

Date: 24/12/2020

To,

The Listing Department National Stock Exchange of India Ltd Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E), Mumbai - 400 051 NSE Symbol: RUPA	The Department of Corporate Services BSE Ltd Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 Scrip Code: 533552
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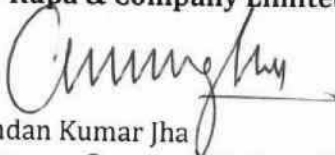
Sub: Disclosure under Regulation 30 read with Regulation 37 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ('SEBI Listing Regulations') w.r.t. the Scheme of Arrangement between Oban Fashions Private Limited, Wholly-owned Subsidiary of Rupa & Company Limited, ('Oban' or "the Demerged Company") and Rupa & Company Limited ("Rupa" or "the Resulting Company" or "the Company")

Respected Sir/ Madam,

Pursuant to Regulation 30 read with Regulation 37 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ('SEBI Listing Regulations') and in continuation of our letter dated 09/12/2020, we hereby submit Scheme of Arrangement to be filed with Hon'ble Nation Company Law Tribunal (NCLT) for your kind information and record.

Thanking you.

Yours faithfully,
For Rupa & Company Limited



Kundan Kumar Jha
Company Secretary & Compliance Officer
ACS 17612



Encl: As above

SCHEME OF ARRANGEMENT

(Under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules thereunder)

AMONGST

RUPA & COMPANY LIMITED, 1 HO CHI MINH SARANI, METRO PLAZA 8TH FLOOR, KOLKATA, WEST BENGAL – 700071, INDIA (for short “Rupa” or “Resulting Company”)


AND

OBAN FASHIONS PRIVATE LIMITED, 102, VIP PLAZA, B-7, VEERA INDUSTRIAL ESTATE OFF ANDHERI LINK ROAD, ANDHERI (WEST), MUMBAI, MAHARASHTRA - 400053 INDIA (for short “Oban” or “Demerged Company”)

AND

THEIR RESPECTIVE SHAREHOLDERS

For RUPA & COMPANY LTD


Company Secretary & Compliance Officer
ACS 17612

GENERAL

A. PREAMBLE

This Scheme of Arrangement is presented pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and also read with Section 2(19AA) and other relevant provisions of the Income-tax Act, 1961 as applicable for demerger of the Demerged Undertaking (more particularly defined hereinafter) of Oban Fashions Private Limited into Rupa & Company Limited on a going concern basis.

B. DESCRIPTION OF COMPANIES

- (a) **OBAN FASHIONS PRIVATE LIMITED**, is a private limited company, incorporated in the year 2015 (CIN U18204MH2015PTC271385), a deemed public limited company by virtue of being a wholly-owned subsidiary of a public limited company (Rupa & Company Limited), under the provisions of the Companies Act, 2013 having its registered office at 102, VIP Plaza, B-7, Veera Industrial Estate Off Andheri Link Road, Andheri (West), Mumbai, Maharashtra – 400053, India and is engaged in the hosiery business. Oban Fashions Private Limited has been referred to as ‘Oban’ or ‘Demerged Company’ hereinafter.
- (b) **RUPA & COMPANY LIMITED**, is a public limited company whose shares are listed on Bombay Stock Exchange and on National Stock Exchange and was incorporated in the year 1985 (CIN L17299WB1985PLC038517) under the provisions of the Companies Act, 1956 having its registered office at 1, Ho Chi Minh Sarani, Metro Tower, 8th Floor, Kolkata West Bengal - 700071, India and is engaged in the hosiery business. Rupa & Company Limited has been referred to as ‘Rupa’ or ‘Resulting Company’ hereinafter.

C. OBJECTIVE OF THE SCHEME

This Scheme of Arrangement (herein after referred to as the “**Scheme**”) is presented pursuant to provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013, for demerger of Demerged Undertaking (more particularly defined hereinafter) of the Demerged Company to the Resulting Company on a going-

concern basis. This Scheme also provides for various other matters consequential or otherwise integrally connected with the above.

D. RATIONALE FOR THE SCHEME

- (a) The Resulting Company is engaged in the manufacturing, marketing, selling and distribution of men's and women's innerwear, thermal wear and fashion wear products, across economy, mid-premium, premium and super-premium categories. Resulting Company operates through its manufacturing facilities in the state of West Bengal, Tamil Nadu, Karnataka and Uttar Pradesh.
- (b) The Demerged Company is primarily engaged in manufacturing, marketing and selling of hosiery items. The Demerged Company is also an authorized licensee with rights for whole of India with respect to innerwear (briefs, trunks, knit thermals, etc.) and outerwear (t-shirts, knit pants, vests, leggings, etc.) for premium brands French Connection UK ('FCUK') and Fruit of the Loom ('FOTL'). In one of its undertaking, Oban develops, manufactures, markets and sells innerwear and related products with the brand name "FCUK" in India as well as manufactures, distributes, advertises and sells innerwear, and outerwear products for men, boys, women, girls and toddler in India under their brand name and mark, "FOTL". The other undertaking of the Demerged Company is inter alia engaged in the trading of semi-finished hosiery items, etc. The Demerged Company is currently a wholly owned subsidiary of the Resulting Company.
- (c) The management of the companies have examined the relative business strengths and the potential commercial and other synergies of the consolidation and proposed to consolidate their Demerged Undertaking under a single entity. Accordingly, it is being proposed to transfer the Demerged Undertaking of the Demerged Company to the Resulting Company.
- (d) The proposed demerger of the Demerged Undertaking would help in:
 - (i) Utilizing the current market presence and customer base of the Resulting Company which will lead to the presence of the Demerged Undertaking across various market segments leading to higher growth/ top line for the Resulting Company

- (ii) Would enable consolidation of similar premium businesses and carry on the same more efficiently and effectively
 - (iii) Under a liberalized, fast changing and highly competitive environment, the demerger shall strengthen the business of the Demerged Undertaking and of the Resulting Company, by pooling up resources for common purpose;
 - (iv) Will rationalize the management structure, reduce overhead costs and ultimately lead to streamlining the operations structure of the Demerged Undertaking
 - (v) The demerger will enable the future business activities to be carried on more conveniently and advantageously with enhanced flexibility in funding of expansion plans, improving profitability and stronger balance sheet of the Resulting Company
 - (vi) Synergies expected to bring in cost savings in the marketing, selling and distribution expenses as well as give benefits of the economies of scale and elimination of duplication of administrative expenses
 - (vii) The transfer and vesting of the Demerged Undertaking to the Resulting Company will enable better focus and management of the Remaining Undertaking of the Demerged Company and to achieve higher topline for the Remaining Undertaking.
 - (viii) The Remaining Undertaking has significantly lower working capital requirement as compared to the Demerged Undertaking. Hence, demerger of the Demerged Undertaking would help in managing the different funding requirements of the two business, both in terms of type of funds and amount of infusion required for the businesses.
 - (ix) Beneficial results for the Companies concerned, their shareholders, employees and all concerned.
- (e) The Demerged Company and the Resulting Company believe that this Scheme is in the best interest of the relevant companies and their respective shareholders and creditors, and other stakeholders, as it is expected to provide greater financial strength and flexibility.

In view of the aforesaid, the Board of Directors of the Demerged Company and the Resulting Company have considered and proposed the transfer of the Demerged Undertaking of the Demerged Company to the Resulting Company in order to benefit the stakeholders of the Demerged Company and the Resulting Company.

Accordingly, the Board of Directors of the companies have formulated this Scheme of Arrangement for demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, pursuant to the provisions of Section 230 to Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules thereunder.

E. PARTS OF THE SCHEME

This Scheme of Arrangement is divided into the following parts:

- PART I** Deals with definitions of the terms used in this Scheme of Arrangement and sets out the share capital of the Demerged Company and the Resulting Company.
- Part II** Deals with the transfer and vesting of the Demerged Undertaking from the Demerged Company as a going concern to the Resulting Company by way of demerger, Accounting Treatment, Consideration and other matters incidental thereto.
- Part III** Deals with general and other terms and conditions applicable to this Scheme of Arrangement and other matters consequential and integrally connected thereto.

PART I

DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme (as defined hereafter), unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- 1.1. **“Act” or “the Act”** means the Companies Act, 2013 and includes the sections of Companies Act, 1956 for the time being in force and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;
- 1.2. **“Applicable Law”** means any applicable statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority, including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force;
- 1.3. **“Appointed Date”** means 1st April 2021, or any other date as may be approved by the Appropriate Authority;
- 1.4. **“Appropriate Authority”** means any government, statutory, regulatory, departmental or public body or authority having jurisdiction over the Demerged Company and the Resulting Company including but not limited, to Securities and Exchange Board of India, Stock Exchanges, jurisdictional Registrar of Companies and jurisdictional National Company Law Tribunal (NCLT);
- 1.5. **“Board of Directors” or “Board”** shall mean the respective Boards of Directors of the Demerged Company or the Resulting Company as the case may be and shall include a duly constituted committee thereof;
- 1.6. **“Demerged Company” or “Oban”** means Oban Fashions Private Limited, a company, limited by shares, incorporated under the provisions of the Companies Act, 2013, under Corporate Identity No. U18204MH2015PTC271385 and having its registered office at 102, VIP Plaza, B-7, Veera Industrial Estate Off Andheri Link Road, Andheri (West), Mumbai, Maharashtra – 400053, India.
- 1.7. **“Demerged Undertaking”** means the Premium Brands Business of the Demerged

Company and includes related assets, liabilities, rights and powers, on a going concern basis, representing an undertaking in compliance with Sec. 2(19AA) of the Income Tax Act, as on the Appointed Date, which shall be transferred and vested with the Resulting Company upon Demerger by the Demerged Company in terms of this Scheme. Without prejudice and limitation to the generality of the above, the Demerged Undertaking means and includes,:

- (i) all assets, as are movable in nature pertaining to and in relation to the demerged business, whether present or future or contingent, tangible or intangible, in possession or reversion, including electrical fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities, installations, vehicles, inventory and tools and plants, actionable claims, current assets, earnest monies and sundry debtors, financial assets, investment, outstanding loans and advances recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other Persons, insurances, the benefits of any bank guarantees, performance guarantees and letters of credit, and tax related assets, including but not limited to service tax input credits, GST credits or set-offs, advance tax, minimum alternate tax credit, deferred tax assets/liabilities, tax deducted at source and tax refunds.
- (ii) all permits, licenses (including but not limited to the licenses obtained from FCUK and FOTL), permissions, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain exclusively to the demerged business.
- (iii) all contracts, agreements, purchase orders/service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/license agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers,

purchase and other agreements with the supplier/manufacturer of goods/service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the demerged business.

- (iv) all applications (including hardware, software, licenses, source codes, parameterization and scripts), registrations, licenses (including that of FCUK and FOTL), trade names, service marks, trademarks copyrights, patents, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and all such rights of whatsoever description and nature that pertain exclusively to the demerged business.
- (v) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Company pertaining to or in connection with the demerged business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company and pertaining to the demerged business.
- (vi) all the credits for taxes such as income tax, sales tax, service tax, CENVAT, Good and Service Tax (GST) including but not limited to tax deduction at source, MAT credit, unabsorbed business loss and accumulated depreciation and advance tax in connection with the demerged business of the Demerged Company.
- (vii) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement,

commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/supplier pricing information, and all other books and records, whether in physical or electronic form pertaining to the demerged business; and

(viii) all debts, liabilities, duties, taxes and obligations of the Demerged Company pertaining to the Premium Brands Business, namely:

(a) The debts of the Demerged Company which arises out of the activities or operations of the demerged business;

(b) Specific loans and borrowings raised, incurred and utilized for the activities or operations of or pertaining to the demerged business;

(c) General and multipurpose borrowings of the Demerged Company shall be appropriately allocated to the demerged business.

(d) all employees of the Demerged Company employed/engaged in the demerged business as on the Effective Date.

(e) all legal or other proceedings of whatsoever nature relating to the demerged business.

(ix) In case of any question that may arise as to whether any particular asset (including common assets viz. cash/ bank balances) or liability and/or employees or any other matter pertains or does not pertain to the Demerged Undertaking of the Demerged Company, the same shall be decided mutually by the Board of Directors of the Demerged Company and Resulting Company and said decision shall be final.

1.8. **“Effective Date”** means the later of the dates on which certified copies of the order of the relevant Benches of the NCLT, sanctioning the Scheme are filed with the jurisdictional Registrar of Companies by the Demerged Company and the Resulting Company.

References in this Scheme to “upon the Scheme becoming effective” or “coming into

Effect of this Scheme” or “upon the Scheme coming into effect” or other like expressions shall mean the Effective Date.

- 1.9. **“Premium Brands Business”** means the whole of the undertaking and the entire business in connection with the innerwear (briefs, trunks, knit thermals, etc.) and outerwear (t-shirts, knit pants, vests, leggings, etc.) operated under the license of FCUK and FOTL.
- 1.10. **“Resulting Company”** or **“Rupa”** means Rupa & Company Limited, a public limited company whose shares are listed on Bombay Stock Exchange and on National Stock Exchange and was incorporated under the Companies Act, 1956 and validly existing under the Companies Act, 2013 under Corporate Identity No. L17299WB1985PLC038517 and having its registered office at 1, Ho Chi Minh Sarani, Metro Tower, 8th Floor, Kolkata West Bengal - 700071, India.
- 1.11. **“Retained Undertaking”** or **“Remaining Undertaking”** means all the business assets and liabilities and activities of the Demerged Company, including the trading business of semi-finished hosiery items and similar product, other than the business assets and liabilities of Demerged Undertaking, which upon this Scheme becoming effective, be vested with the Resulting Company as provided in the Scheme. The same shall include all the undertakings, businesses and operations of the Demerged Company other than those comprised in the Demerged Undertaking of Demerged Company and would specifically include hosiery trading business of the Demerged Company. The Retained Undertaking shall include the whole of the assets, properties, liabilities and entire business(es) pertaining to such undertaking on a going concern.

Any question that may arise with respect to a common asset such as cash and bank balances; etc. and/or with regard to any specific asset or liability as to whether and to what extent the same pertains or does not pertain to the ‘Retained Undertaking’ or whether it arises out of the activities or operations of the ‘Retained Undertaking’ shall be decided mutually between the Board of Directors of the Demerged Company and the Resulting Company.

- 1.12. **“Scheme of Arrangement”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in its present form including any modification(s) or amendments thereon, approved or imposed or directed by the Hon’ble National Company Law Tribunal.
- 1.13. **“Tribunal”** or **“NCLT”** means the Hon’ble National Company Law Tribunal, at

Kolkata or Mumbai, as applicable, and in force shall be deemed to include, if applicable, a reference to such other forum or authority which may be vested with any of the powers of above mentioned Tribunal under the Act for approving any Scheme of Arrangement of a Company under Section 230 to 232 and all the applicable provisions of the Companies Act 2013.

1.14. All terms not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract (Regulation) Act, 1956 the Depositories Act, 1996 and other applicable laws, rules, regulations and bye-laws, as may be applicable or any statutory amendment(s) or re-enactment thereof, from time to time.

2. In this Scheme, unless the context otherwise requires:

2.1 words denoting singular shall include plural and vice versa;

2.2 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;

2.3 references to the word “include” or “including” shall be construed without limitation;

2.4 a reference to an article, clause, section or paragraph is, unless indicated to the contrary, a reference to an article, clause, section or paragraph of this Scheme;

2.5 unless otherwise defined, the reference to the word “days” means calendar days;

2.6 references to dates and time shall be construed to be references to Indian dates and time;

2.7 reference to a document includes a reference to that document as varied, amended, supplemented, substituted, novated or assigned, from time to time, in accordance with the provisions of that document;

2.8 references to a person include any individual, firm, body corporate (whether incorporated or not), government, state or agency of a state or any joint venture, association, partnership, works councillor employee representatives body (whether or not having separate legal personality);

2.9 references to any of the terms to taxes, duty, levy, cess in the Scheme shall be construed as reference to all of them whether jointly or severally;

2.10 word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them; and

2.11 any reference to any statute or statutory provision shall include:

- (i) all subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment; and
- (ii) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the filing of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the matters contemplated under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.

3. DATE WHEN THIS SCHEME COMES INTO OPERATION

The Scheme set out herein in its present form or with modification(s), approved or imposed or directed by the NCLT, although operative from the Appointed Date, shall become effective from the Effective Date.

4. COMPLIANCE WITH TAX LAWS

This Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including resulting from amendment of law or for any other reason whatsoever, the provisions of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme. The power to make such modifications/amendments as may become necessary shall vest with the Board of Directors of the Demerged Company/ Resulting Company, which can exercise the power at any time and shall be exercised in the best interest of the Demerger Company and Resulting Company.

5. INTERPRETATION

In this Scheme, unless the context otherwise requires:

- 5.1. references to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;
- 5.2. the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- 5.3. words in the singular shall include the plural and vice versa; and
- 5.4. 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 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.

6. SHARE CAPITAL OF THE COMPANIES

- 6.1. The share capital of Demerged Company as on 9th December 2020:

Authorised Share Capital

Authorized Share Capital of INR 59,50,00,000/- (Rupees Fifty-Nine Crores Fifty Lakhs Only) is divided into:

- (a) INR 10,00,00,000 (Rupees Ten Crore only) divided into 1,00,00,000 Equity Shares of INR 10 each; and
- (b) INR 49,50,00,000/- (Rupees Forty-nine crores and fifty lakhs), divided into 49,50,000 Non-Cumulative Compulsory Convertible Preference Shares (*referred to as 'preference shares' hereinafter*) of INR 100 each.

Paid-up share capital

The issued, subscribed and paid-up share capital of the Demerged Company is INR 59,41,00,000/- (Rupees Fifty-Nine Crores and Forty-one Lakhs Only) divided into:

- (a) INR 9,91,00,000/- (Rupees Nine Crores and Ninety-one Lakhs Only), divided into 99,10,000 equity shares of INR 10/- each fully paid up; and
- (b) INR 49,50,00,000/- (Rupees Forty-nine crores and fifty lakhs), divided into

49,50,000 non-cumulative compulsory convertible preference shares of INR 100 each fully paid up.

The entire issued, subscribed and paid-up share capital of the Demerged Company is presently held by the Resulting Company and accordingly the Demerged Company is a wholly-owned subsidiary of the Resulting Company.

- 6.2. The share capital of the Resulting Company as on 9th December 2020:

Authorised Share Capital

Authorized Equity Share Capital of INR 20,00,00,000/- (Rupees Twenty Crores Only) divided into 20,00,00,000 Equity Shares of INR 1/- each.

Paid-up Share Capital

The issued capital INR 7,97,33,560/- (Rupees Seven Crores Ninety-Seven Lakhs Thirty Three Thousand Five Hundred and Sixty Only), divided into 7,97,33,560 equity shares of INR 1/- each. The subscribed and paid-up share capital INR 7,95,24,560/- (Rupees Seven Crores Ninety-Five Lakhs Twenty-Four Three Thousand Five Hundred and Sixty Only), divided into 7,95,24,560 equity shares of INR 1/- each. fully paid up.

PART II

TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING OF THE DEMERGED COMPANY TO THE RESULTING COMPANY

7. TRANSFER AND VESTING OF DEMERGED UNDERTAKING

7.1. General

Upon this Scheme coming into effect and with effect from the Appointed Date, the Demerged Undertaking of the Demerged Company shall, pursuant to the sanction of this Scheme by the NCLT and pursuant to the provisions of Section 230 to 232 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company, as a going concern without any further act, instrument, deed, matter or thing in the following manner.

7.2. Transfer of Assets

7.2.1. Without prejudice to the generality of Clause 7.1 above, upon coming into effect of this Scheme and with effect from the Appointed Date:

- (a) all assets and properties relating to the Demerged Undertaking of the Demerged Company of whatsoever nature and wheresoever situated, shall, under the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed be and stand transferred to and vested in the Resulting Company or be deemed to be transferred to and vested in the Resulting Company as a going concern so as to become, as and from the Appointed Date, the assets and properties of the Resulting Company;
- (b) in respect of such of the assets of the Demerged Undertaking of the Demerged Company including cash and bank balances relating to the day to day operations and specific to their respective working, as are movable in nature or are otherwise capable of transfer by manual delivery, payment or by endorsement and delivery, the same may be so transferred by the Demerged Company, and shall become the property of the Resulting Company to the end and intent that the ownership and

property therein passes to the Resulting Company;

- (c) in respect of the movables other than those dealt with in sub-clause (b) above including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be recovered, bank balances, investments, earnest money and deposits with any Government, quasi- government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Resulting Company under the provisions of Section 230 to 232 of the Act without any notice or other intimation to the debtors.

7.2.2. Insofar as the assets comprised in the Demerged Undertaking of the Demerged Company are concerned, the security or charge over such assets relating to any loans, debentures or borrowing of the Demerged Company even not in connection with the Demerged Undertaking, shall without any further act or deed continue to be available as security in relation to such liabilities of the Demerged Company for which security or charge over such assets has been created.

7.2.3. In respect of movable assets, including outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, which forms part of the Demerged Undertaking of the Demerged Company, the Resulting Company shall give notice in such form as it may deem fit and proper to each party, debtor or depositor of the Demerged Company as the case may be, that pursuant to the order of the Court sanctioning the Scheme, on and from the Appointed Date, the said debts, loans (including working capital loans) and advances, etc. shall be paid or made good or be held on account of the Resulting Company as the person entitled thereto, and that rights to recover or realise the same shall vest in the Resulting Company alone in place and instead of the Demerged Company. Such notice shall be counter signed by the Demerged Company, if required by the Resulting Company.

7.2.4. Where the Demerged Company is entitled to various benefits under incentive schemes and policies in relation to the Demerged Undertaking and pursuant to this Scheme, it is declared that the benefits under all of such schemes and policies shall be transferred to and vest in the Resulting Company and all benefits, entitlements and incentives of any nature whatsoever shall be claimed by the Resulting Company and these shall relate back to the Appointed Date as if the Resulting Company was originally entitled to all benefits

under such incentive Scheme and/or policies, subject to continued compliance by the Resulting Company of all the terms and conditions subject to which the benefits under the incentive Schemes were made available to the Demerged Company.

- 7.2.5. Any question that may arise with respect to a common asset such as cash and bank balances, etc. and/or with regard to any other specific asset as to whether and to what extent the same pertains or does not pertain to the Demerged Undertaking of the Demerged Company or whether it arises out of the activities or operations of the Demerged Undertaking of the Demerged Company shall be decided mutually between the Board of Directors of the Demerged Company and the Resulting Company.

7.3. Transfer of Liabilities

- 7.3.1. The liabilities and obligations of the Demerged Company which arose out of the activities or operations of the Demerged Undertaking including in particular debts, convertible debt instruments, duties, or other claims relating to the activities or operations of the Demerged Undertaking shall be deemed to have been transferred to the Resulting Company and to the extent they are outstanding on the Effective Date shall, 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 undertake to meet, discharge and satisfy the same.
- 7.3.2. For the purpose of the Scheme, it is clarified that liabilities pertaining to the Demerged Undertaking include:
- (a) the liabilities which arise out of the activities or operations of the Demerged Undertaking; and
 - (b) Specific loans and borrowings, including convertible debt instruments, incurred and utilised solely for the activities and operations of the Demerged Undertaking.
- 7.3.3. All loans raised and utilized and all liabilities, convertible debt instruments, duties and obligations incurred or undertaken by the Demerged Company in relation to Demerged Undertaking to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed be and stand transferred to or vested in or deemed to have been transferred to and vested

in the Resulting Company and shall become the loans and liabilities, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same.

- 7.3.4. Any question that may arise with respect to a common liability and/or with regard to any other specific liability as to whether and to what extent the same pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided by mutually between the Board of Directors of the Demerged Company and the Resulting Company.

7.4. Taxes

- 7.4.1. All taxes (including income tax, Goods and Services Tax, security transaction tax, stamp duty) paid or payable by Demerged Company in respect of the operations and/or the profits of the businesses of the Demerged Undertaking before the Appointed Date, shall be on account of the Resulting Company. This is notwithstanding that challans or tax payment certificates are in the name of the Demerged Company and not in the name of the Resulting Company.

- 7.4.2. Any tax liabilities under the Income tax Act, 1961, Service tax Act 1994, Goods & Services Tax Act or other applicable laws/regulations dealing with taxes/duties/levies allocable or related to the business of the Demerged Undertaking, to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date, shall be transferred to the Resulting Company.

- 7.4.3. It is further provided that upon the Scheme coming into effect, all taxes payable by the Demerged Company and all or any refunds and claims, from the Appointed Date, relating to the Demerged Undertaking of the Demerged Company shall, for all purposes, be treated as the tax liabilities or refunds and claims, as the case may be of the Resulting Company.

7.5. Inter-Se Transactions

- 7.5.1. Without prejudice to the provisions of Clause 7.1 to Clause 7.4 above, with effect from the Appointed Date, all inter-party transactions between the Demerged Company and the Resulting Company in respect of the Demerged Undertaking shall be considered as intra-party transactions for all purposes. For the removal of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there

are inter-corporate loans, deposits, investments, obligation, balances or other outstanding as between the Demerged Company inter-se and/or the Resulting Company in respect of the Demerged Undertaking, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Resulting Company for the reduction of such assets or liabilities as the case may be.

- 7.5.2. All tax deducted and deposited by the Demerged Company and/or Resulting Company on inter-se transactions as mentioned in Clause 7.5.1 above shall be eligible as credit in the hands of the respective company.

8. CONTRACTS, DEEDS, LICENSES, ETC.

- 8.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, incentives, benefits, exemptions, entitlements, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking or to the benefit of which Demerged Undertaking may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Undertaking of the Demerged Company, the Resulting Company respectively had been a party or beneficiary thereto or thereunder.
- 8.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking of the Demerged Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, and at its own cost, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Undertaking of the Demerged Company is a party or any writings as may be necessary to be executed in order to novate or give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above as a confirming party with no obligation, financial or otherwise cast on or assumed upon it. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings and to carry out or perform all such formalities or compliances referred to above as may be deemed proper and necessary for effectuating the transfer

and vesting of the Demerged Undertaking into the Resulting Company.

- 8.3. Upon the coming into effect of this Scheme and with effect from the Appointed Date, any statutory licences, permissions or approvals or consents held by the Company and required to carry on operations in or any business of the Demerged Undertaking of the Demerged Undertaking shall stand vested in or transferred to the Resulting Company, without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company. Statutory and regulatory permissions, factory licences, registrations, and consents including statutory licences, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking shall vest in and become available to the Resulting Company pursuant to the Scheme. Any no-objection certificates, licences, permissions, consents, approvals, authorisations, registrations or statutory rights as are jointly held by the Demerged Undertaking and any other undertaking of the Demerged Company shall, as far as practicable and permitted, be deemed to constitute separate licences, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights, and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the separation, so as to facilitate the continuation of operations of the Demerged Undertaking without any hindrance or let from the Appointed Date. However, if the relevant or concerned statutory authorities require separate licence, permission, no-objection certificate, consent, approval, authority, registration or statutory right to be obtained by both the Demerged Company and the Resulting Company, such licences, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights shall vest in and become available to the Demerged Company pursuant to the Scheme and the Resulting Company shall have to obtain the same afresh, at its own cost.

9. LEGAL PROCEEDINGS

- 9.1. Upon the coming into effect of the Scheme, all legal or other proceedings by or against the Demerged Company in respect of its Demerged Undertaking whether pending on the Appointed Date or which may be instituted in future (whether before or after the Appointed Date) in respect of any matter relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company after the Effective Date. If any proceedings are taken against the Demerged Company in respect of its Demerged Undertaking, it shall defend the same temporarily until the same are transferred as

mentioned herein in accordance with the advice of the Resulting Company and at the cost of the Resulting Company. The Resulting Company agrees to have all legal or other proceedings initiated by or against the Demerged Company in respect of the Demerged Undertaking transferred to its own name at the earliest and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. The Resulting Company shall undertake all actions as may be necessary to ensure that the legal proceedings by or against the Demerged Undertaking do not in any way affect or create a liability (monetary or otherwise) on the Demerged Company.

10. EMPLOYEES

10.1. Upon coming into effect of this Scheme:

- a) The permanent employees of the Demerged Company relating to the Demerged Undertaking who are in employment as on the Effective Date shall become the employees of the Resulting Company with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favorable than those on which they are engaged or employed by the Demerged Company. It is clarified that the employees of the Demerged Company, who become employees of the Resulting Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any Schemes and benefits that may be applicable and available to any of the employees of the Resulting Company unless otherwise determined by the Resulting Company. The Resulting Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Demerged Company with any union/employee of the Demerged Company.
- b) The existing provident fund, gratuity fund, pension and/or superannuation fund or trusts or retirement funds or benefits created, if any, by the Demerged Company or any other special funds created or existing for the benefit of the concerned employees of Demerged Undertaking (collectively referred to as "Funds") and the investment made out of such Funds shall, at an appropriate stage, be transferred to the Resulting Company to be held for the benefit of the concerned employees. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting

Company for the benefit of the employees of the Demerged Company or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund with respect to any such Funds, the Resulting Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute therein, until such time as the Resulting Company creates its own funds into which the Funds and the investments and contributions pertaining to the employees of the Demerged Company shall be transferred to such funds of the Resulting Company.

- c) With effect from the date of filing of this Scheme with the NCLT and up to and including the Effective Date the Demerged Company shall not vary or modify the terms and conditions of employment of any of its employees related to Demerged Undertaking, except with the written consent of the Resulting Company.
- d) It is clarified that the services of all transferred staff, workmen and employees of the Demerged Company to the Resulting Company will be treated as having been continuous for the purpose of the aforesaid employee benefits and / or liabilities. For the purpose of payment of any retrenchment compensation, gratuity, and / or other terminal benefits, and / or any other liability pertaining to staff, workmen and employees, the past services of such staff, workmen and employees with the Demerged Company shall also be taken into account by the Resulting Company, who shall pay the same as and when payable.

11. CONDUCT OF BUSINESS OF DEMERGED UNDERTAKING OF DEMERGED COMPANY TILL EFFECTIVE DATE

11.1. Upon the Scheme becoming effective, with effect from the Appointed Date as applicable and up to the Effective Date:

- (a) Demerged Company shall be deemed to have carried on all its business activities pertaining to the Demerged Undertaking and shall be deemed to have held and stood possessed of all the said assets, rights, title, interests, authorities, contracts, investments and decisions, benefits relating to the Demerged Undertaking for and on account of and in trust for Resulting Company;
- (b) all profits and income accruing or arising to Demerged Company in relation to the

Demerged Undertaking, and losses and expenditure arising or incurred by Demerged Company in relation to the Demerged Undertaking, for the period commencing from the Appointed Date as applicable, shall, for all purposes be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of Resulting Company and upon the Scheme becoming effective, financial results of Resulting Company & revised tax calculation thereon shall be computed after considering the financial results of Demerged Undertaking during the period between Appointed Date and Effective Date;

- (c) All assets acquired by Demerged Company after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking or pertaining to the Demerged Undertaking shall be deemed to have been acquired in trust for and on behalf of the Resulting Company, and shall also stand transferred to and vested in the Resulting Company upon the coming into effect of this Scheme.
- (d) Where any of the Liabilities and obligations of Demerged Company, pertaining to Demerged Undertaking, as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company, and all loans raised and used and all Liabilities and obligations incurred by 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.
- (e) all intra-party transactions of Demerged Company, if any, pertaining to Demerged Undertaking and Remaining Business shall be considered as inter-party transactions. Tax, if any, on such inter-party transactions shall be payable without any interest and penalty subject to Applicable Law.
- (f) All taxes, where applicable, (including but not limited to tax deducted at source, banking cash transaction tax, tax collected at source, taxes withheld/paid in a foreign country, customs duty, goods and services tax, as applicable, cess, tax

refunds) payable by or refundable to Demerged Company pertaining to the Demerged Undertaking including all or any tax refunds or tax liabilities or tax claims arising from pending tax proceedings, under Applicable Law, on or before the Effective Date, shall be treated as or deemed to be treated as the tax liability or tax refunds/ tax claims (whether or not recorded in the books of Demerged Company) as the case may be, of Resulting Company, and any unabsorbed tax losses and depreciation as would have been available to Demerged Company shall be available to Resulting Company upon the Scheme becoming effective.

- (g) Any of the rights, powers, authorities and privileges attached or related or pertaining to the Demerged Undertaking and exercised by or available to Demerged Company, shall be deemed to have been exercised for and on behalf of and as an agent for Resulting Company. Further, any of the obligations, duties and commitments attached, relating or pertaining to the Demerged Undertaking that have been undertaken or discharged by Demerged Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for Resulting Company.

Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded on or with effect from the Appointed Date as applicable till the Effective Date.

12. TRANSACTIONS UPTO THE EFFECTIVE DATE

12.1. With effect from the Appointed Date and up to and including the Effective Date:

- (a) Demerged Company shall not without the prior written consent of the Board of Directors of Resulting Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of the Demerged Undertaking or any part thereof except in the ordinary course of its business.
- (b) Demerged Company shall not vary the terms and conditions of service of its permanent employees relating to the Demerged Undertaking except in the ordinary course of its business or as per past prevailing practices.

- (c) Resulting Company shall be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, Union Territories and all other concerned agencies, departments and authorities (statutory or otherwise) as are necessary under any law for such consents, approvals and sanctions, which Resulting Company may require to carry on the business of Demerged Undertaking. Further, Demerged Company shall extend all assistance to Resulting Company, if requested by Resulting Company, in obtaining the said consents, approvals and sanctions.
- (d) With effect from Appointed Date until the Effective Date, Demerged Company shall preserve and carry on the business and activities of Demerged Undertaking with reasonable diligence and business prudence.

13. SAVING OF CONCLUDED TRANSACTIONS

- 13.1. Subject to the terms of this Scheme, the transfer and the vesting of the Demerged Undertaking under Clause 7 of this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company on or before the Appointed Date or after the Appointed Date (if modified by NCLT) till the Effective Date, to the end and intent that Resulting Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

14. CONSIDERATION

- 14.1. The entire issued, subscribed and paid-up share capital (equity share capital as well as the preference share capital) of the Demerged Company is held by the Resulting Company and its nominee(s). Upon the Scheme becoming effective, no new shares of the Resulting Company shall be allotted in lieu of the transfer of the Demerged Undertaking, to the shareholders of the Demerged Company, as the Resulting Company itself is the shareholder of the Demerged Company.

15. SHARE CAPITAL REORGANIZATION OF THE DEMERGED COMPANY

- 15.1. Upon the Scheme becoming effective and as consequence to the demerger of the Demerged Undertaking as envisaged in the said the Scheme, the pre-demerger share capital of the Demerged Company shall stand reduced as per clause 15.2 of the Scheme,

which shall be regarded as reduction of share capital of the Demerged Company, pursuant to section 66 of the Act as also any other applicable provisions of the Act.

15.2. The share capital of the Demerged Company shall be reduced as under:

- (a) The face value of each preference share of the Demerged Company shall be reduced by reducing the face value of each preference share of the Demerged Company, from INR 100 per share to INR 1 per share as on the Appointed Date; and
- (b) The face value of each equity share of the Demerged Company shall be reduced by reducing the face value of each equity share, of the Demerged Company, from INR 10 per share to INR 1 per share as on the Appointed Date.

15.3. The reduction of the share capital of the Demerged Company shall be effected as an integral part of the Scheme itself, without having to follow the process under section 66 of the Act separately and the order of the NCLT sanctioning this Scheme shall be deemed to be an order under section 66 of the Act confirming the reduction.

15.4. Notwithstanding the reduction in the equity share capital and preference share capital of the Demerged Company, the Demerged Company shall not be required to add "And Reduced" as suffix to its name.

16. ACCOUNTING TREATMENT

16.1. Accounting treatment in the books of the Demerged Company

Upon the Scheme coming into effect and with effect from Appointed Date, the Demerged Company shall account for the demerger of the Demerged Undertaking in its books of account as per the applicable accounting principles prescribed under the relevant Indian Accounting Standards (Ind AS). It would *inter alia* include the following:

- (a) The Demerged Company shall in its books of accounts, reduce the respective carrying values of the assets and liabilities pertaining to the Demerged Undertaking being transferred to and vested in Resulting Company at values appearing in Books of Accounts of the Demerged Company as on the Appointed Date.
- (b) The intercompany balances, loans and advances, pertaining to the Demerged Undertaking, outstanding between the Resulting Company and the Demerged Company will stand cancelled.

- (c) The difference i.e., the excess or shortfall, if any, of the aggregate of the net assets (i.e., difference between the carrying value of assets and liabilities related to Demerged Undertaking) standing in the books of accounts of the Demerged Company transferred to the Resulting Company on the Appointed Date, shall be adjusted/ recorded against Reserves & Surplus in the books of the Demerged Company.
- (d) Since, the entire paid-up share capital of the Demerged Company is held by the Resulting Company, no new shares shall be issued by Resulting Company in lieu of the transfer of Demerged Undertaking, to the shareholders of the Demerged Company, as the Resulting Company itself is the shareholder of the Demerged Company.
- (e) Upon the Scheme becoming effective as an integral part of the Scheme and in pursuant to clause 15 of the Scheme:
- the face value as on the Appointed date of the preference share capital will be reduced by reducing the face value of the preference share from INR 100 per preference share to INR 1 fully paid up per preference share. The face value of such preference share capital as reduced shall be adjusted against Reserves & Surplus of the Demerged Company.
 - the face value as on the Appointed date of the equity share capital will be reduced by reducing the face value of the equity share from INR 10 per equity share to INR 1 fully paid up per equity share. The face value of such equity share capital as reduced shall be adjusted against Reserves & Surplus of the Demerged Company.

16.2. Accounting treatment in the books of the Resulting Company

Upon the Scheme coming into effect and with effect from Appointed Date, since the transaction involves entities which are ultimately controlled by the same party before and after the demerger, the Resulting Company shall account for the Demerged Undertaking in its books of account, using pooling of interest method, in accordance with Appendix C 'Business Combinations of entities under common control' of IND AS 103 for Business Combination prescribed under Section 133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounted

principles, as may be amended from time to time. It would *inter-alia* include the following:

- (a) The Resulting Company shall record the assets and liabilities pertaining to the Demerged Undertaking of the Demerged Company transferred to and vested in it pursuant to this Scheme at book values;
- (b) The intercompany balances, loans and advances, pertaining to the Demerged Undertaking, outstanding between the Resulting Company and the Demerged Company will stand cancelled;
- (c) Consequent to clause 15 hereinabove, the investments held by the Resulting Company in the Demerged Company shall get reduced in the proportion of capital reduced by the Demerged Company and therefore, the acquisition of Demerged Undertaking by the Resulting Company would not result in any monetary gains to the Resulting Company.
- (d) The difference, being the excess or shortfall, if any, of book value of the assets over the liabilities pertaining to the Demerged Undertaking of the Demerged Company recorded by the Resulting Company and after adjusting for reduction, if any, in the value of investments of the Resulting Company in the Demerged Company, shall be adjusted in Reserves and Surplus, in the books of the Resulting Company.

16.3. In case of any differences in accounting policy followed by the Demerged Company in respect of Demerged Undertaking vis-à-vis the accounting policy followed by the Resulting Company, the impact of the same till the Appointed Date will be quantified and adjusted in the Reserves and Surplus of the Resulting Company, to ensure that upon the coming into effect of this Scheme, the financial statements of the Resulting Company reflect the financial position on the basis of a consistent accounting policy.

17. REMAINING UNDERTAKING/ RETAINED UNDERTAKING OF THE DEMERGED COMPANY

17.1. The Remaining Undertaking/ Retained Undertaking of the Demerged Company shall continue with the Demerged Company.

17.2. Retained Undertaking means all the undertakings, businesses and operations of the Demerged Company other than those comprised in the Demerged Undertaking of

Demerged Company and shall include the whole of the assets, properties, liabilities and entire business(es) pertaining to such undertaking (other than Demerged Undertaking) on a going concern and specifically include the following (without limitation):

- (a) All the assets and properties (whether movable and immovable, real or personal, corporeal or incorporeal, present, future or contingent) of the Demerged Company other than the Demerged Undertaking of the Demerged Company, including, without being limited to all its lands, roads, buildings, plant and machinery, office equipment, accessories, vehicles, electrical installations, deposits, investments of all kinds, cash balances including with banks as may be determined, loans, advances, contingent rights or benefits, receivables, earnest moneys, advances or deposit, financial assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantee, reversions, powers, municipal permissions, authorities, allotments, approvals, consents, licences, registrations, contracts, engagements, arrangements, customer approvals, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of, or enjoyed by all other undertakings of Demerged Company (excluding the Demerged Undertaking) including licenses, fixed and other assets of any nature whatsoever, import and export licences, quotas, permits, concessions, subsidies, approvals, authorisations, right to use and avail of telephones, telexes, facsimile connections, LAN installations, utilities, electricity, balances with bank, bank accounts, demat accounts, and other services, reserves, provisions, funds, and other services, reserves, provisions, funds, benefits of assets and properties and all agreements and all other interests held in trust, registrations, contracts, engagements, arrangements of all kinds, privileges and all other rights including title, interests, including income tax, other benefits (including tax benefits), easements, arrangements of all kind, privileges, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested or granted in favour of or enjoyed by all other undertakings of Demerged Company (excluding the Demerged Undertaking) and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by all other undertakings of Demerged Company (excluding

the Demerged Undertaking);

- (b) All debts, liabilities (including contingent liabilities and unrecognised liabilities), convertible debt instruments, interest, penalties, claims, levies, responsibilities, taxes, duties and obligations pertaining to by all other undertakings of Demerged Company (excluding the Demerged Undertaking) of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for the benefit of or enjoyed by the Demerged Company.
- (c) All encumbrances appearing in the books of Demerged Company of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for the benefit of or enjoyed by the Demerged Company.
- (d) All agreements, rights, contracts, entitlements, permits, licenses, approvals, authorities, consents, quota rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantee, reversions, powers and all other approvals of every kind, nature, description whatsoever relating to the business activities and operations of the in connection with all other undertakings of Demerged Company (excluding the Demerged Undertaking);
- (e) All records, files, papers, computer programmes, manuals, catalogues, sales material, list of clients, other client information and all other records and documents relating to the business activities and operations of the Demerged Company and relating to/ in connection with/ recognised or treated as part of all other undertakings of Demerged Company (excluding the Demerged Undertaking)
- (f) All employees engaged in or relating to the business activities and operations of the Demerged Company and relating to/ in connection with/ recognised or treated as part of all other undertakings of Demerged Company (excluding the Demerged Undertaking) as on the Effective Date; and
- (g) Any question that may arise with respect to a common asset such as cash and bank balances, etc. and/or with regard to any specific asset or liability as to whether and to what extent the same pertains or does not pertain to the 'Retained Undertaking' or whether it arises out of the activities or operations of the 'Retained Undertaking' shall be decided by mutually between the Board of Directors of the Demerged Company and the Resulting Company;

- 17.3. 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 statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case, relating to the Remaining Undertaking of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company) in respect of the Remaining Undertaking, shall be continued and enforced by or against the Demerged Company after the Effective Date.
- 17.4. If any proceedings are made against the Resulting Company in respect of the outstanding matters referred to in Clause 17.3 above, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Resulting Company.
- 17.5. With effect from the Appointed Date:
- (a) The Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Undertaking 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 Undertaking shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company.

PART III

GENERAL TERMS & CONDITIONS

18. APPLICATION / PETITIONS TO THE NCLT AND APPROVALS

- 18.1. The Demerged Company and Resulting Company shall make the requisite company applications/petitions under Section 230 to 233 of the Act, and other applicable provisions of the Act to the Hon'ble National Company Law Tribunal, as applicable, for seeking the sanctioning of this Scheme.
- 18.2. The Demerged Company and the Resulting Company shall file in the NCLT applications for convening/ seeking dispensation from holding of meetings of their respective shareholders and creditors in such manner as the NCLT may direct and to consider and if thought fit to approve, with or without modification, this Scheme
- 18.3. On this Scheme being agreed by the requisite majority of members and creditors of the Demerged Company and the Resulting Company, the Companies shall apply to the NCLT for sanctioning the Scheme of arrangement under Section 230 to 232 of the Act and for such other order, or orders, as the Courts may deem fit for carrying this Scheme into effect.
- 18.4. It is hereby clarified that filing of the Scheme to the NCLT and to any authorities for their respective approvals is without prejudice to all rights, interest, titles and defences that the companies have or may have under or pursuant to all applicable laws.
- 18.5. The Demerged Company and the Resulting Company shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.
- 18.6. The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Resulting Company may require to own and operate the Demerged Undertaking to be transferred to it under this Scheme.

19. DIVIDENDS

- 19.1. For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Resulting Company from declaring and paying dividends, whether interim or final,

to its members as on the record date to be fixed by Board for the purpose of any such dividend.

- 19.2. The Demerged Company shall not utilize the profits or income, if any, relating to the Demerged Undertaking for the purpose of declaring or paying any dividend to its members or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of Resulting Company.
- 19.3. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Companies or Resulting Companies to deem or claim any dividends, which subject to the applicable provisions of the Act, shall be entirely at the discretion of the Board of Directors, of the respective Companies, as may be required.

20. AMENDMENT IN THE AUTHORISED SHARE CAPITAL OF THE DEMERGED COMPANY

- 20.1. Upon Part II of the Scheme becoming effective and as a consequent to the share reorganization as per Clause 15 of this Scheme, the authorised share capital of the Demerged Company shall be modified with regard to the reduction in face value of the Equity Shares from INR 10 per share to INR 1 per share and with regard to the reduction in face value of the Compulsorily Convertible Preference Shares from INR 100 per share to INR 1 per share in accordance with the Clause 15 of this Scheme. Clause V of the Memorandum of Association and relevant article(s) of the Article of Association of the Demerged Company, if any, shall stand modified/ altered to give effect to the reduction in face value of the Equity Shares and Compulsorily Convertible Preference Shares, without any further approval.
- 20.2. Accordingly, clause V of the Memorandum of Association of the Demerged Company shall, without any further act or deed, stand replaced with the following clause V:

"The Authorised Share Capital of the Company is Rs. 59,50,00,000 (Rupees Fifty-Nine Crores Fifty Lacs only), divided into 10,00,00,000 (Ten Crore) Equity Shares of Re. 1 (Rupee One only) each aggregating to Rs. 10,00,00,000 (Rupees Ten Crore only), and 49,50,00,000 (Forty-nine Crores Fifty Lacs) Preference Shares of Re. 1 (Rupee one only) each, aggregating to Rs. 49,50,00,000 (Rupees Forty-nine Crores

Fifty Lacs only) with rights, privileges and conditions as may be provided by the Articles of Association of the Company. The Company shall have the power to increase or reduce or modify the Share Capital."

- 20.3. It is clarified that the approval of the members of the Demerged Company to this Scheme shall be deemed to be their consent/ approval also to the consequential alteration of the Memorandum of Association pursuant to Clause 20.2 of this Scheme and the Demerged Company shall not be required to seek separate consent/ approval of its shareholders for such alteration of their Memorandum of Association pursuant to Clause 20.2 of this Scheme, as required under the relevant provisions of the Act.

21. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 21.1. The Demerged Company and the Resulting Company represented by their respective Board of Directors, may make and/ or consent to any modifications / amendments to the Scheme or to any conditions or limitations that the NCLT 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).

22. SCHEME CONDITIONAL ON APPROVAL/SANCTIONS

- 22.1. The Scheme is conditional upon and subject to:
- (i) the approval of an agreement to the Scheme by requisite majority of the respective classes of members and creditors of the Demerged Company and the Resulting Company as may be directed by the NCLT on application made for directions under Section 230-232 of the said Act;
 - (ii) the sanction of the NCLT being obtained under Section 230 to 232 of the said Act in favour of the Demerged Company and the Resulting Company and to the necessary order or orders under Section 232 of the said Act, being obtained;
 - (iii) Certified copies of the order of the NCLT sanctioning this Scheme being filed with the jurisdictional Registrar of Companies.

23. IN CASE OF WITHDRAWAL OF SCHEME

- 23.1. In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the NCLT and/or the Order or Orders not being passed,

as aforesaid, the Scheme of Arrangement shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

- 23.2. Further, the Board of Directors of the Demerged Company and the Resulting Company shall be entitled to revoke, cancel and declare the Scheme of no effect if such Board are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/any of the companies.
- 23.3. If any part of this Scheme is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable 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 Board of Directors of the companies involved in the Scheme 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.
- 23.4. If any part of this Scheme is found to be unworkable for any reason whatsoever, in the sole discretion of the Demerged Company and the Resulting Company either by the Board of Directors or through the Committee appointed by them in this behalf, the same shall not, subject to the decision of the Demerged Company and the Resulting Company affect the validity or implementation of the other parts and/or provisions of this Scheme.
- 23.5. In the event that any conditions imposed by the Court are found unacceptable for any reason whatsoever by the Demerged Company or the Resulting Company, then Demerged Company and/ or the Resulting Company shall be entitled to withdraw the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them.
- 23.6. The Demerged Company and the Resulting Company by their respective Board of Directors shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or order of any other authority or otherwise however arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

24. MISCELLANEOUS

- 24.1. In the event of non-fulfillment of any or all obligations under the Scheme by any company towards the other company, inter-se or to third parties and non-performance of which will put the other company under any obligation, then such company will indemnify the other company in respect of all costs/interests, etc.
- 24.2. On the approval of the Scheme by the members of the Demerged Company and the Resulting Company pursuant to Section 230 to 232 of the Act, it shall be deemed that the said members have also accorded all relevant consents under other provisions of the Act to the extent the same may be considered applicable for the purpose of this Scheme.
- 24.3. The mutation of the title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of the Resulting Company in respect of the immovable properties vested in it. Any inchoate title or possessory title of the Demerged Company or its predecessor companies shall be deemed to be the title of the Resulting Company.
- 24.4. It is the intention of the Parties that any Part of the Scheme, as may be mutually decided by the Board of each of Parties, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected by such alteration.

25. COSTS, CHARGES AND EXPENSES

- 25.1. All costs, charges, fees, taxes including duties (including the stamp duty and/ or transfer charges, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing the terms and conditions of this Scheme and matters incidental thereto shall be borne and paid by the Demerged Company or the Resulting Company as applicable. The Resulting Company and the Demerged Company shall be eligible for deduction of expenditure incurred as per Section 35DD of the Income Tax Act, 1961.

For RUPA & COMPANY LTD

Company Secretary & Compliance Officer
ACS 17612