

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**SWISS GLASCOAT EQUIPMENTS LIMITED**

**AND**

**HLE ENGINEERS PRIVATE LIMITED**

**AND**

**YASHASHVI AGROCHEMICAL PRIVATE LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

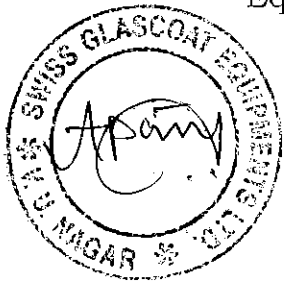
**(UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 AND OTHER  
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013)**



## PREAMBLE

### **A. BACKGROUND AND DESCRIPTION OF THE COMPANIES WHO ARE PARTIES TO THIS SCHEME**

1. This Scheme of Arrangement (the "**Scheme**") is presented under Sections 230 to 232 read with other relevant provisions of the Companies Act, 2013 for the (i) Demerger of the Operating Business (as defined hereinbelow) of HLE Engineers Private Limited and vesting of the same into Swiss Glascoat Equipments Limited in accordance with Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, including any statutory modification, re-enactments or amendments thereof from time to time and in compliance with Section 2(19AA) of the Income Tax Act, 1961; and (ii) the amalgamation of Yashashvi Agrochemical Private Limited with HLE Engineers Private Limited in accordance with Sections 230 to 232 of the Companies Act, 2013, including any statutory modification, re-enactments or amendments thereof from time to time and in compliance with Section 2(1B) of the Income Tax Act, 1961. Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.
  
2. Swiss Glascoat Equipments Limited ("SGEL" or the "Resulting Company") is a listed public company incorporated under the provisions of the Companies Act, 1956 on 26th August, 1991 bearing CIN L26100GJ1991PLC016173 as a public limited company, in the name of Shri Glasteel Equipments Limited. The name of the Company was changed from Shri Glasteel Equipments Limited to Swiss Glascoat Equipments Limited on 3rd March, 1992. The Registered Office of SGEL



is situated at H-106, G.I.D.C. Estate, Vitthal, Udyognagar 388121, Gujarat. The equity shares of SGEL are listed on the BSE Limited ("BSE").

SGEL is engaged in the business of design, manufacture, development, dealing, selling and market of standard as well as customized glass lined equipment, reactors, receivers/ storage tanks, dryers, filters, heat exchangers, condensers, columns, agitators, valves, pipes and fittings and spares thereof.

3. HLE Engineers Private Limited ("HLE" or the "Demerged Company" or the "Transferee Company") is a private limited company incorporated under the provisions of the Companies Act, 1956 on 25th April, 1980 bearing CIN U29100GJ1980PTC003739 as a private limited company, in the name of Heerasons Chemicals Private Limited. The name of the Company was changed from Heerasons Chemicals Private Limited to HLE Engineers Private Limited on August 18, 2016. The Registered Office of HLE is situated at Survey No.60/1 Ground Floor, Plot-1&2, Nr. Shukan Bungalow, Opp. Maheshvari Bhavan, City Light Area, Surat 395001, Gujarat.

HLE is engaged in the business of manufacture, marketing and sale of filtration, drying and process equipment for the pharmaceutical, chemical, agrochemical and other industries. HLE is the manufacturer and installer of Agitated Nutsche Filters (ANF), Agitated Nutsche Filter Dryers (ANFD), Rotary Vacuum Paddle Dryers (RVPD) and Filter-Dryers. It is also engaged in the manufacture and marketing of specialty and industrial chemicals, agrochemicals and intermediates and generation of wind power.

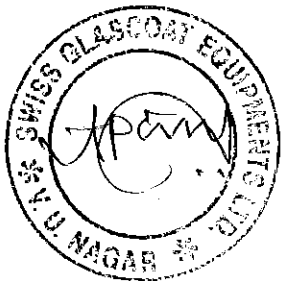


4. Yashashvi Agrochemical Private Limited ("YAPL" or the "Transferor Company") is a private limited company incorporated under the provisions of the Companies Act, 2013 on 27th July, 2016 bearing CIN U01110GJ2016PTC093104 as a private limited company. The Registered Office of YAPL is situated at Ground Floor Plot No. 1 &2, SY No.60/1, Paiky TPS-4, FP-39, Maheshwari Bhavan, Citylight, Surat 395001, Gujarat.

YAPL is engaged in the business of manufacturing and trading of specialty chemicals, agrochemicals, chemical compounds (organic and inorganic), etc.

#### **B. PURPOSE AND RATIONALE OF THE SCHEME**

5. The proposed Scheme is likely to result in the following benefits:
- i. The Demerger of the Operating Business (as defined below) of the Demerged Company and vesting of the same in the Resulting Company and amalgamation of the Transferor Company with the Transferee Company will enhance efficiencies and combine similar business interest into one corporate entity, resulting in operational synergies, simplification, focused management, streamlining and optimization of the business.
  - ii. The transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company, by way of demerger, would facilitate focused management attention, administrative efficiency, organisational efficiency and optimum utilization of various resources being in the similar line of business, provide leadership vision, provide



greater leveraging capability due to financial independence and facilitate strategic and/ or financial investment.

- iii. The transfer of the Operating Business by the Demerged Company and the amalgamation of the Transferor Company with the Transferee Company will enable the Demerged Company/ Transferee Company to enhance shareholder value accruing from consolidation of the business operations, economies of scale, improved allocation of capital, operational efficiency, integration of processes and optimized cash flows, thus contributing to the overall growth prospects of the Demerged Company/ Transferee Company.
- iv. The Scheme is expected to enable pooling of resources of the Transferor Company, Demerged Company/ Transferee Company and the Resulting Company and thus result into more productive utilization of the resources and reduction of costs, which would be beneficial for all stakeholders.
- v. The Scheme is in the interest of all the companies, their respective shareholders, creditors and employees.

### **C. OVERVIEW OF THE SCHEME**

This Scheme is divided into the following parts:

**PART A:** Definitions, Interpretations and Capital Structure.

**PART B:** Demerger of the Demerged Undertaking from the Demerged Company and vesting the same with the Resulting Company.

**PART C:** Amalgamation of the Transferor Company into the Transferee Company

**PART D:** Re-organisation of Share Capital of the Demerged Company and the Resulting Company upon Demerger and the Transferee Company upon amalgamation and amendments to the Memorandum and Articles of Association.



**PART E: General Terms and Conditions.**



## PART A

### DEFINITIONS, INTERPRETATIONS AND CAPITAL STRUCTURE

#### **6. (A) DEFINITIONS**

In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

- i. **“Act”** means, as the context may admit, the Companies Act, 2013 and the rules made thereunder;
- ii. **“Applicable Law(s)”** means any statute, notification, by-laws, rules, regulations, guidelines, rule or common law, policy, code, directives, ordinance, schemes, directives, notices, orders or instructions enacted or issued or sanctioned by any appropriate authority, including any modification or re-enactment thereof for the time being in force;
- iii. **“Appointed Date”** means 1<sup>st</sup>April, 2018 or such other date as may be agreed between Board of Directors and approved by the National Company Law Tribunal.
- iv. **“Board of Directors”** or **“Board”** means the Board of Directors of the Companies and shall, unless repugnant to the context or otherwise, include a Committee of Directors or any person authorized by the Board or such Committee of Directors;
- v. **“Demerged Company”** or **“Transferee Company”** or **“HLE”** means HLE Engineers Private Limited bearing CIN U29100GJ1980PTC003739 and having its registered office at Survey No.60/1 Ground Floor, Plot-1&2, Nr. Shukan Bungalow, Opp. Maheshvari Bhavan, City Light Area, Surat 395001, Gujarat;



vi. **"Demerged Undertaking"** means and include all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of the Demerged Company, in relation to and pertaining to the Operating Business (as defined below) on a going concern basis, together with all its assets and liabilities and shall mean and include (without limitation and without prejudice to the generality of the foregoing):

- (a) all the movable and immovable properties including plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature in relation to the Operating Business, investments, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, settlements, rights, credits, titles, interests, benefits and advantages (whether held in trust or otherwise), leasehold rights, sub-letting tenancy rights, with or without the consent of the lessor/ landlord as may be required by law, goodwill, other intangibles, industrial and other licenses, permits, authorizations, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions,



licenses, privileges concerning the Operating Business and approvals of whatsoever nature (including but not limited to benefits of all tax holidays, tax reliefs including under the Income Tax Act, 1961 such as brought forward accumulated tax losses, unabsorbed depreciation, Minimum Alternate Tax Credit paid under Section 115JA/ 115JB of the Income Tax Act, etc.), goods and service tax, and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Operating Business as on the Appointed Date;

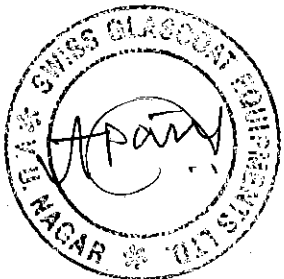
(b) All the debts, borrowings, obligations, guarantees, assurances, commitments, loans, undertakings and liabilities of any kind or description, whether present or future, whether, asserted or not asserted, matured or not matured, liquidated or un-liquidated, accrued or un-accrued, known or unknown, secured or unsecured of the Demerged Company in relation to the Operating Business as on the Appointed Date comprising of:

(1) all the debts, borrowings, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of the Demerged Company in relation to the Operating Business and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Operating Business which may accrue or arise after the Appointed Date but which related to the period up to the day immediately preceding the Appointed Date;

(2) the specific loans and borrowings raised, incurred and utilised solely for the activities and operations of Demerged Company in relation to the Operating Business; and



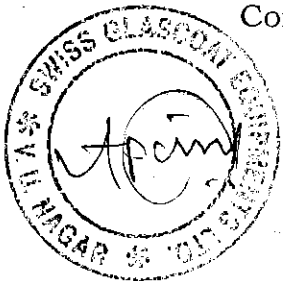
- (3) liabilities other than those referred to in sub-clauses (1) and (2) above and not directly relatable to the Operating Business, being the amounts of any general or multipurpose borrowings of the Demerged Company as stand in the same proportion which the value of assets transferred under this Clause of Remaining Business bears to the total value of the assets of the Demerged Company immediately before the Appointed Date;
- (c) All intellectual property rights, including trademarks, trade names and the goodwill associated therewith, patents, patent rights, copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how, or any applications for the above, assignments and grants in respect thereof of the Demerged Company in relation to the Operating Business as on the Appointed Date, it being clarified that all proprietary and confidential know-how, information, trade secrets, data, procedures, and process technology of the Demerged Company and pertaining to the Operating Business and any improvements thereto, together with any and all intellectual properties created therein as well as all concomitant rights thereof, whether patentable or not, shall be included in the Demerged Undertaking;
- (d) All books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the Operating Business of the Demerged Company as on the Appointed Date; and



(e) All employees, including contract employees, of the Demerged Company engaged in the Operating Business.

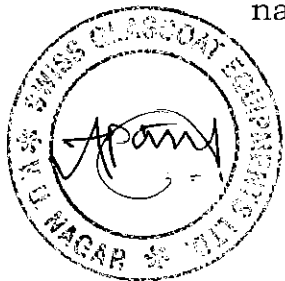
Any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Operating Business or not, shall be decided by the Board of the Demerged Company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

- vii. **“Effective Date”** means the last of the date on which the certified copies of the Orders of the National Company Law Tribunal, sanctioning this Scheme is filed with the Registrar of Companies, by SGEL, HLE and YAPL;
- viii. **“Encumbrances”** means any pledge, equitable interest, hypothecation, claims, security interest, interest, option, lien, charge or voting rights, any arrangement (for the purpose of, or which has the effect of, granting security), any adverse claim as to title, use, or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the above in favour of any Person.
- ix. **“Governmental Approval”** means any consent, approval, licence, permit, order, exemption, certificate, clearance or authorization obtained or to be obtained from, or any registration, notification, declaration or filing made to or with, or to be made to or with, any Governmental Authority and shall include required Governmental filings;
- x. **“Governmental Authority”** means any national, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body of any nation or any of its ministries, departments, secretariats, agencies or any legislative body, commission, authority, court or tribunal or entity, and shall include Registrar of Companies, Reserve Bank of India, Securities and Exchange Board of



India, the Stock Exchanges, any relevant Tax authority and any other authority exercising jurisdiction over a Party.

- xi. **"Income Tax Act"** means the Income Tax Act, 1961 and rules and regulations made thereunder and shall include any statutory modification, amendment or re-enactment thereof for the time being in force;
- xii. **"National Company Law Tribunal"** or **"Tribunal"** means the National Company Law Tribunal having its bench at Ahmedabad, Gujarat; constituted under Section 408 and 410 of Companies Act, 2013;
- xiii. **"Operating Business"** means and comprises of the business of the Demerged Company of manufacture, marketing and sale of filtration, drying and process equipment for the pharmaceutical, chemical, agrochemical and other industries, along with its manufacturing plant and land, and manufacture and marketing of specialty and industrial chemicals, agrochemicals and intermediates along with its manufacturing plant and land, generation of wind power along with land and wind mill, the rights and obligations as partner of HL Equipments, a partnership firm registered under the Indian Partnership Act, 1932 and having its office at Sr. No. 144/1/1, Plot No. 15,16,17, Athal Industries Estate Athal, Silvassa-396235 and investment in the equity shares of SGEL;
- xiv. **"Person"** means and includes an individual, proprietorship, partnership, corporation, company, unincorporated organization or association, trust or other entity, whether incorporated or not.
- xv. **"Registrar of Companies"** means the Registrar of Companies, Ahmedabad, Gujarat;
- xvi. **"Remaining Business"** shall mean and include all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind, of the Demerged Company, other than the Demerged



Undertaking, and shall, in particular, include the business, undertakings, properties, investments and liabilities in relation to and pertaining to the land situated at Plot No.Z/96/B, SEZ Part-II, Dahej, Taluka Vagra, District Bharuch-392130, Gujarat on a going concern basis and investment in 10,000 equity shares of YAPL, along with the rights, interests, obligations, liabilities, security deposit pertaining to the aforesaid land, assets, contracts, agreements, licenses, registrations, consents, approvals, borrowings and debts of whatsoever nature and kind (all related to the Remaining Business), it being clarified that all proprietary and confidential know-how, information, trade secrets, data, procedures, and process technology of the Demerged Company and pertaining to the Demerged Undertaking including any improvements thereto, together with any and all intellectual properties created therein as well as all concomitant rights thereof, whether patentable or not, shall be excluded from the Remaining Business;

- xvii. **“Resulting Company” or “SGEL”** means Swiss Glascoat Equipments Limited bearing CIN L26100GJ1991PLC016173 and having its registered office at H-106, G.I.D.C. Estate, Vitthal, Udyognagar 388 121, Gujarat;
- xviii. **“Record Date”** means the date to be fixed by the Board of Directors of the Demerged Company in consultation with the Resulting Company for the purpose of issue and allotment of equity shares by the Resulting Company to the shareholders of the Demerged Company;
- xix. **“Scheme of Arrangement” or “Scheme”** means this scheme of arrangement in its present form, or with or without modification(s), as may be approved or imposed or directed by the Tribunal;
- xx. **“Stock Exchange”** means the BSE Limited.
- xxi. **“Transferor Company” or “YAPL”** shall mean Yashashvi Agrochemical Private Limited bearing CIN U01110GJ2016PTC093104 and having its



registered office at Ground Floor Plot No. 1 &2, SY No.60/1, Paiky TPS-4, FP-39, Maheshwari Bhavan, Citylight, Surat 395001, Gujarat.

## **6(B) INTERPRETATIONS**

In this Scheme, unless the context otherwise requires:

- i. references to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;
- ii. the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- iii. words in the singular shall include the plural and vice versa; and
- iv. all terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income Tax Act, 1961 and other Applicable Laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

## **7. DATE OF TAKING EFFECT AND OPERATIVE DATE**

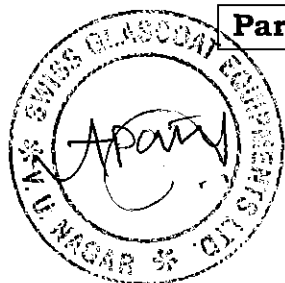
The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Tribunal, unless otherwise specified in the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date. Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.

## **8. CAPITAL STRUCTURE**

### **i. SGEL (Resulting Company)**

The issued, subscribed and paid-up capital of SGEL as on 31<sup>st</sup> March, 2018 is as under:

| <b>Particulars</b> | <b>Amount</b> |
|--------------------|---------------|
|--------------------|---------------|



|   | (in Rupees)         |
|---|---------------------|
| <b>Authorised Capital</b>                   |                     |
| 1,00,00,000 Equity Shares of Rs.10/- each   | <b>10,00,00,000</b> |
| <b>Issued, Subscribed and Fully paid-up</b> |                     |
| 65,00,000 Equity Shares of Rs.10/- each     | <b>6,50,00,000</b>  |

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of SGEL, there has been no change in the issued, subscribed, paid up equity share capital of SGEL.

**ii. HLE (Demerged Company/ Transferee Company)**

The issued, subscribed and paid-up capital of HLE as on 31<sup>st</sup> March, 2018 is as under:

| Particulars                                 | Amount<br>(in Rupees) |
|---|-----------------------|
| <b>Authorised Capital</b>                   |                       |
| 1,35,75,000 Equity Shares of Rs.10/- each   | 13,57,50,000          |
| 25,000 Preference Shares of Rs.10/- each    | 2,50,000              |
| <b>TOTAL</b>                                | <b>13,60,00,000</b>   |
| <b>Issued, Subscribed and Fully paid-up</b> |                       |
| 20,83,500 Equity Shares of Rs.10/- each     | <b>2,08,35,000</b>    |

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of HLE, HLE had, by way of bonus, issued and allotted 10,41,752 equity shares to all the equity shareholders in ratio of 1:2 viz., one new fully paid-up bonus equity share for every two fully-paid equity shares held in the capital of HLE. Pursuant to the above, the share capital of HLE as on January 16, 2019 is as under:

| Particulars                               | Amount<br>(in Rupees) |
|---|-----------------------|
| <b>Authorised Capital</b>                 |                       |
| 1,35,75,000 Equity Shares of Rs.10/- each | 13,57,50,000          |
| 25,000 Preference Shares of Rs.10/- each  | 2,50,000              |



|   |                     |
|---|---------------------|
| <b>TOTAL</b>                                | <b>13,60,00,000</b> |
| <b>Issued, Subscribed and Fully paid-up</b> |                     |
| 31,25,252 Equity Shares of Rs.10/- each     | <b>3,12,52,520</b>  |

**iii. YAPL (Transferor Company)**

The issued, subscribed and paid-up capital of YAPL as on 31<sup>st</sup> March, 2018 is as under:

| Particulars                                 | Amount<br>(in Rupees) |
|---|-----------------------|
| <b>Authorised Capital</b>                   |                       |
| 2,00,000 Equity Shares of Rs.10/- each      | 20,00,000             |
| <b>Issued, Subscribed and Fully paid-up</b> |                       |
| 10,000 Equity Shares of Rs.10/- each        | <b>1,00,000</b>       |

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of YAPL, there has been no change in the issued, subscribed and paid up equity share capital of YAPL.



**PART B**

**DEMERGER OF THE DEMERGED UNDERTAKING FROM THE  
DEMERGED COMPANY AND VESTING THE SAME INTO THE  
RESULTING COMPANY**

**9. DEMERGER OF DEMERGED UNDERTAKING:**

- i. Upon the Scheme becoming effective but with effect from the Appointed Date, the Demerged Undertaking in its entirety shall, pursuant to Sections 230 to 232 read with other relevant provisions of the Act and without any further act, instrument, deed, matter or thing be demerged from the Demerged Company and be and stand transferred to, vested in and merged with or be deemed to have been transferred to, vested in and merged with the Resulting Company on a 'going concern' basis for the consideration as set out hereinafter such that all the properties, assets, rights, claims, title, interest, authorities, investments and liabilities comprised in the Demerged Undertaking immediately before the demerger shall automatically, and without any other order to this effect, become the properties, assets, rights, claims, title, interest, authorities, investments and liabilities of the Resulting Company simply by virtue of approval of the Scheme and in the manner provided in this Scheme with effect from the Appointed Date.
  
- ii. In the event any asset, contract or property or the benefit thereof, which is a part of the Demerged Undertaking does not get transferred to the Resulting Company upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company undertake to take all necessary steps, and execute all necessary documents, to ensure the transfer of such asset, contract and property or the benefit thereof to the Resulting Company forthwith without any further consideration.



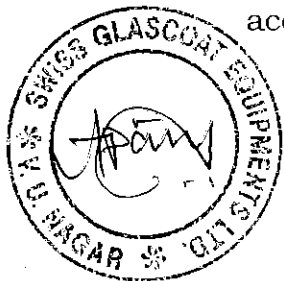
The Demerged Company and the Resulting Company agree that pending such transfer of such assets, contracts, property and benefit to the Resulting Company, the Demerged Company shall hold such assets, contracts, property and benefit in trust for the Resulting Company, and shall put in place necessary arrangements to allow the Resulting Company to enjoy the benefit of the same.

- iii. The Remaining Business shall continue to vest in the Demerged Company.

#### **10. TRANSFER OF ASSETS**

Without prejudice to the generality of Clause 9 above, the assets of the Demerged Undertaking shall stand transferred to and vested in the Resulting Company in the following manner:

- i. Such of the assets of the Demerged Undertaking including immovable and movable in nature, including business licenses, permits, trademarks, patents, registrations, authorization, investments and/ or otherwise capable of transfer by manual or constructive delivery and/ or endorsement and delivery, the same may, upon coming into effect of this Scheme, be so transferred to the Resulting Company without requiring any deed or instrument of conveyance and shall upon such transfer become the property and an integral part of the Resulting Company. Provided that for the purpose of giving effect to the vesting order passed under Sections 230 to 232 of the Act in respect of this Scheme, the Resulting Company shall at any time pursuant to the final approval and the relevant orders on this Scheme, be entitled to get effected the change in the title and the appurtenant legal right(s) upon the vesting of such properties (including immovable properties) of the Demerged Company in relation to the Demerged Undertaking in accordance with the provisions of Sections 230 to 232 of the Act, at the



office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated, without any other order to this effect. Further, in respect of the assets of the Demerged Company in relation to the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred by the Demerged Company upon the Effective Date and shall become an asset of the Resulting Company with effect from the Appointed Date without requiring any deed or instrument of conveyance for transfer of the same.

- ii. In respect of assets other than those dealt with in Clause 10(i) above, including but not limited to sundry debts, receivables, bills, credits, loans, advances and deposits, if any, whether recoverable in cash or in kind or for value to be received, bank balances, etc. the same shall stand transferred to and vested in the Resulting Company without any notice or other intimation to any Person in pursuance of the provisions of the Sections 230 to 232 read with other relevant provisions of the Act to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company. The Resulting Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred and vested in the Resulting Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.
- iii. Without prejudice to the above, the Resulting Company may, if so required under any Applicable Law or otherwise, at any time after the Scheme becoming effective, in accordance with the provisions hereof,



execute or enter into any arrangements, conveyance, confirmations, deeds, documents, letters or any other instruments relating to any asset of the Demerged Undertaking with any party to any contract or agreements to which the Demerged Company is a party. For such purposes, if so requested by the Resulting Company, the Demerged Company shall provide all the necessary assistance.

- iv. With effect from the Appointed Date, all consents, permissions, licenses, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand vested in or transferred automatically to the Resulting Company without any further act or deed and shall be appropriately mutated by the authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company. The benefit of all statutory and regulatory permissions including the statutory or other licenses, tax registrations, permits, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking shall automatically and without any other order to this effect, vest into and become available to the Resulting Company pursuant to this Scheme.
- v. It is clarified that, upon the Effective Date and until the licenses, permit, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, special status are transferred, vested, recorded, effected and or perfected, in the record of the relevant regulator/ authority, in favor of the Resulting Company, the Resulting Company is authorized to carry on business in the name and style of



the Demerged Company and under the relevant license and/ or permit and/ or approval, as the case may be, and the Resulting Company shall keep a record and/ or account of such transactions.

- vi. The Demerged Company in relation to the Demerged Undertaking may be entitled to various incentive schemes and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Demerged Undertaking shall be automatically transferred to and vested into the Resulting Company and all benefits, entitlements and incentives of any nature whatsoever including benefits under the Income Tax Act (including Minimum Alternate Tax Credit), excise, sales tax, service tax, goods and service tax, import export rules, exemptions, concessions, remissions, subsidies and other incentives in relation to the Demerged Undertaking, to the extent statutorily available, shall be claimed by the Resulting Company. The Resulting Company shall be entitled to get credit/ claim refund regarding any tax paid and/ or tax deduction at source certificates, pertaining to the Demerged Undertaking, on or after the Appointed Date by the Demerged Company.
- vii. In so far as the assets of the Demerged Undertaking are concerned, the security/ charge over them, to the extent that such security/ charge relate to any liabilities (other than the Transferred Liabilities) of the Demerged Company, shall without any further act, instrument or deed be released from such Encumbrance and shall no longer be available as a security for the liabilities of the Remaining Business of the Demerged Company. The absence of any formal amendment which may be required by a lender or a third party to effect such release shall not affect the operation of the foregoing.
- viii. In so far as the assets of the Remaining Business are concerned, the security/ charge over them, to the extent they relate to the Transferred

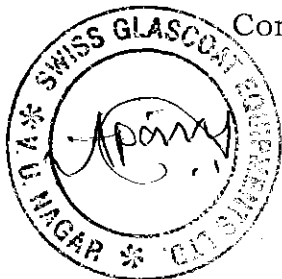


Liabilities (other than the liabilities of the Remaining Business) shall, without any further act, instrument or deed be released and discharged from such security.

- ix. Without prejudice to what is stated in Clauses 10(vii) and 10(viii) above, the Demerged Company and the Resulting Company shall execute such documents/ instruments or do all such acts and deeds including filing of necessary particulars and/ or modification of charge with the concerned Registrar of Companies to give formal effect to the above Clauses, if required.
- x. In so far as the various incentives, tax holidays, tax credits, subsidies, special status and such other benefits or privileges enjoyed or availed of by the Demerged Company in respect of the Remaining Business is concerned, the same shall vest with and be available to the Demerged Company on the same terms and conditions, subject to Applicable Laws.

## **11. TRANSFER OF LIABILITIES**

- i. Without prejudice to the generality of Clause 9 above, the liabilities of the Demerged Undertaking shall stand transferred to and vested in the Resulting Company in the following manner:
  - (a) With effect from the Appointed Date and upon coming into effect of this Scheme, all loans raised and utilized and all debts, duties, undertakings, liabilities and contingent liabilities and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which relate to the period up to the day immediately preceding the Appointed Date, if any, whether quantified or not and obligations incurred or undertaken by the Demerged Company in relation to or in connection with the Demerged



Undertaking as on the Appointed Date ("**Transferred Liabilities**") shall pursuant to the sanction of the Scheme by the NCLT and under the provisions of Sections 230 to 232 and other applicable provisions of the Act, without any further act, instrument or deed being required, be and shall stand automatically transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company to the extent that they may be outstanding as on the Appointed Date and shall become the debt, duties, undertakings, liabilities and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause. The Resulting Company shall undertake to meet, discharge and satisfy the Transferred Liabilities to the exclusion of the Demerged Company.

- (b) From the Effective Date, the Resulting Company alone shall be liable to perform all obligations in respect of the liabilities of the Demerged Undertaking, which have accrued subsequent to the Appointed Date, and the Demerged Company shall not have any obligations in respect of the said liabilities. If any liability or obligation arises against the Demerged Company in respect of the Demerged Undertaking after the Effective Date, whether relating to taxation or otherwise, the Resulting Company shall reimburse and indemnify the Demerged Company for any payment made by the Demerged Company in respect thereof.
- (c) All loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date shall 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 the Resulting Company and shall become the liabilities and obligations of the Resulting Company, which shall be liable to meet, discharge and satisfy the same.

(d) In so far as any Encumbrance in respect of the Transferred Liabilities is concerned, upon the coming into effect of this Scheme and with effect from the Appointed Date, such Encumbrance shall, without any further act, instrument or deed being required be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking, which may have been encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to this Scheme. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Transferred Liabilities, as and from the Appointed Date without any further act, instrument or deed being required be released and discharged from the obligations and encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which shall continue with the Demerged Company shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities with effect from the Appointed Date and upon the coming into effect of this Scheme.



Provided always that this Scheme shall not operate to enlarge the security from any loan, deposit or facility created by the Demerged Company in relation to the Demerged Undertaking by virtue of this Scheme and the Resulting Company shall not be obliged to create any further or additional security therefor after the Scheme has become operative.

- (e) Upon the Scheme becoming effective, all loans, borrowings, debts, liabilities, credit facilities, overdraft facilities, security deposits, debentures, duties and obligations of the Demerged Company relating to the Remaining Business shall continue to remain as the loans, borrowings, debts, liabilities, duties and obligations of the Demerged Company. The Demerged Company shall undertake to meet, discharge and satisfy the same to the exclusion of the Resulting Company.
- (f) The Encumbrances, whether existing or those created by the Demerged Company over the assets comprised in the Remaining Business or any part thereof, shall after the Effective Date continue to relate and attach to such assets or any part thereof to which they are related or attached, prior to Effective Date. Such Encumbrances shall not relate or attach to any other assets forming part of the Demerged Undertaking.
- (g) Upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument or document and/ or do all such acts or deeds as may be required, including filing of necessary particulars and/ or modification of the charge(s), if any, with the Registrar of Companies to give formal effect to the provisions of this Clause 11.
- (h) Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any



security document all of which instruments, deeds or writings shall stand modified and/ or superseded by the foregoing provisions.

(i) All loans and other obligations, if any, due between or amongst the Demerged Company and the Resulting Company relating to the Demerged Undertaking shall stand discharged and there shall be no liability in that behalf.

ii. For the removal of doubts, and without prejudice to the generality of Clause 11(i) above, it is provided that the liabilities relating to the Demerged Undertaking being transferred to the Resulting Company by virtue of the Demerger shall include:

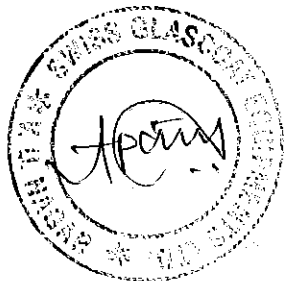
(a) The liabilities which arise out of the activities or operations of the Demerged Undertaking;

(b) The specific loans or borrowings raised, incurred and utilized solely for the assets, activities or operations of the Demerged Undertaking; and

(c) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relating to the Remaining Business, being the amounts of any general or multipurpose borrowings or liabilities of the Demerged Company as stand in the same proportion which the value of assets transferred under this Scheme of the Demerged Undertaking bears to the total value of the assets of the Demerged Company immediately before the Appointed Date;

## **12. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

Without prejudice to the generality of Clause 9 above, the contracts, deeds, etc. relating to the Demerged Undertaking shall stand transferred to and vested in the Resulting Company in the following manner:



- i. Upon the Scheme becoming effective and subject to the other provisions contained in this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatever nature relating to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, entered into, subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of the Resulting Company and may be enforced as fully and effectively as if the Resulting Company instead of the Demerged Company, had been a party or beneficiary or obligee thereto.
- ii. Upon the Scheme becoming effective, the Resulting Company shall, wherever necessary, enter into and/ or execute deeds, writings, confirmations or novations to which the Demerged Company will, if necessary, also be a party in order to give formal effect to the provisions of this Clause. The Resulting Company shall be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliance in respect of such deeds, writings, confirmations or novations.
- iii. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme all consents, permissions, licenses, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand vested in or transferred automatically to the Resulting Company without any further act or deed and shall be appropriately mutated by the authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting



Company and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any Relevant Authority as may be necessary in this behalf.

- iv. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.
- v. Upon the Scheme becoming effective, the Resulting Company shall be deemed to be authorized to execute any such writings on behalf of the Demerged Company to enable the Resulting Company to carry out or perform all such formalities or compliance as may be required in connection with change of name in any government approvals to vest the Demerged Undertaking with the Resulting Company.

### **13. LEGAL PROCEEDINGS**

- i. Upon coming into effect of this Scheme, all suits, actions, administrative proceedings, tribunal proceedings, show cause cases, demands and legal proceedings of whatsoever nature by or against the Demerged Company pending and/ or arising on or before the Appointed Date or which may be instituted any time thereafter and in



each case relating to the Demerged Undertaking shall, except as otherwise provided herein, not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Appointed Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be replaced/ added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall consequently stand nullified.

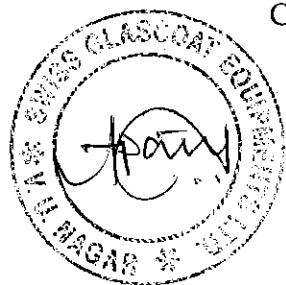
- ii. If any proceedings are taken or demand is made by the relevant governmental authorities against the Demerged Company in respect of matters referred in Clause (i) above, it shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by or against the Demerged Company in respect thereof.
- iii. The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company referred to in (i) above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both Parties shall make relevant applications and take steps as may be required in this regard.



#### 14. EMPLOYEES

Without prejudice to the generality of Clause 9 above, upon coming into effect of this Scheme:

- i. All employees of the Demerged Company engaged in or in relation to the Demerged Undertaking and who are in such employment as on the Effective Date shall be transferred to and become the employees of the Resulting Company with effect from the Appointed Date (the **"Transferred Employees"**) on the same terms and conditions of employment on which they are engaged by the Demerged Company without any break or interruption in service for the purpose of calculating retirement benefits. The Resulting Company undertakes to continue to abide by any agreement/ settlement entered into by the Demerged Company with any union/ employee of the Demerged Company in relation to the Transferred Employees.
- ii. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Transferred Employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- iii. In so far as any provident fund, gratuity fund or any other fund or trusts created by the Demerged Company and existing, for the benefit of the employees of the Demerged Company, is concerned, the part of such funds relatable to the Transferred Employees shall be continued for the benefit of the Transferred Employees. The Resulting Company shall have the obligation to take all necessary steps to set up its own funds as soon as practicable. In the event the Resulting Company has set up its own funds the amount in such fund with the Demerged Company in respect of contributions pertaining to the Transferred



Employees shall, subject to necessary approvals and permissions, if any required, be transferred to the relevant funds created by the Resulting Company. Until such time that the Resulting Company creates its own funds and/ or trust, the Resulting Company may, subject to necessary approvals and permissions that may be required, continue to contribute in respect of the Transferred Employees to the relevant funds of the Demerged Company. At the time that the Resulting Company creates its own funds, the contributions pertaining to the Transferred Employees shall be transferred to the funds created by the Resulting Company.

- iv. In relation to any other fund (including any funds set by the government for employee benefits) created or existing for the Transferred Employees, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes, funds, by-laws, etc. in respect of such Transferred Employees.

## **15. CONSIDERATION**

- i. Upon the Scheme becoming effective and in consideration of the demerger and hiving off including the transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to provisions of this Scheme, the Resulting Company shall, without any further act, deed, issue and allot to each member of the Demerged Company, whose name is recorded in the register of members on the Record Date, in accordance with the terms of the Scheme and without any further application, act, deed, payment, consent, instrument or deed issue:



(a) 309 (Three Hundred Nine) fully paid up equity shares of Rs.10/- each of the Resulting Company credited as fully paid up

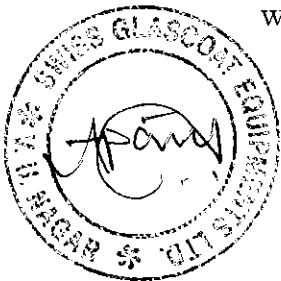
And

(b) 60 (Sixty) fully paid up 9.50% Non-Convertible, Cumulative, Redeemable Preference Shares ("CRPS") of Rs.10/- each of the Resulting Company, credited as fully paid up

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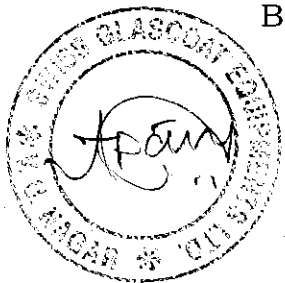
every 100 (One Hundred) fully paid equity shares of Rs.10/- each held by such shareholder or his/ her/ its heirs, executors, administrators or successors in the Demerged Company ("**Share Entitlement Ratio**"). The terms of the CRPS to be issued shall be as stated in Annexure A to this Scheme.

- ii. The issue of new equity shares and CRPS shall be made in compliance with the provisions of the minimum public shareholding prescribed under the Securities Contracts (Regulation) Act, 1956 and Securities Contracts (Regulation) Rules made thereunder (hereinafter collectively referred to as the "SCRA"). The Share Entitlement Ratio for the equity shares and CRPS to be issued to the shareholders of the Demerged Company will be such, that the minimum public shareholding of 25% (Twenty-Five Percent) or any other specified percentage, as may be permissible under SCRA, is maintained post allotment of Share Entitlement Ratio above.
- iii. M/s. R. U. Kamath & Company, Chartered Accountants, have issued the report on the Share Entitlement Ratio adopted under the Scheme. The aforesaid report on the Share Entitlement Ratio has been duly considered by the Boards of Directors of the Demerged Company and the Resulting Company.
- iv. In the event the aforesaid allotment of equity shares in accordance with Clause 15(i) results in fractional entitlements, the Board of



Directors of the Resulting Company shall consolidate all such fractional entitlements and round-up the aggregate of such fractions to the next whole number, and thereupon issue and allot whole equity shares in lieu thereof to any Director of the Resulting Company (or such other person as the Board of Directors of the Resulting Company shall appoint in this behalf), who shall hold such equity shares, in trust on behalf of the shareholders entitled to the fractional entitlements, with the express understanding that such Director (or such other person as the Board of Directors of the Resulting Company appoints in this behalf) shall sell the same at such time, at such price or the prices and to such person or persons as he may deem fit and the net sale proceeds thereof (i.e. after deduction therefrom of expenses incurred in connection with the sale) shall be paid to the Resulting Company, whereupon the Resulting Company shall distribute such net sale proceeds to the shareholders in proportion to their respective fractional entitlements. The Board of Directors of the Resulting Company, if it deems necessary, in the interests of allottees, approve such other method in this regard as it may, in its absolute discretion, deem fit. In case any member's shareholding in the Demerged Company is such that such member becomes entitled to a fraction of CRPS of the Resulting Company, such fractions shall be rounded off to the nearest whole number.

- v. The equity shares and CRPS to be issued by the Resulting Company pursuant to Clause 15(i) above shall be issued in demat form by the Resulting Company to each member of the Demerged Company whose name is recorded in the register of members on the Record Date.
- vi. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of the Demerged Company, the Board of the Demerged Company shall be empowered prior to or even



subsequent to the Record Date, to effectuate such transfers in the Demerged Company as if such changes in registered holders were operative as on the Record Date, in order to remove any difficulties arising to the transferors of the shares in relation to the shares issued by the Resulting Company after the Scheme is effected. The Board of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transition period.

- vii. The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank pari-passu inter-se in all respects including dividends declared, voting and other rights. The issue and allotment of equity shares and CRPS of the Resulting Company in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under Section 42, 55 and 62(1)(c) of the Companies Act, 2013 and any other applicable provisions of the Act have been complied with.
- viii. The new equity shares issued by the Resulting Company will be listed and/or admitted to trading on the Stock Exchanges where the shares of the Resulting Company are listed and/or admitted to trading and all necessary applications in this respect, shall be made by the Resulting Company.
- ix. The Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals of the concerned Governmental Authority for the issue and allotment of the new equity shares and CRPS.

## 16. DIVIDENDS



- i. The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only consistent with the past practice, or in the ordinary course.
- ii. Upon the Scheme becoming effective, on and from the Appointed Date, the profits of the Demerged Undertaking shall belong to and be the profits of the Resulting Company and will be available to the Resulting Company for being disposed of in any manner as it thinks fit.
- iii. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/ or the Resulting Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of the Demerged Company and the Resulting Company respectively, subject to such approval of the shareholders, as may be required.

**17. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

- i. The Demerged Company with effect from the Appointed Date and up to and including the Effective Date:
  - (a) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking and stand possessed of all the assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking for and on account of and in trust for, the Resulting Company;
  - (b) all profits and income accruing to the Demerged Company from the Demerged Undertaking, and losses and expenditure incurred by it



(including taxes but excluding advance taxes, if any, accruing or paid in relation to any profits or income), relating to the Demerged Undertaking for the period from the Appointed Date based on the accounts of the Demerged Company shall for all purposes be treated as the profits, income, losses or expenditure, as the case may be, of the Resulting Company, except those specifically forming part of the Remaining Business, and

- (c) 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. Similarly all of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken, discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of the Resulting Company.
- ii. The Demerged Company shall undertake that they shall preserve and carry on the business of the Demerged Undertaking with reasonable diligence and business prudence.
- iii. The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking and the continuance of the proceedings by or against the Resulting Company under this Scheme shall not affect any transaction or proceedings already completed by the Demerged Company on or before the Effective Date to the end and intent that, the Resulting Company accepts all acts, deeds and things done and executed by and or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.



**18. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY**

Upon the Scheme becoming effective, in accordance with the applicable accounting standards in terms of Section 133 of the Act, the Companies Act, 2013 and generally accepted accounting principles in India, the Demerged Company shall account for the Scheme in its books of accounts with effect from the Appointed Date as under:

- i. The Demerged Company shall transfer all assets and liabilities pertaining to the Demerged Undertaking at the close of business immediately preceding the Appointed Date at the value appearing in its books of account and correspondingly reduce from its books of accounts, the book values appearing on the Appointed Date in accordance with the provisions of Section 2(19AA) of the Income-Tax Act.
- ii. The investment held by the Demerged Company in the share capital of the Resulting Company will stand cancelled
- iii. Loans, advances, receivables, payables and other dues outstanding between the Demerged Company and the Resulting Company relating to the Demerged Undertaking, if any, will stand cancelled and there shall be no further obligation/ outstanding in that behalf.
- iv. The difference between the value of assets and liabilities above shall be first adjusted against the balance in General Reserve Account and the balance, if any, will be adjusted against the Retained Earnings of the Demerged Company. The balance of General Reserve Account and the Retained Earnings, as the case may be, shall stand reduced to that extent.
- v. It is reiterated that the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and



shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

- vi. Notwithstanding the above, the Board of Directors of the Demerged Company, in consultation with its statutory auditors, is authorized to account any of the balances in any other manner in accordance with the applicable accounting standards, if such accounting treatment is considered more appropriate.

#### **19. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY**

Upon the Scheme becoming effective, in accordance with the applicable accounting standards in terms of Section 133 of the Act, the Companies Act, 2013 and generally accepted accounting principles in India, the Resulting Company shall account for the Scheme in its books of accounts with effect from the Appointed Date as under:

- i. The Resulting Company shall record all the assets and liabilities pertaining to the Demerged Undertaking vested in it pursuant to this Scheme at the close of business immediately preceding the Appointed Date at the respective book values appearing in the books of account of the Demerged Company.
- ii. The Resulting Company shall credit to its Share Capital Account in its books of account the aggregate face value of the new equity shares and the CRPS issued by it to the members of the Demerged Company pursuant to Clause 15 of the Scheme.
- iii. The excess or deficit, if any, between the value of Net Assets ("Net Assets" means the excess of value of assets over the value of liabilities as per Clause 19(i)) pertaining to the Demerged Undertaking and the amount of equity shares and CRPS issued as



above shall be credited to Capital Reserve/ debited to its General Reserve Account, as the case may be.

- iv. Loans, advances, receivables, payables and other dues outstanding between the Demerged Company and the Resulting Company relating to the Demerged Undertaking, if any, will stand cancelled and there shall be no further obligation/ outstanding in that behalf.
- v. The equity shares of the Resulting Company held by the Demerged Company to the extent of Rs.3,22,59,530/- (Rupees Three Crores Twenty Two Lakhs Fifty Nine Thousand Five Hundred Thirty) being the value of the said shares shall stand cancelled in their entirety, without any further act, instrument or deed and appropriately adjusted with share capital. The said reduction of share capital of the Resulting Company being consequential shall form an integral part of the Scheme and the order of the Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction of share capital and the Resulting Company shall be deemed to have duly complied with the provisions of Section 66 and other applicable provisions of the Act. Further, considering the issue of new equity shares being approximately Rs. 9.65 crores and new CRPS being approximately Rs.1.87 crores to the shareholders of the Demerged Company, there will not be any Net Reduction of share capital of the Resulting Company and hence, the Resulting Company shall not be required to add words "and reduced" as a suffix as a part of its name consequent to reduction of its share capital.
- vi. It is reiterated that the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and



shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

- vii. Notwithstanding the above, the Board of Directors of the Resulting Company, in consultation with its statutory auditors, is authorized to account any of the balances in any other manner in accordance with the applicable accounting standards, if such accounting treatment is considered more appropriate.

## **20. TAX TREATMENT**

- i. The demerger of the Demerged Undertaking shall be as a going concern to the Resulting Company, in accordance with Section 2(19AA), Section 2(19AAA) and Section 2(41A) of the Income Tax Act.
- ii. Further, the Scheme has been drawn up to comply with the conditions relating to "demerger" as provided in the Section 2(19AA), Section 2(19AAA), Section 72A(4) and Section 2(41A) of the Income Tax Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the Income Tax Act, at a later date for any reason whatsoever, the relevant provisions of the Income Tax Act shall prevail and the Scheme shall stand modified to the extent deemed necessary to comply with the Income Tax Act. Such modifications, however, shall not affect the other parts of the Scheme.
- iii. All taxes (including income tax, sales tax, excise duty, custom duty, service tax, value added tax, goods and services tax, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, value added tax, goods



and services tax, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

- iv. All taxation proceedings (whether civil or criminal including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company whether pending on the Appointed Date or which may be instituted at any time, and in each case relating to the liability, obligation or duties of the Demerged Company before the Appointed Date shall be continued and enforced, after the Effective Date, by or against the Demerged Company only.
- v. The Resulting Company is expressly permitted to revise its tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, goods and service tax credits, set offs, rebates, credits, etc., on the basis of the accounts of the Demerged Undertaking of the Demerged Company as vested with the Resulting Company upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

## **21. CONCLUDED TRANSACTIONS**

Nothing in the Scheme shall affect any transaction or proceeding already concluded by the Demerged Company in respect of the Demerged Undertaking, to the end and intent that the Resulting Company shall accept and adopt all acts, deeds and things done and executed by the



Demerged Company in regard to the Demerged Undertaking as if it is done and executed by the Resulting Company itself.

## **22. REMAINING BUSINESS**

- i. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.
- ii. All legal, taxation or other proceedings (whether civil or criminal including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any Applicable Laws whether pending on the Appointed Date or which may be instituted at any time, and in each case relating to the liability, obligation or duties of the Demerged Company in respect of the Remaining Business shall be continued and enforced, after the Effective Date, by or against the Demerged Company only.
- iii. If proceedings are taken against the Resulting Company in respect of matters referred to in Clause 22(ii) above relating to the Remaining Business, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the Demerged Company shall reimburse and indemnify the Resulting Company, against all liabilities and obligations incurred by the Resulting Company in respect thereof.
- iv. With effect from the Appointed Date and up to and including the Effective Date:



- (a) the Demerged Company shall carry on and be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- (b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and
- (c) all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.



**PART C**

**AMALGAMATION OF THE TRANSFEROR COMPANY INTO THE  
TRANSFEE COMPANY**

**23. VESTING OF ASSETS AND LIABILITIES**

Upon the Scheme becoming effective but with effect from the Appointed Date, the Transferor Company shall stand merged with and be vested in the Transferee Company, pursuant to Sections 230 to 232 read with other relevant provisions of the Act, such that all the properties, assets, rights, claims, title, interest, benefits, authorities, investments and liabilities comprised in the Transferor Company immediately before the merger shall automatically, and without any further act, instrument, deed, matter or thing, shall stand transferred to and vested in and/ or deemed to be transferred to and vested in the Transferee Company, on a 'going concern' basis for the consideration as set out hereinafter by virtue of approval of the Scheme and in the manner provided in this Scheme.

**24. TRANSFER OF ASSETS**

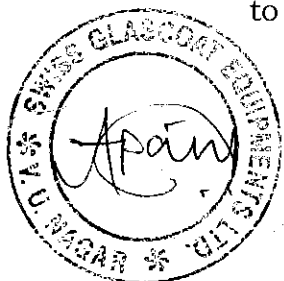
Without prejudice to the generality of Clause 23 above, the assets of the Transferor Company shall stand transferred to and vested in the Transferee Company in the following manner:

- i. Such of the assets of the Transferor Company including immovable and movable in nature, including business licenses, permits, trademarks, patents, domain, registrations, authorization, and/ or otherwise capable of transfer by manual or constructive delivery and/ or endorsement and delivery, the same may, upon coming into effect of



this Scheme, be so transferred to the Transferee Company without requiring any deed or instrument of conveyance and shall upon such transfer, become the property and an integral part of the Transferee Company. Provided that for the purpose of giving effect to the vesting order passed under Sections 230 to 232 of the Act in respect of this Scheme, the Transferee Company shall at any time pursuant to the final approval and the relevant orders on this Scheme, be entitled to get effected the change in the title and the appurtenant legal right(s) upon the vesting of such properties (including immovable properties) of the Transferor Company in accordance with the provisions of Sections 230 to 232 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated, without any other order to this effect. Further, in respect of the assets of the Transferor Company as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred upon the Effective Date and shall become an asset of the Transferee Company with effect from the Appointed Date without requiring any deed or instrument of conveyance for transfer of the same.

- ii. In respect of assets other than those dealt with in Clause 24(i) above, including but not limited to sundry debts, receivables, bills, credits, loans, advances and deposits, if any, whether recoverable in cash or in kind or for value to be received, bank balances and deposits, etc. the same shall stand transferred to and vested in the Transferee Company without any notice or other intimation to any Person in pursuance of the provisions of the Sections 230 to 232 read with other relevant provisions of the Act to the end and intent that the right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company. The Transferee Company shall, at its sole



discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred and vested in the Transferee Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.

- iii. Without prejudice to the above, the Transferee Company may, if so required under any Applicable Law or otherwise, at any time after the Scheme becoming effective, in accordance with the provisions hereof, execute or enter into any arrangements, conveyance, confirmations, deeds, documents, letters or any other instruments relating to any asset of the Transferor Company with any party to any contract or agreements to which the Transferor Company is a party.
- iv. With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions, approvals, consents, certificates, authorities (including for the operation of bank accounts), insurance policies, powers of attorney given by, issued to, or executed in favour of the Transferor Company and the rights and benefits under the same, all quality certifications and approvals, trademarks, brands, patents, patent applications, domain names, copyrights, industrial designs, trade secrets, know-how and other intellectual property and all other interests relating to the goods or services being dealt with by the Transferor Company, shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee 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 Transferee Company as if they were originally obtained by the Transferee Company.

- v. The Transferor Company may be entitled to various incentive schemes and benefits. Pursuant to this Scheme, it is declared that the benefits under all such schemes and policies pertaining to the Transferor Company shall be automatically transferred to and vested into the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever including benefits under the Income Tax Act, 1961 (including Minimum Alternate Tax), Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956, any other State Sales Tax, Value Added Tax, or Service Tax or Corporation Tax or Goods and Service Tax, other Applicable Laws, regulations dealing with taxes, duties, levies, cess, exemptions, concessions, remissions, subsidies and other incentives in relation to the Transferor Company, to the extent statutorily available, shall be claimed by the Transferee Company. The Transferee Company shall be entitled to get credit/claim refund regarding any tax paid and/ or tax deduction at source certificates, pertaining to the Transferor Company, on or after the Appointed Date.
- vi. The transfer and vesting of the assets and liabilities of the Transferor Company as aforesaid shall be subject to the existing securities, charges, encumbrances, mortgages, if any, in respect of any assets of the Transferor Company. Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Company and the Transferee Company shall not be obliged to create any further or additional security thereof after the Effective Date or otherwise. Provided also that the Scheme shall not operate to enlarge the securities for any loan, deposits or facility availed by the Transferee Company and that the Transferee Company



shall not be obliged to create any further or additional security in lieu thereof, on any assets of the Transferor Company vested in the Transferee Company in accordance with the foregoing paragraphs of the Scheme, after the Effective Date or otherwise.

- vii. In relation to the assets, if any, belonging to the Transferor Company, which require separate documents of transfer, the Transferor Company and the Transferee Company will execute the necessary documents, as and when required.

## **25. TRANSFER OF LIABILITIES**

Without prejudice to the generality of Clause 23 above, the liabilities of the Transferor Company shall stand transferred to and vested in the Transferee Company in the following manner:

- i With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities (including contingent liabilities), duties and obligations of every kind, nature and description, of the Transferor Company shall be transferred or be deemed to have been transferred to Transferee Company, to the extent they are outstanding on the Effective Date, without any further act, deed, matter or thing and the same shall be assumed by Transferee Company so as to become, on and from the Appointed Date, the liabilities and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company. The Transferee Company shall undertake to meet, discharge and satisfy the same and further, 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 and obligations have arisen in order to give effect to the provisions of this Clause.



- ii All loans, advances and other obligations (including any guarantee, letter of credit, letter of comfort or any other instrument or arrangements which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between Transferor Company and Transferee Company, shall stand discharged with effect from Appointed Date and there shall be no liability in that behalf on either party.
- iii Upon the Scheme becoming effective, any tax liabilities under the Income Tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956, any other State Sales Tax, Value Added Tax, or Service Tax or Corporation Tax or Goods and Service Tax, other Applicable Laws, regulations dealing with taxes, duties, levies, cess to the extent not provided for or covered by tax provision in the Transferor Company's accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company. Any surplus in the provisions for taxation, duties or levies account including advance tax, tax deducted or collected at source and credit for Minimum Alternate Tax and such other tax, as on the date immediately preceding the Appointed Date will also be transferred to the account of and belong to the Transferee Company.
- iv For the period between the Appointed Date and the Effective Date all debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date whether or not provided in the books of the Transferor Company raised, used and satisfied, shall be deemed to be for and on account of the Transferee Company.

## 26. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS



Without prejudice to the generality of Clause 23 above, the contracts, deeds, etc. relating to the Transferor Company shall stand transferred to and vested in the Transferee Company in the following manner:

- i. With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, schemes, arrangements, insurance policies, indemnities, guarantees and other instruments of whatsoever nature in relation to Transferor Company, or to the benefit of which Transferor Company may be eligible, and which are subsisting or having effect on or immediately before the Effective Date, shall be in full force and effect, on or against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- ii. With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions, approvals, exemption schemes, or consents required to carry on operations in the Transferor Company, shall stand vested in or transferred to the Transferee Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company. The benefit of all statutory and regulatory permissions, licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of Transferor Company shall vest in and become available to the Transferee Company pursuant to the Scheme.
- iii. The Transferee 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, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any Person to any contract or arrangement to which



the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company.

- iv. Until the Effective Date, the Transferor Company shall carry on the business activities in the ordinary course and shall not execute any material, extraordinary contract, liability or undertaking without the prior written consent of the Transferee Company.

## **27. LEGAL PROCEEDINGS**

- i All legal proceedings of whatever nature by or against the Transferor Company pending on the Effective Date, shall not be abated, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the undertakings, business, assets, properties and liabilities of the Transferor Company or of anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee 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 Transferor Company as if the Scheme had not been made.
- ii On and from the Effective Date, all suits, actions, arbitrations and other judicial or quasi-judicial proceedings by or against the Transferor Company in relation to the provision or conduct of the business and pending or arising subsequent to the Appointed Date shall be continued, prosecuted and enforced by or against the Transferee Company as effectually as if the same had been filed by, pending and/ or arising against the Transferee Company.



## 28. EMPLOYEES

- i. All the employees of the Transferor Company in service on the date immediately preceding the date on which the Scheme finally takes effect, i.e., the Effective Date, shall become the employees of the Transferee Company on such date without any break or interruption in service and upon terms and conditions not less favourable than those subsisting in the Transferor Company on the said date.
- ii. In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Transferor Company for its employees (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds being transferred to the Transferee Company, in terms of the Scheme shall be transferred to the Transferee Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own funds in respect of any of the above, the Transferee Company may, subject to necessary approvals and permissions, continue to contribute to relevant funds of the Transferor Company, until such time that the Transferee Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to the funds created by the Transferee Company. Subject to the relevant law, rules and regulations applicable to the Funds, the



Board of Directors or any committee thereof of the Transferee Company may decide to continue to make the said contributions to the Funds of the Transferor Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous and not interrupted for the purpose of the said Fund or Funds.

**29. INTELLECTUAL PROPERTY**

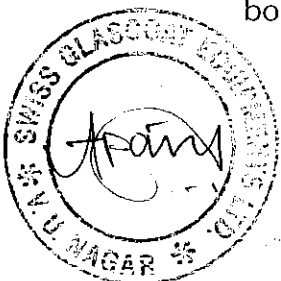
All Intellectual Property Rights of the Transferor Company shall stand transferred to and vested in the Transferee Company.

**30. INTER-SE TRANSACTIONS**

With effect from the Effective Date, all inter-se contracts solely between the Transferor Company and the Transferee Company shall stand cancelled and cease to operate, and appropriate effect shall be given to such cancellation and cessation in the books of accounts and records of the Transferee Company. With effect from the Effective Date, there will be no accrual of income or expenses on account of any transactions in the nature of sale or transfer of any goods, material or services, between the Transferor Company and the Transferee Company. For avoidance of doubt, it is hereby clarified that with effect from the Effective Date, there will be no accrual of interest or other charges in respect of any inter-se loans, deposits or balances between the Transferor Company and the Transferee Company.

**31. BORROWING LIMITS, CORPORATE APPROVALS**

- i. With effect from the Effective Date, the borrowing and investment limits of the Transferee Company under the Act shall be deemed without any further act or deed to have been enhanced by the borrowing and investment limits of the Transferor Company, such



limits being incremental to the existing limits of the Transferee Company.

- ii. Any corporate approvals obtained by the Transferor Company, whether for purposes of compliance or otherwise, shall stand transferred to the Transferee Company and such corporate approvals and compliance shall be deemed to have been obtained and complied with by the Transferee Company.

### **32. CONSIDERATION**

The entire paid-up share capital of the Transferor Company is held by the Transferee Company. Upon the Scheme becoming effective, the equity shares of the Transferor Company held by the Transferee Company shall stand cancelled in their entirety and no new shares of the Transferee Company will be issued.

### **33. PROFITS, DIVIDENDS, BONUS/ RIGHTS SHARES**

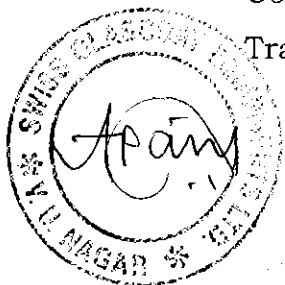
With effect from the Appointed Date, the Transferor Company shall not without the prior written consent of the Transferee Company, utilize the profits, if any, for declaring or paying of any dividend to its shareholders and shall also not utilize, adjust or claim adjustment of profits/ reserves, as the case may be earned/ incurred or suffered after the Appointed Date.

The Transferor Company shall not after the Appointed Date, issue or allot any further securities, by way of rights or bonus or otherwise without the prior written consent of the Board of Directors of the Transferee Company.

### **34. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**



- i. The Transferor Company with effect from the Appointed Date and up to and including the Effective Date:
  - (a) shall be deemed to have been carrying on and to be carrying on all business and activities and stand possessed of all the assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Transferor Company for and on account of and in trust for, the Transferee Company;
  - (b) all profits and income accruing to the Transferor Company, and losses and expenditure incurred by it (including taxes but excluding advance taxes, if any, accruing or paid in relation to any profits or income), relating to the Transferor Company for the period from the Appointed Date based on the accounts of the Transferor Company shall for all purposes be treated as the profits, income, losses or expenditure, as the case may be, of the Transferee Company, and
  - (c) any of the rights, powers, authorities, privileges, attached, exercised by the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly all of the obligations, duties and commitments attached, undertaken by the Transferor Company shall be deemed to have been undertaken for and on behalf of the Transferee Company.
- ii. The Transferor Company shall undertake that they shall preserve and carry on the business with reasonable diligence and business prudence.
- iii. The transfer and vesting of the assets, liabilities and obligations of the Transferor Company and the continuance of the proceedings by or against the Transferor Company under this Scheme shall not affect any transaction or proceedings already completed by the Transferor Company on or before the Effective Date to the end and intent that, the Transferee Company accepts all acts, deeds and things done and



executed by and or on behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Transferee Company.

**35. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY**

Upon the Scheme becoming effective, in accordance with the applicable accounting standards in terms of Section 133 of the Act, the Companies Act, 2013 and generally accepted accounting principles in India, the Transferee Company shall account for the Scheme in its books of accounts with effect from the Appointed Date as under:

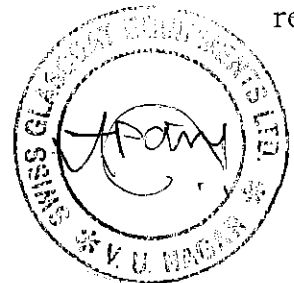
- i. The Transferee Company shall record all the assets, liabilities and reserves of the Transferor Company vested in it pursuant to this Scheme at the close of business immediately preceding the Appointed Date at the respective book values appearing in the books of account of the Transferor Company.
- ii. Loans, advances, receivables, payables and other dues outstanding between the Transferor Company and the Transferee Company, if any, will stand cancelled and there shall be no further obligation/ outstanding in that behalf.
- iii. The investment made in the Share Capital of the Transferor Company by the Transferee Company shall stand cancelled. Difference, if any, between the investment held by the Transferee Company and Net Asset Value of the Transferor Company will be credited to Capital Reserve or debited against Retained Earnings, as the case may be.
- iv. Notwithstanding the above, the Board of Directors of the Transferee Company, in consultation with its statutory auditors, is authorized to account any of the balances in any other manner in accordance



with the applicable accounting standards, if such accounting treatment is considered more appropriate.

### **36. TAX TREATMENT**

- i. All the benefit of the tax credits whether central, state or local, availed by the Transferor Company including Minimum Alternate Tax, tax deduction at source on income of the Transferor Company, obligation for tax deduction at source on any payments made by or to be made by the Transferor Company, and the obligations if any for payment of the tax on any assets of the Transferor Company or their erection and/ or installation, etc. shall be deemed to have been availed by the Transferor Company or as the case may be deemed to be the obligations of the Transferee Company. Consequently, and as the Scheme does not contemplate removal of any asset by the Transferor Company from the premises in which it is installed, no reversal of any tax credit needs to be made.
- ii. With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/ receivable by the Transferor Company including all or any refunds/ credits/ claims relating thereto shall be treated as the asset/ liability or refunds/ credits/ claims, as the case may be, of the Transferee Company.
- iii. The Transferee Company is expressly permitted to revise its tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, goods and service tax credits, set offs, rebates, credits, etc., on the basis of the accounts of the Transferor Company as vested with the Transferee Company upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to



the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

### **37. CONCLUDED TRANSACTIONS**

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against the Transferee Company above shall not affect any transaction or proceedings already concluded in the Transferor Company, on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company, in respect thereto as done and executed on its behalf.

### **38. OTHER ENTITLEMENTS**

- i. All cheques and other negotiable instruments, payment orders received in the name of Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company. Similarly, the bankers of the Transferee Company shall honour cheques issued by Transferor Company for payment after the Effective Date.
- ii. Upon the coming into effect of this Scheme the resolutions, if any, of Transferor Company, which are valid and subsisting on the Effective Date shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

### **39. DISSOLUTION OF TRANSFEROR COMPANY**



On this Scheme becoming effective as provided in Clause 23 above, the Transferor Company shall stand dissolved without winding up.



**PART D**

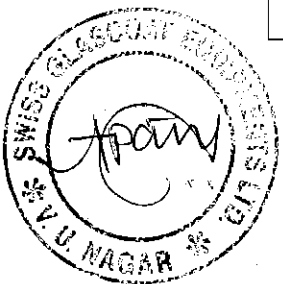
**REORGANISATION OF SHARE CAPITAL OF THE DEMERGED COMPANY AND THE RESULTING COMPANY UPON DEMERGER AND THE TRANSFEREE COMPANY UPON AMALGAMATION AND AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

**40. REORGANIZATION OF SHARE CAPITAL OF THE DEMERGED COMPANY/ TRANSFEREE COMPANY**

**i. Authorised Share Capital of the Demerged Company/ Transferee Company**

- (a) Consequent to the demerger and as an integral part of the Scheme, upon the Scheme being effective, a part of the Authorized Share Capital of the Demerged Company shall stand transferred to the Resulting Company without any further act, instrument or deed and without payment of any fees, stamp duty, etc. to the extent of Rs.10,60,00,000 (Rupees Ten Crores Sixty Lakhs Only) pursuant to the provisions of the Act.
- (b) Upon the Scheme being effective, the Authorized Share Capital of the Transferee Company shall automatically stand increased by Rs.20,00,000 (Rupees Twenty Lakh Only), - which shall stand transferred from the authorized share capital of the Transferor Company to the Transferee Company without any further act, instrument or deed and without payment of any fees, stamp duty, etc.
- (c) Consequently, upon the Scheme being effective and as stated in Clause 40(i)(a) and Clause 40(i)(b) above, the Authorized Share Capital of HLE, the Demerged Company/ Transferee Company shall automatically stand reclassified and amended as under:

| <b>Particulars</b>                      | <b>Amount<br/>(in Rupees)</b> |
|---|-------------------------------|
| <b>Authorised Capital</b>               |                               |
| 32,00,000 Equity Shares of Rs.10/- each | 3,20,00,000                   |
| <b>TOTAL</b>                            | 3,20,00,000                   |



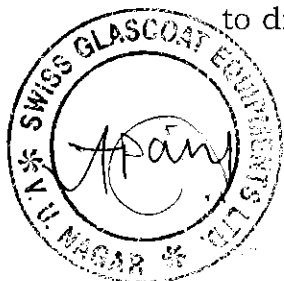
It is clarified that the approval of the members of the Demerged Company/ Transferee Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum and Articles of Association of the Transferee Company as may be required under the Act.

- (d) The Clause V of the Memorandum of Association of the Demerged Company/ Transferee Company would stand amended as follows:

“The Authorised Share Capital of the Company is Rs.3,20,00,000/- (Rupees Three Crores Twenty Lakhs only) divided into 32,00,000 (Thirty Two Lakhs) equity shares of Rs.10/- (Rupees Ten) each with rights, privileges and conditions attaching thereto as may be provided by the Articles of Association of the Company. The Company shall have power to increase or reduce its capital for the time being and to consolidate, divide or sub-divide and re-classify the share capital and to attach thereto respectively and preferential, qualified or special rights, privileges or conditions as to dividend, voting or otherwise and to vary, modify or abrogate any such rights, privileges or conditions in accordance with the provisions of the Act and Articles of the Company and issue shares of higher or lower denominations.”

- (e) The paragraph 1 of Article 4 of the Articles of Association of the Demerged Company/ Transferee Company would stand amended as follows:

“The Authorised Share Capital of the Company is Rs.3,20,00,000/- (Rupees Three Crores Twenty Lakhs only) divided into 32,00,000 (Thirty Two Lakhs) equity shares of Rs.10/- (Rupees Ten) each subject to be increased or reduced in accordance with the regulation of the Company and legislative provisos for the time being in that behalf and with power to divide the share capital for the time being into equity share capital and



preferential share capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions.”

**41. REORGANIZATION OF SHARE CAPITAL OF THE RESULTING COMPANY**

- i. Upon the Scheme being effective, the Authorized Share Capital of the Resulting Company shall automatically stand increased by Rs. 10,60,00,000 (Rupees Ten Crores Sixty Lakhs only), which shall stand transferred from the authorized share capital of the Demerged Company to the Resulting Company and the authorized share capital of the Resulting Company shall be increased and reclassified into Equity Shares and Preference Shares, without any further act, instrument or deed and without payment of any fees, stamp duty, etc.
- ii. Consequently, upon the Scheme being effective, the Clause V of the Memorandum of Association of the Resulting Company (relating to the authorized share capital) shall without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act, and be replaced by the following clause:

“The Authorized Share Capital of the Company is Rs.20,60,00,000 (Rupees Twenty Crores Sixty Lakhs only) divided into 1,80,00,000 (One Crores Eighty Lakhs) equity shares of Rs.10/- each and 26,00,000 (Twenty Six Lakhs) preference shares of Rs.10/- each with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions, as may be determined, and to vary, modify or abrogate any such rights, privileges or conditions in such



manner as may for the time being be provided by the Articles of Association of the Company.”

**42. CHANGE OF NAME OF THE RESULTING COMPANY**

- i. Upon this Scheme becoming effective, the name of the Resulting Company shall stand changed to “HLE Glascoat Limited” or such other name which is available and approved by the ROC, by filing the requisite forms with the Governmental Authority and no separate act, procedure, instrument, or deed and registration fees shall be required to be followed under the Act.
- ii. Consequently, subject to Clause 42(i) above, Clause I of the Memorandum of Association of the Resulting Company shall without any act, procedure, instrument or deed be and stand altered, modified and amended pursuant to Section 13 and other applicable provisions of the Act, and be replaced to the following clause:

“The name of the Company is HLE Glascoat Limited.”

- iii. The relevant Articles and name, wherever appearing in the Articles of Association shall accordingly, without any act, procedure, instrument or deed be and stand altered, modified and amended pursuant to Section 14 and other applicable provisions of the Act.

**43. AMENDMENT TO THE OBJECT CLAUSE OF THE RESULTING COMPANY**

- i. Upon the Scheme becoming effective, the following clauses shall be inserted in the Main Object Clause (Clause III A) of the Memorandum of Association of the Resulting Company after Object Clause 1:  
“2. To carry on the business as manufacturers, processors, importers,



exporters, dealers, sellers, buyers, consignors, consignees, agents, stockists, suppliers of all classes, kinds, types and nature of chemicals, dyes, pigments and auxiliaries, intermediates including but without limiting the generality of the foregoing, heavy chemicals, fine chemicals, organic and inorganic chemicals, pharmaceutical, agrochemicals, drug and medicinal chemicals, gum, allied chemicals and boiling agents for textiles, paints, cosmetics, pharmaceuticals, paper, processing, leather, metals, food pigments and other industries made from whatever substances including minerals.

3. To manufacture, produce, install, commission, operate, prepare, pay, import, buy, sell, supply, distribute or otherwise deal in all energy production and conversion activities in all its forms inclusive of but not restricted to various renewable sources like solar energy, wind energy, all forms of biomass, geothermal energy, hydel energy, tidal and wave energy as also effective and efficient utilization of conventional energy forms like coal, oil, gas, electricity and all equipment that may be associated with such energy related activities.”

44. It is hereby clarified that under the accepted principle of Single Window Clearance, all the above referred amendments in the Memorandum of Association and Articles of Association of HLE, the Demerged Company/Transferee Company with regard to the Capital Clause as envisaged vide Clause 40 of the present Scheme and the amendments, as well as the amendments in the Memorandum of Association and Articles of Association of SGEL, the Resulting Company with regard to the Capital Clause, Name Clause and Objects Clause as envisaged vide Clauses 41, 42 and 43, of the present



Scheme shall be treated as the integral part of the proposed Scheme of Arrangement. The approval of the concerned shareholders of the Demerged Company/ Transferee Company and that of the Resulting Company to the Scheme shall be deemed to be sufficient for amendment of the Memorandum of Association and Articles of Association of the respective companies and no further resolution(s) under Section 13, Section 14 or any other applicable provisions of the Act, would be required to be separately passed. The order passed by the National Company Law Tribunal granting the sanction to the scheme shall be binding upon all the authorities for making such amendments effective.

45. Upon the Scheme being effective, the Demerged Company/ Transferee Company and the Resulting Company shall not be required to file any forms or pay any fees, stamp duty etc., with the Registrar of Companies for alteration of its Authorized Share Capital and alteration in the Memorandum and Articles of Association, as may be required.



## **PART E**

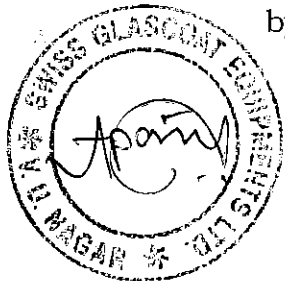
### **GENERAL TERMS AND CONDITIONS**

#### **46. APPLICATION AND PETITION BEFORE THE TRIBUNAL**

- i. The Transferor Company, the Demerged Company/ Transferee Company and the Resulting Company shall make the requisite company applications under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act to the National Company Law Tribunal, Ahmedabad Bench for seeking sanction of this Scheme.
- ii. Each of the Companies (acting through their respective Boards of Directors) shall, with all reasonable dispatch, make applications to the Tribunal, under the relevant provisions of applicable law, if any, seeking orders for dispensing with or convening, holding and/or conducting of the meetings of the classes of their respective shareholders and/or creditors and for sanctioning the Scheme with such modifications, as may be approved by the Tribunal.

#### **47. MODIFICATIONS OR AMENDMENTS TO THE SCHEME**

- i. The Transferor Company, the Demerged Company/ Transferee Company and the Resulting Company by their respective Board of Directors may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the Tribunal and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) subject to the approval of the Tribunal or any other authorities under applicable law. The Transferor Company, the Demerged Company/ Transferee Company and the Resulting Company by their respective Board of Directors be and are hereby authorized to



take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

- ii. In the event any of the conditions that may be imposed by the Tribunal, while sanctioning the Scheme, which the Board of Directors of the Transferor Company, the Demerged Company/ Transferee Company and the Resulting Company may find unacceptable for any reason, then the Transferor Company and the Transferee Company are at liberty to withdraw from the Scheme.
- iii. Subject as provided hereinafter, if any part of this Scheme is held invalid, ruled illegal by the Tribunal or any other Governmental Authority of the competent jurisdiction, or becomes unenforceable for any reason whatsoever, whether under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this 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 this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part.

#### **48. CONDITIONALITY OF THE SCHEME**

- i. The Scheme is conditional upon and subject to the following:
  - (a) receipt of no-objection letters from the Stock Exchange in respect of the Scheme and the transaction contemplated herein, which in form and substance is acceptable to the Transferor Company, the Demerged



Company/ Transferee Company and Resulting Company, each acting reasonably and in good faith.

- (b) the Scheme being approved by the requisite majorities of the members and creditors of the Transferor Company, the Demerged Company/ Transferee Company and the Resulting Company, as required under Applicable Laws and as may be directed by the Tribunal or any other authority as may be prescribed or notified;
  - (c) the Scheme being approved by majority of public shareholders of the Resulting Company in accordance with the SEBI Circular - CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended from time to time;
  - (d) the requisite consents, approvals or permissions of any Governmental Authority, which by law may be necessary for the implementation of this Scheme;
  - (e) the sanction of the Scheme by the Tribunal;
  - (f) the certified copies of the orders of the Tribunal referred to in this Scheme being filed with the Registrar of Companies by the Transferor Company, the Demerged Company/ Transferee Company and the Resulting Company.
- ii. Compliance with such other conditions as may be imposed by the Tribunal.

#### **49. EFFECT OF NON-RECEIPT OF APPROVALS**

In case this Scheme is not sanctioned by the Tribunal and/or Appropriate Authority or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in this Scheme not being obtained or complied or for any other reason, this Scheme cannot be implemented, this Scheme shall become null and void and be of no effect.



## **50. REPEALS AND SAVINGS**

Any direction or order given by the Tribunal or other Governmental Authority under the provisions of the Act and any act done by the Transferor Company, the Demerged Company/ Transferee Company and the Resulting Company, based on such directions or order shall be deemed to be in accordance with and consistent with the provisions of the Companies Act, 2013.

## **51. COST, CHARGES AND EXPENSES**

- i. All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in connection with the demerger of the Demerged Undertaking and vesting of the same into the Resulting Company, as set out in Part B of this Scheme and matters incidental thereto, shall be borne by the Resulting Company.
- ii. All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in connection with the amalgamation of the Transferor Company into the Transferee Company, as set out in Part C of this Scheme and matters incidental thereto, shall be borne by the Transferee Company.

## **52. COMPLIANCE WITH APPLICABLE LAWS**

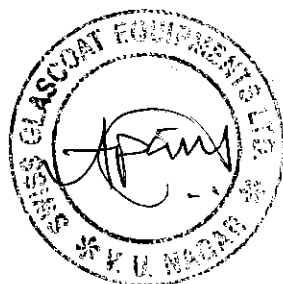
The Companies undertake to comply with all Applicable Laws including making the requisite intimations and disclosures to any statutory or regulatory authority and obtaining the requisite consent, approval or permission, of the Central Government, Stock Exchanges, SEBI, as may be required or any other statutory or regulatory authority, which by law



may be required for the implementation of this Scheme or which by law may be required in relation to any matters connected with this Scheme.

**53. EFFECTIVE DATE OF THE SCHEME**

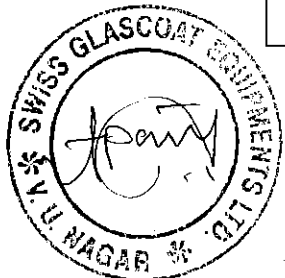
This Scheme shall be effective from the last of the dates on which certified copies of the Tribunal order under Sections 230 to 232 of the Act are filed in the office of the Registrar of Companies. Such date is called as the Effective Date.



## Annexure A

### 9.50% Non-Convertible, Cumulative, Redeemable Preference Shares

|    |                          |   |
|----|--------------------------|---|
| a. | Face Value               | The CRPS shall have the face value of Rs.10 each. The CRPS shall carry a preferential right vis-à-vis equity shares of the Resulting Company with respect to payment of dividend and repayment of capital.  |
| b. | Participation Rights     | The CRPS shall be non-participating in the surplus funds. The CRPS shall be non-participating in the surplus assets and profits which may remain after the entire capital has been repaid, on winding up of the Resulting Company.  |
| c. | Dividend                 | The CRPS shall, subject to the provisions of the Articles of Association of the Resulting Company and the Companies Act, 2013 confer the holders thereof a right to fixed preferential dividend of 9.50% per annum in priority to the equity shares. The dividend on CRPS shall be paid annually on or before June 30 every year, subject to applicable provisions of the Companies Act, 2013 |
| d. | Accumulation of Dividend | Cumulative  |
| e. | Tenure                   | Upto June 30, 2024  |
| f. | Whether Convertible      | Non Convertible   |
| g. | Listing                  | The CRPS shall not be listed on any   |



|    |                             |   |
|----|-----------------------------|---|
|    |                             | Stock Exchange  |
| h. | Voting Rights               | The holders of CRPS shall have the right to vote in general meeting of the Resulting Company in accordance with Section 47 of the Act.  |
| i. | Redemption                  | The CRPS shall be redeemed at a premium of Rs.189.38 (Rupees One Hundred Eighty Nine and Paise Thirty Nine only) per CRPS in five equal annual installments commencing from June 30, 2020. The annual redemption installment shall be adjusted pro rata against the face value and the premium payable. |
| j. | Manner of Redemption        | The CRPS shall be redeemed at premium of Rs.189.38 per share in accordance with Section 55 of the Act, out of profits available for distribution as dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption.  |
| k. | Expected Dilution in Equity | Nil, as the CRPS are non-convertible.   |
| l. | Taxation                    | All payment in respect of dividend and redemption to the CRPS holders shall be subject to deduction of tax at source, as may be applicable.   |
| m. | Transferability             | The CRPS shall be freely transferable at the option of the holders subject to applicable laws.  |

