MAHINDRA AND MAHINDRA LIMITED

Registered Office: Gateway Building, Apollo Bunder, Mumbai - 400 001
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Court Convened Meeting of the Equity Shareholders of Mahindra and Mahindra Limited

Day : Friday

Date : 29th October, 2010

Time : 3.00 p.m.

Venue : Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai – 400 020

SPECIMEN

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO.623 OF 2010

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 104 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement between Mahindra Shubhlabh Services Limited ("Demerged Company") and Mahindra and Mahindra Limited ("Applicant Company" / "Resulting Company") and their respective Shareholders

Mahindra and Mahindra Limited)
A Company incorporated under the)
Indian Companies Act, VII of 1913)
and having its registered office at)
Gateway Building, Apollo Bunder,)
Mumbai - 400 001) ..... Applicant Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF MAHINDRA AND MAHINDRA LIMITED

To,

The Equity Shareholder(s) of Mahindra and Mahindra Limited ("Applicant Company"/ "Resulting Company")

1. **TAKE NOTICE** that by an Order made on 17th day of September, 2010, in the above Company Summons for Direction, the Hon'ble High Court of Judicature at Bombay has directed that a Meeting of the Equity Shareholders of the Applicant Company be convened and held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai – 400 020, on Friday, the 29th day of October, 2010 at 3.00 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 Mahindra Shubhlabh Services Limited and Mahindra and Mahindra Limited and their respective Shareholders ("the Scheme").

2. **TAKE FURTHER NOTICE** that in pursuance of the said Order and as directed therein, a Meeting of the Equity Shareholders of the Applicant Company will be convened and held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai – 400 020, on Friday, the 29th day of October, 2010 at 3.00 p.m. at which place, day, date and time you are requested to attend.

3. **TAKE FURTHER NOTICE** that you may attend and vote at the said Meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, or your authorised representative, is deposited at the registered office of the Applicant Company at Gateway Building, Apollo Bunder, Mumbai - 400 001, not later than 48 hours before the said Meeting.

4. The Hon'ble High Court has appointed Mr. Keshub Mahindra, Chairman of the Applicant Company, and failing him Mr. Anand G. Mahindra, Vice-Chairman & Managing Director of the Applicant Company, and failing him Mr. Deepak S. Parekh, Director of the Applicant Company to be the Chairman of the said Meeting.

5. A copy each of the Scheme, the Statement under Section 393 of the Companies Act, 1956, the Attendance Slip and Form of Proxy are enclosed herewith.

KESHUB MAHINDRA
Chairman appointed for the Meeting

Dated this 17th day of September, 2010

Registered Office : Gateway Building, Apollo Bunder, Mumbai - 400 001
email : investors@mahindra.com

Notes:

1. All alterations made in the Form of Proxy should be initialled.

2. Only registered Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy) at the Equity Shareholders Meeting. The authorised representative of a body corporate which is a registered Equity Shareholder of the Resulting Company may attend and vote at the Equity Shareholders Meeting provided that a certified true copy of the Resolution of the Board of Directors or other governing body of the body corporate authorising such a representative to attend and vote at the Equity Shareholders Meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the Meeting.

Encl: as above

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO.623 OF 2010

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 104 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement between Mahindra Shubhlabh Services Limited ("Demerged Company") and Mahindra and Mahindra Limited ("Applicant Company" / "Resulting Company") and their respective Shareholders

Mahindra and Mahindra Limited)
A Company incorporated under the)
Indian Companies Act, VII of 1913)
and having its registered office at)
Gateway Building, Apollo Bunder,)
Mumbai - 400 001) ..... Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to the Order dated 17th day of September, 2010 passed by the Hon'ble High Court of Judicature at Bombay, in the Company Summons for Direction referred to hereinabove, a Meeting of the Equity Shareholders of the Resulting Company is being convened and held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai – 400 020, on Friday, the 29th day of October, 2010 at 3.00 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 Mahindra Shubhlabh Services Limited and Mahindra and Mahindra Limited and their respective Shareholders ("the Scheme") which inter alia provides for the demerger of the Non Fruit Business of the Demerged Company and transfer and vesting thereof into the Resulting Company.
2. Pursuant to the Order dated 17th day of September, 2010 passed by the Hon'ble High Court of Judicature at Bombay in the Company Summons for Direction referred to hereinabove, on the request of the Resulting Company, the Hon'ble High Court of Judicature at Bombay has waived the requirement to seek approval of the secured creditors and the unsecured creditors of the Resulting Company in connection with the Scheme.
3. The definitions contained in the Scheme shall also apply to this Statement.
4. **Overview**

   A copy of the Scheme setting out the terms and conditions of the arrangement inter alia providing for the demerger of the Non Fruit Business of the Demerged Company and transfer and vesting thereof into the Resulting Company including any consequential or related matters thereto, which has been approved by the Board of Directors of each of the Resulting Company and Demerged Company at their respective Meetings held on the 30th day of March, 2010 is attached to and forms a part of this Statement.
5. **Background of the Companies**

   5.1 **Mahindra and Mahindra Limited**

   (a) The Resulting Company was incorporated under the name and style of Mahindra and Mohammed Limited on 2nd day of October, 1945 under the provisions of Indian Companies Act, VII of 1913. Its name was changed from Mahindra and Mohammed Limited to Mahindra and Mahindra Limited with effect from 13th day of January, 1948.

   (b) The Registered Office of the Resulting Company is situated at Gateway Building, Apollo Bunder, Mumbai - 400 001.

   (c) The main objects for which the Resulting Company has been established are set out in its Memorandum of Association.

   (d) The Resulting Company is mainly engaged in the business of the manufacture and sale of tractors, general-purpose utility vehicles, light commercial vehicles and three wheelers.

   (e) The authorised, issued, subscribed and paid-up share capital of the Resulting Company as on 12th August, 2010 was as under:

Particulars	Amount (Rs.)
Authorised Capital	
1,20,00,00,000 ordinary (equity) shares of Rs.5 each and 25,00,000 unclassified shares of Rs.100 each	6,25,00,00,000
Issued, Subscribed and Paid-up Capital*	
57,88,48,787 ordinary (equity) shares of Rs.5 each fully paid-up	2,89,42,43,935

* The Foreign Currency Convertible Bonds ("FCCBs") of the Resulting Company are listed on the Singapore Exchange Securities Trading Limited. As at 12th August, 2010, FCCBs amounting to US$ 18,52,00,000 convertible into around 1,78,44,310 equity shares/ GDRs of Rs.5 each were outstanding.

(f) The equity shares of the Resulting Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited (collectively referred to as the "Stock Exchanges").

(g) The post-arrangement (expected) capital structure of the Resulting Company will be as follows:

Particulars	Amount (Rs.)
Authorised Capital	
1,20,00,00,000 ordinary (equity) shares of Rs.5 each and 25,00,000 unclassified shares of Rs.100 each	6,25,00,00,000
Issued, Subscribed and Paid-up Capital	
57,88,83,517 ordinary (equity) shares of Rs.5 each fully paid-up	2,89,44,17,585

(h) Currently, the objects of the Resulting Company as set out in the Memorandum of Association include the following:

"(i) To buy, sell, import, export, manufacture, treat, prepare and deal in merchandise, commodities, machinery, tools, goods and articles of all kinds and generally to carry on the business as merchants, contractors, importers and exporters.

(ii) To carry on the business of iron founders, mechanical engineers and manufacturers of agricultural implements and other machinery, tool-makers, brass-founders, iron masters, metal-workers, boiler-makers, millwrights, machinists, iron and steel converters, smiths, coke manufacturers, wood-workers, builders, painters, metallurgists, electrical engineers, water supply engineers, gas-makers, smelters, ironplate makers, farmers, printers, carriers and merchants, and to buy, sell, manufacture, repair, convert, alter, let on hire, and deal in machinery, implements, rolling stock and hardware of all kinds, and to carry on any other business (manufacturing or otherwise) which may seem to the Company capable of being conveniently carried on in connection with the above, or otherwise calculated, directly or indirectly, to enhance the value of any of the Company's property and rights for the time being.

(iii) To carry on any business relating to the winning and working of minerals, the production and working of metals, and the production, manufacture, and preparation of any other materials which may be usefully or conveniently combined with the engineering or manufacturing business of the Company, or any contracts undertaken by the Company, and either for the purpose only of such contracts or as an independent business.

....."

As an integral part of the Scheme, the Resulting Company shall include in its Memorandum of Association the following main object as clause 3 (xvii) (Y) thereof:

"To carry on the business of wholesale trading of seeds, fertilizers, agro chemicals, nutrients and all other types of inputs used in agriculture and related activities including supplying, hiring and rental services for Tractors, implements, farm machinery and machinery related to agriculture and food processing, irrigation and water management equipment, maintenance services of all farm equipments, food processing equipment, irrigation equipment, consultancy services related to farming, farm machinery, food processing machinery, agricultural produce marketing, food processing business, information technology based computation, communication and internet based services related to agricultural information, food industry information, commodities information, weather, rural affairs, social affairs, news and all other information, trading of agricultural produce through buying, selling, commission agency and providing post harvest services to farmers and agri industry to provide storage, grading, sorting, packing, post harvest processing and transportation of agricultural produce, research, development and educational activities relating to farming practices, use of new technologies of seeds, fertilizers, chemical, nutrients, new techniques of mechanisation of agriculture, agricultural economics, post harvest technology practice and demonstration farms, entertainment, health, restaurant and educational services relating to contract farming by contracting farmers and corporate farming by the Company, opening and operating outlets for all the above activities whether through Company owned outlets, joint ventures, franchising and subcontracting arrangements for all the aforesaid purposes."

5.2 **Mahindra Shubhlabh Services Limited**

(a) The Demerged Company, an unlisted public limited company was incorporated on 11th April, 2000.

(b) The registered office of the Demerged Company is situated at Mahindra Towers, Dr. G. M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai-400 018.

(c) The main objects for which the Demerged Company has been established are set out in its Memorandum of Association.

(d) The Demerged Company is mainly engaged in the business of production and distribution of agri inputs namely (1) seeds (2) seed potato and (3) crop care products (collectively referred to as "Agri Inputs") and domestic sales and export of fresh fruit products ("Fruits Business").The Demerged Company is a subsidiary of the Resulting Company.

(e) The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on 12th August, 2010 was as under:

Particulars	Amount (Rs.)
Authorised Capital	
6,00,00,000 equity shares of Rs.10 each	60,00,00,000
Issued, Subscribed and Paid-up Capital	
3,89,33,513 equity shares of Rs.10 each fully paid-up	38,93,35,130

(f) The equity shares of the Demerged Company are not listed on any stock exchange in India.

(g) The post-arrangement (expected) capital structure of the Demerged Company will be as follows:

Particulars	Amount (Rs.)
Authorised Capital	
6,00,00,000 equity shares of Rs.10 each	60,00,00,000
Issued, Subscribed and Paid-up Capital	
61,14,514 equity shares of Rs.10 each fully paid-up	6,11,45,140

(h) The main objects of the Demerged Company as set out in clause III (A) (1) of its Memorandum of Association are as follows:

"To carry on the business of wholesale trading of seeds, fertilizers, agro chemicals, nutrients and all other types of inputs used in agriculture and related activities including supplying, hiring and rental services for Tractors, implements, farm machinery and machinery related to agriculture and food processing, irrigation and water management equipment, maintenance services of all farm equipments, food processing equipment, irrigation equipment, consultancy services related to farming, farm machinery, food processing machinery, agricultural produce marketing, food processing business, information technology based computation, communication and internet based services related to agricultural information, food industry information, commodities information, weather, rural affairs, social affairs, news and all other information, trading of agricultural produce through buying, selling, commission agency and providing post harvest services to farmers and agri industry to provide storage, grading, sorting, packing, post harvest processing and transportation of agricultural produce, research, development and educational activities relating to farming practices, use of new technologies of seeds, fertilizers, chemical, nutrients, new techniques of mechanisation of agriculture, agricultural economics, post harvest technology practice and demonstration farms, entertainment, health, restaurant and educational services relating to contract farming by contracting farmers and corporate farming by the Company, opening and operating outlets for all the above activities whether through Company owned outlets, joint ventures, franchising and subcontracting arrangements for all the aforesaid purposes."

6. **Rationale and Benefits**

The background, circumstances and benefits which justify the proposed Scheme are, inter alia, as follows:

6.1 The Resulting Company's Farm Equipment Sector ("FES") has a mission of ensuring *"Farm-Tech Prosperity"*. It intends to fulfill the same by expanding business boundaries from tractors to farm mechanisation and farm solutions. The Agri Input business of the Demerged Company forms an important component of this strategy to reach out to the farmer beyond tractors. This would improve bonding with the customer which would prove to be a competitive edge. Significant synergies at market place are also expected and there is confidence that the business would be profitable and scalable.

6.2 In line with the above, it is therefore proposed to demerge the Non Fruit Business (comprising of the Agri Input Business and the Other Common Assets and Liabilities of the Demerged Company) along with related assets, liabilities, tax losses from the Demerged Company to the Resulting Company under sections 391 to 394 of the Companies Act, 1956 and under section 2(19AA) of the Income-tax Act, 1961. Demerger of the Non Fruit Business would enable the Demerged Company to streamline its operations by being focused in the profitable Fruit Business and explore strategic options to grow the Fruit business globally, enhance profitability and to rationalise its management, businesses and finances. The Resulting Company also intends to continue to invest and develop a significantly large and profitable Agri Inputs Business in future. This would get facilitated by the Resulting Company's direct investment into the domain while retaining the expertise and network developed by the Demerged Company.

6.3 The Resulting Company's existing management expertise and quality system will enhance the performance of this business. With access to Demerged Company's domain knowledge related to the Agri Inputs Business and agricultural / farming practices, the Resulting Company will gain better insights into farmers needs and offer a range of suitable products. Additionally, the Agri Inputs Business is aligned with the *'Farm-Tech Prosperity'* vision and the *'Samriddhi'* initiative of the Resulting Company.

6.4 The Scheme is beneficial to the respective shareholders, creditors, employees and all stakeholders of the Demerged Company as well as the Resulting Company and will enable both the companies to achieve and fulfill their objectives more efficiently and economically. The Scheme will contribute in furthering and fulfilling the objects of both the companies and in the growth and development of their business.

7. **Salient features of the Scheme**

The salient features of the Scheme are as follows:-

a) The Scheme envisages the demerger of the Non Fruit Business from the Demerged Company to the Resulting Company pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956 ("the Act") on a going concern basis in the manner provided for in the Scheme.

b) The Appointed Date for the demerger is 1st January, 2010.

c) "Effective Date" for the Scheme or "coming into effect of this Scheme" or "upon the Scheme becoming effective" means the last of the dates on which the certified or authenticated copy of the orders sanctioning the Scheme passed by the High Court of Judicature of Bombay or any other appropriate authority, as may be applicable, are filed with the Registrar of Companies, Mumbai.

d) The Scheme provides that it shall be effective from the Appointed Date but shall be operative from the Effective Date.

e) "Demerged Undertaking / Non Fruit Business" means the Agri Input Business along with the Other Common Assets and Liabilities of the Demerged Company being demerged from the Demerged Company and transferred to the Resulting Company pursuant and subject to the provisions of the Scheme.

f) "Remaining Business / Fruits Business" of the Demerged Company shall mean all undertakings, businesses, activities and operations including assets and liabilities of the Demerged Company other than the Non Fruit Business. It shall specifically include the business relating to fresh fruit products in domestic and export markets.

g) Upon coming into effect of the Scheme, the securities premium account and the issued, subscribed and paid-up equity share capital of the Demerged Company shall be reduced to the extent of the debit balance of "profit and loss account" appearing in the balance sheet of Demerged Company. Accordingly, the entire securities premium account of the Demerged Company as on 31st December, 2009 aggregating Rs.5,05,29,941 would be reduced to NIL and out of the paid-up and issued share capital of the Demerged Company, 2,45,95,433 equity shares of face value of Rs.10 each aggregating to Rs.24,59,54,330 shall be cancelled and reduced proportionately from the holdings of all the existing shareholders of the Demerged Company.

h) With effect from Appointed Date, the Non Fruit Business of the Demerged Company shall stand demerged and transferred to the Resulting Company and all the assets and debts, outstanding, credits, liabilities, duties and obligations whatsoever concerning the Non Fruit Business shall stand transferred to and vested in the Resulting Company as a going concern as provided under Clause 7 of the Scheme.

i) All permanent employees of the Demerged Company who are part of the Non Fruit Business shall be deemed to have become permanent employees of the Resulting Company on the same terms and conditions on which they are engaged by the Demerged Company without any interruption in service as a result of transfer of the Non Fruit Business of the Demerged Company to the Resulting Company as provided in Clause 10 of the Scheme.

j) All legal or other proceedings of whatsoever nature by or against the Demerged Company in relation to the Non Fruit Business shall be continued and enforced by or against the Resulting Company as provided in Clause 12 of the Scheme.

k) All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Non Fruit Business to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible and which are subsisting shall remain in full force and effect on or against or in favour of the Resulting Company as the case may be as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto as provided in Clause 7.2 of the Scheme.

l) The transfer and vesting of the Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgage and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof to the extent that such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Demerged Undertaking. It is agreed by and between the Demerged Company and the Resulting Company, that pursuant to the demerger, necessary steps shall be taken in order to effect the change/ modification of charges, if any, in the records of the Registrar of Companies.

m) The Demerged Company shall conduct business and activities relating to the Non Fruit Business for and on account of and in trust for the Resulting Company with effect from the Appointed Date till the Effective Date of the Scheme in terms of Clause 11 of the Scheme.

n) Upon the Scheme coming into effect, in consideration of the transfer of Non Fruit Business by the Demerged Company to the Resulting Company in accordance with the terms of the Scheme, the Resulting Company shall issue and allot to the equity shareholders of the Demerged Company holding fully paid-up equity shares in the Demerged Company and whose name appears in the Register of Members of the Demerged Company (other than to the Specified Shareholders as defined under and for reasons provided under Clause 18 of the Scheme), on the Record Date, one (1) equity share of Rs.5 each, credited as fully paid-up in the capital of the Resulting Company for every one hundred and ninety (190) equity shares of Rs.10 each held by them in the Demerged Company (the "New Equity Shares") as provided in Clause 16.2 of the Scheme. The issue and allotment of ordinary (equity) shares by the Resulting Company, to the shareholders of the Demerged Company is an integral part of the Scheme and shall be deemed to have been carried out as if the procedure laid down under Section 81(1A) and any other applicable provisions of the Act were duly complied with as provided in Clause 16.7 of the Scheme.

o) The New Equity Shares of the Resulting Company, issued pursuant to the Scheme shall be listed and/or admitted to trading on all the stock exchanges on which the shares of the Resulting Company are listed and shall rank *pari passu* with the then existing equity shares of the Resulting Company.

p) As an integral part of the Scheme, the Resulting Company shall modify the main object clause as contained in its Memorandum of Association to include a new clause 3 (xvii) (Y) in relation to the Agri Input Business being transferred from the Demerged Company to the Resulting Company.

q) The Scheme also contains provisions regarding accounting treatment in the books of the Demerged Company and also of the Resulting Company.

r) Upon the demerger and resultant transfer and vesting thereof of assets and liabilities of the Non Fruit Business as envisaged in Clause 7 of the Scheme, the share capital of the Demerged Company will no longer be fully represented by assets, and to reflect the same, as an integral part of the Scheme, the share capital comprising the shareholder's funds is proposed to be reduced. The issued, subscribed and paid-up equity share capital of the Demerged Company shall be reduced by Rs.8,22,35,660 by cancelling/ reducing 82,23,566 shares of Rs.10 each proportionately amongst the equity shareholders of the Demerged Company.

s) On the Scheme becoming effective, the Demerged Company and the Resulting Company shall respectively account for the demerger in their books as set out in Clauses 20 and 21 of the Scheme respectively.

t) Upon the coming into effect of the Scheme, the resolutions of the Demerged Company, as are considered necessary by the Board of Directors of the Resulting Company and which are valid and subsisting as on the Effective Date shall continue to be valid and subsisting and be considered as resolutions of the Resulting Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or of any other applicable statutory provisions, then the said limits as are considered necessary by the Board of Directors of the Resulting Company shall be added to the limits, if any, under like resolutions passed by the Resulting Company and shall constitute the aggregate of the said limits in the Resulting Company as set out in Clause 14 of the Scheme respectively.

u) Each of the Demerged Company and the Resulting Company (acting through their Board of Directors, Committee thereof or any director authorised by the Board of Directors to this effect) may assent to any modifications or amendments to the Scheme, including pursuant to the orders of the High Court and/or any other authorities as they may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme.

v) The Scheme is conditional upon and subject to the approvals and/or sanctions detailed in Clause 27 of the Scheme.

w) In case the Scheme is not approved by the High Court or any of the approvals or conditions enumerated in the Scheme have not been obtained or complied with, or for any other reason, if the Scheme cannot be implemented, then the Board of Directors of the Demerged Company and the Resulting Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to the Scheme and failing such mutual agreement the Scheme shall become null and void and each party shall bear their respective costs, charges and expenses in connection with the Scheme.

Save and except as provided in the circumstances above, all costs, charges, expenses, taxes including duties, levies in connection with the Scheme and its implementation thereof, shall be borne by the Resulting Company.

The features set out above being only the salient features of the Scheme, the Members are requested to read the entire text of the Scheme attached herewith to get themselves fully acquainted with the provisions thereof.

8. **General**

8.1 The Scheme would not be prejudicial to the interests of the creditors (secured and unsecured) of both the Demerged Company and the Resulting Company. The latest accounts of both the Demerged Company and the Resulting Company indicate that they are in a solvent position and would be able to meet all liabilities as they arise in the course of the business. There is no likelihood that any secured or unsecured creditor of either of the companies would lose or be prejudiced as a result of the Scheme being passed, since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Hence, the demerger will not cast any additional burden on the shareholders or creditors of either of the companies, nor will it adversely affect the interest of any of the shareholders or creditors thereof.

8.2 The demerger of the Non Fruit Business of the Demerged Company under the Scheme will be effected under the provisions of Sections 391 to 394 of the Act. The demerger complies with the provisions of Section 2(19AA) and 72A(4) of the Income-tax Act, 1961, such that:

(i) All the properties of the Demerged Undertaking being transferred by the Demerged Company immediately before the demerger become the properties of the Resulting Company by virtue of the demerger;

(ii) All the liabilities relatable to the Demerged Undertaking being transferred by the Demerged Company, immediately before the demerger become the liabilities of the Resulting Company by virtue of the demerger;

(iii) The properties and the liabilities, if any, relatable to the Demerged Undertaking being transferred by the Demerged Company are transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the demerger;

(iv) The Resulting Company issues shares to the shareholders of the Demerged Company (except certain Specified Shareholders, as defined under Clause 18 of the Scheme) in consideration of the demerger on a proportionate basis;

(v) All shareholders of the Demerged Company (except certain Specified Shareholders) shall become the shareholders of the Resulting Company by virtue of the demerger; and

(vi) The transfer of the Demerged Undertaking will be on a going concern basis.

8.3 The fair share issue ratio for the issue of equity shares of the Resulting Company to the equity shareholders of the Demerged Company in consideration of demerger of the Non Fruit Business of the Demerged Company into the Resulting Company has been arrived at based on the recommendations of Ernst & Young Private Limited, Chartered Accountants, Mumbai who have submitted the Report dated 29th March, 2010 containing their recommendations.

8.4 The Demerged Company and the Resulting Company have also sought and obtained fairness opinion from Kotak Mahindra Capital Company Limited, Mumbai, a Category I - Merchant Banker on the valuation carried out by Ernst & Young Private Limited, Chartered Accountants, Mumbai. The said merchant banker after reviewing the methodology and fairness of the valuation arrived at by the valuer has opined that the valuation carried out by valuer and the share issue ratio recommended is fair. The fairness opinion dated 30th March, 2010 was issued based on various assumptions and considerations and is available for inspection and should be read in its entirety for information regarding the assumptions made and factors considered in rendering such an opinion.

8.5 The Board of Directors of the Resulting Company and the Demerged Company have, based on and relying upon the aforesaid expert advice and on the basis of their independent evaluation and judgement, came to the conclusion that the proposed share issue ratio is fair and reasonable to the shareholders of the Demerged Company and the Resulting Company and have consequently accepted the said suggested share issue ratio. Accordingly, the Board of Directors of both the Demerged Company and the Resulting Company have at their Meetings held on 30th March, 2010, passed resolutions approving the Scheme.

8.6 The Bombay Stock Exchange Limited ("BSE") vide its letter dated 20th July, 2010 and the National Stock Exchange of India Limited vide its letter dated 30th July, 2010 have granted their no-objection under Clause 24(f) of the Listing Agreement to the Scheme. The Resulting Company, vide its letter dated 9th July, 2010 has undertaken to BSE that 25% of the new equity shares to be issued to the shareholders of the Demerged Company i.e. 8,683 equity shares shall remain locked-in for a period of 3 years from the date of listing at the BSE.

8.7 No investigation proceedings have been instituted or are pending under Sections 235 and Section 250A of the Act against the Demerged Company or the Resulting Company.

8.8 On the Scheme being approved as per the requirements of section 391 of the Act, the Demerged Company and the Resulting Company will seek the sanction of the Hon'ble High Court of Judicature at Bombay to the Scheme, under Sections 391 to 394 read with Sections 100 to 104 and other applicable provisions of the Act.

8.9 There are no common Directors on the Board of the Demerged Company and the Resulting Company.

8.10 The Directors of the Demerged Company and the Resulting Company may be deemed to be concerned and/or interested in the Scheme to the extent of their shareholding in the companies, or to the extent the said Directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust, that hold shares in any of the companies.

8.11 The shares held by the Directors of the Demerged Company as on 12th August, 2010 are as follows:-

Name of Director	No. of Equity Shares of Rs.10 each held in Demerged Company	Resulting Company	
		No. of Equity Shares of Rs.5 each held	No. of Stock Options Granted and Unexercised
Mr. Gautam Nagwekar	0	22,500	51,090
Mr. M. G. Bhide	0	0	0
Mr. K. Chandrasekar	0	6,414	11,822
Mr. Anoop Mathur	0	8,660	64,315
Mr. Anil Mohan Sawhney	0	3,200	48,000

8.12 The shares held by the Directors of the Resulting Company as on 12th August, 2010 are as follows:-

Name of Director	No. of Equity Shares of Rs.10 each held in Demerged Company	Resulting Company	
		No. of Equity Shares of Rs.5 each held	No. of Stock Options Granted and Unexercised
Mr. Keshub Mahindra	0	4,02,296	0
Mr. Anand G. Mahindra	0	8,000	0
Mr. Deepak S. Parekh	0	1,12,180	0
Mr. Nadir B. Godrej	0	3,25,884	0
Mr. M. M. Murugappan	0	1,00,000	0
Mr. Bharat Doshi	0	5,15,902	53,418
Mr. Arun Kumar Nanda	0	2,75,864	76,654
Mr. Narayanan Vaghul	0	1,00,000	0
Dr. Ashok S. Ganguly	0	1,00,000	0
Mr. R. K. Kulkarni	0	87,576	0
Mr. Anupam Puri	0	0	13,336
Mr. Arun Kanti Dasgupta	0	0	0

8.13 The pre and post arrangement shareholding pattern of the Demerged Company and the Resulting Company are given hereinbelow:

A. DEMERGED COMPANY - PRE AND POST ARRANGEMENT

Sr. No.	Name of Shareholder	Number of Equity Shares of Rs.10 each	
		Pre-arrangement	Post-arrangement
1.	Mahindra and Mahindra Limited	2,46,81,430	38,75,983
2.	Mahindra Holdings Limited	76,53,517	12,02,114
3.	International Finance Corporation	65,98,559	10,36,410
4.	Mahindra and Mahindra Limited jointly with Mr. U.Y Phadke	1	1
5.	Mahindra and Mahindra Limited jointly with Mr. Gautam Nagwekar	1	1
6.	Mahindra and Mahindra Limited jointly with Mr. A.G Tawde	1	1
7.	Mahindra and Mahindra Limited jointly with Mr. C. Krishnadas	1	1
8.	Mahindra and Mahindra Limited jointly with Mr. M.A. Nazareth	1	1
9.	Mahindra and Mahindra Limited jointly with Ms. Roshni Sagrelya	1	1
10.	Mahindra and Mahindra Limited jointly with Mr. Raghunath Murti	1	1

The above shareholding pattern of the Demerged Company has been determined as on 12th August, 2010.

B. RESULTING COMPANY - PRE AND POST ARRANGEMENT

Sr. No.	Category of Investor	Pre-arrangement Shareholding		Post-arrangement Shareholding*		Post-arrangement Shareholding**	
		Holding	As a percentage of (A+B+C+D)	Holding	As a percentage of (A+B+C+D)	Holding	As a percentage of (A+B+C+D)
1	**Promoter & Promoter Group $**	15,19,90,928	26.26	15,19,90,928	26.26	15,19,90,928	25.47
	Sub Total (A)	**15,19,90,928**	**26.26**	**15,19,90,928**	**26.26**	**15,19,90,928**	**25.47**
	Foreign and Non Resident Holding						
2	Foreign Institutional Investors (FIIs)/Foreign Institution(s)$	13,28,50,588	22.95	13,28,50,588	22.95	13,28,50,588	22.27
	International Finance Corporation - (proposed allottee)	0	0.00	34,730	0.00	34,730	0.00
	Conversion of Outstanding FCCBs	0	0.00	0	0.00	1,78,44,310	2.99
3	Foreign Bank	3,37,229	0.06	3,37,229	0.06	3,37,229	0.06
4	Non Resident Individuals (NRIs)$	17,88,318	0.31	17,88,318	0.31	17,88,318	0.30
5	Foreign Nationals	944	0.00	944	0.00	944	0.00
6	OCBs	16,07,628	0.28	16,07,628	0.28	16,07,628	0.27
7	Foreign Bodies	1,89,32,080	3.27	1,89,32,080	3.27	1,89,32,080	3.17
8	Shares held by Custodians and against which Depository Receipts have been issued	3,09,30,977	5.34	3,09,30,977	5.34	3,09,30,977	5.18
	Sub Total (B)	**18,64,47,764**	**32.21**	**18,64,82,494**	**32.21**	**20,43,26,804**	**34.24**
	Banks/Mutual Funds/Indian Financial Institutions						
9	Mutual Funds /UTI	2,84,78,355	4.92	2,84,78,355	4.92	2,84,78,355	4.77
10	Financial Institutions/Banks	10,11,570	0.17	10,11,570	0.17	10,11,570	0.17
11	Central Government / State Government(s)	4,48,442	0.08	4,48,442	0.08	4,48,442	0.07
12	Insurance Companies	11,45,44,838	19.79	11,45,44,838	19.79	11,45,44,838	19.20
	Sub Total (C)	**14,44,83,205**	**24.96**	**14,44,83,205**	**24.96**	**14,44,83,205**	**24.21**
	Others						
13	Bodies Corporate	4,50,41,279	7.78	4,50,41,279	7.78	4,50,41,279	7.55
14	Indian Public/HUF	5,01,39,158	8.66	5,01,39,158	8.66	5,01,39,158	8.40
15	Trusts & Clearing Members	7,46,453	0.13	7,46,453	0.13	7,46,453	0.13
	Sub Total (D)	**9,59,26,890**	**16.57**	**9,59,26,890**	**16.57**	**9,59,26,890**	**16.08**
	Grand Total (A+B+C+D)	**57,88,48,787**	**100.00**	**57,88,83,517**	**100.00**	**59,67,27,827**	**100.00**

The above shareholding pattern of the Resulting Company has been determined as on 12th August, 2010.

* after allotment of shares to International Finance Corporation pursuant to the Scheme.

** after allotment of shares to International Finance Corporation pursuant to the Scheme and assuming that the existing FCCBs which are outstanding as of date are fully converted into shares.

$ FIIs & NRIs category does not include shareholding aggregating 140.71 lakhs equity shares as the same is included under the category of Promoter & Promoter Group.

9. **Inspection**

Following documents will be open for inspection by the shareholders of the Resulting Company at the registered office of the Resulting Company upto one day prior to the date of the Meeting between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays, Sundays and public holidays):

a. Memorandum and Articles of Association of the Demerged Company and the Resulting Company;
b. Annual Reports of the Demerged Company and the Resulting Company for the year 2009-10;
c. Copy of the Order dated 17th day of September, 2010 passed by the Hon'ble High Court of Bombay in Company Summons for Direction No. 622 of 2010, directing the convening of the meeting of the equity shareholders of the Demerged Company;
d. Copy of the Order dated 17th day of September, 2010 passed by the Hon'ble High Court of Bombay in Company Summons for Direction No. 623 of 2010, directing the convening of the meeting of the equity shareholders of the Resulting Company;
e. Scheme of Arrangement;
f. Copy of the Valuation Report dated 29th March, 2010 of Ernst & Young Private Limited, Chartered Accountants, Mumbai;
g. Copy of the Fairness Opinion dated 30th March, 2010 of Kotak Mahindra Capital Company Limited;
h. Copy of the No objection letter dated 20th July, 2010 received from the Bombay Stock Exchange Limited;
i. Copy of the No objection letter dated 30th July, 2010 received from the National Stock Exchange of India Limited.

This Statement may also be treated as an Explanatory Statement under Section 173 of the Act. A copy of the Scheme of Arrangement, Explanatory Statement and Form of Proxy may also be obtained from the registered office of the Resulting Company and/or the Office of the Advocates for the Resulting Company, M/s. Hemant Sethi & Co., Advocates, 302, Satnam Building, 3A, Sion (W), Mumbai – 400 022 during ordinary business hours on week days.

KESHUB MAHINDRA
Chairman appointed for the Meeting

Dated this 17th day of September, 2010

Registered Office : Gateway Building, Apollo Bunder, Mumbai - 400 001
email : investors@mahindra.com



SCHEME OF ARRANGEMENT

BETWEEN

MAHINDRA SHUBHLABH SERVICES LIMITED

AND

MAHINDRA AND MAHINDRA LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

PART- I

INRODUCTION, DEFINITIONS AND SHARE CAPITAL

1. INTRODUCTION

1.1 Mahindra Shubhlabh Services Limited (hereinafter referred to as "**Demerged Company**"), a company incorporated under the Companies Act, 1956, and having its registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai-400 018 is engaged in the business of production and distribution of agri inputs namely (1) seeds (2) seed potato, and (3) crop care products, (collectively referred to as "**Agri Inputs**") and domestic sales and export of fresh fruit products ("**Fruits Business**"). The Agri Inputs and the Fruits Business are being carried out by the Demerged Company through separate divisions.

1.2 Mahindra and Mahindra Limited (hereinafter referred to as "**Resulting Company**"), a Company incorporated under the Indian Companies Act, VII of 1913 and having its registered office at Gateway Building, Apollo Bunder, Mumbai - 400 001 is *inter alia* engaged in the business of the manufacture and sale of tractors, general-purpose utility vehicles, light commercial vehicles and three wheelers. The shares of the Resulting Company are listed on the Stock Exchanges (hereinafter defined).

1.3 This Scheme, *inter alia*, proposes to demerge the Non Fruit Business (hereinafter defined in Clause 3.4 of Part I) of the Demerged Company and transfer and vest into the Resulting Company. The proposed demerger of the Non Fruit Business envisaged in this Scheme, is aimed at achieving the following business and commercial objectives and is expected to result in the following benefits for the Demerged Company and the Resulting Company:

1.3.1 Demerger of the Non Fruit Business would enable the Demerged Company to streamline its operations by being focused on the Fruits Business and explore strategic options to grow this business globally, enhance profitability and to rationalise its management, businesses and finances;

1.3.2 The Resulting Company, is currently engaged in, *inter alia*, the manufacture and sale of tractors. Farmers currently form a significant portion of the Resulting Company's customer base. Pursuant to the completion of the demerger, the Resulting Company would be able to offer a range of Agri Inputs to its customers along with its existing products to enhance its offering to the customers. Offering the Agri Inputs will improve customer bonding and customer loyalty, develop further synergies, expand market penetration and reach, build on farmer touch-points and consequently enhance business profitability. The Resulting Company's existing management expertise and quality system will enhance the performance of this business. Additionally, the Agri Inputs Business is aligned with the *'Farm-Tech Prosperity'* vision and the *'Samriddhi'* initiative of the Resulting Company. With access to the Demerged Company's domain knowledge related to the Agri Inputs Business and agricultural / farming practices, the Resulting Company will gain better insights into farmers needs and offer them a range of suitable products and solutions.

1.4 The Scheme is beneficial to the respective shareholders, creditors, employees and all stakeholders of the Demerged Company as well as the Resulting Company and will enable both the companies to achieve and fulfill their objectives more efficiently and economically. The Scheme is expected to contribute in furthering and fulfilling the objects of both the companies and in the growth and development of their respective businesses.

1.5 The Scheme has been approved by the Board of Directors of the Demerged Company and the Resulting Company and it has been decided that requisite application / petition before the High Court of Judicature of Bombay for seeking necessary directions and the sanction of this Scheme, shall be filed. The Scheme is also subject to the approval of the requisite majority of the respective shareholders' and/or creditors, as the case may be, of the Demerged Company and the Resulting Company and / or such other statutory approvals/ clearances, if any, as more particularly set out in the Scheme.

1.6 This Scheme accordingly, *inter alia*, provides for (i) reorganisation of capital of the Demerged Company, and (ii) demerger of the Non Fruit Business of the Demerged Company and transfer and vesting thereof into the Resulting Company including consequential or related matters integrally connected therewith.

1.7 The transfer of the Demerged Undertaking shall be on a going concern basis.

2. PARTS OF THE SCHEME

2.1 This Scheme of Arrangement is divided into the following parts:

2.1.1 PART I deals with the introduction, definitions and share capital of the Demerged Company and the Resulting Company;

2.1.2 PART II deals with the reorganisation of the capital of the Demerged Company and the accounting treatment in connection therewith. For the purposes of this Scheme, Part II shall take effect prior to the coming into effect of Part III;

2.1.3 PART III deals with the demerger of the Non Fruit Business of the Demerged Company and transfer and vesting thereof into the Resulting Company;

2.1.4 PART IV deals with the Remaining Business (defined hereinafter) of the Demerged Company;

2.1.5 PART V deals with the consideration for the demerger and change in share capital;

2.1.6 PART VI deals with accounting treatment for the demerger in the books of the Demerged Company and the Resulting Company consequent to the demerger; and

2.1.7 PART VII deals with general terms and conditions applicable to this Scheme.

3. DEFINITIONS

In this Scheme, unless repugnant to the subject or context or meaning thereof, the following expressions shall have the meanings as set out hereinbelow:

3.1 "Act" means the Companies Act, 1956, including any statutory modifications, re-enactments or amendments thereof for the time being in force;

3.2 "Appointed Date" means 1st January, 2010;

3.3 "Agri Input Business" means the Demerged Company's entire undertaking, business, activities and operations pertaining to the Agri Inputs. The term Agri Input Business shall include the following:

3.3.1 All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible) wherever situated and of whatever nature, pertaining thereto through which the Demerged Company carries on the business, activities and operations relating to the Agri Inputs;

3.3.2 All present and future liabilities (including contingent liabilities) loans, debts (whether secured or unsecured) raised or incurred, current liabilities and provisions, duties and obligations of every kind, nature and description whatsoever and howsoever arising or accruing in relation to the business activities and/or operations relating solely to the Agri Inputs. It is clarified that the loans availed by the Demerged Company from EXIM Bank for the pre and post shipment credit facilities of the Demerged Company shall not form part of the liabilities of the Agri Input Business;

3.3.3 Without prejudice to the generality of the above, the Agri Input Business shall also include in particular:

3.3.3.1 Investments including shares held by the Demerged Company in certain unlisted companies as more particularly described in Schedule 1;

3.3.3.2 Land (freehold and leasehold properties), buildings, plant and machinery, equipments, furniture and fixture, vehicles and any other fixed asset in relation to the Agri Input Business;

3.3.3.3 All tax losses and unabsorbed depreciation under the provisions of Section 2(19AA) and Section 72A(4) of Income-tax Act, 1961 as more particularly described in Schedule 2;

3.3.3.4 All current assets, inventory, stock-in-trade, account receivables, loans and advances, pre-paid expenses and other assets in relation to the Agri Input Business;

3.3.3.5 Cash and cash equivalents, bank balances and bank accounts relating to the Agri Inputs Business including fixed deposits;

3.3.3.6 Security deposits, advances, earnest monies, advance lease rentals or other payments made to or received from the lessors or suppliers or service providers in relation to the Agri Input Business;

3.3.3.7 All agreements, rights, contracts, entitlements, permits, licences, registrations, insurance policies, approvals, consents, engagements, arrangements, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, etc, unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/ Service tax credits, etc.) relating to the Agri Input Business;

3.3.3.8 All employees of the Demerged Company excluding those who are engaged in relation to the Remaining Business (as defined hereinafter);

3.3.3.9 All records, files, documents, reports, papers, computer programs, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form in connection with or relating to the Agri Input Business;

3.3.3.10 All intellectual property rights owned or licensed, records, files, papers, data and documents relating to the Agri Inputs Business, Brand name "Mahindra Shubhlabh" and domain name;

3.3.3.11 All pending litigation or proceedings filed by or against the Demerged Company pertaining to the Agri Input Business;

3.3.3.12 All loans and cash credit facilities availed of by the Demerged Company for the purposes of the Agri Input Business and other liabilities incurred in connection therewith;

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Agri Input Business or whether it arises out of the activities or operations of the Agri Input Business shall be decided by mutual agreement between the Demerged Company and the Resulting Company.

3.4 "Demerged Undertaking / Non Fruit Business" means the Agri Input Business along with the Other Common Assets and Liabilities of the Demerged Company being demerged from the Demerged Company and transferred to the Resulting Company pursuant and subject to the provisions of this Scheme.

3.5 "Effective Date" or "coming into effect of this Scheme" or "upon the Scheme becoming effective" means the last of the dates on which the certified or authenticated copy of the orders sanctioning the Scheme passed by the High Court of Judicature of Bombay or any other appropriate authority, as may be applicable, are filed with the Registrar of Companies, Mumbai.

3.6 "Governmental Authority" means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body having jurisdiction over the territory of India.

3.7 "High Court" means the High Court of Judicature of Bombay or such other competent authority under the provisions of Sections 391 to 394 of the Act and shall include the National Company Law Tribunal, if applicable;

3.8 "Other Common Assets and Liabilities" means all other assets and liabilities of the Demerged Company other than assets and liabilities pertaining to the Fruits Business and shall include:

3.8.1 All agreements, rights, contracts, entitlements, permits, licences, registrations, approvals, consents, engagements, arrangements, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever in relation to such common assets and liabilities;

3.8.2 All earnest moneys, fixed deposits, bank accounts, security deposits and/or other payments, if any, paid or received by the Demerged Company in relation to such common assets and liabilities;

3.8.3 All pending litigation or proceedings filed by or against the Demerged Company in relation to such common assets and liabilities;

3.8.4 Land (freehold and leasehold properties) & buildings including land and building at Madurai, plant and machinery, equipments, furniture and fixture, vehicles and any other fixed asset in relation to such common assets and liabilities;

3.8.5 All current assets, inventory, stock-in-trade, account receivables, loans and advances, pre-paid expenses and other assets in relation to such common assets and liabilities;

3.8.6 All employees pertaining to such common assets and liabilities;

3.8.7 All records, files, documents, reports, papers, computer programs, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form in connection with or relating to the in relation to such common assets and liabilities;

3.9 "Record Date" means the date to be fixed by the Resulting Company in consultation with the Demerged Company for the purpose of reckoning names of the equity shareholders of the Demerged Company, who shall be entitled to receive shares of the Resulting Company upon coming into effect of this Scheme.

3.10 "Remaining Business / Fruits Business" of the Demerged Company shall mean all undertakings, businesses, activities and operations including assets and liabilities of the Demerged Company other than the Non Fruit Business. It shall specifically include the business relating to fresh fruit products in domestic and export markets.

3.11 "Scheme" means this Scheme of Arrangement between Mahindra Shubhlabh Services Limited and Mahindra and Mahindra Limited and their respective shareholders, in its present form and with any modifications and amendments thereto.

3.12 "Specified Shareholders" means the Shareholders defined in Clause 18.

3.13 "Stock Exchanges" shall have the meaning ascribed to the term in Clause 5.4.

The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be, or any statutory modification or re-enactment thereof from time to time.

4. DATE OF TAKING EFFECT AND OPERATIVE DATE

This Scheme set out herein in its present form or with any modifications approved or imposed or directed by the High Court shall be effective from the Appointed Date but shall be operative from the Effective Date.

5. SHARE CAPITAL

5.1 The share capital of the Demerged Company as on 31st December, 2009 is as under:

Particulars	Amount (Rs.)
Authorised	
6,00,00,000 equity shares of Rs.10 each	60,00,00,000
Issued, Subscribed and Paid-up	
3,89,33,513 equity shares of Rs.10 each	38,93,35,130

5.1.1 Subsequent to 31st December, 2009, there is no change in the capital structure of the Demerged Company.

5.1.2 The equity shares of the Demerged Company are not listed on any stock exchange in India.

5.2 The share capital of the Resulting Company as on 31st December, 2009 is as under:

Particulars	Amount (Rs.)
Authorised	
60,00,00,000 ordinary (equity) shares of Rs.10 each and 25,00,000 unclassified shares of Rs.100 each	6,25,00,00,000
Issued, Subscribed and Paid-up	
27,98,21,265 ordinary (equity) shares of Rs.10 each	2,79,82,12,650

5.3 The shareholders' of the Resulting Company vide Resolution dated 11th March, 2010 have approved sub-division (stock-split) of each ordinary (equity) share of face value of Rs.10, fully paid-up, in the equity share capital of the Resulting Company into two ordinary (equity) shares of the face value of Rs.5 each fully paid-up. The record date for the same was fixed as 30th March, 2010.

93,95,974 ordinary (equity) shares of Rs.10 each were allotted to Golboot Holdings Limited in the month of January, 2010 upon compulsory conversion of 93,95,974 Fully and Compulsorily Convertible Debentures.

Consequently, the authorised, issued, subscribed and paid-up share capital of the Resulting Company as on 31st March, 2010 is as under:

Particulars	Amount (Rs.)
Authorised	
1,20,00,00,000 ordinary (equity) shares of Rs.5 each and 25,00,000 unclassified shares of Rs.100 each	6,25,00,00,000
Issued, Subscribed and Paid-up*	
57,84,34,478 ordinary (equity) shares of Rs.5 each	2,89,21,72,390

* The Foreign Currency Convertible Bonds ("FCCBs") of the Resulting Company are listed on the Singapore Exchange Securities Trading Limited. As at 31st March 2010, FCCBs amounting to US$ 18,95,00,000 convertible into around 1,82,58,622 ordinary (equity) shares of Rs.5 each were outstanding.

5.4 The equity shares of the Resulting Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited (collectively referred to as the "Stock Exchanges").

PART- II

REORGANISATION OF SECURITIES PREMIUM AND SHARE CAPITAL OF THE DEMERGED COMPANY

6. REORGANISATION OF SECURITIES PREMIUM AND SHARE CAPITAL

6.1 As per the financials of the Demerged Company as on the Appointed Date, the Demerged Company has accumulated losses to the extent of Rs.29,64,84,269. It is proposed to write off the accumulated losses first against the securities premium account of the Demerged Company and subsequently, to the extent necessary, the balance against the share capital of the Demerged Company.

6.2 Upon coming into effect of this Scheme, the securities premium account and the issued, subscribed and paid-up equity share capital of the Demerged Company, shall be reduced to the extent of the debit balance of "Profit and Loss Account" appearing in the balance sheet of Demerged Company in the following sequence:

6.2.1 The entire securities premium account as on 31st December, 2009 aggregating to Rs. 5,05,29,941 of the Demerged Company shall stand reduced to NIL;

6.2.2 The reorganisation of issued, subscribed and paid-up equity share capital of Demerged Company shall be effected, proportionately among the equity shareholders of the Demerged Company, by an amount equal to debit balance of "Profit and Loss Account" appearing in the balance sheet of Demerged Company post adjustment as mentioned in Clause 6.2.1. Accordingly, out of the paid-up and issued share capital of the Demerged Company, 2,45,95,433 equity shares of face value of Rs.10 each aggregating to Rs. 24,59,54,330 shall be cancelled and reduced proportionately from the holdings of all the existing shareholders of the Demerged Company. The fractions, if any, pursuant to the reorganisation of the equity share capital as envisaged above, shall be rounded off to the next higher whole number. The details of the shareholding of the Demerged Company pursuant to the re-organisation of capital as contemplated under this Clause, is more particularly described in Schedule 3, hereto;

6.3 The share certificates of the Demerged Company in relation to the equity shares held by its equity shareholders shall, without any further application, act, instrument or deed, be deemed to have been automatically modified pursuant to the reorganisation of share capital contemplated in Clause 6.2.2 above;

6.4 The reorganisation of securities premium and share capital as aforesaid of the Demerged Company shall be effected as an integral part of and in terms of this Scheme and shall constitute sufficient compliance in terms of Sections 100 to 104 of the Act and as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act are not applicable. However the order of the High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reorganisation;

6.5 Consequent upon such reorganisation, as mentioned above, the issued, subscribed and paid-up share capital of Demerged Company will be revised as under:

Issued, Subscribed, and Paid-up	Amount (Rs.)
1,43,38,080 equity shares of Rs. 10 each fully paid-up	14,33,80,800

6.6 Accounting treatment in the books of Demerged Company:

With effect from the Appointed Date:

6.6.1 The credit of Rs. 29,64,84,269 arising on account of the reorganisation of securities premium and share capital of the Demerged Company in terms of Clauses 6.2.1 and 6.2.2 above, shall be adjusted against the debit balance of "Profit and Loss Account" appearing in the Balance Sheet of Demerged Company.

6.7 Accounting treatment in the books of Resulting Company:

With effect from the Appointed Date:

6.7.1 Consequent to the reorganisation of the securities premium and share capital of the Demerged Company, as mentioned above, the Resulting Company shall also effect reorganisation of its investment cost proportionate to its cost of holdings and such reorganisation in the investment cost as contemplated above shall be adjusted against the balance lying to the credit of the existing investment fluctuation reserve of the Resulting Company, net of any provision carried against such specific investment.

PART – III

DEMERGED UNDERTAKING

7. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) pursuant to the provisions of Sections 391 to 394 of the Act and Section 2(19AA) and Section 72A(4) of the Income-tax Act, 1961 shall stand transferred to and vested in or deemed to be transferred to and vested in the Resulting Company, as a going concern without any further act, deed, matter or thing in the following manner:

7.1 Assets

7.1.1 The whole of the Demerged Undertaking shall without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company so as to vest in the Resulting Company all rights, title and interest pertaining to the Demerged Undertaking;

7.1.2 All assets, investments, right, title or interest acquired by the Demerged Company after the Appointed Date but prior to the Effective Date in relation to the Demerged Undertaking shall also, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act, provided however that no onerous asset shall have been acquired by the Demerged Company in relation to any Demerged Undertaking after the Appointed Date without the prior written consent of the Resulting Company;

7.1.3 In respect of all the movable assets of the Demerged Undertaking and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash in hand, shall be so transferred to the Resulting Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the Resulting Company to the end and intent that the property and benefit therein passes to the Resulting Company with effect from the Appointed Date. Such delivery and transfer shall be made on a date mutually agreed upon between the Demerged Company and the Resulting Company. However such date of delivery shall be within 30 (thirty) days from the Effective Date or such other date as may be mutually agreed upon by the Demerged Company and the Resulting Company.

7.2 Contracts

7.2.1 All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour of, as the case may be, the Resulting Company in which the Demerged Undertaking vests by way of demerger hereunder and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or thereunder;

7.2.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or 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 Part III of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company in relation to the Demerged Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

7.3 Liabilities

7.3.1 All debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Demerged Undertaking shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to the Resulting Company, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and it shall not be

necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause;

7.3.2 Where any of the loans raised and used, liabilities and obligations incurred, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company;

7.3.3 All loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking with prior approval of the Resulting Company after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the debts, liabilities, duties and obligations of the Resulting Company which shall meet discharge and satisfy the same.

7.4 Licences and Permissions

Any statutory licenses, permissions or approvals or consents held by the Demerged Company required to carry on operations of the Demerged Undertaking shall stand vested in or transferred to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to the Resulting Company as if they were originally obtained by the Resulting Company. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Governmental Authority or by any other person, or availed of by the Demerged Company relating to the Demerged Undertaking, are concerned, the same shall vest with and be available to the Resulting Company on the same terms and conditions as applicable to the Demerged Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to the Resulting Company.

7.5 This Scheme is in compliance with the conditions relating to "Demerger" as specified under Section 2(19AA) and Section 72A(4) of the Income-tax Act, 1961 such that:

7.5.1 All the properties of the Demerged Undertaking being transferred by the Demerged Company become the properties of the Resulting Company by virtue of the demerger;

7.5.2 All the liabilities relatable to the Demerged Undertaking being transferred by the Demerged Company, immediately before the demerger become the liabilities of the Resulting Company by virtue of the demerger;

7.5.3 The properties and the liabilities, if any, relatable to the Demerged Undertaking being transferred by the Demerged Company are transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the demerger;

7.5.4 The Resulting Company shall issue shares to the shareholders of the Demerged Company as a consideration for the demerger on a proportionate basis, in accordance with the provisions of this Scheme;

7.5.5 All shareholders of the Demerged Company (except certain Specified Shareholders, as defined hereinafter) shall become the shareholders of the Resulting Company by virtue of the demerger; and

7.5.6 The transfer of the Demerged Undertaking will be on a going concern.

If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(19AA) and Section 72A(4) of the Income-tax Act, 1961, the provisions of Section 2(19AA) and Section 72A(4) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(19AA) and Section 72A(4) of the Income-tax Act, 1961; such modification shall not affect other parts of the Scheme. Accordingly as applicable under Section 2(19AA) and Section 72A(4) of Income-tax Act, 1961, all unabsorbed depreciation and carried forward tax losses relatable to the Demerged Undertaking shall be transferred to and vest in the Resulting Company immediately from the Appointed Date.

7.6 Any accumulated losses and allowance for unabsorbed depreciation upto the Effective Date, which is directly relatable to the Demerged Undertaking, shall be deemed to be available for carry forward and set off in the hands of the Resulting Company in accordance with the provisions of Section 72A(4) of the Income-tax Act, 1961.

8. SECURITY

8.1 The transfer and vesting of the Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgage and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof to the extent that such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Demerged Undertaking. It is agreed by and between the Demerged Company and the Resulting Company, that pursuant to the demerger, necessary steps shall be taken in order to effect the change/ modification of charges, if any, in the records of the Registrar of Companies.

8.2 It is clarified that unless otherwise determined by the Board of Directors of the Resulting Company, in so far as the assets comprising the Demerged Undertaking are concerned:

8.2.1 the security or charge relating to loans or borrowings of the Demerged Company, in relation to the Demerged Undertaking, shall without any further act or deed continue to relate to the said assets only after the Appointed Date and shall not relate to or be available as security in relation to any other borrowings of the Demerged Company and vice versa;

8.2.2 similarly the security or charge relating to loans or borrowings of the Demerged Company, in relation to the Demerged Undertaking, shall continue to relate to the said assets only after the Appointed Date and shall not relate to or be available as security in relation to any other borrowings of the Resulting Company and vice versa; and

8.2.3 the other assets of the Demerged Company shall not relate to or be available as security in relation to the said borrowings of the Demerged Company, in relation to the Demerged Undertaking.

8.3 The Demerged Company may enter into such alternate arrangements with the lenders pursuant to the release of security as per the provisions mentioned in Clause 8.2 above.

9. TRANSFER AT BOOK VALUES

All the assets, properties and liabilities of the Demerged Undertaking shall be transferred to the Resulting Company at the values appearing in the books of the Demerged Company (at historical cost less depreciation) on the Appointed Date.

10. EMPLOYEES

10.1 On and from the Effective Date, all permanent employees relating to the Demerged Undertaking, as were employed by the Demerged Company, immediately before such date, shall become the employees of the Resulting Company with the benefit of continuity of service and without any break or interruption in service. It is clarified that the employees of the Demerged Undertaking, who become employees of the Resulting Company by virtue of this Scheme, shall continue to be governed by the same terms of employment as were applicable to them immediately before the demerger. The Resulting Company undertakes to abide by any agreement/settlement, if any, entered into by the Demerged Company with any of its respective employees thereof. The Resulting Company further agrees that for the purpose of payment of any retrenchment compensation, if any, such past services with the Demerged Company shall be taken into account;

10.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund created or any other special fund existing for the benefit of the employees of the Demerged Company, in relation to the Demerged Undertaking shall become the funds of the Resulting Company, for all purposes whatsoever in relation to the administration or operation of such fund(s) or in relation to the obligation to make contributions to the said fund(s) in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Demerged Company, in relation to the Demerged Undertaking in relation to such fund(s) shall become those of the Resulting Company. These funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Demerged Undertaking or be transferred to and merged with other similar funds of the Resulting Company. It is clarified that the services of the employees of the Demerged Company, in relation to the Demerged Undertaking shall be treated as having been continuous for the purpose of the said fund(s);

10.3 With effect from the date of filing of this Scheme with the High Court and up to and including the Effective Date, the Demerged Company shall not vary or modify the terms and conditions of employment of any of its employees, except with the prior written consent of the Resulting Company.

11. BUSINESS AND PROPERTY IN TRUST

11.1 During the period between the Appointed Date and up to and including the Effective Date:

11.1.1 The Demerged Company shall be deemed to have been carrying on all the business and activities relating to the Demerged Undertaking and shall be deemed to hold and stand possessed of the entire business and undertakings in relation to the Demerged Undertaking for and on account of and in trust, on behalf of the Resulting Company;

11.1.2 All the income or profits accruing or arising to the Demerged Company and all costs, charges, expenses or losses incurred by the Demerged Company, in relation to the Demerged Undertaking shall for all purposes of this demerger be treated as the income, profits, costs, charges, expenses and losses of the Resulting Company, as the case may be;

11.1.3 Any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertaking exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company;

11.1.4 The Demerged Company shall carry on the Agri Input Business with reasonable diligence and business prudence and shall not alter or diversify respective businesses within the Agri Input Business nor venture into any new businesses (except for Remaining Business), nor alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business without the prior consent of the Resulting Company or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of this Scheme by the respective boards of directors of the Demerged Company and the Resulting Company.

11.2 The Demerged Company shall not utilise the profits or income in relation to the Demerged Undertaking for the purpose of declaring or paying any dividend in respect of the period falling on and after the Appointed Date, without the prior written consent of the Resulting Company.

11.3 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Governmental Authorities or other appropriate forums as may be required under any applicable law, for such consents, approvals and sanctions which the Resulting Company may require to carry on the Non Fruits Business.

12. PENDING PROCEEDINGS

12.1 All legal, administrative and other proceedings, of whatsoever nature pending in any court or before any authority, judicial, quasi judicial or administrative or any adjudicating authority and/or arising after the Appointed Date and relating to the Demerged Undertaking, or its respective properties, assets, debts, liabilities, duties and obligations shall be continued and/or enforced until the Effective Date by or against the Demerged Company; and from the Effective Date, shall be continued and enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company, had the Scheme not been made. On and from the Effective Date, the Resulting Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings relating to the Demerged Undertaking, in the same manner and to the same extent as would or might have been initiated by the Demerged Company as the case may be, had the Scheme not be made;

12.2 If any suit, appeal or other proceedings relating to the Demerged Undertaking, of whatever nature by or against the Demerged Company be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the demerger of the Demerged Undertaking or by anything contained in this Scheme but the proceedings may be continued, prosecuted 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 this Scheme had not been made.

13. SAVING OF CONCLUDED TRANSACTIONS

13.1 The transfer of properties and liabilities and the continuance of proceedings by or against the Resulting Company, as envisaged under this Scheme, shall not affect any transaction or proceedings already concluded by the Demerged Company, in relation to the Demerged Undertaking on or after the Appointed Date till the Effective Date, to the intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company, in relation to the Demerged Undertaking, as done and executed on behalf of itself.

14. VALIDITY OF EXISTING RESOLUTIONS, ADJUSTMENTS ETC.

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

Necessary adjustments as may required to retain the swap ratio as determined by the valuers appointed by the Resulting Company and the Demerged Company shall be made in the event that either of the Demerged Company or the Resulting Company (if and as may be permitted by applicable law) makes a free distribution of shares or a bonus issue of its shares or divides its outstanding shares; consolidate their respective outstanding shares into a smaller number of shares, re-classify any of their respective shares into other securities or reduce or reorganise their respective share capital in any manner whatsoever whether pursuant to the Scheme or otherwise. The manner in which the adjustments shall be made shall be mutually agreed between the Demerged Company and the Resulting Company.

PART IV

REMAINING BUSINESS

15. REMAINING BUSINESS OF THE DEMERGED COMPANY

15.1 The Remaining Business of the Demerged Company and all other assets, liabilities, incentives, rights and obligations pertaining thereto shall continue to be vested in and managed by the Demerged Company in the manner as provided below.

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

15.3 With effect from the Appointed Date and including the Effective Date:

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

15.3.2 the Demerged Company may enter into such contracts as the Demerged Company may deem necessary in respect of the Remaining Business;

15.3.3 all profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Business of the Demerged Company shall, for all purposes, be treated as the profit, or losses, as the case may be, of the Demerged Company;

15.3.4 All assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company;

15.3.5 All liabilities (including contingent liabilities) loans, debts (whether secured or unsecured) raised or incurred, duties and obligations of every kind, nature and description whatsoever and howsoever arising or accruing in relation to the Remaining Business shall belong to and continue to remain vested in the Demerged Company.

PART V

CONSIDERATION AND CHANGE IN SHARE CAPITAL

16. CONSIDERATION

16.1 In consideration of the transfer and vesting of the Demerged Undertaking in accordance with the provisions of this Scheme, the share capital of the Resulting Company shall be increased in the manner set out in this Clause.

16.2 Upon the Scheme becoming effective and in consideration of the demerger including the transfer and vesting of the Demerged Undertaking in the Resulting Company, the Resulting Company shall, without any further application or deed, for every 190 (One Hundred and Ninety) fully paid-up equity shares of Rs. 10 each of the Demerged Company, issue and allot to each member of the Demerged Company whose name appears in the register of members of the Demerged Company as on the Record Date or to his/ her heirs, executors, administrators or the successors-in-title, as the case may be, subject to the provisions of Clause 16.3 below, 1 (One) fully paid-up ordinary (equity) share of Rs 5 each, of the Resulting Company. The number of ordinary (equity) shares of the Resulting Company, to which the shareholders of the Demerged Company are entitled to, are more particulary prescribed in Schedule 4 hereto. For this purpose the number of shares held by the shareholders / members of Demerged Company before reorganisation of share capital as referred in clause 6 and 19 will be considered. For the purposes of the allotment referred to in this Clause, fractional entitlements shall be rounded-off to the next higher whole number.

16.3 The ordinary (equity) shares to which the Specified Shareholders are entitled to in terms of Clause 16.2 above, pursuant to the provisions of the Act, shall stand cancelled as an integral part of this Scheme without any further act or deed for cancellation thereof by the Demerged Company.

16.4 The ordinary (equity) shares to be issued by the Resulting Company pursuant to Clause 16.2 above shall be issued in dematerialised form, provided that the members of the Demerged Company have an account with a depository participant and provided details thereof and such other confirmations as may be required are furnished by such members of the Demerged Company to the Resulting Company on or before the Record Date.

16.5 The ordinary (equity) shares of the Resulting Company to be issued to the members of the Demerged Company pursuant to Clause 16.2 above shall be subject to the memorandum and articles of association of the Resulting Company and shall rank *pari passu* in all respects, including dividend, with the existing ordinary (equity) shares of Resulting Company.

16.6 The ordinary (equity) shares of the Resulting Company are listed and admitted to trading on the Stock Exchanges. The Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the Stock Exchanges with respect to the issue of ordinary (equity) shares under this Scheme. On such formalities being fulfilled, the Stock Exchanges shall list and/or admit such equity shares issued pursuant to this Scheme, for the purpose of trading. The ordinary (equity) shares allotted pursuant to Clause 16.2 shall remain frozen in the depositories system till listing /trading permission is given by the Stock Exchanges, respectively and shall be subject to such lock-in as may be prescribed by the Stock Exchange and/or other Governmental Authorities.

16.7 The issue and allotment of ordinary (equity) shares by the Resulting Company, to the shareholders of Demerged Company as provided hereunder is an integral part of the Scheme and shall be deemed to have been carried out as if the procedure laid down under Section 81 (1A) and any other applicable provisions of the Act were duly complied with.

16.8 For the purpose of issue of ordinary (equity) shares to the shareholders of the Demerged Company, the Resulting Company shall, it and to the extent required, apply for and obtain the required statutory approvals including approval of the Reserve Bank of India and other concerned authorities.

17. COST OF ACQUISITION

17.1 For the purposes of Income-tax Act, 1961:

17.1.1 The cost of acquisition of the ordinary (equity) shares of the Resulting Company in the hands of the shareholders of the Demerged Company shall be the amount which bears to the cost of acquisition of shares held by the shareholder in the Demerged Company in the same proportion as the net book value of the assets transferred in the demerger to the Resulting Company bears to the net worth of the Demerged Company immediately before the demerger hereunder;

17.1.2 The period for which the share(s) in the Demerged Company were held by the shareholders shall be included in determining the period for which the shares in the Resulting Company have been held by the respective shareholders.

18. SPECIFIED SHAREHOLDERS

18.1 The Resulting Company is currently a shareholder of the Demerged Company holding 2,46,81,430 equity shares of Rs.10 each amounting to 63.39% of the issued and paid-up equity share capital of the Demerged Company solely in its own name. The Resulting Company also holds certain equity shares of the Demerged Company jointly with the following individuals as nominees, for the purpose of compliance with the minimum shareholding requirement as prescribed under the Act:

18.1.1 1 equity share jointly with Mr. U.Y Phadke

18.1.2 1 equity share jointly with Mr. Gautam Nagwekar

18.1.3 1 equity share jointly with Mr. A.G Tawde

18.1.4 1 equity share jointly with Mr. C. Krishnadas

18.1.5 1 equity share jointly with Mr. M.A. Nazareth

18.1.6 1 equity share jointly with Ms. Roshni Sagreiya

18.1.7 1 equity share jointly with Mr. Raghunath Murti

18.2 Mahindra Holdings Limited is currently a wholly owned subsidiary of the Resulting Company and a shareholder of the Demerged Company holding 76,53,517 equity shares of Rs.10 each amounting to 19.66% of the issued and paid-up equity share capital of the Demerged Company.

18.3 The shareholders of the Demerged Company as set out in Clauses 18.1 and 18.2 shall be collectively referred to as the "Specified Shareholders" for the purposes of this Scheme.

18.4 On account of the provisions of Section 42, Section 77, and other relevant provisions of the Act, the Specified Shareholders shall not be entitled to be allotted or hold ordinary (equity) shares being issued by the Resulting Company to the shareholders of the Demerged Company in the manner contemplated in Clause 16.2. Consequently, it has been agreed by the Specified Shareholders that their entitlement to the ordinary (equity) shares of the Resulting Company, as contemplated above shall stand cancelled in the manner set out in Clause 16.3.

PART VI

REDUCTION OF CAPITAL PURSUANT TO DEMERGER AND ACCOUNTING TREATMENT

19. REDUCTION OF SHARE CAPITAL OF THE DEMERGED COMPANY PURSUANT TO DEMERGER

19.1 Upon the demerger and resultant transfer and vesting thereof of assets and liabilities of the Non Fruit Business as envisaged in Clause 7 of the Scheme, the share capital of the Demerged Company will no longer be fully represented by assets, and to reflect the same, as an integral part of the Scheme, the share capital comprising the shareholder's funds is proposed to be reduced as provided below.

19.2 Reorganisation of the share capital of the Demerged Company with effect from the Appointed Date:

19.2.1 The issued, subscribed and paid-up equity share capital of the Demerged Company shall be reduced by Rs.8,22,35,660 by cancelling/ reducing 82,23,566 equity shares of Rs.10 each proportionately amongst the equity shareholders of the Demerged Company;

19.2.2 The share certificates of the Demerged Company in relation to, the equity shares held by its equity shareholders shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled pursuant to the reorganisation of share capital as contemplated above and requisite equity share certificates will be issued by the Demerged Company;

19.2.3 The reorganisation of share capital of the Demerged Company as aforesaid, shall be effected as an integral part of and in terms of this Scheme and shall be sufficient compliance in terms of Sections 100 to 104 of the Act and as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act are not applicable. However the order of the High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reorganisation;

19.2.4 Consequent upon such reorganisation, the issued, subscribed and paid-up share capital of the Demerged Company will be revised as under:

Issued, Subscribed, and Paid-up	Amount (Rs.)
61,14,514 equity shares of Rs. 10 each fully paid-up	6,11,45,140

The details of the shareholding of the Demerged Company pursuant to the reorganisation of capital as contemplated under this Clause, is more particularly described in Schedule 3, hereto.

20. IN THE BOOKS OF THE DEMERGED COMPANY

20.1 The assets and the liabilities of the Demerged Company being transferred to the Resulting Company shall be at values appearing in the books of accounts of the Demerged Company on the Appointed Date;

20.2 The excess of assets over the liabilities transferred in accordance with the aforesaid Clauses will be debited to the share capital account of the Demerged Company. For this purpose the number of shares will be further cancelled and reduced in terms of Clause 19 over and above the reorganisation indicated in Clause 6 of this Scheme.

21. IN THE BOOKS OF THE RESULTING COMPANY

21.1 Upon the Scheme becoming effective, the Resulting Company shall:

21.1.1 record the assets and liabilities pertaining to the Demerged Undertaking, at the respective book values as appearing in the books of the Demerged Company as on the Appointed Date;

21.1.2 credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to this Scheme and Clauses 16.2 and 16.3 above;

21.2 The difference being excess of assets over liabilities recorded by the Resulting Company, over the amount credited as share capital, will be credited to the Securities Premium account of the Resulting Company. In case of there being a shortfall, the same shall be debited to and carried forward as goodwill.

PART VII

OTHER TERMS & CONDITIONS

22. DISPENSATION FROM ADDITION OF THE WORDS "AND REDUCED"

The proposed reduction of securities premium account and share capital and of the Demerged Company as envisaged in the Scheme shall not affect or impair in any manner the rights and interests of any of the creditors (whether secured or unsecured) of the Demerged Company or the Resulting Company, since the Demerged Company and the Resulting Company shall, post such reduction, continue to be in a position to honour the dues of their respective creditors. Therefore, the Demerged Company seek liberty of the High Court for dispensation of words "and reduced" to be added as suffix to its name, as contemplated in section 102(2) and 102(3) of the Act.

23. DECLARATION OF DIVIDEND

23.1 During the period between the Appointed Date and up to and including the Effective Date, the Demerged Company shall not declare any dividend without the prior written consent of the Resulting Company.

23.2 For the avoidance of doubt, it is hereby declared that nothing in the Scheme shall prevent the Resulting Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the Record Date for the purpose of dividend and the shareholders of the Demerged Company shall not be entitled to dividend, if any, declared by the Resulting Company prior to the Effective Date.

24. ALTERATION OF MAIN OBJECTS OF THE RESULTING COMPANY

24.1 Upon the demerger becoming effective, the Resulting Company will continue to run the Agri Input Business of the Demerged Company on the same lines as carried on by the Demerged Company. For the aforesaid purpose and upon the demerger becoming effective, the objects clause of the memorandum of association of the Resulting Company will be deemed to be amended, without requiring any further approvals of the shareholders of the Resulting Company under Sections 17 and 149(2A) of the Act and the existing Clause III (A) (1) of the main object clause of the Demerged Company shall be inserted as a new Clause 3 (xvii) (Y) in the object clause of the memorandum of association of the Resulting Company, which shall read as follows:

"To carry on the business of wholesale trading of seeds, fertilizers, agro chemicals, nutrients and all other types of inputs used in agriculture and related activities including supplying, hiring and rental services for Tractors, implements, farm machinery and machinery related to agriculture and food processing, irrigation and water management equipment, maintenance services of all farm equipments, food processing equipment, irrigation equipment, consultancy services related to farming, farm machinery, food processing machinery, agricultural produce marketing, food processing business, information technology based computation, communication and internet based services related to agricultural information, food industry information, commodities information, weather, rural affairs, social affairs, news and all other information, trading of agricultural produce through buying, selling, commission agency and providing post harvest services to farmers and agri industry to provide storage, grading, sorting, packing, post harvest processing and transportation of agricultural produce, research, development and educational activities relating to farming practices, use of new technologies of seeds, fertilizers, chemical, nutrients, new techniques of mechanisation of agriculture, agricultural economics, post harvest technology practice and demonstration farms, entertainment, health, restaurant and educational services relating to contract farming by contracting farmers and corporate farming by the Company, opening and operating outlets for all the above activities whether through Company owned outlets, joint ventures, franchising and subcontracting arrangements for all the aforesaid purposes."

24.2 Upon the coming into effect of this Scheme, the Resulting Company shall file an amended copy of memorandum and articles of association with the Registrar of Companies, Mumbai.

24.3 The alteration of the object clause of the Resulting Company shall be affected as an integral part of this Scheme.

25. The Scheme would not be prejudicial to the interests of the creditors (secured and unsecured) of either of the companies. The latest accounts of both the companies indicate that they are in a solvent position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any secured or unsecured creditor of either of the companies would lose or be prejudiced as a result of the Scheme being passed, since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Hence, the demerger will not cast any additional burden on the shareholders or creditors of either company, nor will it adversely affect the interest of any of the shareholders or creditors.

26. APPLICATION TO THE HIGH COURT

26.1 The Demerged Company and the Resulting Company shall make applications / petitions to the High Court for sanction of this Scheme, under Sections 391 to 394 read with Sections 100 to 104 and other applicable provisions of the Act.

26.2 Any dispute arising out of this Scheme shall be subject to the jurisdiction of the High Court.

27. CONDITIONALITY OF THE SCHEME

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

27.1.1 The Scheme being agreed to by the requisite majority of the respective members and / or creditors of the Demerged Company as well as the Resulting Company, as may be directed by the High Court;

27.1.2 The Scheme being approved by the Stock Exchanges;

27.1.3 The Scheme being approved by the High Court under Sections 391 to 394 read with Sections 100 to 104 of the Act;

27.1.4 Requisite approvals being obtained from Reserve Bank of India / Foreign Investment Promotion Board, as may be applicable;

27.1.5 The authenticated certified copy of the order of the High Court sanctioning this Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai.

28. MODIFICATION OR AMENDMENTS TO THE SCHEME

28.1 Each of the Demerged Company and the Resulting Company (acting through their Board of Directors, Committee thereof or any director authorised by the Board of Directors to this effect) may assent to any modifications or amendments to this Scheme, including pursuant to the orders of the High Court and/or any other authorities as they may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme. Each of the Demerged Company and the Resulting Company (acting through their Board of Directors, Committee thereof or any director authorised by the Board of Directors to this effect) shall be authorised to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the High Court or of any directions given by any other appropriate authorities or for any reason otherwise arising out of this Scheme and/or any matters concerning or connected herewith.

29. EFFECT OF NON-RECEIPT OF APPROVALS

29.1 In case the Scheme is not approved by the High Court or any of the approvals or conditions enumerated in the Scheme have not being obtained or complied with, or for any other reason, if this Scheme cannot be implemented, then the board of directors of the Demerged Company and the Resulting Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement the Scheme shall become null and void and each party shall bear their respective costs, charges and expenses in connection with this Scheme.

29.2 If any part of this Scheme hereof is invalid, held illegal by any court of competent jurisdiction, or unenforceable under any present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

30. COSTS, CHARGES AND EXPENSES

30.1 Save and except as provided in Clause 29, all costs, charges, expenses, taxes including duties, levies in connection with the Scheme and its implementation thereof, shall be borne by the Resulting Company.

SCHEDULE 1

Details of Investments held by the Demerged Company in unlisted companies as on 31st December, 2009

Sr. No.	Nature of investments	Amount in Rupees
1	3,51,000 equity shares of Rs. 10/- each fully paid-up of Mega One Stop Farm Services Limited	35,10,000
2	3,37,500 equity shares of Rs. 10/- each fully paid-up of Mriyalguda Farm Solution Limited	33,75,000
3	2,73,420 equity Shares - of Rs. 10/- each fully paid-up of Kota Farm Services Limited	27,34,200
4	1,000 equity shares of Rs. 100/- each fully paid-up of Hadoti Krishi Vihar Private Limited	1,00,000
5	30,000 equity shares of Rs. 10/- each fully paid-up of Harsolia Agri Sales and Services Private Limited	3,00,000
6	200 equity shares of Rs. 100/- each fully paid-up of Yadgiri Farm Solutions Private Limited	20,000
7	2,000 equity shares of Rs. 10/- each fully paid-up of Srinivasa Farm Solutions Private Limited	20,000
8	15,180 equity shares of Rs. 10/- each fully paid-up of Farm Vision Agri-Tech Private Limited	1,51,800
9	20,000 equity shares of Rs. 10/- each fully paid-up of Sowbhagya Krishi Vikas Private Limited	2,00,000
10	1,800 equity shares of Rs. 100/- each fully paid-up of Bhuvi Care Private Limited	1,80,000
11	6,000 equity shares of Rs. 10/- each fully paid-up of Richfield Crop Solutions India Private Limited	60,000
12	6,000 equity shares of Rs. 10/- each fully paid-up of Covai Crop Care India Private Limited	60,000
13	8,000 equity shares of Rs. 10/- each fully paid-up of Manjara Agri Tech Private Limited	80,000
	Total	**1,07,91,000**

SCHEDULE 2

*** Details of carried forward unabsorbed tax losses & unabsorbed depreciation pertaining to Demerged Undertaking upto Assessment Year 2009-2010**

Rs. in Crores

Assessment Year	Business Loss	Depreciation	Capital Loss	Total Loss (for the year)
2001-02	2.74	0.08	-	2.82
2002-03	4.34	0.25	-	4.59
2003-04	4.38	0.33	-	4.71
2004-05	3.97	0.35	-	4.32
2005-06	1.57	0.26	-	1.83
2006-07	1.96	0.27	-	2.23
2007-08	1.12	0.23	-	1.35
2008-09	1.87	0.23	0.05	2.15
2009-10	0.23	0.18	-	0.41
Total	**22.19**	**2.18**	**0.05**	**24.41**

SCHEDULE 3

Shareholding pattern of the Demerged Company pursuant to reduction of capital as set out in Clause 6 & Clause 19

Sr. No.	Names of shareholders of the Demerged Company	Number of shares held in the Demerged Company prior to reduction of capital pursuant to Clause 6	Number of shares held in the Demerged Company post reduction of capital pursuant to Clause 6	Number of shares held in the Demerged Company post reduction of capital pursuant to Clause 19	Percentage of shareholding
1	Mahindra and Mahindra Limited	2,46,81,430	90,89,448	38,75,983	63.39
2	Mahindra Holdings Limited	76,53,517	28,18,568	12,02,114	19.66
3	International Finance Corporation	65,98,559	24,30,057	10,36,410	16.95
4	Mahindra and Mahindra Limited jointly with Mr. U.Y Phadke	1	1	1	0
5	Mahindra and Mahindra Limited jointly with Mr. Gautam Nagwekar	1	1	1	0
6	Mahindra and Mahindra Limited jointly with Mr. A.G Tawde	1	1	1	0
7	Mahindra and Mahindra Limited jointly with Mr. C. Krishnadas	1	1	1	0
8	Mahindra and Mahindra Limited jointly with Mr. M.A. Nazareth	1	1	1	0
9	Mahindra and Mahindra Limited jointly with Ms. Roshni Sagreiya	1	1	1	0
10	Mahindra and Mahindra Limited jointly with Mr. Raghunath Murti	1	1	1	0

SCHEDULE 4

Details of the shares of the Resulting Company to which the Shareholders of the Demerged Company are entitled to, pursuant to Clause 16.2

Sr. No.	Names of shareholders of the Demerged Company	Number of shares held in the Resulting Company post demerger
1	Mahindra and Mahindra Limited	Nil
2	Mahindra Holdings Limited	Nil
3	International Finance Corporation	34,730

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO.623 OF 2010

In the matter of the Companies Act, 1956 (1 of 1956);

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 104 of the Companies Act, 1956;

AND

In the matter of Scheme of Arrangement between Mahindra Shubhlabh Services Limited ("Demerged Company") and Mahindra and Mahindra Limited ("Applicant Company" / "Resulting Company") and their respective Shareholders

Mahindra and Mahindra Limited, a Company incorporated under the Indian Companies Act, VII of 1913 and having its registered office at Gateway Building, Apollo Bunder, Mumbai - 400 001 ..... Applicant Company

FORM OF PROXY

I/We the undersigned, as Equity Shareholder(s) of Mahindra and Mahindra Limited, the abovenamed Resulting Company hereby appoint _____ of _____ and failing him/ her _____ of _____ as my / our Proxy, to act for me/ us at the meeting of the equity shareholders of the Resulting Company to be held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai – 400 020, on Friday, the 29th day of October, 2010 at 3.00 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 Mahindra Shubhlabh Services Limited and Mahindra and Mahindra Limited and their respective Shareholders and at such meeting, and any adjournment / 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 "either with or without modification(s)" after the word "Arrangement") the said Scheme of Arrangement either with or without modification(s) as my/our proxy may approve.

Dated this _____ day of _____, 2010

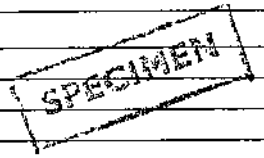
Name and Address of the Equity Shareholder : _____

Folio No. : _____

DP ID No.* : _____

Client ID No.* : _____

No. of Share(s) held : _____



Affix a 15 Paise Revenue Stamp

Signature across the Stamp

* Applicable for shareholder(s) holding shares in dematerialised form.

NOTES :

1. Proxy need not be a Member of the Resulting Company.
2. Alterations, if any, made in the Form of Proxy should be initialled.
3. The Proxy must be deposited at the registered office of the Resulting Company not less than FORTY EIGHT hours before the time scheduled/fixed for the said Meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.

Mahindra

MAHINDRA AND MAHINDRA LIMITED

Registered Office: Gateway Building, Apollo Bunder, Mumbai - 400 001
website: www.mahindra.com • email: investors@mahindra.com

ATTENDANCE SLIP

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

I hereby record my presence at the Meeting of the Equity Shareholders of the Company, convened pursuant to an Order dated 17th day of September, 2010 of the Hon'ble High Court of Judicature at Bombay at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai – 400 020, on Friday, the 29th day of October, 2010 at 3.00 p.m.

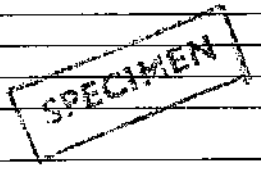
Name and Address of the Equity Shareholder : _____

Folio No. : _____

DP ID No.* : _____

Client ID No.* : _____

No. of Share(s) held : _____



Signature : _____

Name of the Proxy holder/ Authorised Representative : _____

Signature : _____

* Applicable for shareholder(s) holding shares in dematerialised form.

NOTE : Shareholders 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.

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Mahindra

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