

**COMPOSITE SCHEME OF ARRANGEMENT  
UNDER SECTIONS 230 to 232 READ WITH SECTION 66 AND OTHER  
APPLICABLE PROVISIONS OF  
THE COMPANIES ACT, 2013**

**AMONGST**

**ARVIND LIMITED**

**AND**

**ARVIND FASHIONS LIMITED**

**AND**

**ANVESHAN HEAVY ENGINEERING LIMITED**

**AND**

**THE ANUP ENGINEERING LIMITED**

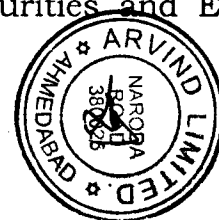
**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**



## A. BACKGROUND OF THE COMPANIES

- (i) Arvind Limited, the “**Demerged Company**,” is a public listed company incorporated under the provisions of the Indian Companies Act, 1913 under the corporate identity number L17119GJ1931PLC000093. The Demerged Company is engaged, inter alia, in businesses spanning the entire value chain of textiles either directly or through its subsidiaries and joint ventures with other entities. The equity shares of the Demerged Company are listed on BSE Limited and the National Stock Exchange of India Limited. Demerged Company has issued Unsecured Non-Convertible debentures. The said Non-Convertible Debentures are listed on the wholesale Debt segment of BSE Limited. The Demerged Company was originally incorporated for manufacturing and marketing of textile products. However, it has grown and diversified in several distinct business activities through different undertakings, including (i) Textiles business comprising of manufacturing of yarn, denim, shirting and knit fabrics, garments, and technical textiles; (ii) Branded Apparel Undertaking consisting of branded apparel, accessories and customised clothing business; and (iii) Engineering Undertaking consisting of manufacturing of critical process engineering equipment.
- (ii) Arvind Fashions Limited, the “**Resulting Company 1**”, is an unlisted public company incorporated under the provisions of the Companies Act, 2013 under the corporate identity number U52399GJ2016PLC085595. The Resulting Company 1 has been incorporated with an objective to engage, inter alia, in developing, marketing and promoting organized wholesale business. The Resulting Company 1 is a subsidiary of the Demerged Company.
- (iii) Anveshan Heavy Engineering Limited, the “**Resulting Company 2**” or “**Transferee Company**”, is an unlisted public company incorporated under the provisions of the Companies Act, 2013 under the corporate identity number U29306GJ2017PLC099085. The Resulting Company 2 has been incorporated with an objective to engage, inter alia, in the business of owning, operating, investing, and promoting business in the fields of engineering, including but not limited to manufacturing, fabricating, altering, marketing, buying, selling, and otherwise deal in all kinds of centrifuges, water softening plants, pumps, dryers and other plants and apparatus and such other ventures as may be identified by the Board from time to time.
- (iv) The Anup Engineering Limited, the “**Transferor Company**”, is an unlisted public company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U99999GJ1962PLC001170. The Transferor Company is, inter alia, in the business of manufacturing, fabricating, altering, marketing, buying, selling, dealing in all kinds of centrifuges, water softening plants, pumps, dryers and other plants and apparatus. The equity shares of the Transferor Company were listed on the Ahmedabad Stock Exchange Limited and were subsequently delisted in June 2015, in accordance with Chapter III of the Securities and Exchange



Board of India (Delisting of Equity Shares) Regulations 2009. The Transferor Company is a subsidiary of the Demerged Company.

## **B. OVERVIEW AND OPERATION OF THIS SCHEME**

This Scheme provides for:

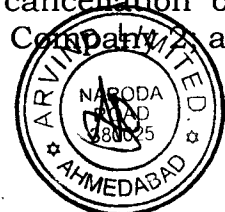
- (i) the demerger, transfer and vesting of the Demerged Undertakings (*as defined hereinafter*) from the Demerged Company to the Resulting Companies (*as defined hereinafter*) on a going concern basis, and the consequent issue of shares by the Resulting Companies (*as defined hereinafter*) in the manner set out in this Scheme (*as defined hereinafter*) and other applicable provisions of Applicable Law;
- (ii) the amalgamation of the Transferor Company with the Transferee Company, in the manner set out in this Scheme, and in accordance with the provisions of Sections 230 to 232 of the Act and other applicable provisions of Applicable Law; and
- (iii) the reduction of the share capital of the Resulting Companies in the manner set out in this Scheme, and in accordance with Sections 230 to 232 read with Section 66, and other applicable provisions of the Act.

**C.** The Demerged Company will continue to pursue its interests in and carry on the Remaining Business (*as defined hereinafter*) as is presently being carried on.

## **D. PARTS OF THIS SCHEME**

This Scheme is divided into the following parts:

- (i) **PART I** deals with the definitions of capitalized terms used in this Scheme and the share capital of the Demerged Company, the Resulting Companies and the Transferor Company;
- (ii) **PART II** deals with the transfer and vesting of the Branded Apparel Undertaking from the Demerged Company into the Resulting Company 1 and the consideration thereof;
- (iii) **PART III** deals with the transfer and vesting of the Engineering Undertaking from the Demerged Company into the Resulting Company 2 and the consideration thereof;
- (iv) **PART IV** deals with the amalgamation of the Transferor Company with the Transferee Company;
- (v) **PART V** deals with change in authorised share capital of demerged company;
- (vi) **PART VI** deals with consolidation of existing equity share capital of the Resulting Company 1;
- (vii) **PART VII** deals with the reduction and cancellation of the existing equity share capital of the Resulting Company 1;
- (viii) **PART VIII** deals with the reduction and cancellation of the existing equity share capital of the Resulting Company 2 and



- (ix) **PART IX** deals with the general terms and conditions that would be applicable to this Scheme.

#### **E. RATIONALE FOR THIS SCHEME**

The Demerged Company is a public listed company. Over the course of time, the Demerged Company has grown into a diversified conglomerate with interests in various businesses spanning the entire value chain of textiles consisting of manufacturing of yarn, denim, shirting and knit fabric, garments, technical textiles, branded apparel business and the engineering business carried on either directly or through its subsidiaries and joint ventures with other entities. The textiles business, branded apparel business and the engineering business all have different industry specific risks, business cycles and operate *inter alia* under different market dynamics, and thus can attract different types of investors as well as management teams and follow different and independent strategies, even as they all have a significant potential for growth and profitability.

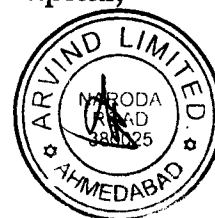
Given its diversified business portfolio, it has become imperative for the Demerged Company to reorient and reorganize itself in a manner that allows it to impart greater focus, management alignment and growth for each of its business lines. The Demerged Company is also desirous of enhancing its operational efficiency, flexibility in attracting capital and management talent through aligned ESOP schemes through such a restructuring.

The Scheme proposes to reorganise and segregate the interest of the Demerged Company in its various businesses and thus proposes demerger of the Branded Apparel Undertaking from the Demerged Company to Resulting Company 1 and the Engineering Undertaking from the Demerged Company to the Resulting Company 2. Further, the Scheme proposes the merger of Transferor Company with the Resulting Company 2 to rationalise and streamline the group structure.

The Demerged Company will continue to conduct the Remaining Business.

The proposed restructuring pursuant to this Scheme is expected, *inter alia*, to result in following benefits:

- (i) segregation and unbundling of the Branded Apparel business and the Engineering businesses of the Demerged Company into the Resulting Company 1 and Resulting Company 2;
- (ii) unlocking of value for the shareholders of the Demerged Company;
- (iii) emergence of the Demerged Company as a predominantly textile focused company, attracting investors and providing better flexibility in accessing capital, focused strategy and specialisation for sustained growth;
- (iv) creation of listed Branded Apparel company and Engineering company with ability to achieve valuation based on respective risk-return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital;



- (v) enhancing attractiveness of the entities for management teams by enabling ESOPs in each entity with direct correlation of the rewards to their efforts;
- (vi) allowing the management of each of the Resulting Companies to pursue independent growth strategies in different regional and overseas markets;
- (vii) augmenting the infrastructural capability of the Resulting Companies to effectively meet future challenges in their businesses;
- (viii) Achieve cost optimisation and specialisation for sustained growth; and
- (ix) enhancing operational efficiencies, ensuring synergies through pooling of the financial, managerial, and technical resources, personnel capabilities, skills, expertise and technologies by merging the engineering businesses into Resulting Company 2.

The proposed restructuring is in the interest of the shareholders, creditors, employees and other stakeholders in each of the companies.

## PART I

### DEFINITIONS AND SHARE CAPITAL

#### 1. DEFINITIONS

- 1.1 In this Scheme, unless inconsistent with the subject or context thereof (i) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; (ii) subject to (iii) below, all terms and words not defined in this Scheme shall have the same meaning ascribed to them under Applicable Laws; and (iii) the following expressions shall have the following meanings:

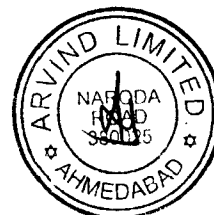
**“Act”** means the Companies Act, 2013 and shall include any other statutory amendment or re-enactment or restatement and the rules and/or regulations and/or other guidelines or notifications under Applicable Laws, made thereunder from time to time;

**“AL ESOS”** means the Employee Stock Option Scheme 2008 of the Demerged Company framed under the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

**“Anup ESOS”** means the Employee Stock Option Scheme 2017 of the Transferor Company framed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

**“Appointed Date 1”** in respect of the transfer of the Branded Apparel Undertaking from the Demerged Company to the Resulting Company 1 means the Effective Date;

**“Appointed Date 2”** in respect of the transfer of the Engineering Undertaking from the Demerged Company to the Resulting Company 2 and for the amalgamation of the Transferor Company with the Transferee Company means 1<sup>st</sup> January 2018;



**“Applicable Law”** means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Parties; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties and shall include, without limitation, the listing agreement executed with the Stock Exchanges in the case of Demerged Company;

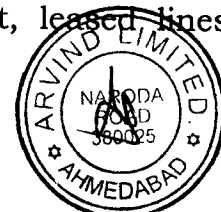
**“Appropriate Authority”** means:

- (a) the government of any jurisdiction (including any central, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
- (b) any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities;
- (c) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation), SEBI (*as defined hereinafter*), the Tribunal (*as defined hereinafter*); and
- (d) any Stock Exchange.

**“Board”** in relation to each of the Demerged Company, the Resulting Companies and the Transferor Company, as the case may be, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to the amalgamation, transfer and demerger, this Scheme or any other matter relating thereto;

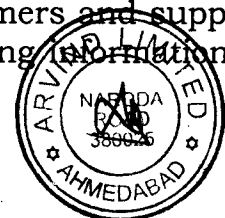
**“Branded Apparel Undertaking”** means the branded apparel business and ancillary and support services in relation thereto of the Demerged Company, comprising of the branded apparel division and all assets, investments and liabilities relating thereto and shall include (without limitation):

- (a) all the movable and immovable properties, tangible or intangible, including all, plant and machinery, equipment, furniture, fixtures, vehicles, inventories, stock-in-trade or stock-in-transit and merchandising including raw materials, supplies, finished goods, wrapping supply and packaging items, leasehold assets and other properties, including contingent assets of whatsoever nature, cash in hand/ banks, investments, escrow accounts, claims, powers, authorities, rights, credits, titles, interests, benefits, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and



other communication facilities, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, all receivables (including, royalty receivables), loans and advances also including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company, and also, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company, all the debts, liabilities, duties and obligations including contingent liabilities of Demerged Company in relation to and pertaining to the branded apparel business;

- (b) all receivables (including royalty receivables), loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the branded apparel business;
- (c) all goodwill, other intangibles, industrial and other licenses, approvals, Permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company;
- (d) investments in shares, debentures and other securities held by the Demerged Company in the Resulting Company 1;
- (e) all the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to and pertaining to the garment business. It is clarified that any question as to whether or not a specified liability pertains to the textile and branded apparel business shall be decided by the Demerged Company, with requisite approvals of Appropriate Authorities, wherever applicable; and
- (f) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and



other records whether in physical or electronic form, in connection with or relating to the branded apparel business of the Demerged Company.

It is clarified that the question of whether a specified asset or liability pertains to the Branded Apparel Undertaking or arises out of the activities or operations of Branded Apparel Undertaking shall be decided by the Board of the Demerged Company.

**“Demerged Company”** means Arvind Limited, a public listed company incorporated under the provisions of the Indian Companies Act, 1913 under the corporate identity number L17119GJ1931PLC000093 and having its registered office at Naroda Road, Ahmedabad, Gujarat, 380 025, India;

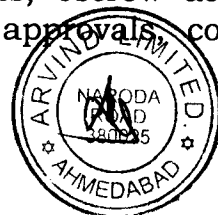
**“Demerged Undertakings”** means collectively, Branded Apparel Undertaking and the Engineering Undertaking;

**“Effective Date”** means the opening hours of the tenth business day after the day on which the last of the approvals/ conditions specified in Clause 41(Conditions Precedent) of this Scheme are obtained or complied with. Reference in this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** shall mean the Effective Date;

**“Encumbrance”** means (i) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (ii) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or (iii) any equity, assignments hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the above; the term **“Encumber”** shall be construed accordingly;

**“Engineering Undertaking”** means all the engineering business and ancillary and support services in relation thereto of the Demerged Company together with all the undertakings, assets, properties, investments and liabilities of whatsoever nature and kind, and wheresoever situated, of the Demerged Company, in relation to and pertaining to the engineering business and shall include (without limitation):

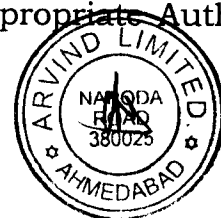
- (a) all the movable and immovable properties, tangible or intangible, including all computers and accessories, software, applications and related data, equity shares, preference shares and other securities of associate/ subsidiary/ joint venture companies, plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory including, cables, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, inverters, electrical fittings, submersible pumps, electrical erections, earthing and lighting systems, cash in hand, amounts lying in the banks, investments, escrow accounts, claims, powers, authorities, allotments, approvals, consents,





letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold/ leasehold rights, brands, sub-letting tenancy rights, leave and license permissions, goodwill, other intangibles, industrial and other licenses, approvals, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to and pertaining to the engineering business;

- (b) all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the engineering business;
- (c) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertaking, memoranda of agreements, memoranda of agreed points, bids, tenders, tariff orders, expression of interest, letter of intent, hire purchase agreements, lease/ licence 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 and 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 engineering business;
- (d) investments in shares, debentures and other securities held by the Demerged Company in the Transferor Company;
- (e) all the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to and pertaining to the engineering business. It is clarified that any question as to whether or not a specified liability pertains to the engineering business shall be decided by the Demerged Company, with requisite approvals of Appropriate Authorities,



wherever applicable; and

- (f) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the engineering business of the Demerged Company.

It is clarified that the question of whether a specified asset or liability pertains to the Engineering Undertaking or arises out of the activities or operations of Engineering Undertaking shall be decided by the Board of the Demerged Company.

**“INR”** means Indian Rupee, the lawful currency of the Republic of India;

**“Parties”** shall mean collectively the Demerged Company, the Resulting Companies and the Transferor Company and the Transferee Company and **“Party”** shall mean each of them, individually;

**“Permits”** means all consents, licences, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory under Applicable Law;

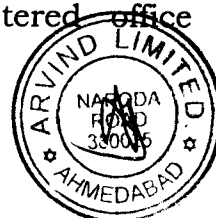
**“Person”** means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

**“Record Date”** in relation to Part II, Part III and Part IV means the date to be fixed by the Board of the Demerged Company in consultation with the respective Resulting Companies and the Transferor Company for the purpose of determining the shareholders of the Demerged Company and that of the Transferor Company for issue of the new equity shares, pursuant to this Scheme. It is clarified that different Record Dates could be declared for different parts of the Scheme;

**“Remaining Business”** means all manufacturing activities relating to yarn, denim, shirting, knit fabrics, garments, technical textiles, investments in joint ventures and subsidiaries shall be business of the Demerged Company and includes all other businesses, units, divisions, undertakings and assets and liabilities of the Demerged Company save and except those forming part of the Demerged Undertakings;

**“Resulting Companies”** means collectively, the Resulting Company 1 and Resulting Company 2;

**“Resulting Company 1”** means Arvind Fashions Limited, a public company incorporated under the provisions of the Companies Act, 2013 under the corporate identity number U52399GJ2016PLC085595, having its registered office at Main



Building, Arvind Limited Premises, Naroda Road, Ahmedabad, Gujarat 380 025, India. The Resulting Company 1 is a subsidiary of the Demerged Company;

**“Resulting Company 2”** or **“Transferee Company”** means Anveshan Heavy Engineering Limited, a public company incorporated under the provisions of the Companies Act, 2013 under the corporate identity number U29306GJ2017PLC099085 having its registered office at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad 380 025, India.;

**“RoC”** means the relevant Registrar of Companies having jurisdiction over the Demerged Company, the Resulting Companies and the Transferor Company as the case may be;

**“Scheme”** means this composite scheme of arrangement, with or without any modification approved or imposed or directed by the Tribunal;

**“SEBI”** means the Securities and Exchange Board of India;

**“SEBI Circular”** shall mean the circular issued by the SEBI, being Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, and any amendments thereof, modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015;

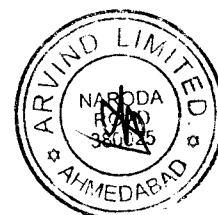
**“Stock Exchanges”** means BSE Limited (**“BSE”**) and National Stock Exchange of India Limited (**“NSE”**), as the case may be;

**“Taxation”** or **“Tax”** or **“Taxes”** means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Demerged Company, the Resulting Companies, the Transferor Company or the Transferee Company or any other Person and all penalties, charges, costs and interest relating thereto;

**“Tax Laws”** means all Applicable Laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, excise duty, customs duty or any other levy of similar nature;

**“Transferor Company”** means The Anup Engineering Limited, a public company, incorporated under the provisions of the Companies Act, 1956, under corporate identity number U99999GJ1962PLC001170 and having its registered office at Behind 66, KV Electric Sub-Station, Odhav Road, Ahmedabad – 382415, India; and

**“Tribunal”** means the National Company Law Tribunal having jurisdiction over the Demerged Company, the Resulting Companies and the Transferor Company, as the case may be.



- 1.2 In this Scheme, unless the context otherwise requires:
- 1.2.1 words denoting singular shall include plural and vice versa;
- 1.2.2 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- 1.2.3 references to the word “include” or “including” shall be construed without limitation;
- 1.2.4 a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- 1.2.5 unless otherwise defined, the reference to the word “days” shall mean calendar days;
- 1.2.6 reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
- 1.2.7 word(s) and expression(s) elsewhere defined in this Scheme will have the meaning(s) respectively ascribed to them.

## 2. SHARE CAPITAL

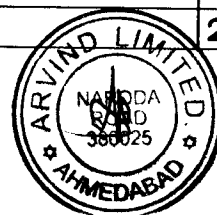
- 2.1 The share capital of the Demerged Company as on 30 September 2017 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
56,50,00,000 equity shares of INR 10 each	565,00,00,000
1,00,00,000 Preference Shares of INR 100 each	100,00,00,000
<b>Total</b>	<b>665,00,00,000</b>
<b>Issued Capital</b>	
25,85,17,969 equity shares of INR 10 each	2,58,51,79,690
<b>Total</b>	<b>2,58,51,79,690</b>
<b>Subscribed and Paid Up Capital</b>	
25,85,17,969 equity shares of INR 10 each	2,58,51,79,690
Less: Forfeited Shares	
900 equity shares of INR 10 each	9,000
<b>Total</b>	<b>258,51,70,690</b>

Subsequent to the above date, there has been an exercise of 1,00,000 vested employee stock options and accordingly there has been a corresponding increase in the issued subscribed and paid up Capital of the Demerged Company.

Post issuance of shares for the employee stock options, the revised share capital of the Demerged Company is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
56,50,00,000 equity shares of INR 10 each	565,00,00,000
1,00,00,000 Preference Shares of INR 100 each	100,00,00,000
<b>Total</b>	<b>665,00,00,000</b>
<b>Issued Capital</b>	
25,86,17,969 equity shares of INR 10 each	2,58,61,79,690
<b>Total</b>	<b>2,58,61,79,690</b>



Particulars	INR
<b>Subscribed and Paid Up Capital</b>	
25,86,17,969 equity shares of INR 10 each	2,58,61,79,690
Less: Forfeited Shares	
900 equity shares of INR 10 each	9,000
<b>Total</b>	<b>2,58,61,70,690</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Demerged Company till the date of approval of the Scheme by the Board of the Demerged Company.

The Demerged Company has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Demerged Company.

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

- 2.2 The share capital of the Resulting Company 1 as on 30 September 2017 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
12,50,00,000 equity shares of INR 2 each	25,00,00,000
<b>Total</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
11,58,51,454 equity shares of INR 2 each	23,17,02,908
<b>Total</b>	<b>23,17,02,908</b>

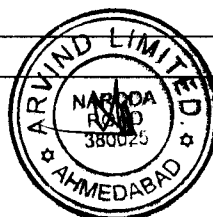
Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company 1 till the date of approval of the Scheme by the Board of the Demerged Company.

The Resulting Company 1 has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Resulting Company 1.

The Resulting Company 1 is a subsidiary of the Demerged Company. Demerged Company holds 89.69% of the shareholding of the Resulting Company 1. The equity shares of the Resulting Company 1 are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

- 2.3 The share capital of the Resulting Company 2/ Transferee Company as on 30 September 2017 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
2,50,000 equity shares of INR 10 each	25,00,000
<b>Total</b>	<b>25,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
50,000 equity shares of INR 10 each	5,00,000
<b>Total</b>	<b>5,00,000</b>



Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company 2/ Transferee Company till the date of approval of the Scheme by the Board of the Demerged Company.

The equity shares of the Resulting Company 2/ Transferee Company are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

- 2.4 The share capital of the Transferor Company as on 30 September 2017 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
1,50,00,000 equity shares of INR 10 each	15,00,00,000
<b>Total</b>	<b>15,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
1,36,00,000 equity shares of INR 10 each	13,60,00,000
<b>Total</b>	<b>13,60,00,000</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company till the date of approval of the Scheme by the Board of the Demerged Company.

The Transferor Company has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Transferor Company.

The Transferor Company is a subsidiary of the Demerged Company. Demerged Company holds 93.53% of the shareholding of the Transferor Company. The equity shares of the Transferor Company are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.

### **3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME**

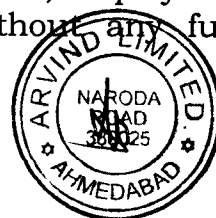
- 3.1 This Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal or made as per Clause 40 of this Scheme, shall become effective from Appointed Date 1 and Appointed Date 2, as the case may be, but shall be operative from the Effective Date.

## **PART II**

### **DEMERGER AND VESTING OF THE BRANDED APPAREL UNDERTAKING**

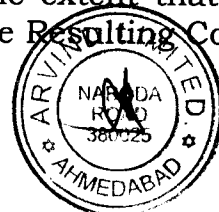
#### **4. DEMERGER AND VESTING OF THE BRANDED APPAREL UNDERTAKING**

- 4.1 With effect from the opening business hours of Appointed Date 1, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 read with Section 66 of the Act and Section 2(19AA) of the Income-tax Act, 1961, the Branded Apparel Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act,



instrument or deed, be demerged from Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company 1 as a going concern so as to become as and from the Appointed Date 1, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company 1 by virtue of, and in the manner provided in this Scheme.

- 4.2 In respect of such of the assets and properties forming part of the Branded Apparel Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company 1.
- 4.3 Subject to Clause 4.4 below, with respect to the assets of the Branded Apparel Undertaking, other than those referred to in Clause 4.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Demerged Company, shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company 1, with effect from the Appointed Date 1 by operation of law as transmission or as the case may be in favour of Resulting Company 1. With regard to the licenses of the properties, the Resulting Company 1 will enter into novation agreements, if it is so required.
- 4.4 Without prejudice to the aforesaid, the Branded Apparel Undertaking, including all immovable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Branded Apparel Undertaking shall stand transferred to and be vested in the Resulting Company 1, without any act or deed to be done or executed by the Demerged Company and/ or the Resulting Company 1.
- 4.5 The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company 1 and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.
- 4.6 Upon this Scheme becoming effective, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date 1 and relating to the Branded Apparel Undertaking ("**Transferred Branded Apparel Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company 1 to the extent that they are outstanding as on the Appointed Date 1 and the Resulting Company 1

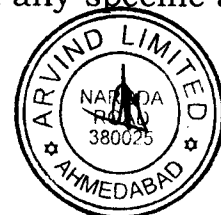


shall meet, discharge and satisfy the same. The term “**Transferred Branded Apparel Liabilities**” shall include:

- 4.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Branded Apparel Undertaking;
- 4.6.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Branded Apparel Undertaking); and
- 4.6.3 in cases other than those referred to in Clauses 4.6.1 or 4.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Branded Apparel Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date 1.

However, the tax liabilities and tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date 1 in relation to the Demerged Company shall not be transferred as part of the Branded Apparel Undertaking to Resulting Company 1.

- 4.7 In so far as any Encumbrance in respect of Transferred Branded Apparel Liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be modified and, if so agreed, shall be extended to and shall operate over the assets of the Resulting Company 1. 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 Branded Apparel Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Branded Apparel Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company 1 pursuant to this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.
- 4.8 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date 1 and specifically pertaining to Branded Apparel Undertaking shall be treated as paid or payable by the Resulting Company 1 and the Resulting Company 1 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.
- 4.9 If the Demerged Company is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to the Branded Apparel Undertaking under any Tax Laws or Applicable Laws, the Resulting Company 1 shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission.

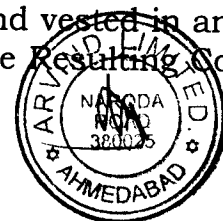




- 4.10 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company 1 shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 4.11 Subject to Clause 4.2 and any other provisions of the Scheme, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Branded Apparel Undertaking, the Demerged Company shall, if so required by the Resulting Company 1, issue notices in such form as the Resulting Company 1 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company 1, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company 1 and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.12 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Branded Apparel Undertaking, have been replaced with that of the Resulting Company 1, the Resulting Company 1 shall be entitled to maintain and operate the bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company 1. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Branded Apparel Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company 1 and credited to the account of the Resulting Company 1, if presented by the Resulting Company 1.
- 4.13 Without prejudice to the provisions of the foregoing sub clauses of this Clause 4, and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company 1 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Resulting Company 1 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person to give effect to the Scheme.

## **5. PERMITS**

- 5.1 With effect from the Appointed Date 1, Permits relating to the Branded Apparel Undertaking shall be transferred to and vested in the Resulting Company 1 and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Resulting Company 1 on such Permits so as to empower and facilitate the approval and vesting of the Branded Apparel Undertaking in the Resulting Company 1 and continuation of operations pertaining to the Branded Apparel Undertaking in the Resulting Company 1 without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company

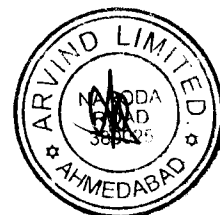


1 without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company 1 as if the same were originally given by, issued to or executed in favour of the Resulting Company 1 and the Resulting Company 1 shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company 1.

- 5.2 The benefit of all Permits pertaining to the Branded Apparel Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company 1 pursuant to the sanction of this Scheme.

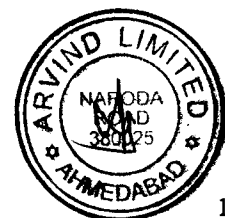
## **6. CONTRACTS**

- 6.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments in relation to the Branded Apparel Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date 1 shall remain in full force and effect against or in favour of the Resulting Company 1 and shall be binding on and be enforceable by and against the Resulting Company 1 as fully and effectually as if the Resulting Company 1 had at all material times been a party or beneficiary or obligee thereto. The Resulting Company 1 will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/recognised by the Appropriate Authorities.
- 6.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Branded Apparel Undertaking occurs by virtue of this Scheme, the Resulting Company 1 may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date 1, the Resulting Company 1 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.
- 6.3 On and from the Effective Date, and thereafter, the Resulting Company 1 shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Branded Apparel Undertaking, in the name of the Resulting Company 1 in so far as may be necessary until the transfer of rights and obligations of the Branded Apparel Undertaking to the Resulting Company 1 under this Scheme have been given effect to under such contracts and transactions.

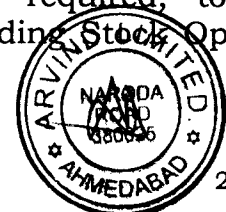


## 7. EMPLOYEES

- 7.1 With effect from the Effective Date, the Resulting Company 1 undertakes to engage, without any interruption in service, all employees of the Demerged Company, engaged in or in relation to the Branded Apparel Undertaking, on the terms and conditions not less favourable than those on which the Demerged Company has engaged them. The Resulting Company 1 undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company 1 agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits. The decision on whether or not an employee is part of the Branded Apparel Undertaking, be decided by the Demerged Company, and shall be final and binding on all concerned.
- 7.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such gratuity fund and superannuation funds nominated by the Resulting Company 1 and/ or such new gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company 1. Pending the transfer as aforesaid, the gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing gratuity fund and superannuation fund respectively of the Demerged Company.
- 7.3 In so far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of the Demerged Company shall be retained in such provident fund and such provident fund shall be continued for the benefit of: (a) the said employees who are transferred to the Resulting Company 1, as aforesaid, and (b) other employees of the Demerged Company. In relation to said employees being transferred, the Resulting Company 1 shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund shall stand amended accordingly. The employees of the Demerged Company engaged in or in relation to the Branded Apparel Undertaking who are transferred to the Resulting Company 1, as aforesaid, shall be deemed to constitute a separate class of employees of the Resulting Company 1 for the purpose of compliance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952.
- 7.4 Employee stock options:
- 7.4.1 Upon the coming into effect of the Scheme, the Resulting Company 1 shall formulate new employee stock option scheme/(s) by adopting the AL ESOS of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 7.4.



- 7.4.2 With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company or its subsidiaries (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company 1 or its subsidiaries pursuant to this Scheme) under the AL ESOS; and upon the Scheme becoming effective, the said employees shall be issued 1(One) stock option by the Resulting Company 1 under the new scheme(s) for every 5 (Five) stock options held in the Demerged Company, whether the same are vested or not on terms and conditions similar to the AL ESOS.
- 7.4.3 The stock options granted by the Demerged Company under the AL ESOS would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company 1 or its subsidiaries). Upon coming into effect of the Scheme, the Demerged Company shall take necessary steps to modify the AL ESOS in a manner considered appropriate and in accordance with the applicable laws, in order to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company 1 or its subsidiaries, subject to the approval of the Stock Exchange and the relevant regulatory authorities, if any under applicable law.
- 7.4.4 The existing exercise price of the stock options of the Demerged Company shall be modified and the Board of the Demerged Company shall determine the exercise price consequent to the demerger. The Board of the Resulting Company 1 shall determine the exercise price of the stock options issued by the Resulting Company 1 in lieu of stock options granted under AL ESOS. The Board of the Demerged Company and the Resulting Companies shall ensure that the terms of the employee stock options granted under stock option plans of the respective companies in lieu of the options held in AL ESOS and any adjustment to the exercise price of stock options granted under AL ESOS are not less favourable than existing terms of the stock options granted under AL ESOS.
- 7.4.5 While granting stock options, the Resulting Company 1 shall take into account the period during which the employees held stock options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company 1, for determining of minimum vesting period required for stock options granted by the Resulting Company 1, subject to Applicable Laws.
- 7.4.6 The Demerged Company as well as the Resulting Company 1 shall reimburse each other for cost debited to the profit & loss account or any suspense/ subsidy account, subsequent to the Appointed Date 1, in relation to stock options issued to employees of the other company or its subsidiaries, wherever deemed necessary and required;
- 7.4.7 The Board of the Demerged Company and Resulting Company 1 shall provide cash compensation, if required, to the Employees of the Demerged Company holding Stock Options



in the Demerged Company in order to provide fair treatment if the effect from clauses 7.4.1 to 7.4.6 are deemed insufficient by the Board of the Demerged Company and the Resulting Company 1.

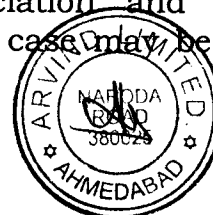
7.4.8 The Board of the Demerged Company and Resulting Company 1 shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 7.4. Approval granted to the Scheme by the shareholders of the Demerged Company and the Resulting Company 1 shall also be deemed to be approval granted to any modifications made to the AL ESOS of the Demerged Company and approval granted to the new employee stock option scheme to be adopted by the Resulting Company 1.

## 8. LEGAL PROCEEDINGS

- 8.1 Upon the coming into effect of this Scheme, proceedings relating to the Branded Apparel Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company 1 with effect from the Effective 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.
- 8.2 The Resulting Company 1: (a) shall be replaced/added as party to such proceedings relating to the Branded Apparel Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the Demerged Company shall consequently stand nullified. For the avoidance of doubt, it is clarified that only the Demerged Company shall be liable for the result of such order or judgment including any relief or positive impact/benefit or adverse impact/liability accruing from such order or judgment. It is clarified that except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Branded Apparel Undertaking that stand transferred to the Resulting Company 1.

## 9. CONSIDERATION

- 9.1 After effectiveness of Part VI of the Scheme and upon Part II of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company 1 shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Demerged Company, 1 (One) fully paid up equity share of INR 4 (Indian Rupees Four ) each of the Resulting Company 1 (“**Branded Apparel Undertaking New Equity Shares**”) for every 5 (Five) equity shares of INR 10 (Indian Rupees Ten) each in the Demerged Company held by such shareholder whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date.
- 9.2 The equity shares of the Resulting Company 1 to be issued and allotted as provided in Clause 9.1 above shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company 1, as the case may be, and shall



rank *pari passu* in all respects with any existing equity shares of Resulting Company 1, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of Resulting Company 1.

- 9.3 In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of the Resulting Company 1, the Resulting Company 1 shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee nominated by the Board of Resulting Company 1 in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay to the Resulting Company 1, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Resulting Company 1 shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of Demerged Company in proportion to their respective fractional entitlements so sold by the trustee.
- 9.4 The issue and allotment of equity shares as provided in Clause 9.1, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company 1 or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Resulting Company 1 and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to the aforesaid Clause 9.1.
- 9.5 The equity shares issued pursuant to Clause 9.1 shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Demerged Company to the Resulting Company 1 on or before such date as may be determined by the Board of Demerged Company. In the event that such notice has not been received by Resulting Company 1 in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company 1 has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 1, then Resulting Company 1 shall issue the equity shares in physical form to such shareholder or shareholders.
- 9.6 In the event that the Parties restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares during the pendency of the Scheme, the share exchange ratio as per Clause 9.1



above; shall be adjusted (including stock options) accordingly to take into account the effect of any such corporate actions.

- 9.7 Resulting Company 1 shall apply for listing all of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The equity shares allotted by the Resulting Company 1 in terms of Clause 9.1 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of Resulting Company 1 between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.
- 9.8 Resulting Company 1 shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

**10. ACCOUNTING TREATMENT BY THE DEMERGED COMPANY AND THE RESULTING COMPANY 1 IN RESPECT OF THEIR RESPECTIVE ASSETS AND LIABILITIES**

The Demerged Company and Resulting Company 1 shall account for the Scheme in their respective books/ financial statements upon receipt of all relevant/ requisite approvals for the Scheme, in compliance with applicable Indian Accounting Standards (“**Ind-AS**”) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time including as provided herein below:

**10.1 Accounting treatment in the books of the Demerged Company**

10.1.1 The Demerged Company shall reduce the carrying value of assets and liabilities pertaining to the Branded Apparel Undertaking, transferred to and vested in the Resulting Company 1 from the carrying value of assets and liabilities as appearing in its books;

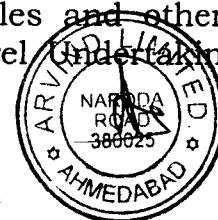
10.1.2 Loans and advances, receivables, payables and other dues outstanding between the Branded Apparel Undertaking and the Resulting Company 1 will stand cancelled and there shall be no further obligation/ outstanding in that behalf;

10.1.3 The difference, being the excess /shortfall of carrying value of assets over the carrying value of liabilities of the Branded Apparel Undertaking shall be accounted in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

**10.2 Accounting treatment in the books of the Resulting Company 1**

10.2.1 The Resulting Company 1 shall record the assets and liabilities pertaining to the Branded Apparel Undertaking, transferred to and vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of the Demerged Company;

10.2.2 Loans and advances, receivables, payables and other dues outstanding between the Branded Apparel Undertaking and



the Resulting Company 1 will stand cancelled and there shall be no further obligation/ outstanding in that behalf;

10.2.3 The Resulting Company 1 shall credit to its share capital in its books of account, the aggregate face value of the equity shares issued by it to the members of the Demerged Company pursuant to Clause 9.1 of this Scheme;

10.2.4 Expenses incurred for implementing the Scheme and for the transfer of Branded Apparel Undertaking shall be adjusted to the reserves and surplus account of the Resulting Company 1; and

10.2.5 The difference, being the Net Assets transferred from Demerged Company pursuant to Clause 10.2.1 as reduced by the share capital issued pursuant to Clause 10.2.3 after giving effect to inter-company balances as per Clause 10.2.2, netted by the existing share capital cancelled in terms of clause 32 shall be adjusted in compliance with applicable accounting standards.

For the purpose of this Clause 10, "Net Assets" would mean difference between the carrying value of assets and liabilities.

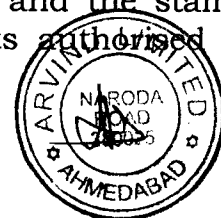
## **11. TRANSFER OF AUTHORISED SHARE CAPITAL OF THE DEMERGED COMPANY**

11.1 Upon coming into effect of Part II of this Scheme, INR 50,00,00,000 (Rupees Fifty Crores) shall stand transferred from the authorised capital of the Demerged Company and get combined with the authorised capital of the Resulting Company 1. Accordingly, Clause V of the Memorandum of Association of the Resulting Company 1 shall automatically stand amended so as to read as under:

*"The Authorised Share Capital of the Company is Rs. 75,00,00,000/ (Rupees Seventy Five Crores only) divided into 18,75,00,000 (Eighteen Crore Seventy Five Lakhs only) equity shares of Rs. 4/- (Rupees Four) each with power to classify or reclassify, increase and reduce the capital of the Company or to divide or to consolidate the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company and the legislative provisions for the time being in force."*

11.2 It is clarified that the approval of the members of the Resulting Company 1 to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum of Association of the Resulting Company 1 and the Resulting Company 1 shall not be required to seek separate consent / approval of its shareholders for the alteration of the Memorandum of Association of the Resulting Company 1 as required under Sections 13, 61 and 64 of the Act and other applicable provisions of the Act.

11.3 The registration fees applicable under the Act and the stamp duty already paid by the Demerged Company on its authorised capital,





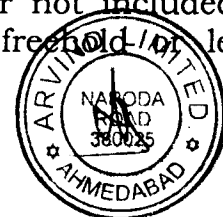
which is being transferred to the Resulting Company 1 in terms of sub Clause 11.1 herein above, shall be deemed to have been so paid by the Resulting Company 1 and accordingly, the Resulting Company 1 shall not be required to pay any fee / stamp duty on the authorised capital so increased. However, the Resulting Company 1 shall file the required returns / information / the amended copy of its Memorandum of Association with the RoC.

### **PART III**

#### **DEMERGER AND VESTING OF THE ENGINEERING UNDERTAKING**

##### **12. DEMERGER AND VESTING OF THE ENGINEERING UNDERTAKING**

- 12.1 Upon the Scheme becoming effective and with effect from the opening business hours of Appointed Date<sup>2</sup>, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 read with Section 66 of the Act and Section 2(19AA) of the Income-tax Act, 1961, the Engineering Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, be demerged from Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company 2 as a going concern so as to become as and from the Appointed Date<sup>2</sup>, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company 2 by virtue of, and in the manner provided in this Scheme.
- 12.2 In respect of such of the assets and properties forming part of the Engineering Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company 2.
- 12.3 Subject to Clause 12.4 below, with respect to the assets of the Engineering Undertaking, other than those referred to in Clause 4.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Demerged Company, shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company 2, with effect from the Appointed Date<sup>2</sup> by operation of law as transmission or as the case may be in favour of Resulting Company 2. With regard to the licenses of the properties, the Resulting Company 2 will enter into novation agreements, if it is so required.
- 12.4 Without prejudice to the aforesaid, the Engineering Undertaking, including all immoveable property, whether or not included in the books of the Demerged Company, whether freehold / leasehold



(including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Engineering Undertaking shall stand transferred to and be vested in the Resulting Company 2, without any act or deed to be done or executed by the Demerged Company and/ or the Resulting Company 2.

12.5 The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company 2 and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.

12.6 Upon effectiveness of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date2 and relatable to the Engineering Undertaking ("**Transferred Engineering Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company 2 to the extent that they are outstanding as on the Appointed Date2 and the Resulting Company 2 shall meet, discharge and satisfy the same. The term "**Transferred Engineering Liabilities**" shall include:

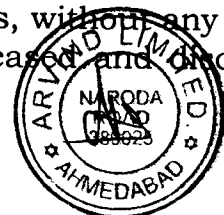
12.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Engineering Undertaking;

12.6.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Engineering Undertaking); and

12.6.3 in cases other than those referred to in Clauses 12.6.1 or 12.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Engineering Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date2.

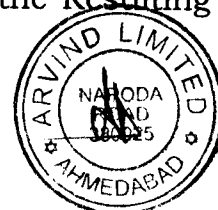
However, the tax liabilities and tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date2 in relation to the Demerged Company shall not be transferred as part of the Engineering Undertaking to Resulting Company 2.

12.7 In so far as any Encumbrance in respect of Transferred Engineering Liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be modified and, if so agreed, shall be extended to and shall operate over the assets of the Resulting Company 2. 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 Engineering Liabilities, without any further act, instrument or deed being required, be released and discharged



from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Engineering Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company 2 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.

- 12.8 Taxes, if any, paid or payable by the Demerged Company after the Appointed Date<sup>2</sup> and specifically pertaining to Engineering Undertaking shall be treated as paid or payable by the Resulting Company 2 and the Resulting Company 2 shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.
- 12.9 If the Demerged Company is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to the Engineering Undertaking under any Tax Laws or Applicable Laws, the Resulting Company 2 shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission.
- 12.10 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company 2 shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 12.11 Subject to clause 12.2 and any other provisions of the Scheme, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Engineering Undertaking, the Demerged Company shall, if so required by the Resulting Company 2, issue notices in such form as the Resulting Company 2 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company 2, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company 2 and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 12.12 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Engineering Undertaking, have been replaced with that of the Resulting Company 2, the Resulting Company 2 shall be entitled to maintain and operate the bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company 2. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Engineering Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company 2 and credited to the account of the Resulting Company 2, if presented by the Resulting Company 2.



12.13 Without prejudice to the provisions of the foregoing sub clauses of this Clause<sup>4</sup>, and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company 2 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Resulting Company 2 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person to give effect to the Scheme.

### **13. PERMITS**

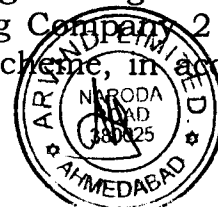
13.1 With effect from the Appointed Date<sup>2</sup>, Permits relating to the Engineering Undertaking shall be transferred to and vested in the Resulting Company 2 and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Resulting Company 2 on such Permits so as to empower and facilitate the approval and vesting of the Engineering Undertaking in the Resulting Company 2 and continuation of operations pertaining to the Engineering Undertaking in the Resulting Company 2 without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company 2 without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company 2 as if the same were originally given by, issued to or executed in favour of the Resulting Company 2 and the Resulting Company 2 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 2.

13.2 The benefit of all Permits pertaining to the Engineering Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company 2 pursuant to the sanction of this Scheme.

### **14. CONTRACTS**

14.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments in relation to the Engineering Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date<sup>2</sup> shall remain in full force and effect against or in favour of the Resulting Company 2 and shall be binding on and be enforceable by and against the Resulting Company 2 as fully and effectually as if the Resulting Company 2 had at all material times been a party or beneficiary or obligee thereto. The Resulting Company 2 will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/ recognised by the Appropriate Authorities.

14.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Engineering Undertaking occurs by virtue of this Scheme, the Resulting Company 2 may, at any time after the coming into effect of this Scheme, in accordance

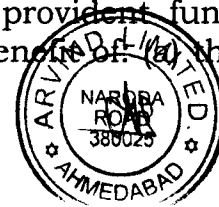


with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date<sup>2</sup>, the Resulting Company 2 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.

- 14.3 On and from the Effective Date, and thereafter, the Resulting Company 2 shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Engineering Undertaking, in the name of the Resulting Company 2 in so far as may be necessary until the transfer of rights and obligations of the Engineering Undertaking to the Resulting Company 2 under this Scheme have been given effect to under such contracts and transactions.

## **15. EMPLOYEES**

- 15.1 With effect from the Effective Date, the Resulting Company 2 undertakes to engage, without any interruption in service, all employees of the Demerged Company, engaged in or in relation to the Engineering Undertaking, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company 2 undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company 2 agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits. The decision on whether or not an employee is part of the Engineering Undertaking, be decided by the Demerged Company, and shall be final and binding on all concerned.
- 15.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such gratuity fund and superannuation funds nominated by the Resulting Company 2 and/ or such new gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company 2. Pending the transfer as aforesaid, the gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing gratuity fund and superannuation fund respectively of the Demerged Company.
- 15.3 In so far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of the Demerged Company shall be retained in such provident fund and such provident fund shall be continued for the benefit of the said



employees who are transferred to the Resulting Company 2, as aforesaid, and (b) other employees of the Demerged Company. In relation to said employees being transferred, the Resulting Company 2 shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund shall stand amended accordingly. The employees of the Demerged Company engaged in or in relation to the Engineering Undertaking who are transferred to the Resulting Company 2, as aforesaid, shall be deemed to constitute a separate class of employees of the Resulting Company 2 for the purpose of compliance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952.

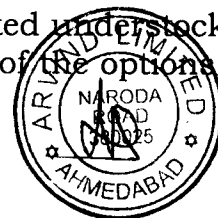
15.4 Employee stock options:

15.4.1 Upon the coming into effect of the Scheme, the Resulting Company 2 shall formulate new employee stock option scheme/(s) by adopting the AL ESOS of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 15.4.

15.4.2 With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company or its subsidiaries (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company 2 or its subsidiaries pursuant to this Scheme) under the AL ESOS; and upon the Scheme becoming effective, the said employees shall be issued 1 (One) stock option by the Resulting Company 2 under the new scheme(s) for every 27 (Twenty Seven) stock options held in the Demerged Company, whether the same are vested or not on terms and conditions similar to the AL ESOS.

15.4.3 The stock options granted by the Demerged Company under the AL ESOS would continue to be held by the employees concerned (irrespective of whether they continue to be employees of the Demerged Company or its subsidiaries or become employees of the Resulting Company 2 or its subsidiaries). Upon coming into effect of the Scheme, the Demerged Company shall take necessary steps to modify the AL ESOS in a manner considered appropriate and in accordance with the applicable laws, in order to enable the continuance of the same in the hands of the employees who become employees of the Resulting Company 2 or its subsidiaries, subject to the approval of the Stock Exchange and the relevant regulatory authorities, if any under applicable law.

15.4.4 The existing exercise price of the stock options of the Demerged Company shall be modified and the Board of the Demerged Company shall determine the exercise price consequent to the demerger. The Board of the Resulting Company 2 shall determine the exercise price of the stock options issued by the Resulting Company 2 in lieu of stock options granted under AL ESOS. The Board of the Demerged Company and the Resulting Companies shall ensure that the terms of the employee stock options granted under the stock option plans of the respective companies in lieu of the options held in



AL ESOS and any adjustment to the exercise price of stock options granted under AL ESOS are not less favourable than existing terms of the stock options granted under AL ESOS.

15.4.5 While granting stock options, the Resulting Company 2 shall take into account the period during which the employees held stock options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company 2, for determining of minimum vesting period required for stock options granted by the Resulting Company 2, subject to applicable laws.

15.4.6 The Demerged Company as well as the Resulting Company 2 shall reimburse each other for cost debited to the profit & loss account or any suspense / subsidy account, subsequent to the Appointed Date<sup>2</sup>, in relation to stock options issued to employees of the other company or its subsidiaries, if necessary and required.

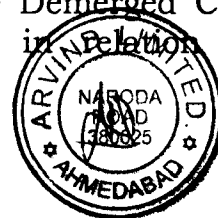
15.4.7 The Board of the Demerged Company and Resulting Company 2 shall provide cash compensation, if required, to the employees of the Demerged Company holding stock options in the Demerged Company in order to provide fair treatment if the effect from clauses 15.4.1 to 15.4.6 are deemed insufficient by the Board of the Demerged Company and the Resulting Company 2.

15.4.8 The Board of the Demerged Company and Resulting Company 1 shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 15.4. Approval granted to the Scheme by the shareholders of the Demerged Company and the Resulting Company 2 shall also be deemed to be approval granted to any modifications made to the AL ESOS of the Demerged Company and approval granted to the new employee stock option scheme to be adopted by the Resulting Company 2, respectively.

## **16. LEGAL PROCEEDINGS**

16.1 Upon the coming into effect of this Scheme, proceedings relating to the Engineering Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company 2 with effect from the Effective 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.

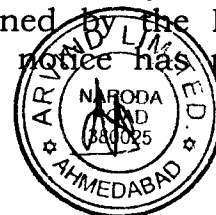
16.2 The Resulting Company 2: (a) shall be replaced/ added as party to such proceedings relating to the Engineering Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the Demerged Company shall consequently stand nullified. For the avoidance of doubt, it is clarified that only the Demerged Company shall be liable for the result of such order or judgment including any relief or positive impact/benefit or adverse impact/liability accruing from such order or judgment. It is clarified that except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in Relation to any



proceedings relating to the Engineering Undertaking that stand transferred to the Resulting Company 2.

## 17. CONSIDERATION

- 17.1 Upon Part III of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company 2 shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Demerged Company, 1 (One) fully paid up equity share of INR 10 (Indian Rupees Ten) each of the Resulting Company 2 ("**Engineering Undertaking New Equity Shares**"), credited as fully paid up, for every 27 (Twenty Seven) equity shares of INR 10 (Indian Rupees Ten) each of the Demerged Company held by such shareholder whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date. The equity shares of the Resulting Company 2 to be issued and allotted as provided shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company 2, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares of Resulting Company 2, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of Resulting Company 2.
- 17.2 In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of the Resulting Company 2, the Resulting Company 2 shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee nominated by the Board of Resulting Company 2 in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay to the Resulting Company 2, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Resulting Company 2 shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of Demerged Company in proportion to their respective fractional entitlements so sold by the trustee.
- 17.3 The issue and allotment of equity shares as provided in Clause 17.1, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company 2 or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Resulting Company 2 and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to the aforesaid Clause 17.1.
- 17.4 The equity shares issued pursuant to Clause 17.1 shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Demerged Company to the Resulting Company 2 on or before such date as may be determined by the Board of Demerged Company. In the event that such notice has not been





received by Resulting Company 2 in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company 2 has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company 2, then Resulting Company 2 shall issue the equity shares in physical form to such shareholder or shareholders.

- 17.5 In the event that the Parties restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share exchange ratio, per Clause 17.1 above; shall be adjusted (including stock options) accordingly to take into account the effect of any such corporate actions.
- 17.6 Resulting Company 2 shall apply for listing all of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The equity shares allotted by the Resulting Company 2 in terms of Clause 17.1 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of Resulting Company 2 between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.
- 17.7 Resulting Company 2 shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

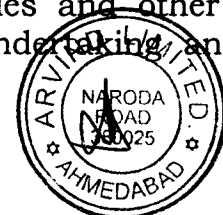
**18. ACCOUNTING TREATMENT BY THE DEMERGED COMPANY AND THE RESULTING COMPANY 2 IN RESPECT OF THEIR RESPECTIVE ASSETS AND LIABILITIES**

The Demerged Company and Resulting Company 2 shall account for the Scheme in their respective books/ financial statements upon receipt of all relevant/ requisite approvals for the Scheme, in compliance with applicable Accounting Standards notified under the Companies Act, 2013 as amended from time to time including as provided herein below:

**18.1 Accounting treatment in the books of the Demerged Company**

18.1.1 The Demerged Company shall reduce the carrying value of assets and liabilities including Investments in Transferor Company pertaining to the Engineering Undertaking, transferred to and vested in the Resulting Company 2 from the carrying value of assets and liabilities as appearing in its books;

18.1.2 Loans and advances, receivables, payables and other dues outstanding between the Engineering undertaking and the



Resulting Company 2 will stand cancelled and there shall be no further obligation/ outstanding in that behalf;

18.1.3 The difference, being the excess / shortfall of carrying value of assets over the carrying value of liabilities of the Engineering Undertaking shall be accounted in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

## 18.2 Accounting treatment in the books of the Resulting Company 2

18.2.1 The Resulting Company 2 shall record the assets and liabilities including Investments in Transferor Company pertaining to the Engineering Undertaking, transferred to and vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of the Demerged Company;

18.2.2 Loans and advances, receivables, payables and other dues outstanding between the Demerged Company and the Resulting Company 2 relating to the Engineering Undertaking will stand cancelled and there shall be no further obligation / outstanding in that behalf;

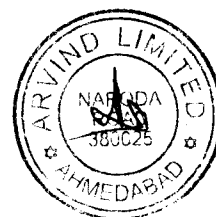
18.2.3 The Resulting Company 2 shall credit to its share capital in its books of account, the aggregate face value of the equity shares issued and allotted under Clause 17.1 above to the members of the Demerged Company. INR 507.40 will be accounted as securities premium in the books of Resulting Company 2 for each equity share issued in accordance with Clause 17.1. The securities premium will form part of consideration under Clause 17.1;

18.2.4 Expenses incurred pursuant to the Scheme and for the transfer of Engineering Undertaking shall be adjusted to the reserves and surplus account of the Resulting Company 2 and

18.2.5 The difference, being the Net Assets transferred from Demerged Company pursuant to Clause 10.2.1 over the face value and securities premium of the equity shares allotted pursuant to Clause 18.2.3 above after giving effect to inter-company balances as per Clause 18.2.2 shall be adjusted in compliance with applicable accounting standards.

18.2.6 Goodwill, if any, appearing in the Balance Sheet of the Resulting Company 2 will be amortised / impaired / written off either as per applicable accounting standards or may be adjusted against the balance of securities premium account or capital reserve account or general reserve account or profit and loss account as may be decided by the Board of Directors of the Resulting Company 2.

18.2.7 To the extent, the balance in securities premium account or capital reserve account is utilised and/or adjusted as per Clause 18.2.6 above, there shall be reduction of securities premium account or capital reserve account, as the case may be, which shall be effected as an integral part of the Scheme itself in accordance with Section 52 and 66 and other applicable provisions of the Act.



18.2.8 The Board of Directors of the Resulting Company 2 in consultation with Statutory Auditors, is authorised to account for any of the balances in any other manner in compliance with the Act, if such accounting treatment is considered more appropriate.

For the purpose of this Clause 18, "Net Assets" would mean difference between the carrying value of assets and liabilities.

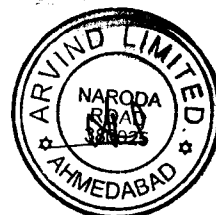
**19. TRANSFER OF AUTHORISED SHARE CAPITAL OF THE DEMERGED COMPANY**

19.1 Upon coming into effect of Part III of this Scheme, INR 50,00,00,000 (Rupees Fifty Crores) shall stand transferred from the authorised capital of the Demerged Company and get combined with the authorised capital of the Resulting Company 2. Accordingly, Clause V of the Memorandum of Association of the Resulting Company 2 shall automatically stand amended so as to read as under:

*"The Authorised Share Capital of the Company is Rs. 50,25,00,000 (Rupees Fifty Crore Twenty Five Lakhs only) divided into 5,02,50,000 (Five Crore Two Lakh Fifty Thousand only) equity shares of Rs. 10/- (Rupees Ten) each with power to classify or reclassify, increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company and the legislative provisions for the time being in force."*

19.2 It is clarified that the approval of the members of the Resulting Company 2 to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum of Association of the Resulting Company 2 and the Resulting Company 2 shall not be required to seek separate consent / approval of its shareholders for the alteration of the Memorandum of Association of the Resulting Company 2 as required under Sections 13, 61 and 64 of the Act and other applicable provisions of the Act.

19.3 The registration fee applicable under the Act and the stamp duty already paid by the Demerged Company on its authorised capital, which is being transferred to the Resulting Company 2 in terms of sub Clause 19.1 herein above, shall be deemed to have been so paid by the Resulting Company 2 and accordingly, the Resulting Company 2 shall not be required to pay any fee / stamp duty on the authorised capital so increased. However, the Resulting Company 2 shall file the required returns / information / the amended copy of its Memorandum of Association with the RoC.



## PART IV

### AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEREE COMPANY

#### 20. TRANSFER OF ASSETS AND LIABILITIES

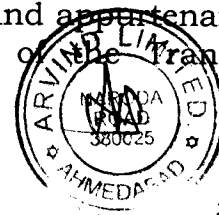
20.1 Immediately on Part III of the Scheme becoming effective and with effect from the opening business hours of Appointed Date 2, and subject to the provisions of this Scheme and pursuant to Section 232 of the Act and Section 2(1B) of the Income-tax Act, 1961, the Transferor Company shall stand amalgamated with the Transferee Company as a going concern and all assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Transferor Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date 2, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Transferee Company by virtue of, and in the manner provided in this Scheme.

20.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon Part IV of the Scheme becoming effective and with effect from the Appointed Date 2:

20.2.1 with respect to the assets of the Transferor Company that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/ or delivery, the same may be so transferred by the Transferor Company by operation of law without any further act or execution of an instrument with the intent of vesting such assets with the Transferee Company as on the Appointed Date 2.

20.2.2 subject to Clause 20.2.3 below, with respect to the assets of the Transferor Company, other than those referred to in Clause 20.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Transferor Company shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company, with effect from the Appointed Date 2, by operation of law as transmission or as the case may be in favour of Transferee Company. With regard to the licenses of the properties, the Transferee Company will enter into novation agreements, if it is so required.

20.2.3 without prejudice to the aforesaid, all the immovable property (including but not limited to the land, buildings, offices, factories, sites, tenancy rights related thereto, and other immovable property, including accretions and appurtenances), whether or not included in the books of the Transferor



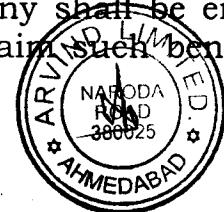
Company, whether freehold or leasehold (including but not limited to any other document of title, rights, interest and easements in relation thereto, and any shares in cooperative housing societies associated with such immoveable property) shall stand transferred to and be vested in the Transferee Company, as successor to the Transferor Company, without any act or deed to be done or executed by the Transferor Company, as the case may be and/ or the Transferee Company.

20.2.4 all debts, liabilities, duties and obligations (debentures, bonds, notes or other debt securities) of the Transferor Company shall, without any further act, instrument or deed be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Transferee Company, so as to become on and from the Appointed Date 2, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 20.

20.2.5 the vesting of the entire undertaking of the Transferor Company, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of Transferor Company or part thereof on or over which they are subsisting on and vesting of such assets in Transferee Company and no such Encumbrances shall extend over or apply to any other asset(s) of Transferee Company. Any reference in any security documents or arrangements (to which Transferor Company is a party) related to any assets of Transferor Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of Transferee Company. Similarly, Transferee Company shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of /to be availed of by it, and the Encumbrances in respect of such indebtedness of Transferee Company shall not extend or be deemed to extend or apply to the assets so vested.

20.2.6 Taxes, if any, paid or payable by the Transferor Company after the Appointed Date 2 shall be treated as paid or payable by the Transferee Company and the Transferee Company shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.

20.2.7 if the Transferor Company is entitled to any unutilized credits (including balances or advances), benefits, subsidies, grants, special status and other benefits or privileges of whatsoever nature under the incentive schemes and policies including tax holiday or concessions under any Tax Laws or Applicable Laws, the Transferee Company shall be entitled as an integral part of the Scheme to claim such benefit or



incentives or unutilised credits as the case may be automatically without any specific approval or permission.

20.2.8 upon Part IV of the Scheme becoming effective, the Transferor Company and / or the Transferee Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/ or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

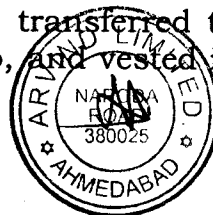
20.2.9 it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company, shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company, to recover or realise the same, stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

20.2.10 On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the 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, if presented by the Transferee Company.

20.2.11 without prejudice to the foregoing provisions of Clause 20.2, and upon the effectiveness of Part IV of the Scheme, the Transferor Company, and the Transferee Company shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person, to give effect to the above provisions.

## 21. PERMITS

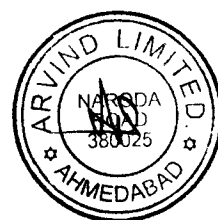
With effect from the Appointed Date 2, all the Permits held or availed of by, and all rights and benefits that have accrued to, the Transferor Company, pursuant to the provisions of Section 232 of the Act, shall without any further act, instrument or deed, be transferred to, and vest in, or be deemed to have been transferred to, and vested in, and



be available to, the Transferee Company so as to become as and from the Effective Date, the Permits, estates, assets, rights, title, interests and authorities of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Laws. Upon the Appointed Date<sup>2</sup> and until the Permits are transferred, vested, recorded, effected, and/ or perfected, in the record of the Appropriate Authority, in favour of the Transferee Company, the Transferee Company is authorized to carry on business in the name and style of the Transferor Company and under the relevant license and/ or permit and/ or approval, as the case may be, and the Transferee Company shall keep a record and/ or account of such transactions.

## **22. CONTRACTS**

- 22.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature, subsisting or having effect on or immediately before the Appointed Date 2, to which the Transferor Company is a party shall remain in full force and effect against or in favour of the Transferee Company and shall be binding on and be enforceable by and against the Transferee Company as fully and effectually as if the Transferee Company had at all material times been a party thereto. The Transferee Company will, if required, enter into novation agreement(s) in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above. Any *inter-se* contracts between the Transferor Company on the one hand and the Transferee Company on the other hand shall stand cancelled and cease to operate upon the effectiveness of Part IV of this Scheme.
- 22.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the assets and liabilities of the Transferor Company occurs by virtue of this Scheme, the Transferee Company may, at any time after Part IV of the Scheme coming into effect, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. The Transferee Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company.
- 22.3 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company in the name of the Transferor Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company, to the Transferee Company under this Scheme has been given effect to under such contracts and transactions.



## 23. EMPLOYEES

23.1 Upon this Scheme coming into effect and with effect from the Effective Date, the Transferee Company undertakes to engage all the employees of the Transferor Company on the terms and conditions not less favourable than those on which they are engaged by the Transferor Company without any interruption of service as a result of the amalgamation of the Transferor Company with the Transferee Company. The Transferee Company also agrees that the services of all such employees with the Transferor Company prior to the amalgamation of the Transferor Company with the Transferee Company shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

### 23.2 Employee stock options:

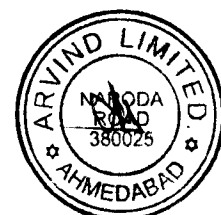
23.2.1 Upon the coming into effect of the Scheme, the Transferee Company shall formulate new employee stock option scheme/(s) by adopting the Anup ESOS of the Transferor Company, as modified in accordance with the variations mentioned in this Clause 23.2.

23.2.2 With respect to the stock options granted by the Transferor Company to the employees of the Transferor Company or its subsidiaries under the Anup ESOS; and upon the Scheme becoming effective, the said employees shall be issued 7 Seven stock options by the Transferee Company under the new scheme(s) for every 10 (Ten) stock options held in the Transferor Company, whether the same are vested or not on terms and conditions similar to the Anup ESOS.

23.2.3 While granting stock options, the Transferee Company shall take into account the period during which the employees held stock options granted by the Transferor Company prior to the issuance of the stock options by the Transferee Company, for determining of minimum vesting period required for stock options granted by the Transferee Company, subject to applicable laws.

23.2.4 The Board of the Transferor Company and Transferee Company shall provide cash compensation, if required, to the employees of the Transferor Company holding stock options in the Transferor Company in order to provide fair treatment if the effect from Clauses 23.2.1 to 23.2.3 are deemed insufficient by the Board of the Transferor Company and the Transferee Company.

23.2.5 The Board of the Transferor Company and Transferee Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 23.2. Approval granted to the Scheme by the shareholders of the Transferor Company and the Transferee Company shall also be deemed to be approval granted to the new employee stock option scheme to be adopted by the Transferee Company.





## 24. LEGAL PROCEEDINGS

If any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the "**Proceedings**") by or against the Transferor Company be pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation 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 this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company.

## 25. CONSIDERATION

25.1 After effectiveness of Part III of the Scheme, the Transferor Company shall become a subsidiary of the Transferee Company.

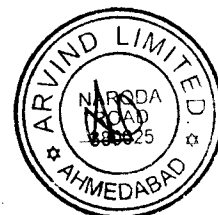
25.2 After effectiveness of the Part III of the Scheme and in consideration of and subject to the provisions of Clause 25.3 and other provisions of this Scheme, Transferee Company shall, without any further application, act, deed, consent, instrument, issue and allot, to each shareholder of the Transferor Company whose name is recorded in the register of members of the Transferor Company on the Record Date, in the following proportion:

*"7 (Seven) fully paid up equity shares of INR 10 (Indian Rupees Ten) each of the Transferee Company shall be issued and allotted, credited as fully paid up, for every 10 (Ten) equity shares of INR 10 (Indian Rupees Ten) each held in the Transferor Company."* ("**Transferee Company New Equity Shares**").

No shares shall be issued by the Transferee Company in respect of the shares held by the Transferee Company in the Transferor Company.

25.3 Upon Part IV of this Scheme becoming effective, and in consideration of the Transferor Company amalgamating into the Transferee Company, the equity shares held by the Transferee Company on the Effective Date (held either directly or through its nominees) in the Transferor Company shall be cancelled pursuant to this Scheme without any further application, act or deed. It is clarified that no new shares shall be issued or any payment shall be made in cash whatsoever by the Transferee Company in lieu of such shares of the Transferor Company.

25.4 The equity shares of the Transferee Company to be issued and allotted as provided in Clause 25.2 above shall be subject to the provisions of the memorandum of association and articles of association of Transferee Company, as the case may be, and shall rank *pari passu* in all respects with the existing equity shares of Transferee Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto.



- 25.5 In case any shareholder's shareholding in the Transferor Company is such that such shareholder becomes entitled to a fraction of an equity share of Transferee Company, as the case may be, Transferee Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee(s) nominated by the Board of the Transferee Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee(s) may in its sole discretion decide and on such sale, shall pay to Transferee Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon Transferee Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements.
- 25.6 The issue and allotment of equity shares as provided in Clause 25.2, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of Transferee Company or Transferor Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Transferee Company and/ or the Transferor Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to this Clause 25.2.
- 25.7 The Transferee Company New Equity Shares issued pursuant to Clause 25.2 shall be in dematerialized form unless otherwise notified in writing by a shareholder of the Transferor Company to Transferee Company on or before such date as may be determined by the Board of Transferor Company. In the event that such notice has not been received by Transferee Company in respect of any of the shareholders of Transferor Company, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Transferor Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Transferee Company has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Transferee Company, then Transferee Company shall issue the equity shares in physical form to such shareholder or shareholders.
- 25.8 Transferee Company shall apply for listing of Transferee Company New Equity Shares on the Stock Exchanges in terms of and in compliance of the SEBI Circular and other relevant provisions as may be applicable. The Transferee Company New Equity Shares allotted by the Transferee Company in terms of Clause 25.2 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchanges.



25.9 In the event that the Parties restructure their equity share capital by way of share split / consolidation/ issue of bonus shares during the pendency of the Scheme, the share exchange ratio as per Clause 25.2 above, shall be adjusted accordingly to take into account the effect of any such corporate actions.

25.10 Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

**26. ACCOUNTING TREATMENT BY THE TRANSFEEE COMPANY IN RESPECT OF ASSETS AND LIABILITIES**

26.1 The Transferee Company shall account for the Scheme in its books/ financial statements upon receipt of all relevant/ requisite approvals for the Scheme, in accordance with the Purchase Method of Accounting as prescribed under Accounting Standard 14 (“AS 14”) dealing with “Accounting for Amalgamations, as amended from time to time including as provided herein below:

26.1.1 The Transferee Company shall record the assets and liabilities of Transferor Company, transferred to and vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of the Transferor Company or at their fair value of identified assets and liabilities, as may be decided by the Board of Directors of the Transferee Company.

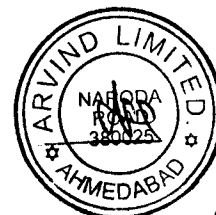
26.1.2 The Transferee Company shall credit to the Share Capital account in its books of account, the aggregate face value of the equity shares issued and allotted under Clause 25.2 above to the equity shareholders of the Transferor Company. INR 507.40 will be accounted as securities premium in the books of Transferee Company for each equity share issued in accordance with Clause 25.2. The securities premium will form part of consideration under Clause 25.1.

26.1.3 Loans and advances, receivable, payables and other dues outstanding between the Transferor Company and the Transferee Company will stand cancelled and there shall be no further obligation / outstanding in that behalf.

26.1.4 Expenses pertaining to the Scheme and for the amalgamation shall be adjusted to the reserves and surplus account of the Transferee Company.

26.1.5 The difference being the Net Assets transferred to Transferee Company pursuant to Clause 26.1.1 over the face Value and securities premium of the equity shares allotted as per Clause 26.1.2 above after giving effect to inter-company balances as per Clause 26.1.3, shall be adjusted in compliance with applicable accounting standards.

26.1.6 Upon coming into effect of Part IV of this Scheme, the shares held by the Transferee Company in the Transferor Company on the Effective Date, shall be cancelled and the same shall be treated as per applicable accounting standards.



26.1.7 Goodwill, if any, appearing in the balance sheet of the Transferee Company will be amortised/ impaired / written off either as per AS 14 or may be adjusted against the balance of securities premium account or capital reserve account or general reserve account or profit and loss account as may be decided by the Board of Directors of the Transferee Company.

26.1.8 To the extent the balance in securities premium account or capital reserve is utilised and/ or adjusted as per Clause 26.1.7 above, there shall be reduction of securities premium account or capital reserve as the case may be which shall be effected as an integral part of the Scheme itself in accordance with Sections 52 and 66 and other applicable provisions of the Act.

26.1.9 The Board of Directors of the Transferee Company, in consultation with statutory auditors, is authorised to account for any of the balances in any other manner in compliance with the Act, if such accounting treatment is considered more appropriate.

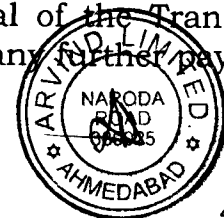
For the purpose of this Clause 26, "Net Assets" would mean difference between the carrying value of assets and liabilities.

## **27. VALIDITY OF EXISTING RESOLUTIONS, ETC.**

Upon the coming into effect of Part IV of this Scheme, the resolutions/ power of attorney of/ executed by the Transferor Company, as are considered necessary by the Board of the Transferee Company, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then said limits as are considered necessary by the Board of the Transferee Company shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

## **28. COMBINATION OF AUTHORISED CAPITAL**

28.1 Upon Part IV of the Scheme becoming effective, the authorised share capital of the Transferee Company shall stand increased without any further act, instrument or deed on the part of Transferee Company including payment of stamp duty and fees to Registrar of Companies, by the authorised share capital of the Transferor Company amounting to INR 15,00,00,000 (Indian Rupees Fifteen Crores) comprising of 1,50,00,000 equity shares of INR 10 each and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under the applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorized capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferor Company and there would be no requirement for any further payment



of stamp duty and/or fee by the Transferor Company for increase in the authorised share capital to that extent.

- 28.2 Clause V of the memorandum of association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 14, 61, 64, and other applicable provisions of the Act, and be replaced by the following clause:

*“The Authorised Share Capital of the Company is Rs.65,25,00,000/ (Rupees Sixty Five Crores Twenty Five Lakhs only) divided into 6,52,50,000 (Six Crore Fifty Two Lakhs Fifty Thousand only) equity shares of Rs. 10 (Rupees Ten) each with such rights, privileges and conditions attached thereto as may be determined by the Board of Directors of the Company. The Company has and shall have always have the power to divide or to consolidate the share capital from time to time into several classes and to increase or reduce its capital from time to time and to vary, modify or abrogate any such rights, privileges or conditions attached to any class of shares in such manner as may for the time being be provided by the regulations of the Company.”*

- 28.3 It is clarified that the approval of the members of the 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.

## **29. DISSOLUTION OF TRANSFEROR COMPANY**

On Part IV of this Scheme becoming effective, the Transferor Company shall stand dissolved without winding up. On and from the Effective Date, the name of the Transferor Company shall be struck off from the records of the concerned RoC.

## **PART V**

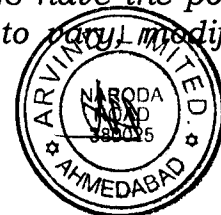
### **CHANGE IN AUTHORISED SHARE CAPITAL OF DEMERGED COMPANY**

#### **30. CHANGE IN AUTHORISED SHARE CAPITAL OF DEMERGED COMPANY**

- 30.1 Upon Part II and Part III of this Scheme coming into effect and consequent to transfer of authorised share capital as mentioned in Clause 11 and 19 above, Clause V of the Memorandum of Association of the Demerged Company shall stand replaced and altered as per this Clause 30.

- 30.2 Clause V of the Memorandum of Association of the Demerged Company shall be replaced to include the following, without any further act, deed or instrument:

*“The Authorised Share Capital of the Company is Rs. 565,00,00,000/- (Rupees Four Hundred Sixty Five Crores only) divided into 46,50,00,000 (Forty Six Crores Fifty Lacs Only) Equity Shares of Rs. 10/- (Rupees Ten only) each, 1,00,00,000 (One Crore Only) Preference Shares of Rs. 100/- each with such rights, privileges and conditions attached thereto as may be determined by the General Meetings at the time of issue. The Company has and shall always have the power to divide the Share Capital from time to time and to vary, modify and*



*abrogate any rights, privileges, conditions attached to the Share in such a manner as may from the time being provided in the regulations of the Company.”*

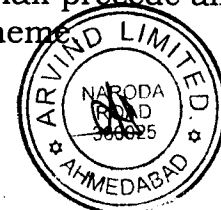
- 30.3 It is clarified that the approval of the members of the Demerged Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum of Association of the Demerged Company and the Demerged Company shall not be required to seek separate consent/ approval of its shareholders for the alteration of the Memorandum of Association of the Demerged Company as required under Sections 13, 61 and 64 of the Act and other applicable provisions of the Act.
- 30.4 It is further clarified that should either Part II or Part III be made effective individually then Clause V of the Memorandum of Association of the Demerged Company shall be suitably modified to give effect only to either Clause 11 or Clause 19 as the case may be.

## **PART VI**

### **CONSOLIDATION OF SHARE CAPITAL OF THE RESULTING COMPANY 1**

#### **31. CONSOLIDATION OF EQUITY SHARES OF THE RESULTING COMPANY 1**

- 31.1 With satisfaction or waiver of conditions mentioned in Clause 41.1 of the Scheme, the Resulting Company 1, 2 (two) equity shares of INR 2 each of the Resulting Company 1 shall be consolidated into 1 (one) fully paid up equity share of INR 4 each.
- 31.2 The share certificates of the Resulting Company 1 in relation to the equity shares held by its shareholders shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled pursuant to this Scheme. After taking into effect the consolidation of equity share capital of the Resulting Company 1 and on the basis of shareholdings on the Record Date, either fresh share certificate(s) will be issued to the shareholders of the Resulting Company 1 holding the shares in physical form, or, in case of shareholding in dematerialised form, appropriate number of shares in terms of this Scheme will automatically be credited to the respective dematerialised accounts of the said shareholders maintained with the depositories.
- 31.3 Due to such consolidation in capital of the Resulting Company 1, if a shareholder becomes entitled to a fraction of an equity share of the Resulting Company 1, the Resulting Company 1 shall not issue fractional share certificates to such member/ beneficial owner but shall round off such shareholders entitlement to the nearest integer.
- 31.4 The aforesaid consolidation of the share capital of the Resulting Company 1 shall be effected as an integral part of this Scheme itself, without having to follow the process under Section 61 of the Act separately and approval of the shareholders to the scheme shall be deemed to be approval to the consolidation of equity shares under Section 61 of the Act.
- 31.5 It is clarified that upon the Scheme becoming effective, the consolidation of shares as stated in this Part VI shall precede all other actions as stated in Part II and Part VII of this Scheme.



## PART VII

### REDUCTION AND REORGANISATION OF SHARE CAPITAL OF THE RESULTING COMPANY 1

#### 32. REDUCTION AND CANCELLATION OF CERTAIN EQUITY SHARES OF THE RESULTING COMPANY 1

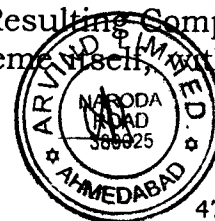
- 32.1 Simultaneously upon implementation of Part II of the Scheme and with effect from the Effective Date, all the equity shares of the Resulting Company 1 held by the Demerged Company and forming part of the Branded Apparel Undertaking ("**Resulting Company 1 Cancelled Shares**") shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity capital of the Resulting Company 1 to that effect shall stand cancelled and reduced, which shall be regarded as reduction of equity share capital of the Resulting Company 1, pursuant to Section 66 of the Act as also any other applicable provisions of the Act.
- 32.2 The aforesaid reduction of the share capital of the Resulting Company 1 shall be effected as an integral part of this Scheme itself, without having to follow the process under Sections 66 of the Act separately and the order of the Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.
- 32.3 On effecting the reduction of the share capital as stated in Clause 32.1 above, the share certificates in respect of the Resulting Company 1 Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.
- 32.4 On the Effective Date, the Resulting Company 1 shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company 1 Cancelled Shares.
- 32.5 The capital reserve in the books of the Resulting Company 1 shall be increased to the extent of the amount of Resulting Company 1 Cancelled Shares.

## PART VIII

### REDUCTION AND REORGANISATION OF SHARE CAPITAL OF THE RESULTING COMPANY 2

#### 33. REDUCTION AND CANCELLATION OF CERTAIN EQUITY SHARES OF THE RESULTING COMPANY 2

- 33.1 Immediately upon implementation of Part III of the Scheme and with effect from the Effective Date and upon allotment of equity shares by the Resulting Company 2, the entire paid up equity share capital, as on Effective Date, of the Resulting Company 2 ("**Resulting Company 2 Cancelled Shares**") shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity capital of the Resulting Company 2 to that effect shall stand cancelled and reduced, which shall be regarded as reduction of equity share capital of the Resulting Company 2, pursuant to Section 66 of the Act as also any other applicable provisions of the Act.
- 33.2 The aforesaid reduction of the share capital of the Resulting Company 2 shall be effected as an integral part of this Scheme itself, without



having to follow the process under Sections 66 of the Act separately and the order of the Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.

- 33.3 On effecting the reduction of the share capital as stated in Clause 33.1 above, the share certificates in respect of the Resulting Company 2 Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.
- 33.4 On the Effective Date, the Resulting Company 2 shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company 2 Cancelled Shares.
- 33.5 The capital reserve in the books of the Resulting Company 2 shall be increased to the extent of the amount of Resulting Company 2 Cancelled Shares.

## **PART IX**

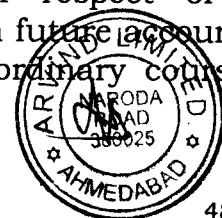
### **GENERAL TERMS & CONDITIONS**

#### **34. REMAINING BUSINESS**

- 34.1 The Remaining Business and all the assets, investments, liabilities and obligations of the Demerged Company, shall continue to belong to and be vested in and be managed by the Demerged Company.
- 34.2 All legal, Taxation and/ or other proceedings by or against the Demerged Company under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, and relating to the Remaining Business 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 Business) shall be continued and enforced against the Demerged Company.
- 34.3 If proceedings are taken against the Resulting Companies in respect of matters referred to in Clause 34.2 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 latter shall reimburse and indemnify the relevant resulting company, against all liabilities and obligations incurred by that resulting company in respect thereof.
- 34.4 If proceedings are taken against the Demerged Company in respect of matters referred to in Clause 34.2 above relating to the Demerged Undertakings, it shall defend the same in accordance with the advice of the relevant resulting company and at the cost of the said resulting company, and the latter shall reimburse and indemnify the Demerged Company, against all liabilities and obligations incurred by the Demerged Company in respect thereof.

#### **35. DIVIDENDS**

- 35.1 The Transferor Company, Transferee Company, Demerged Company and Resulting Companies shall be entitled to declare and pay dividends, to their respective shareholders in respect of the accounting period ending 31 March 2018 and such future accounting periods consistent with the past practice or in ordinary course of





business, whether interim or final. Any other dividend shall be recommended/ declared only by the mutual consent of the concerned Parties.

- 35.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Transferor Company, Transferee Company, Demerged Company and/ or the Resulting Companies to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of the Transferor Company, Transferee Company, Demerged Company and/ or the Resulting Companies as the case may be, and subject to approval, if required, of the shareholders of the Transferor Company, Transferee Company, Demerged Company and/ or the Resulting Companies as the case may be.

### **36. CONDUCT OF BUSINESS UPTO THE EFFECTIVE DATE**

- 36.1 With effect from the date of approval of this Scheme by the respective Boards of the Parties and up to and including the Effective Date:

36.1.1 The Transferor Company and the Demerged Company with respect to the Demerged Undertakings shall carry on their business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto, and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its properties/assets, except:

- (a) when the same is expressly provided in this Scheme; or
- (b) when the same is in the ordinary course of business as carried on, as on the date of filing of this Scheme in the Tribunal; or
- (c) when written consent of the Resulting Company 2/ Transferee Company, as the case may be has been obtained in this regard.

36.1.2 The Transferor Company and the Demerged Company with respect to Demerged Undertakings shall not alter or substantially expand its business, or undertake (i) any material decision in relation to its business and affairs and operations other than that in the ordinary course of business; (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); and (iii) any new business, or discontinue any existing business or change the capacity of facilities other than that in the ordinary course of business, except with the written concurrence of the Resulting Companies / Transferee Company, as the case may be;



36.1.3 The Transferor Company and the Demerged Company with respect to Demerged Undertakings shall not vary the terms and conditions of employment of any of its employees, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken except with the written concurrence of the Resulting Companies/Transferee Company, as the case maybe;

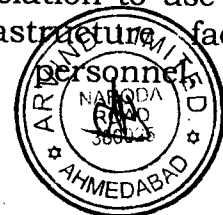
36.1.4 The Transferor Company shall not amend its Memorandum of Association or Articles of Association, except with the written concurrence of the Transferee Company, unless required to be done pursuant to actions between the Appointed Date<sup>2</sup> and Effective Date expressly permitted under this Scheme.

36.2 The Transferee Company and Resulting Companies shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Companies may require to carry on the business of the Transferor Company and the Demerged Undertakings and to give effect to the Scheme.

36.3 For the purpose of giving effect to the order passed under Sections 230 to 232 read with Section 66 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Transferee Company and Resulting Companies shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of the Transferor Company and demerger of the Demerged Undertakings, in accordance with the provisions of Sections 230 to 232 read with Section 66 of the Act. The Transferee Company and the Resulting Companies shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Transferee Company and Resulting Companies shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/ or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Transferee Company and Resulting Companies as the case may be pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Transferor Company and the Resulting Companies as the case may be. It is clarified that the Transferee Company and Resulting Companies shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/ or substitution.

## 37. FACILITATION PROVISIONS

37.1 Immediately upon the Scheme being effective, the Demerged Company and the Resulting Companies shall enter into shared services agreements as may be necessary, *inter alia* in relation to use by the Resulting Companies of office space, infrastructure facilities, information technology services, security personnel legal,



administrative and other services, etc. of the Demerged Company on such terms and conditions that may be agreed between the Parties and on payment of consideration on an arm's length basis and which are in the ordinary course of business.

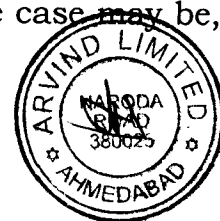
- 37.2 It is clarified that approval of the Scheme by the shareholders of Demerged Company and Resulting Companies under sections 230 to 232 read with Section 66 of the Act shall be deemed to have their approval under Section 188 and other applicable provisions of the Act and Regulation 23 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that no separate approval of the of the Board or audit committee or shareholders shall be required to be sought by the Demerged Company or Resulting Companies.
- 37.3 It is clarified that all guarantees provided by the Demerged Company in respect of the Demerged Undertakings and the Transferor Company shall be valid and subsisting till adequate arrangements/ guarantees have been provided in respect of the same by the Resulting Companies.

### **38. PROPERTY IN TRUST**

- 38.1 Notwithstanding anything contained in this Scheme, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom and pertaining to the Demerged Undertakings are transferred, vested, recorded, effected and/ or perfected, in the records of the Appropriate Authority(ies), regulatory bodies or otherwise, in favour of the Resulting Companies, the Resulting Companies shall be deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authority(ies) and till such time as may be mutually agreed by the Demerged Company and the Resulting Companies, the Demerged Company will continue to hold the property and / or the asset, license, permission, approval as the case may be in trust on behalf of the Resulting Company 1 or Resulting Company 2, as the case may be.

### **39. APPLICATIONS/ PETITIONS TO THE TRIBUNAL**

- 39.1 The Parties shall dispatch, make and file all applications and petitions under Sections 230 to 232 read with Section 66 and other applicable provisions of the Act before the Tribunal, under whose jurisdiction, the registered offices of the respective Parties are situated, for sanction of this Scheme under the provisions of Applicable Law, and shall apply for such approvals as may be required under Applicable Law and for dissolution of the Transferor Company without being wound up.
- 39.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Demerged Company, Transferor Company, Resulting Companies and Transferee Company may require to own the assets and/ or liabilities of the Demerged Undertakings or the Transferor Company, as the case may be, and to



carry on the business of the Demerged Undertakings or Transferor Company, as the case may be.

#### **40. MODIFICATION OR AMENDMENTS TO THIS SCHEME**

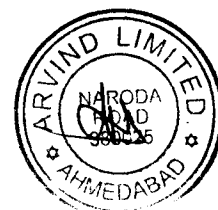
- 40.1 On behalf of each of the Demerged Company, the Transferor Company, the Resulting Companies and the Transferee Company, the Board of the respective companies acting themselves or through authorized persons, may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of this Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e. the Boards of the Demerged Company, the Resulting Companies, the Transferor Company and the Transferee Company) and solve all difficulties that may arise for carrying out this Scheme and do all acts, deeds and things necessary for putting this Scheme into effect.
- 40.2 For the purpose of giving effect to this Scheme or to any modification thereof the Boards of the Demerged Company, the Transferor Company, the Resulting Companies and the Transferee Company acting themselves or through authorized persons may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. It is clarified that individual companies acting themselves or through authorized persons may individually approach the Tribunal or any other Appropriate Authority to seek clarifications for implementation of the Scheme.
- 40.3 It is clarified that if any modifications are required post satisfaction of the conditions precedent mentioned in Clause 41 and the Scheme having been made effective, the Effective Date shall not be affected by any such modifications that might be required to be made and the Effective Date for such modified Scheme shall be same as the date on which Scheme was made effective prior to the modifications

#### **41. CONDITIONS PRECEDENT**

- 41.1 Unless otherwise decided (or waived) by the relevant Parties, the Scheme is conditional upon and subject to the following conditions precedent:
- 41.1.1 obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;
- 41.1.2 approval of the Scheme by the requisite majority of each class of shareholders and creditors of the Transferor Company, the Transferee Company, the Demerged Company, and the Resulting Companies and such other classes of persons of the said Companies, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal;



- 41.1.3 the Parties, as the case may be, complying with other provisions of the SEBI Circular, including seeking approval of the shareholders of the Demerged Company through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders, of the Demerged Company, against it as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957;
- 41.1.4 the sanctions and orders of the Tribunals, under Sections 230 to 232 read with Section 66 of the Act being obtained by the Transferor Company, the Transferee Company, the Demerged Company and the Resulting Companies; and
- 41.1.5 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the RoC having jurisdiction over the Parties.
- 41.2 Without prejudice to Clause 41.1 and subject to the satisfaction or waiver of the conditions mentioned in Clause 41.1 above, the Scheme shall be made effective in the order as contemplated below:
- 41.2.1 Part II of the Scheme shall be made effective immediately after the implementation of Part VI of the Scheme;
- 41.2.2 Part III of the Scheme shall be made effective subject to the satisfaction or waiver of conditions mentioned in Clause 41.1 by the Boards of the Demerged Company and the Resulting Company 2;
- 41.2.3 Part IV of the Scheme shall be made effective after implementation of Part III of the Scheme;
- 41.2.4 Part V of the Scheme shall be made effective after implementation of Part II and Part III of the Scheme;
- 41.2.5 Part VI of the Scheme shall be made effective subject to the satisfaction or waiver of conditions mentioned in Clause 41.1 by the Board of the Resulting Company 1;
- 41.2.6 Part VII of the Scheme shall be made effective immediately after implementation of Part VI of the Scheme and simultaneously with the implementation of Part II of the Scheme; and
- 41.2.7 Part VIII of the Scheme shall be made effective after consideration mentioned in Clause 17.1 and Clause 25.2 being issued.
- 41.3 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Demerged Company, the Transferor Company, the Resulting Companies and/ or the Transferee Company may have under or pursuant to all Applicable Laws.



41.4 On the approval of this Scheme by the shareholders of the Demerged Company, the Transferor Company, the Transferee Company and the Resulting Companies and such other classes of Persons of the said Companies, if any, pursuant to Clause 41.1.2, such shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the demerger, amalgamation, capital reduction set out in this Scheme, related matters and this Scheme itself.

**42. EFFECT OF NON-RECEIPT OF PERMITS AND MATTERS RELATING TO REVOCATION/ WITHDRAWAL OF THIS SCHEME**

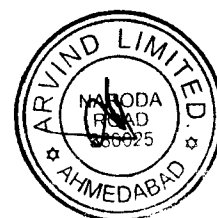
42.1 The Demerged Company, the Transferor Company, the Transferee Company and the Resulting Companies acting through their respective Boards shall each be at liberty to withdraw from this Scheme: (a) in case any condition or alteration imposed by any Appropriate Authority is unacceptable to any of them; or (b) they are of the view that coming into effect of the respective parts to this Scheme could have adverse implications on the respective companies.

42.2 If this Scheme is not effective within such period as may be mutually agreed upon between the Demerged Company, the Transferor Company, the Resulting Companies and the Transferee Company through their respective Boards or their authorised representative, this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/ or in connection with this Scheme.

42.3 In the event of revocation/ withdrawal under Clause 42.1 or above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Demerged Company, the Transferor Company, the Resulting Companies and the Transferee Company or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

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

42.5 Further, it is the intention of the Parties that each part shall be severable from the remainder of this Scheme and the Scheme shall not be affected if any part of this Scheme is found to be unworkable for any reason whatsoever 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 or cause such part to be null and void, including but not limited to such part.



#### **43. CHANGE OF NAME OF RESULTING COMPANY 2**

43.1 Upon Part IV of the Scheme becoming effective, the name of the Resulting Company 2 shall stand changed to 'The Anup Engineering Limited' or such other name which is available and approved by the RoC, by simply filing the requisite forms and subject to payment of fees with the Appropriate Authority.

43.2 Thereafter, subject to Clause 43.1 above:

43.2.1 Clause I of the memorandum of association of the Resulting Company 2 shall without any act, act, procedure, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 232 and other applicable provisions of the Act, and be replaced by the following clause:

*"The name of the Company is The Anup Engineering Limited."*

43.3 It is hereby clarified that, for the purposes of acts and events as mentioned in this Clause 43 the consent of the shareholders of the Resulting Company 2 to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14 or any other applicable provisions of the Act, would be required to be separately passed.

#### **44. COSTS AND TAXES**

44.1 Parties have agreed to bear the costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/ or incidental to the completion of this Scheme in the following manner:

44.1.1 the Resulting Company 1 shall bear the stamp duty costs in connection with Part II of the Scheme;

44.1.2 the Resulting Company 2/ Transferee Company shall bear the stamp duty costs in connection with Part III and Part IV of the Scheme; and

44.1.3 all other costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/ or incidental to the completion of this Scheme shall be borne by the respective companies.

