the last requisite sanctions, approvals or orders are obtained. We understand that pursuant to the Scheme of Demerger, the existing shareholders of OPIL are to receive shares in the equity share capital of the Resulting Company as referred to in Clause 8.1 of the Scheme of Arrangement, pursuant to demerger of the Demerged Undertakings into the Resulting Company.

3.0 SCOPE OF WORK

- 3.1 In the context of the proposed demerger of Business Undertaking (as mentioned above) of OPIL, you have approached us to assist in arriving at the Share Entitlement Ratio for the purpose of issue of Equity Shares in OEL to the shareholders of OPIL as on the Record Date to be fixed jointly by the Board of Directors of the Demerged Company and the Resulting Company.

- 3.2 Share Entitlement Ratio is the ratio in which equity shares of the Resulting Company are to be issued and allotted to the shareholders of the Demerged Company

4.0 BASIS, ASSUMPTIONS & PROCEDURES

- 4.1 For the purpose of arriving at the Share Entitlement Ratio, the procedure used included collection and analysis of information and data and such other substantive steps as we consider necessary under the circumstances, including but not necessarily limited to, the following:

- Discussions with the management of OPIL and OEL
- Study of financial and operating conditions and review of historical performance of OPIL
- Consideration of audited financial statements of OPIL for the financial years ended on 31st March 2016 and 31st March 2015 and the figures pertaining to the demerged business and retained business as at and for the year ended 31st March 2016



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- Consideration of draft scheme of arrangement
- Consideration of Memorandum and Articles of Association of both the companies
- Such other analysis, reviews and enquiries as warranted on the facts or requirements

5.0 DEMERGER OBJECTIVES

5.1 The objectives underlying the proposed demerger as communicated by the Management are as under:

OPIL is engaged in 2 (two) distinct lines of business namely:

- (a) manufacture and distribution of paper and paper products such as writing paper, printing paper and tissue paper (collectively referred to as the "**Paper Business**"); and
- (b) manufacture and distribution of consumer appliances such as fans, lighting products, home appliances and switch gears (collectively referred to as the "**Consumer Electric Business**").

The nature of risk and competition involved in each of the Paper Business and Consumer Electric Business is distinct, necessitating different management approaches and focus. Moreover, the competitive dynamics of these businesses are also different.

5.2 The management feels that separation of the Consumer Electric Business, by way of the proposed Scheme from the Demerged Company would lead to significant benefits for both businesses including:

- (a) enable a dedicated management focus and to accelerate growth of the Consumer Electric Business unlocking significant value for the shareholders of Orient Paper and Industries Limited; and
- (b) access to varied sources of funds for the rapid growth of both businesses.

5.3 The said demerger shall enable the Management to have focused business approach for maximization of benefits to all stakeholders in future. It will also result in administrative convenience and better control through decentralization of authority as the areas of work shall become specific.

5.4 The companies shall become separate responsibility centres as a result of which the advantage and disadvantage of any decision shall remain undiluted and shall give a clear picture of the affairs of each activity thereby assisting in chalking out best possible business strategy for each activity.

6.0 OUR APPROACH

6.1 We have considered the following to arrive at our recommendation of the share entitlement ratio:

The issued, subscribed and paid up share capital of OPIL as at 31.03.2016 is as under:

Issued – 20,48,87,970 Equity Shares of Re. 1/- each

Subscribed & fully paid-up - 20,48,68,760 Equity Shares of Re. 1/- each

The Management has stated the Authorized Share Capital of OEL is Rs 500,000/- divided into 500,000 equity shares of Re 1/- each. The issued, subscribed and paid up share capital of OEL is 500,000 equity shares of Re. 1 each.



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- 6.2 Based on audited financial statements of OPIL for the financial year 2015-16, the share of demerged business and the retained business is as under:

| Particulars | Rs in Crores | | Total |
|-------------------|----------------------------|----------------|---------|
| | Consumer Electric Business | Paper Business | |
| Net Sales | 1301.83 | 518.53 | 1820.36 |
| EBIDTA | 90.78 | 26.07 | 116.85 |
| Profit before Tax | 45.28 | (-) 23.93 | 21.35 |
| Profit after Tax | | | 21.02 |
| Net worth | | | 414.21 |
| Capital Employed | 425.99 | 439.08 | 865.07 |

Source - Management

- 6.3 We have also considered the dividend payout by OPIL for last 4 years. We have not considered the FY 2011-12 since the financial results included operations of Cement division, demerged from OPIL effective 1st April 2012.

| Financial Year | Profit after Tax (Rs in Lacs) | Dividend % | Dividend payout including Tax (Rs in Lacs) |
|----------------|----------------------------------|------------|--|
| 2012-13 | (-) 3223.49 | 10 | 239.69 |
| 2013-14 | 423.64 | 10 | 239.69 |
| 2014-15 | (-) 2865.02 | 10 | 245.83 |
| 2015-16 | 2102.08 | 25 | 616.44 |

Source – Management

We have discussed the possibility of dividend payouts by OEL post demerger, with the Management and they have indicated that they would like to keep a similar payout for OEL as has been for OPIL, going forward.

- 6.4 Since OEL is a company with no other activity and all the shares, to be issued by it pursuant to demerger, are to be issued to the shareholders of OPIL, in effect, no different shareholder interest is to emerge. The principle to be considered is that the shareholders proportionate holding is to remain same.

In the present analysis where the proposal is of restructuring of the existing diversified activities into specific activities and that too when the set of shareholders is identical, what is much relevant is not determination of the value of the shares of the companies separately, but the determination of the total number of shares of resulting company to be issued in exchange for / against existing shares of the company.



7.0 RECOMMENDATION

- 7.1 As stated in the paragraphs above, in the case of this type of de-merger, there is no requirement for separate valuation of shares as the Resultant Company is currently a 100% subsidiary of the Demerged Company and all the existing shareholders of OPIL will become shareholders of the Resulting Company. Upon allotment of equity shares by the Resulting Company in the proposed Share Entitlement Ratio, the ultimate beneficial economic interest of the existing shareholders of OPIL in the equity of the Resulting Company will be same as it is in the equity of OPIL.
- 7.2 Under these circumstances we recommend that based on and subject to various assumptions and limitations set forth herewith, the share Entitlement Ratio of 1 (One) equity share of Re. 1/- each of the Resultant Company as fully paid up for every 1 (one) equity share of Re. 1/- each fully paid-up to the members of OPIL as on the Record Date (to be decided by the Board of both the companies after approval of the proposed scheme of arrangement) in consideration for the demerger is fair and reasonable.

Upon the scheme of demerger becoming effective, the initial issued, subscribed and paid up share capital of the resulting company consisting of 500,000 equity shares of Re. 1 each shall stand cancelled.

8.0 LIMITATIONS

- 8.1 Our recommendation is dependent upon the information furnished to us by the Management of OPIL and OEL which we believe to be reliable and complete in all respect. We do not assume any responsibility for the correctness or accuracy of the audited financial statements since we have not carried out any sort of audit or review of the same.
- 8.2 Our scope is limited to provide our recommendation on the proposed share entitlement ratio. Therefore this report is not an opinion or certification of compliance of various laws relating to proposed demerger.
- 8.3 We have not made any investigation or assume no responsibility in respect of the titles of the assets or liabilities of OPIL and disclosures made by the management have been assumed to be valid.
- 8.4 It should be noted here that any exercise of the nature covered in this report is not a precise science or mathematical exercise. Such exercise is always subjective and dependent on individual judgement. While we have provided our recommendation on the share entitlement ratio, others may have different opinion. Ultimately, the exercise will leave matters open for final judgment of parties concerned.

9.0 DISTRIBUTION OF OUR REPORT

- 9.1 This Report is issued for the Board of Directors of OPIL and the Resulting Company. This report is intended for sole use by the companies only in connection with the proposed demerger including for the purpose of obtaining necessary approvals. This report should not be distributed or used for any purpose, other than the proposed demerger.

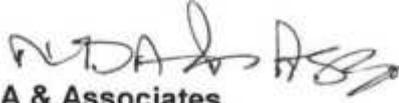


N D A & Associates

Chartered Accountants

We place on record of our sincere appreciation for the co-operation extended by the management in course of this assignment.

Yours faithfully,



N D A & Associates
Chartered Accountants
(FRN: 028709N)

Commerce House
Suite 4A, 5th Floor
2A Ganesh Chandra Avenue
Kolkata 700 013





IDBI Capital Markets & Securities Ltd.
 (formerly known as IDBI Capital Market Services Limited)
Regd. Office:
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 Email: info@idbicapital.com
 CIN : U65990MH1993GOI075578

Ref: No. Inv Bk/CMG/AD/2016-17/147

Strictly Private & Confidential

Date: October 17, 2016

The Board of Directors

Orient Paper & Industries Limited

Birla Building

9/1 R. N. Mukherjee Road

Kolkata – 700 001

Dear Members of the Board:

Please find enclosed herewith, the Fairness Opinion as required pursuant to our Engagement Letter dated October 07, 2016.

Yours truly,

For IDBI Capital Markets & Securities Limited



Name: Monica Nagpal

Designation: Sr. Vice President

Enclosed: a/a

(Wholly Owned Subsidiary of IDBI Bank Limited)

Strictly Private & Confidential

Date: October 17, 2016

The Board of Directors

Orient Paper & Industries Limited

Birla Building

9/1 R. N. Mukherjee Road

Kolkata – 700 001

Dear Members of the Board:

Engagement Background

We understand that the Board of Directors of Orient Paper & Industries Limited is considering the demerger of “consumer electric division” of Orient Paper & Industries Limited (the “**Demerged Company**” or “**OPIL**”) into a wholly owned subsidiary in the name of Orient Electric Limited (the “**Resulting Company**”) through a Scheme of Arrangement under section 391-394 of the Companies Act, 1956 and other applicable provisions of the Companies Act 2013 (to the extent applicable).

The scheme envisages demerger of the “consumer electric division” (the “**Demerged Undertaking**”) of OPIL into Resulting Company as per terms and conditions more fully set forth in the scheme of Arrangement to be placed before the Board of their approval.

Orient Paper & Industries Limited has appointed NDA & Associates, Chartered Accountants (“**NDA**” or the “**Valuer**”) to prepare a valuation report (“**Valuation Report**”) and recommend a fair Entitlement ratio for distribution of equity shares of OPIL to the equity shareholders of Resulting Company. As per the Valuation Report dated October 17, 2016, the Valuer has recommended that in consideration of the demerger of the “consumer electric division” of Demerged Company into the Resulting Company pursuant to the draft Scheme of Arrangement, for every 1 (one) equity share of the face value of Re. 1/- each held by the shareholders of Demerged Company, the Resulting Company shall issue and allot 1 (one) equity share of the face value of Re. 1/- each fully paid up (hereinafter referred to as the “**Share Entitlement Ratio**”).

In connection with the aforesaid, you requested our Fairness Opinion (the “**Opinion**”) as of the date hereof, as to the fairness of the Share Entitlement Ratio to the Equity Shareholders of the Demerged Company. The scope of this Opinion includes commenting on the fairness of the Share Entitlement Ratio

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(Wholly Owned Subsidiary of IDBI Bank Limited)

recommended by the Valuer and not on the fairness or the economic rationale of the Scheme of Arrangement per se or the valuation methods used by the Valuer or the historical and projected financial statements relied upon for the same by the Valuer.

This Opinion is addressed to the Board of Directors of OPIL. Further, this Opinion is subject to the scope, limitations, assumptions, exclusions and disclaimers detailed herein and in Appendix A and the same has been issued as per the requirements of SEBI circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with SEBI circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013 (collectively the "SEBI Circulars"). As such the Opinion is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This Opinion has been issued only for the purpose of facilitating the Scheme of Arrangement in terms of the abovementioned SEBI Circulars and should not be used for any other purpose.

Source of Information

In arriving at the Opinion set forth below, we have relied upon the accuracy and completeness of all information and documents provided to us by the Company and/or their other advisors, including:

1. Valuation Report dated October 17, 2016 prepared by the Valuer (a draft was shared with us before issuance of the final Valuation Report)
2. Memorandum & Articles of Association of OPIL & Resulting Company
3. The Draft Scheme of Arrangement prepared by M/s Khaitan & Co; which inter alia provides for:
 - a. The consumer electric business of the Demerged Company will be transferred to the Resulting Company.
 - b. Resulting Company is a 100% subsidiary of OPIL.
 - c. On the record date, all shareholders of the Demerged Company will be entitled to receive shares in the Resulting Company.
 - d. The Resulting Company will issue one equity share for every one equity share held by the shareholders of OPIL
 - e. On and from the Effective Date, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled.
 - f. OPIL will retain all the undertakings, business and activities which are not exclusively related to or utilized by the consumer electric business.
4. The current shareholding pattern of OPIL
5. Audited Annual Accounts of OPIL for the financial years 2014-15 and 2015-16 as provided to us by the management of OPIL and limited review financial information for September 30, 2016
6. Other information, explanations and representations provided by the management of OPIL and/or its other advisors



Conclusion

Based upon and subject to the contents of this document (including the Appendix A), our work as described herein, to the best of our knowledge and belief, we are of the opinion that, as of the date hereof, the Share Entitlement Ratio, as recommended by NDA, is fair in relation to the proposed draft Scheme of Arrangement, from a financial point of view.

Yours truly,

For IDBI Capital Markets & Securities Limited



Name: Monica Nagpal

Designation: Sr. Vice President

APPENDIX A

Scope Limitations and Disclosures

In rendering our Opinion, we have assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data whether publicly available or provided to or otherwise reviewed by or discussed with us, and upon the understanding that the management of OPIL and its other advisors are not aware of any relevant information relating to OPIL and Resulting Company that has been omitted or that remains undisclosed to us that would make the information or data examined by, provided to, reviewed by or discussed with us inaccurate or misleading in any respect or that would otherwise be relevant in arriving at our Opinion.

The terms of engagement were such that for arriving at the Opinion we were entitled to rely upon the information provided by the Companies and their other advisors without detailed enquiry. Our work does not constitute an audit, due diligence or certification of the historical or projected financial statements including the working results of the Companies or their businesses referred to in this Opinion. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. We assume no responsibility whatsoever for any errors in the information furnished by the Companies and/or their other advisors and their impact on the present exercise.

We have relied upon and have not independently verified or validated, nor do we express any opinion on, the financial, market, technical or operating projections and other information or data provided to us, or the management's views on the future businesses, operations and prospects or any underlying assumptions with respect thereto. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the facilities/assets and liabilities of the Companies and we neither express any opinion with respect thereto nor accept any responsibility therefore.

We have not made any independent valuation or appraisal of the assets or liabilities of the Companies or any of their subsidiaries, nor have we been furnished with any such appraisals. We have not conducted or prepared a model for any asset valuation or provided an analysis of due diligence or appraisal of the assets and liabilities of the Companies and have wholly relied on information provided by the Companies in that regard. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts.

Neither IDBI Capital Markets & Securities Limited nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which this Opinion has been issued. In no circumstances however, will IDBI Capital or its affiliates, partners, directors, shareholders, managers, employees or agents of any of them accept any responsibility or liability including any pecuniary or financial liability to any third party and in the unforeseen event of any such responsibility/liability being imposed on IDBI Capital or its associates/affiliates, directors or employees by any third party, OPIL shall indemnify them in accordance with the Engagement Letter dated October 07, 2016.



We are not legal, taxation or actuarial advisors and accordingly, our Opinion should not be construed as certifying the compliance with the provisions of any law including company or taxation laws or any legal, regulatory including all SEBI regulations, accounting or taxation implications or issues. We understand that the Company would obtain such advice as deemed necessary from qualified professionals.

We do not express any opinion as to the price at which shares of the Demerged Company and/or the Resulting Company may trade at any time, including subsequent to the date of this Opinion. In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary Regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Demerged Company and / or its subsidiaries, Resulting Company and / or its subsidiaries and their respective shareholders.

We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, or other contingent liabilities to which the Company is or may be a party or are or may be a subject, or of any government investigation of any possible unasserted claims or other contingent liabilities to which the Companies are or may be a party or are or may be a subject. No investigation as to the Companies' claim to title of assets has been made for the purpose of this exercise and the Companies' claim to such rights has been assumed to be valid. We have not evaluated the solvency or fair value of the Demerged Company and/or the Resulting Company under either the laws of India or other laws relating to bankruptcy, insolvency or similar matters.

Our Opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date thereof. We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company as contemplated in the draft Scheme provided to us and is not valid for any other purpose. In arriving at our Opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving the Company or any of their assets, nor did we negotiate with any party in this regard. Our 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 Scheme or any matter related thereto.

Our Opinion also does not address any matters other than expressly stated herein, including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. We were not requested to, and we did not, participate in the negotiation of the terms of the Arrangement, its feasibility or otherwise and we did not provide any advice or services in connection with the Arrangement other than the delivery of this Opinion. We express no view or opinion as to any such matters. We also express no view as to, and our Opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees to any parties of the Arrangement, or any class of such persons, relative to the Share Entitlement Ratio. We express herein no view or opinion as to any terms or other aspects of the Scheme of Arrangement (other than the Share Entitlement Ratio to the extent expressly stated herein).



IDBI Capital Market Services Ltd will receive a fee in connection with the delivery of this Opinion. The fee for our services is not contingent upon the nature of Opinion provided to OPIL. The fee for our services is not contingent upon the results of the proposed Arrangement. In addition, OPIL has agreed to reimburse certain of our expenses and to indemnify us against liabilities arising out of our engagement. This Opinion is subject to the laws of India. We and/or our affiliates in the past may have provided, and may currently or in the future provide, investment banking, commercial banking and other financial services to the Companies and their affiliates unrelated to the proposed Arrangement. We may have received or in the future may receive compensation for the rendering of the aforementioned services. In the ordinary course of our businesses, we and our affiliates may invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in debt, equity or other securities or financial instruments (including derivatives, bank loans or other obligations) of OPIL and/or Resulting Company and/or their respective affiliates, holding companies and group companies.

In no circumstances shall the liability of IDBI Capital Markets & Securities Limited, its directors or employees related to the service provided in connection with this opinion, exceed the amount paid to IDBI Capital as fees for this Opinion.

Distribution of this Opinion

It is understood that this Opinion is for the benefit and use of the Board of Directors of OPIL (in its capacity as such) in connection with and for the purposes of its evaluation of the proposed Arrangement and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of OPIL. This Opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party, nor shall any public reference to us be made, for any purpose whatsoever except (i) with our prior written consent in each instance; and (ii) as required to be disclosed by OPIL pursuant to the listing agreements between OPIL and the stock exchanges and the SEBI Circulars (the "Purpose").

It is understood that this Opinion is solely for the Purpose, and should not be relied on by anybody to whom this Opinion is not addressed. If this Opinion is used by any person other than to whom this Opinion is addressed, or other than for the Purpose, then we will not be liable for any consequences thereof. Neither this Opinion nor its contents may be referred to quoted to/by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties. The receipt of this Opinion by any person is not to be taken as constituting the giving of investment opinion by us to any such person, not to constitute such person our client.



REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ORIENT PAPER AND INDUSTRIES LIMITED AT ITS MEETING HELD ON 16TH MAY 2017 EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS

1. BACKGROUND

- 1.1. The proposed scheme of arrangement between Orient Paper & Industries Limited (“**Company**” or “**Demerged Company**”) and Orient Electric Limited (“**Resulting Company**”) and their respective shareholders and creditors (“**Scheme**”) was approved by the Board of Directors of the Company (“**Board**”) vide resolution dated 17 October 2016. Subsequent to the said date, provisions of Sections 230 to 232 of the Companies Act, 2013, inter alia, governing amalgamation of companies have become operative with effect from 15 December 2016. Provisions of Section 232(2)(c) of the Companies Act, 2013 requires the directors to adopt a report explaining the effect of the arrangement on each class of shareholders, key managerial personnel (“**KMPs**”), promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio and the same is required to be circulated as part of the notice to the meeting held for the purpose of approving the Scheme.
- 1.2. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.3. The following documents were placed before the Board
 - 1.3.1. Draft Scheme duly initialled by the Managing Director for the purpose of identification;
 - 1.3.2. Valuation Report dated 17 October 2016 of M/s NDA & Associates, Independent Chartered Accountants (“**Valuer**”) describing the methodology adopted by them in arriving at the share entitlement ratio (“**Valuation Report**”);
 - 1.3.3. Fairness Opinion dated 17 October 2016 of IDBI Capital Markets & Securities Limited, a Category I Merchant Banker, providing the fairness opinion on the Valuation Report of the Valuer; and
 - 1.3.4. Report of the Audit Committee of the Board dated 17 October 2016.

2. VALUATION REPORT

- 2.1. Valuer has recommended the following share entitlement ratio for the Scheme:

1 (One) equity share of Re. 1/- each of the Resulting Company as fully paid up for every 1 (One) equity share of Re. 1/- each fully paid up to the members to the members of the Demerged Company as on the Record Date.

- 2.2. The aforesaid share entitlement ratio has been confirmed in the Fairness Opinion.

Orient Paper and Industries Limited

Birla Building 13th fl, 9/1 RN Mukherjee Road, Kolkata 700001, India +91 033 30573700 Email: info@orientpaperindia.com

Registered Office: Unit VIII, Plot No 7, Bhojnagar, Bhubaneswar 751012, India www.orientpaperindia.com CIN:

L21011OR1936PLC000117

2.3. No special valuation difficulties were reported

3. Effect of the Scheme on the equity shareholders (promoter and non-promoter) of the Company

Both the promoter and non-promoter shareholders of the Company will receive shares in the Resulting Company in accordance with Clause 8.1 of the Scheme

4. Effect of the Scheme on the KMPs of the Company

There is no impact of the Scheme on the KMPs of the Company. Further none of the KMPs have any interest in the Scheme except to the extent of the equity shares held by them, if any in the Company

For and on behalf of the Board
Orient Paper & Industries Limited

Sd/-
Manohar Lal Pachisia
Managing Director
DIN: 00065431

Place: New Delhi
Date : 16th May 2017

ORIENT ELECTRIC LIMITED

9/1, R.N. Mukherjee Road, Kolkata-700001

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ORIENT ELECTRIC LIMITED AT ITS MEETING HELD ON 12TH MAY 2017 EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

1. BACKGROUND

- 1.1. The proposed scheme of arrangement between Orient Paper & Industries Limited ("Demerged Company") and Orient Electric Limited ("Company" or "Resulting Company") and their respective shareholders and creditors ("Scheme") was approved by the Board of Directors of the Company ("Board") vide resolution dated 17 October 2016. Subsequent to the said date, provisions of Sections 230 to 232 of the Companies Act, 2013, inter alia, governing amalgamation of companies have become operative with effect from 15 December 2016. Provisions of Section 232(2)(c) of the Companies Act, 2013 requires the directors to adopt a report explaining the effect of the arrangement on each class of shareholders, key managerial personnel ("KMPs"), promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio and the same is required to be circulated as part of the notice to the meeting held for the purpose of approving the Scheme.
- 1.2. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.
- 1.3. The following documents were placed before the Board
- 1.3.1. Draft Scheme duly initialled by the Director for the purpose of identification;
- 1.3.2. Valuation Report dated 17 October 2016 of M/s NDA & Associates, Independent Chartered Accountants ("Valuer") describing the methodology adopted by them in arriving at the share entitlement ratio ("Valuation Report");

2. VALUATION REPORT

- 2.1. Valuer has recommended the following share entitlement ratio for the Scheme:
- 1 (One) equity share of Re. 1/- each of the Resulting Company as fully paid up for every 1 (One) equity share of Re. 1/- each fully paid up to the members to the members of the Demerged Company as on the Record Date.*
- 2.2. The aforesaid share entitlement ratio has been confirmed in the Fairness Opinion.
- 2.3. No special valuation difficulties were reported

Regd. Office: UNIT-VIII, PLOT NO.7
BHOINAGAR, BHUBANESWAR-751012(Odisha) Phone No. 0674- 2396030/2396364
CIN No. U31100OR2016PLC025892

ORIENT ELECTRIC LIMITED

9/1, R.N. Mukherjee Road, Kolkata-700001

3. Effect of the Scheme on the equity shareholders (promoter and non-promoter) of the Company

The existing shareholding of the Company will be cancelled in terms of Clause 15 of the Scheme.

4. Effect of the Scheme on the KMPs of the Company

There is no impact of the Scheme on the KMPs of the Company. Further none of the KMPs have any interest in the Scheme except to the extent of the equity shares held by them, if any in the Company

For and on behalf of the Board
Orient Electric Limited

Sd/-
Pradeep Kumar Sonthalia
Director
DIN: 00065464

Place: Kolkata
Date : 12th May 2017

S.R. BATLIBOI & Co. LLP

Chartered Accountants

22, Camac Street
3rd Floor, Block 'C'
Kolkata-700 016, India
Tel : +91 33 6615 3400
Fax : +91 33 6615 3750

**Review Report to
The Board of Directors
Orient Paper & Industries Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Orient Paper & Industries Limited ('the Company') for the quarter and nine months ended December 31, 2016 (the "Statement"). This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Without qualifying our conclusion, we draw attention to Note 2 to the accompanying Statement regarding remuneration paid to Managing Director during the years ended March 31, 2015 and March 31, 2016 which has exceeded the limit prescribed under Section 197 read with Schedule V to the Companies Act, 2013, by Rs.178.19 lacs and Rs. 177.70 lacs respectively. As informed to us, the Company has filed application / is in the process of making further representation to the Central Government for the waiver of above excess remuneration and pending receipt of the approval, no adjustments to financial results have been made.

For S.R. BATLIBOI & CO. LLP

ICAI Firm registration number: 301003E/E300005

Chartered Accountants

per Sanjay Kumar Agarwal

Partner

Membership No. 060352

Place: New Delhi

Date: January 20, 2017



ORIENT PAPER & INDUSTRIES LTD.

[Regd. Office : Unit VIII, Plot 7, Bhojnagar, Bhubaneswar - 751012 (Odisha)]

Tel:(0674)2396030 /2392947, Fax(0674) 2396364, E-mail:paper@opilbbsr.com

CIN: L21011OR1936PLC000117

Unaudited Financial Results for the quarter / nine months ended 31st December,2016

(Rs. in lacs)

| Sl. No. | Particulars | Quarter Ended | | | Nine Months Ended | | Year Ended |
|---------|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| | | 31-12-2016 (Unaudited) | 30.09.2016 (Unaudited) | 31-12-2015 (Unaudited) | 31-12-2016 (Unaudited) | 31-12-2015 (Unaudited) | 31.03.2016 (Audited) |
| 1 | Income from operations | | | | | | |
| | Gross sales/income from operations | 40,031.74 | 42,909.97 | 40,690.53 | 125,661.09 | 124,534.65 | 192,917.34 |
| | Less : excise duty | 2,798.71 | 3,190.41 | 2,645.46 | 9,474.76 | 8,869.58 | 14,681.41 |
| | (a) Net sales/income from operations | 37,233.03 | 39,719.56 | 38,045.07 | 116,186.33 | 115,665.07 | 178,235.93 |
| | (b) Other operating income | 924.53 | 836.74 | 856.59 | 2,563.00 | 2,685.50 | 3,799.61 |
| | Total income from operations (net) | 38,157.56 | 40,556.30 | 38,901.66 | 118,749.33 | 118,350.57 | 182,035.54 |
| 2 | Expenditure | 37,477.84 | 39,577.48 | 38,283.51 | 116,642.23 | 119,208.03 | 176,520.76 |
| | (a) Increase (-) / decrease (+) in stock in trade and work-in-progress | (7,763.32) | 408.85 | (6,039.97) | (7,477.93) | (6,366.96) | 567.64 |
| | (b) Purchases of traded goods | 7,124.21 | 6,295.81 | 7,187.41 | 19,953.16 | 19,323.99 | 29,183.81 |
| | (c) Consumption of raw materials | 19,793.68 | 15,579.28 | 20,051.96 | 52,253.43 | 54,355.02 | 76,420.01 |
| | (d) Consumption of stores , chemicals & spares | 1,795.47 | 1,845.80 | 1,853.75 | 4,856.91 | 5,400.28 | 7,128.57 |
| | (e) Power & fuel | 2,522.32 | 2,750.21 | 2,678.07 | 7,478.18 | 8,198.73 | 10,898.19 |
| | (f) Employees benefits expenses | 5,563.09 | 5,123.82 | 4,823.83 | 15,661.09 | 13,867.77 | 18,286.73 |
| | (g) Packing, freight & forwarding charges | 2,382.27 | 1,960.09 | 2,433.64 | 6,555.33 | 6,995.50 | 9,819.09 |
| | (h) Depreciation | 1,097.20 | 1,102.99 | 1,113.57 | 3,288.27 | 3,345.74 | 4,431.00 |
| | (i) Other expenditure | 4,962.92 | 4,510.65 | 4,181.25 | 14,073.79 | 14,085.96 | 19,785.72 |
| 3 | Profit / (Loss) from operations before other income, finance costs & tax (1-2) | 679.72 | 978.82 | 618.15 | 2,107.10 | (855.46) | 5,514.78 |
| 4 | Other income | 755.84 | 401.17 | 208.07 | 1,384.17 | 964.95 | 1,738.64 |
| 5 | Profit / (Loss) from before finance costs & tax (3+4) | 1,435.56 | 1,379.99 | 826.22 | 3,491.27 | 109.49 | 7,253.42 |
| 6 | Finance costs | 1,012.93 | 1,012.91 | 1,307.63 | 3,235.58 | 3,805.34 | 5,118.83 |
| 7 | Profit / (Loss) from ordinary activities before tax (5-6) | 422.63 | 367.08 | (481.41) | 255.69 | (3,695.85) | 2,134.59 |
| 8 | Tax expenses / (credit) | 134.24 | 90.70 | (1,124.76) | 34.21 | (1,124.76) | 32.51 |
| 9 | Profit / (Loss) from ordinary activities after tax (7-8) | 288.39 | 276.38 | 643.35 | 221.48 | (2,571.09) | 2,102.08 |
| 10 | Paid-up equity share capital (Face value per share : Re.1/-) | 2,048.79 | 2,048.79 | 2,048.79 | 2,048.79 | 2,048.79 | 2,048.79 |
| 11 | Reserves excluding revaluation reserve | | | | | | 38,772.30 |
| 12 | Earning per share (EPS) (face value of Re.1/- each) | | | | | | |
| | Basic & Diluted (*not annualised) | 0.14 | 0.13 | 0.31 | 0.11 | (1.25) | 1.03 |

Notes :-

- Limited review of the above quarterly results has been carried out by the statutory auditors of the Company.
- Remuneration paid to Managing Director of the Company during the financial years ended March 31, 2015 and March 31,2016 has exceeded the limit prescribed under Section 197 read with Schedule V of the Companies Act, 2013. The Company has filed application / in the process of making further representation for the same to Central Government for waiver of such excess remuneration paid to the Managing Director of the Company. This has been referred to by the auditors in their limited review report for the quarter ended 31st December 2016 and was also referred in the limited review report for the quarter ended 30th June,2016 and 30th September, 2016 as a matter of emphasis.
- Tax expenses include deferred tax and is after adjusting MAT credit entitlement.
- There were no exceptional and extraordinary items during the quarter / nine months ended 31st December, 2016.
- Previous period / year figures have been regrouped / rearranged wherever necessary.
- The above results were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at their respective meetings held on January 20, 2017.



7 The Board of Directors of the Company has decided to demerge the Consumer electric business of the Company by transferring the same on a going concern basis to a newly formed wholly owned subsidiary namely "Orient Electric Limited" through a scheme of arrangement w.e.f. March 01 2017, subject to obtaining necessary approvals.

The above results includes profit / (loss) from discontinuing operations i.e. Consumer electric business of the Company which is to be demerged w.e.f. March 01 2017 as stated above and the details whereof are as under:

| Sl. No. | Particulars | Quarter Ended | | | Nine Months Ended | | Year Ended |
|---------|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| | | 31-12-2016 (Unaudited) | 30.09.2016 (Unaudited) | 31-12-2015 (Unaudited) | 31-12-2016 (Unaudited) | 31-12-2015 (Unaudited) | 31.03.2016 (Audited) |
| 1 | Income from operations (net) | 24725.68 | 26531.10 | 25761.70 | 82287.53 | 81073.80 | 129611.84 |
| 2 | Profit / (Loss) from ordinary activities before tax | (400.27) | 176.65 | (119.96) | 972.03 | (1012.14) | 4414.86 |
| 3 | Tax Expenses including deferred tax (credit) /charge | (138.53) | 61.14 | (41.52) | 336.40 | (350.28) | 1527.89 |
| 4 | Net Profit / (Loss) from ordinary activities after tax (2-3) | (261.74) | 115.51 | (78.44) | 635.63 | (661.86) | 2886.97 |

Segment wise Revenue, Results, Assets and Liabilities

| Sl. No. | Particulars | Quarter Ended | | | Nine Months Ended | | Year Ended |
|---------|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| | | 31-12-2016 (Unaudited) | 30.09.2016 (Unaudited) | 31-12-2015 (Unaudited) | 31-12-2016 (Unaudited) | 31-12-2015 (Unaudited) | 31.03.2016 (Audited) |
| 1 | Segment revenue : | | | | | | |
| | a) Paper & Board | 13,223.17 | 13,793.53 | 13,011.50 | 35,817.20 | 36,844.57 | 51,852.15 |
| | b) Electrical Consumer Durables | 24,725.68 | 26,531.10 | 25,761.70 | 82,287.53 | 81,073.80 | 129,611.84 |
| | c) Others | 208.71 | 231.67 | 128.46 | 644.60 | 432.20 | 571.55 |
| | Total | 38,157.56 | 40,556.30 | 38,901.66 | 118,749.33 | 118,350.57 | 182,035.54 |
| | Less : Inter segment revenue | - | - | - | - | - | - |
| | Net sales/income from operations | 38,157.56 | 40,556.30 | 38,901.66 | 118,749.33 | 118,350.57 | 182,035.54 |
| 2 | Segment Results : (Profit (+)/Loss(-) before interest & tax from each segment) : | | | | | | |
| | a) Paper & Board - Amlai | 1,237.61 | 866.54 | 750.63 | 1,278.71 | 166.83 | 1,243.67 |
| | - Brajrajnagar * | 379.69 | (41.82) | (93.05) | 297.72 | (266.42) | (347.70) |
| | | 1,617.30 | 824.72 | 657.58 | 1,576.43 | (99.59) | 895.97 |
| | b) Electrical Consumer Durables | 63.85 | 662.80 | 446.72 | 2,564.22 | 880.20 | 6,762.43 |
| | c) Others | 41.23 | 45.27 | 4.47 | 116.31 | 16.09 | 49.64 |
| | Total | 1,722.38 | 1,532.79 | 1,106.77 | 4,256.96 | 796.70 | 7,708.04 |
| | Less : | | | | | | |
| | (i) Finance costs | 1,012.93 | 1,012.91 | 1,307.63 | 3,235.58 | 3,805.34 | 5,118.83 |
| | (ii) Other un-allocable expenditure net of un-allocable income | 286.82 | 152.80 | 282.55 | 765.69 | 687.21 | 454.62 |
| | Profit / (Loss) Before Tax | 422.63 | 367.08 | (481.41) | 255.69 | (3,695.85) | 2,134.59 |
| 3 | Segment Assets : | | | | | | |
| | a) Paper & Board | 57,712.18 | 54,608.39 | 52,259.97 | 57,712.18 | 52,259.97 | 56,189.78 |
| | b) Electrical Consumer Durables | 62,336.91 | 53,521.96 | 60,304.45 | 62,336.91 | 60,304.45 | 69,108.02 |
| | c) Others | 459.27 | 422.80 | 353.42 | 459.27 | 353.42 | 350.04 |
| | Total Segment Assets | 120,508.36 | 108,553.15 | 112,917.84 | 120,508.36 | 112,917.84 | 125,647.84 |
| 4 | Segment Liabilities : | | | | | | |
| | a) Paper & Board | 13,989.21 | 13,454.47 | 12,542.11 | 13,989.21 | 12,542.11 | 12,281.48 |
| | b) Electrical Consumer Durables | 26,375.79 | 18,138.04 | 25,811.79 | 26,375.79 | 25,811.79 | 26,713.51 |
| | c) Others | 245.15 | 200.18 | 173.56 | 245.15 | 173.56 | 145.53 |
| | Total Segment Liabilities | 40,610.15 | 31,792.69 | 38,527.46 | 40,610.15 | 38,527.46 | 39,140.52 |

* Shown separately since the unit is non - operational.

NEW DELHI
January 20, 2017

For Orient Paper & Industries Ltd. for ORIENT PAPER & INDUSTRIES LTD.

M. Pachisia
Managing Director

By Order of the Board
for ORIENT PAPER & INDUSTRIES LTD.

M.L.PACHISIA
(Managing Director)

INDEPENDENT AUDITOR'S REPORT**To the Board of Directors of Orient Electric Limited**

We have audited the accompanying interim financial statements of Orient Electric Limited ("the Company"), which comprise the interim Balance Sheet as at December 31, 2016, and the interim Statement of Profit and Loss and interim Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the interim Financial Statements

The Company's Board of Directors is responsible for the preparation of these interim financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standard) Amendment Rules 2016. The Board of Directors is also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility on the interim financial statements

Our responsibility is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the interim financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the



appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the interim financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the interim financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying interim financial statements give a true and fair view in accordance with Accounting Standard (AS) 25 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standard) Amendment Rules 2016:

- (a) in the case of the interim Balance Sheet, of the state of affairs of the Company as at December 31, 2016;
- (b) in the case of the interim Statement of Profit and Loss, of the loss for the period ended on that date; and
- (c) in the case of the interim Cash Flow Statement, of the cash flows for the period ended on that date.

Other matters - restriction of use

The accompanying interim financial statements have been prepared, solely for the purpose of onward submission to the concerned authorities for approval of scheme of arrangement as more fully described in Note 12 of accompanying interim financial statements. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Sanjay Kumar Agarwal**

Partner

Membership Number: 060352

Place of Signature: Kolkata

Date: January 27, 2017

Orient Electric limited.
Balance sheet as at 31 December 2016

| | Notes | As at 31-Dec-16 ₹ |
|--|-------|-------------------------|
| Equity and liabilities | | |
| Shareholders' funds | | |
| Share capital | 3 | 500,000 |
| Reserves and surplus | 4 | (5,952,106) |
| | | <u>(5,452,106)</u> |
| Current liabilities | | |
| Trade payables | | |
| Total outstanding dues of micro enterprises and small enterprises | 5 | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 5 | 25,000 |
| Other Current liabilities | 5 | 5,928,362 |
| | | <u>5,953,362</u> |
| TOTAL | | <u><u>501,256</u></u> |
| Assets | | |
| Current assets | | |
| Cash and bank balances | 7 | 499,885 |
| Other current assets | 6 | 1,371 |
| TOTAL | | <u><u>501,256</u></u> |
| Summary of significant accounting policies | 2.1 | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S. R. BATLIBOI & CO. LLP
 Firm Registration No.: 301003E/E300005
 CHARTERED ACCOUNTANTS


 per Sanjay Kumar Agarwal
 Partner
 Membership No. 060352



For and on behalf of the board
 of directors




Place: Kolkata
 Dated : 27th January 2017

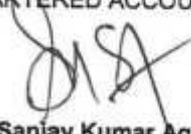
Orient Electric limited.

Statement of Profit and Loss for the period from 10th October 2016 to 31st December 2016

| | Notes | As at ₹ |
|---|-------|--------------------|
| Income | | |
| Interest on bank deposits | | 1,371 |
| Total income | | <u>1,371</u> |
| Expenses | | |
| Preliminary expenses written off | | 60,687 |
| Professional & Consultancy expenses | | 5,867,675 |
| Bank charges | | 115 |
| Payment to Auditors As Auditors - Audit Fees | | 25,000 |
| Total Expenses | | <u>5,953,477</u> |
| Loss before tax for the period | | <u>(5,952,106)</u> |
| Tax expense | | |
| Current tax | | - |
| Total tax expense | | <u>-</u> |
| Loss for the period | | <u>(5,952,106)</u> |
| Earnings per equity share [nominal value of share Rs. 1/-] | | |
| Basic & Diluted (Rs.) | 8 | (11.90) |
| Summary of significant accounting policies | 2.1 | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **S. R. BATLIBOI & CO. LLP**
Firm Registration No.: 301003E/E300005
CHARTERED ACCOUNTANTS


per **Sanjay Kumar Agarwal**
Partner
Membership No. 060352



For and on behalf of the board
of directors




Place: Kolkata
Dated : 27th January 2017

Orient Electric limited.

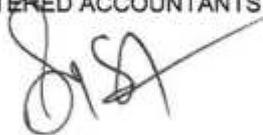
Cash Flow Statement for the period from 10th October 2016 to 31st December 2016

| | ₹ |
|---|---|
| | Period from 10th October 2016 to 31st December 2016 |
| (A) CASH FLOW FROM OPERATING ACTIVITIES : | |
| loss before Tax | (5,952,106) |
| Operating Profit before Working Capital Changes : | |
| Increase in Trade payable and Other liabilities | 5,953,362 |
| Increase in Other assets | (1,371) |
| Net CASH GENERATED FROM OPERATIONS: | (115) |
| (B) CASH FLOW FROM INVESTING ACTIVITIES : | |
| Fixed deposit made | 450,000 |
| NET CASH FROM INVESTING ACTIVITIES | 450,000 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES : | |
| Issue of Equity Shares | 500,000 |
| NET CASH FROM FINANCING ACTIVITIES | 500,000 |
| NET CHANGES IN CASH & CASH EQUIVALENTS (A-B+C) | 49,885 |
| * Cash & Cash Equivalents - Closing Balance | 49,885 |

* Represents Cash and Bank Balances as indicated in Note 7 and excludes Rs. 450000 being fixed deposits for maturity of more than 3 months.

As per our report of even date
For **S. R. BATLIBOI & CO. LLP**
Firm Registration No.: 301003E/E300005

CHARTERED ACCOUNTANTS



per **Sanjay Kumar Agarwal**
Partner
Membership No. 060352



For and on behalf of the board
of directors

1. 
2. 

Place: Kolkata
Dated : 27th January 2017

Orient Electric limited.

Notes to financial statements for the period from 10th October 2016 to 31st December 2016

1. BACKGROUND

Orient Electric Ltd. is a subsidiary of Orient Paper & Industries Limited. The Company has been incorporated on 10th October 2016. The Company has not started any business activity. However, a scheme of arrangement has been approved by the Board of Directors of the Company subject to obtaining necessary approval as stated in Note 9 below.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standard) Amendment Rules 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Revenue Recognition

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

(c) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current period and reversal of timing differences for the earlier periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.



Orient Electric limited.

Notes to financial statements for the period from 10th October 2016 to 31st December 2016

(d) Earnings Per Share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(e) Preliminary Expenses

In accordance with the requirements of Accounting Standard - 26, Preliminary expenses incurred in connection with the formation of the Company are charged off in the period such expenses are incurred.

(f) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(g) Cash and cash equivalents

Cash and cash equivalents for the purposes of Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



Orient Electric limited.

Notes to Financial Statements as at and for the period from 10th October 2016 to 31st December 2016

3. Share capital

| | As at 31-Dec-16 ₹ |
|--|-------------------------|
| Authorized shares | |
| 500000 Equity Shares of Rs1/- each | 500,000 |
| | <u>500,000</u> |
| Issued, subscribed and fully paid-up shares | |
| 500000 Equity shares of Rs1/- each fully paid | 500,000 |
| | <u>500,000</u> |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

| | As at 31-Dec-16 | |
|---|--------------------|----------------|
| | No. of shares | ₹ |
| At the beginning of the period | - | - |
| Issued during the period | 500,000 | 500,000 |
| Outstanding at the end of the period | <u>500,000</u> | <u>500,000</u> |

(a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.1 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Shares held by holding company

The above 500,000 Equity Shares of Rs. 1 each are held by its holding Company namely Orient Paper & Industries Ltd.

4. Reserves and surplus

| | As at 31-Dec-16 ₹ |
|--|-------------------------|
| Deficit in the Statement of Profit and Loss | |
| Loss for the period | (5,952,106) |
| Deficit in the Statement of Profit and Loss | <u>(5,952,106)</u> |
| Total reserves and surplus | <u>(5,952,106)</u> |

5. Other current liabilities

| | As at 31-Dec-16 ₹ |
|--|-------------------------|
| Trade payable | |
| Total outstanding dues of micro enterprises and small enterprises | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 25,000 |
| | <u>25,000</u> |
| Other liabilities | |
| Payable to Orient Paper & Industries Limited, the Holding Company (Refer Note 11) | 5,928,362 |
| | <u>5,928,362</u> |
| Total Other current liabilities | <u>5,953,362</u> |



Orient Electric limited.

Notes to Financial Statements as at and for the period from 10th October 2016 to 31st December 2016

6. Other current assets

| | As at 31-Dec-16 ₹ |
|------------------------------------|-------------------------|
| Interest accrued on fixed deposits | 1,371 |
| | <u>1,371</u> |

7. Cash and bank balances

| | As at 31-Dec-16 ₹ |
|---|-------------------------|
| Cash and cash equivalents | |
| Balance with banks: | |
| - On current account | 49,885 |
| | <u>49,885</u> |
| Other bank balance | |
| - Deposits with remaining maturity for more than 3 months but less than 12 months | 450,000 |
| | <u>450,000</u> |
| Total Cash and bank balances | <u>499,885</u> |

8. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

| | As at 31-Dec-16 ₹ |
|--|-------------------------|
| Net Profit/(Loss) after tax for calculation of basic and diluted EPS | (5,952,106.04) |
| | <u>No.</u> |
| Weighted average number of equity shares in calculating basic and diluted EPS | 500,000 |
| Earnings per equity share [nominal value of share Rs 1] Basic & Diluted (Rs.) | (11.90) |

9. The Company's Board of Directors at its meeting held on October 17, 2016 has approved a Composite Scheme of arrangement between the Company and Orient Paper & Industries Limited (OPIL) in terms of the provisions of Section 391 to 394 and other applicable provisions of the Companies Act, 1956 & Companies Act, 2013 to the extent applicable, for transfer of consumer electric business of OPIL to the Company in a going concern basis with effect from 1st March 2017, subject to obtaining necessary approvals.

10. Orient Paper & Industries Limited, the holding company, has incurred certain Professional & Consultancy expense and other miscellaneous expenses towards the incorporation of the Company and scheme of demerger as stated in Note 9 above, which are to be borne by the Company, in terms of the said scheme of arrangement. The said expenses are reimburseable to the holding company and accordingly, the same has been shown under the head other current liabilities.

11. As the Company has not yet commenced any business activity, segment reporting disclosures as per Accounting Standard - 17, are not applicable and hence not furnished.

12. These interim financial statement for the period ended 31st December 2016 have been prepared for the purpose of onward submission to the concerned authorities for approval of scheme of arrangement as stated in Note 9 above.



Orient Electric limited.

Notes to Financial Statements as at and for the period from 10th October 2016 to 31st December 2016

13. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding Company Orient Paper & Industries Limited

Related party transactions

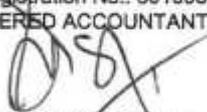
The following table provides the total amount of transactions that have been entered into with related parties for the relevant

a. Advances received

| | Period ended | Advances received | As at 31-Dec-2016 |
|-----------------------------------|--------------|-------------------|-------------------|
| Holding Company | | | |
| Orient Paper & Industries Limited | 31-Dec-16 | 5,928,362 | 5,928,362 |

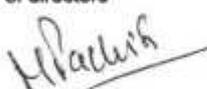
14. The Company has been incorporated on 10th October 2016 and this is being the first financial statement of the Company and hence previous period figures have not been given.

As per our report of even date
For S. R. BATLIBOI & CO. LLP
Firm Registration No.: 301003E/E300005
CHARTERED ACCOUNTANTS


per Sanjay Kumar Agarwal
Partner
Membership No. 060352



For and on behalf of the
board of directors




Place: Kolkata
Dated : 27th January 2017

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

KOLKATA BENCH

Company Application No.160 of 2017

In the matter of:

The Companies Act, 2013;

And

In the matter of Sections 230 and 232 of the Companies Act, 2013;

And

In the Matter of:

Orient Paper & Industries Limited, having CIN L21011OR1936PLC000117, a company incorporated under the provisions of the Companies Act, 1913, having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha

And

Orient Electric Limited, having CIN U31100OR2016PLC025892, a company incorporated under the provisions of the Companies Act, 2013, having its registered office at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha.

..... Applicants.

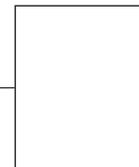
UNSECURED CREDITORS

FORM OF PROXY

I/We, _____, the undersigned Unsecured Creditor/s of Orient Paper & Industries Limited, being the Applicant Company no.1 abovenamed, do hereby appoint Mr./Ms. _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the Unsecured Creditors of Orient Paper & Industries Limited to be held at the registered office of Orient Paper & Industries Limited at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha Thursday, the 29th day of June 2017 at 2:30 P.M. for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Orient Paper & Industries Limited and Orient Electric Limited and their respective shareholders and creditors (the “Scheme”) and at such meeting, and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name(s) _____ (here, if ‘for’, insert ‘FOR’, if ‘against’, insert ‘AGAINST’, and in the latter case, strike out the words below after ‘the Scheme’) the said arrangement embodied in the Scheme, either with or without modification(s)*, as my/our proxy may approve. (*Strike out whatever is not applicable)

Dated this ____ day of _____ 2017.

Signature _____



Name : _____
Address : _____
Amount Due : _____

Signature of Unsecured Creditor(s) : _____

Signature of Proxy : _____

Notes:

1. The proxy must be deposited at the registered office of Orient Paper & Industries Limited at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India, at least 48 (forty-eight) hours before the scheduled time of the commencement of the said meeting.
2. All alterations made in the form of proxy should be initialed.
3. Please affix appropriate revenue stamp before putting signature.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be a creditor of Orient Paper & Industries Limited.
6. No person shall be appointed as a proxy who is a minor.
7. The proxy of a creditor blind or incapable of writing would be accepted if such creditor has attached his signature or mark thereto in the presence of a witness who shall add to his signature his description and address: provided that all insertions in the proxy are in the handwriting of the witness and such witness shall have certified at the foot of the proxy that all such insertions have been made by him at the request and in the presence of the creditor before he attached his signature or mark.
8. The proxy of a creditor who does not know English would be accepted if it is executed in the manner prescribed in point no. 7 above and the witness certifies that it was explained to the creditor in the language known to him, and gives the creditor's name in English below the signature.

ORIENT PAPER & INDUSTRIES LIMITED

Registered office:

Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha

Phone No.(0674) 2396930

CIN: L21011OR1936PLC000117

Website: www.orientpaperindia.com

UNSECURED CREDITORS

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL

MEETING OF

THE UNSECURED CREDITORS

ON THURSDAY THE 29TH DAY OF JUNE 2017 AT 2.30 P.M.

I/We hereby record my/our presence at the meeting of the Unsecured Creditors of Orient Paper & Industries Limited, the Applicant Company no.1, convened pursuant to the order dated 18th day of May 2017 of the NCLT at the registered office of Orient Paper & Industries Limited at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha, India, on Thursday, the 29th day of June 2017 at 2:30 P.M.

Name and address of : _____

Unsecured Creditor _____

(IN BLOCK LETTERS) _____

Signature : _____

Amount Due : _____

Name of the Proxy* : _____

(IN BLOCK LETTERS): _____

Signature : _____

*(To be filled in by the Proxy in case he/she attends instead of the creditor)

Notes:

1. Unsecured Creditors attending the meeting in person or by proxy or through authorised representative are requested to complete and bring the Attendance slip with them and hand it over at the entrance of the meeting hall.
2. Unsecured Creditors who come to attend the meeting are requested to bring their copy of the Scheme with them.

ROUTE MAP OF AGM VENUE

