

SCHEME OF ARRANGEMENT FOR THE DEMERGER
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956
BETWEEN
MANDHANA INDUSTRIES LIMITED ...DEMERGED COMPANY
AND
MANDHANA RETAIL VENTURES LIMITED ... RESULTING COMPANY
AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

A. PREAMBLE

This Scheme provides for the demerger of the Demerged Undertaking of Mandhana Industries Limited, the Demerged Company into Mandhana Retail Ventures Limited, the Resulting Company pursuant to provisions of Sections 391 to 394 read with Section 100 to 103 and other applicable provisions of the Act.

B. DESCRIPTION OF COMPANIES

- (i) Mandhana Industries Limited is a public limited company incorporated under the Companies Act, 1956 (“**Act**”) on the 25th day of July 1984, and has its registered office address at Plot No.C-3 M.I.D.C, Tarapur Industrial Area, Boisar - 401506, Maharashtra, India (the “**Demerged Company**”). The Corporate Identity Number of the Demerged Company is L17120MH1984PLC033553. The Demerged Company is primarily engaged in the business of textile processes like calendaring, sizing, dyeing, bleaching, shrinking finishing, mercerizing, texturing printing stamping and other textile processes of yarns, threads, woven or non-woven fabrics, hosiery, knitted garments and apparels, made of cotton, jute, hemp silk, art silk, nylon, Wool, synthetic, man-made fibres and filaments like terence, tricot, polyester and others being produced and used at present and as may be produced and used in future. The Demerged Company is also engaged in the retail business and currently holds exclusive license for the manufacture and merchandising of products under the brand Being Human (the “**Retail Business**”). The Demerged Company’s equity shares are listed on BSE Limited (the “**BSE**”) and National Stock Exchange of India Limited (the “**NSE**”).
- (ii) Mandhana Retail Ventures Limited is a public limited company incorporated under the Act on the 12th day of February 2011, and has its registered office address at Plot No. E-132, M.I.D.C., Tarapur Industrial Area, Boisar – 401506, Maharashtra, India (the “**Resulting Company**”). The Corporate Identity Number of the Resulting Company is U52390MH2011PLC213349. The Resulting Company is primarily engaged in the business of: (i) acquiring, setting up, establishing, manufacturing, maintaining, promoting, operating, managing and dealing in single and/or multiple brands for garments, fabrics, apparels, fashion accessories through retail stores, retail formats, hyper markets, super markets, mega stores, discount stores, cash & carry, departmental stores, shoppers plaza and e-commerce and for such purpose to act as brand owner, licensee, franchisee, representative or distributors; and (ii) acquiring, setting up, establishing, maintaining, running, promoting, operating and managing retail stores, retail formats and other outlets, dealing in single and/or multiple brands for garments, fabrics, apparels, fashion accessories and for such purpose to act as a brand owner, licensee, franchisee, representative or distributor, in India and/or any

part of the world. The Resulting Company proposes to carry on the Retail Business after the Effective Date.

C. RATIONALE

- (i) This Scheme provides for the transfer by way of a demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, the consequent issue of the securities by the Resulting Company to the shareholders of the Demerged Company and on a proportionate basis in consideration of the transfer and vesting of the Demerged Undertaking in the Resulting Company.
- (ii) The separation of the Retail Business , by way of Scheme, including its business, undertaking and investments from the Demerged Company will lead to significant benefits for both businesses including:-
 - (a) Enhanced strategic flexibility to build a vibrant industrial platform;
 - (b) Enable a dedicated management focus and to accelerate growth of the Retail Business; and
 - (c) Access to varied sources of funds for the rapid growth of both businesses.
- (iii) With a view to achieve the aforesaid growth potential, the Demerged Company proposes to re-organize and segregate, by way of the Scheme, its business, undertaking and investments in the Retail Business. The restructuring proposed by this Scheme will also provide an opportunity to the investors to select investments which best suit their investment strategies and risk profiles.
- (iv) The Scheme does not have any adverse effect on either the shareholders or the employees or the creditors of the Demerged Company.
- (v) The demerger under this scheme will be affected under the provisions of Sections 391 to 394 read with Section 101 to 103 and other relevant provisions of the Act. The demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company shall comply with the provisions of Section 2(19AA) of the Income Tax Act, 1961 such that:
 - (a) All the properties of the Demerged Undertaking being transferred by the Demerged Company, as on the Appointed Date shall become the properties of the Resulting Company by virtue of this Scheme;
 - (b) All the liabilities of the relatable to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of the Resulting Company by virtue of this Scheme;
 - (c) The properties and the liabilities relatable to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company at values appearing in the books of account of the Demerged Company immediately before the Demerger;
 - (d) The Resulting Company shall issue, in consideration of the Demerger, securities to the shareholders of the Demerged Company on a proportionate basis;
 - (e) The shareholders holding not less than 3/4ths (three fourths) in value of the shares in the Demerged Company will become the shareholders of the Resulting Company (i.e. holders of securities) by virtue of the Demerger;

- (f) The transfer of the Demerged Undertaking shall be on a going concern basis.
- (vi) The Scheme shall be in compliance with the applicable guidelines issued by the Securities and Exchange Board of India including particularly the circular being CIR/CFD/DIL/5/2013 dated 4th February 2013 and circular CIR/CFD/DIL/8/2013 dated 21st May, 2013 and any subsequent amendments thereof (collectively referred to as “SEBI Circulars”).

D. GENERAL

The Scheme is divided into the following parts:

- (a) Part I, which deals with the definitions and interpretations;
- (b) Part II, which deals with the demerger;
- (c) Part III, which deals with the issuance and allotment of securities by the Resulting Company;
- (d) Part IV, which deals with the accounting treatment;
- (e) Part V, which deals with general terms and conditions.

PART I

1. DEFINITIONS AND INTERPRETATION

1.1. In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- (i) **“Act”** means the Companies Act, 1956 and the Companies Act, 2013 and shall include any statutory modification, amendment or re-enactment for the time being in force and any rules notified thereto;
- (ii) **“Appointed Date”** means the opening of business on 1st April, 2014 or if the Board of the Demerged Company and the Resulting Company require any other date or the Court modifies the appointed date to such other date, then the same shall be the appointed date;
- (iii) **“Board of Directors”** or **“Board”** in relation to Demerged Company and Resulting Company, as the case may be, means the board of directors of such company and shall include a committee duly constituted and authorized for the purposes of matters pertaining to the Demerger, the Scheme and/or any other matter relating thereto;
- (iv) **“BSE”** means the Bombay Stock Exchange Limited wherein the Demerged Company’s equity shares are listed;
- (v) **“Retail Business”** shall have the meaning ascribed to it in Recital B;
- (vi) **“Demerged Company”** shall have the meaning ascribed to it in Recital B;

(vii) **“Demerged Company Equity Share(s)”** means each equity share of the Demerged Company having a face value of Rs 10/- (Rupees ten only) fully paid up;

(viii) **“Effective Date”** means the last of the dates on which all the conditions and matters referred to in clause 17.1 occur or have been fulfilled or waived in accordance with this Scheme. References in this Scheme to date of ‘coming into effect of the Scheme’ or ‘upon the Scheme becoming effective’, or ‘effectiveness of the Scheme’ and other similar expressions shall mean the Effective Date;

(ix) **“Demerged Undertaking”** means and includes:

all the assets and properties of the Retail Business as on the Appointed Date i.e. all the undertakings, the entire business, all the properties (whether movable or immovable - freehold or leasehold, tangible or intangible), plant and machinery, buildings and structures, offices, residential and other premises, capital work in progress, furniture, fixture, office equipment, appliances, accessories, power lines, deposits, stocks, assets, investments of all kinds and in all forms, cash balances with banks, loans, advances, contingent rights or benefits, receivables, benefit of any deposits, financial assets, leases, hire purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, permissions, permits, quotas, rights, entitlements, guarantees, authorizations, approvals, agreements, contracts, leases, licenses, registrations, tenancies, benefits of assets or properties or other interest held in trust, benefits of all taxes including but not limited to Minimum Alternate Tax ("MAT") paid under Section 115JA/115JB of the Income Tax Act, 1961("IT Act"), advance taxes and tax deducted at source, right to carry forward and set off unabsorbed losses and depreciation, MAT credit under the provisions of the IT Act, right to claim deductions under Section 80-IA of the IT Act including its continuing benefits; engagements, arrangements of all kinds, exemptions, benefits, incentives, privileges and rights under State tariff regulations and under various laws; loan agreements, titles, interests, trade and service names and marks, patents, copyrights, and other intellectual property rights to use and avail of telephones, telexes, facsimile, email, interest, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programmes, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records, and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Retail Business or which have accrued to the Retail Business as on the Appointed Date, whether in India or abroad;

(x) **“High Court”** means the High Court of Judicature at Bombay having jurisdiction in relation to the Demerged Company and Resulting Company to which this Scheme is submitted for approval under Sections 391 to 394. In the event that the Central Government by a notification to this effect constitutes a National Company Law Tribunal or any other authority or forum, and the proceedings under Section 391 to 394 of the Act pursuant to this Scheme are transferred to such tribunal, authority or forum, the term “Court” or “High Court” shall be deemed to include the National Company Law Tribunal or such other authority or forum;

- (xi) **“Intellectual Property”** means all patents, copyrights, designs, trademarks, trade names, service marks, service names, domain names, email addresses, websites, including all contents of the websites, trade dress, logos and corporate names, both primary and secondary, trade secrets, know-how, inventions, processes, systems, computer software, data, reports, instructions, source code, machine code, documentation, manuals, algorithms, flow-charts, diagrams, drawings, notes, exploitation of any present or future technologies, other confidential information, including proposals, financial and accounting data, business and marketing plans, customer and supplier lists, sales targets, sales statistics, market share statistics, marketing surveys and reports, marketing research and any advertising or other promotional and related information and any databases (electronic or otherwise) containing any of the foregoing, and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist in India or in any other part of the world, including registrations and applications for registration of any of the foregoing in any jurisdiction and the rights to apply for the same, in each case by whatever name called and whether or not registered, and in each case owned and/or used by the Retail Business;
- (xii) **“NSE”** means the National Stock Exchange of India Limited wherein the Demerged Company’s equity shares are listed;
- (xiii) **“Record Date”** means the date to be fixed by the Board of Directors of the Demerged Company for the purpose of determining the members of the Demerged Company to whom securities will be allotted pursuant to this Scheme;
- (xiv) **“Registrar of Companies”** means the Registrar of Companies, Mumbai;
- (xv) **“Remaining Business”** means all the undertakings, business activities, activities and operations (including all investments) of the Demerged Company other than those comprised in the Demerged Undertaking;
- (xvi) **“Remaining Employees”** means all the permanent employees of the Demerged Company other than the Transferred Employees;
- (xvii) **“Resulting Company”** shall have the meaning ascribed to it in Recital B;
- (xviii) **“Resulting Company Equity Share”** means each equity share of the Resulting Company having a face value of Rs. 10/- (Rupees Ten only) fully paid-up;
- (xix) **“Scheme”** means this Scheme of Arrangement, including the schedules, in its present form as approved by the Board of Directors of the Demerged Company and Resulting Company subject to such modifications made pursuant to Clause 18 of this Scheme or as the High Court may direct;
- (xx) **“SEBI Circulars”** means the circulars issued by Securities and Exchange Board of India being circular bearing CIR/CFD/DIL/5/2013 dated 4th February 2013 and circular CIR/CFD/DIL/8/2013 dated 21st May, 2013 and any subsequent amendments thereof
- (xxi) **“Stock Exchanges”** mean the BSE and the NSE;
- (xxii) **“Transferred Employees”** means all the permanent employees of the Demerged Company employed or engaged in the services of the Demerged Undertaking as on the Effective Date; and

(xxiii) “Transferred Liabilities” shall have the meaning ascribed to it in Clause 5.4

- 1.2. All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.
- 1.3. References to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme.
- 1.4. The headings hereinafter shall not affect the construction of this Scheme.
- 1.5. The Clause more specific to a situation or event shall apply in preference to a general clause.
- 1.6. When any number of days is prescribed in this Scheme, the same shall be reckoned exclusively of the first and inclusively of the last day unless the last day does not fall on a business day, in which case the last day shall be the next succeeding day that is a business day.
- 1.7. The singular shall include the plural and vice versa; and reference to one gender include all genders.
- 1.8. Any phrase introduced by the terms “including”, “include”, “in particular”, “such as” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.9. References to person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).
- 1.10. The Schedules to this Scheme form an integral and inseparable part of this Scheme.

2. SHARE CAPITAL

2.1. Demerged Company

The share capital of the Demerged Company as on 31st December, 2014 is as under:

Authorized Share Capital			
Particulars	Face Value	Number of Shares	Amounts (in Rs.)
Equity Shares	Rs. 10	4,99,90,000	Rs. 49,99,00,000
Preference Shares	Rs. 10	10,000	Rs. 1,00,000
Total			Rs. 50,00,00,000
Issued, Subscribed and Paid-up Share Capital			

Equity Shares	Rs. 10	3,31,23,913	Rs. 331,239,130
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2.2. Resulting Company:

The share capital structure of the Resulting Company as on 19th January, 2015 is as under:

Authorized Share Capital			
Particulars	Face Value	Number of Shares	Amounts (in Rs.)
Equity Shares	Rs. 10	300,00,000	Rs. 30,00,00,000
Total			Rs. 30,00,00,000
Issued, Subscribed and Paid-up Share Capital			
Equity Shares	Rs. 10	50,000	5,00,000

**PART II
DEMERGER**

SECTION 1 – Transfer and Vesting of the Demerged Assets

3. TRANSFER OF ASSETS

- 3.1.** Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Demerged Undertaking, including all the estates, assets, investments, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking shall, subject to the provisions of this Clause 3 in relation to the mode and transfer and vesting and pursuant to the provisions of Section 394(2) of the Act, without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in and shall be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to become, as and from the Appointed Date, the Demerged Undertaking, including all the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme.
- 3.2.** The value of assets pertaining to the Demerged Undertaking being transferred to and vesting with the Resulting Company in accordance with this Scheme on the basis of Book Value as set out in the balance sheet of the Demerged Company as on March 31, 2014. For the purpose of this clause, the term “Book Value” means, the value(s) of the assets and liabilities of the Demerged Undertaking as appearing in the books of accounts of the Demerged Company at the close of the business as on the day immediately preceding the Appointed Date and excluding any value arising out of revaluation of any assets.
- 3.3.** In respect of such of the assets including cash and bank balances, units of mutual funds, market instruments and other securities part of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession or by endorsement and delivery (including investments in shares and securities, whether held in physical or dematerialized form), the same shall stand so transferred by the Demerged Company upon the coming into effect of the Scheme, and be deemed to be transferred by delivery or possession or by endorsement and delivery and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date pursuant to the provisions of Section 394(2) of the Act without requiring

any deed or instrument of conveyance for transfer of the same, subject to the provisions of the Scheme.

- 3.4. In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in Clause 3.2 above, the same shall, as more particularly provided in Clause 3.1 above, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and vested in and/or be deemed to be demerged from the Demerged Company and transferred to vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Section 391 to 394 of the Act.
- 3.5. All assets, right, title, interest and investments of the Demerged Company in relation to the Demerged Undertaking shall also, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391 to 394 of the Act.
- 3.6. Notwithstanding anything stated hereinabove, the value of moveable assets comprising of investment, units of mutual funds, market instrument or other securities (including accretions thereto) in relation to the Demerged Undertaking shall be transferred to and vested in the Resulting Company in such modes and manner as may be mutually agreed upon by the respective Board of the Demerged Company and Resulting Company.

Intellectual Property

- 3.7. The Intellectual Property shall be transferred to and be deemed to be transferred to and vested in the Resulting Company pursuant to this Scheme, upon the coming into effect of the Scheme with effect from the Appointed Date pursuant to the provisions of Section 394(2) of the Act, and the Demerged Company and Resulting Company shall execute necessary documentation to give effect to the provisions of this Scheme.

4. CONTRACTS, DEEDS ETC.

- 4.1. Upon coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreement, schemes, arrangements and other instruments of whatsoever nature (which shall include, without limitation, vendor contracts, annual maintenance contracts and licenses for use of software) in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or oblige thereto or thereunder.
- 4.2. Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, insurance covers, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company.

5. TRANSFER OF LIABILITIES

- 5.1. Upon the coming into effect of the Scheme, all loans raised and used, debts, liabilities, duties and obligations (including the liabilities which arise out of the business activities or operations of the Demerged Undertaking) of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company at their closing book values as on 31st March, 2014 and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.
- 5.2. Where any of the loans raised and used, debts, liabilities, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.
- 5.3. Upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking with effect from the Appointed Date and prior to the Effective Date, and subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for an on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed by and stand transferred to and be deemed to be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.
- 5.4. In so far as the existing Encumbrance in respect of the loans, borrowings, debts and liabilities (the “**Transferred Liabilities**”) is concerned, such Encumbrance shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to this Scheme.

Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Transferred Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.

- 5.5. For the avoidance of any doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance over such assets relating to the Transferred Liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrance relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 5.6. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument/s and/or documents and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.

- 5.7. Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Transferred Liabilities.
- 5.8. It is expressly provided that save as mentioned in this Clause 5, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 5.9. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 5 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

6. EMPLOYEES

- 6.1. Upon the coming into effect of this Scheme, the Transferred Employees shall become the employees of the Resulting Company with effect from the Appointed Date and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in relation to the Demerged Undertaking and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking. For the purpose of payment of any compensation, gratuity and other terminal benefits, the immediate past services of such Transferred Employees with the Demerged Company shall also be taken into account, and paid (as and when payable by the Resulting Company). The Remaining Employees will continue to be employees of the Demerged Company on their existing terms and conditions.
- 6.2. Upon the coming into effect of this Scheme, all consultants, retainers and other persons engaged in the Demerged Undertaking (other than Transferred Employees) on a non-permanent basis, shall become consultants, retainers and persons engaged by the Resulting Company with effect from the Appointed Date and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in relation to the Demerged Undertaking and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking.
- 6.3. Insofar as the existing provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company inter alia for the Transferred Employees are concerned (collectively referred to as the “**Funds**”), the funds and such investments made by the Funds which are referable to the Transferred Employees in terms of Clause 6.1 above shall be transferred to the similar Funds created by the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. In the event that the Resulting Company does not have its own Funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company, until such time that the Resulting Company creates its own Funds, at which time the funds and the investments and contributions to the Transferred Employees shall be transferred to the Funds created by the Resulting Company.
- 6.4. In relation to those Transferred Employees who are not covered under the provident fund trust of the Demerged Company, and for whom the Demerged Company is making

contributions to the government provident fund, the Resulting Company for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Transferred Employees.

- 6.5. If any exemptions granted by the Regional Provident Fund Commissioner, or any other competent authority under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952, to the Demerged Company and its subsidiaries, joint ventures and associates, if any, required re-issue or renewal on account of the Scheme, the Demerged Company shall, and shall cause its subsidiaries, joint ventures and associates to, apply for the reissue or renewal, and the Regional Provident Fund Commissioner or any other competent authority shall grant the same such that the privileges, rights and benefits of Transferred Employees continue uninterrupted.
- 6.6. In relation to any other fund created or existing for the benefit of the Transferred Employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Transferred Employees.
- 6.7. In so far as the existing benefits or funds created by the Demerged Company for the Remaining Employees are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held inter alia for the benefit of the Remaining Employees.

7. LEGAL, TAXATION AND OTHER PROCEEDINGS

- 7.1. Upon coming into effect of this Scheme, all legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company with effect from the Effective Date. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Resulting Company. The Resulting Company shall be impleaded as a party to such proceedings and shall prosecute or defend such proceedings at its own right, cost, and in co-operation with the Demerged Company.
- 7.2. If any proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 7.1 above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 7.3. The Demerged Company shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) insofar as such liabilities and obligations relate to the period prior to the Appointed Date.
- 7.4. The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company referred to in Clause 7.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same

continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.

- 7.5. Any refund or tax credit under the Income Tax Act, 1961 due to the Demerged Company, which is pertaining to the business of the Demerged Undertaking consequent to the assessment made on the Demerged Company, and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date, shall also belong to and be received or credit availed, as the case may be, by the Resulting Company.

SECTION 2 – Conduct of Business

8. With effect from the Appointed Date and up to and including the Effective Date:
- (i) the Demerged Company shall be carrying on and be deemed to have been carrying on all business activities relating to the Demerged Undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions for the Demerged Undertaking for an on account of, and in trust for, the Resulting Company;
 - (ii) all profits and income accruing or arising to the Demerged Company from the Demerged Undertaking, and losses and expenditure arising or incurred by it [including taxes (including advance tax), if any, accruing or paid in relation to any profits or income] relating to the Demerged Undertaking for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Resulting Company. It is clarified that the profits and income from the investment of the Demerged Undertaking (including income in the nature of interest, dividend or capital gains, if any) shall be deemed to accrue or arise to the Resultant Company in the same proportion that the cash and cash equivalents (including units of mutual funds, market instrument and other securities) belonging to the Demerged Undertaking bear to the aggregate of investments by the Demerged Company yielding such income (such proportionate profit and income attributable to the Resulting Company being the “**Attributable Income**”). For this purpose, the Attributable Income shall be determined by the Demerged Company as per generally accepted accounting methodology, and added to the cash surpluses of the Demerged Undertaking at the end of every quarter; and
 - (iii) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertaking exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for an on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken for an on behalf of and as an agent for the Resulting Company and the Resulting Company shall undertake to meet discharge and satisfy the same.

Without prejudice to the generality of the above, in the case of movable assets being book debts, the same shall in the first instance be realized by the Demerged Company in its hand and shall thereafter be paid by the Demerged Company to the Resulting Company and this arrangement shall operate even after the Effective Date so long as it is necessary.

SECTION 3 – Remaining Business

9. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company,

subject only to provisions of this Scheme in relation to Encumbrances in favour of banks, financial institutions.

10. All legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (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 by or against the Demerged Company after the Effective Date. The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Demerged Company in respect of the matters referred as aforesaid, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
11. With effect from the Appointed Date and up to and including the Effective Date:
 - (i) the Demerged Company shall carry on and be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - (ii) all profits accruing to the Demerged Company thereon or losses arising or incurred by it [including the effect of taxes (including advance taxes paid), if any, thereon] relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company;
 - (iii) all assets and properties acquired and all liabilities incurred by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company; and
 - (iv) all assets acquired and all liabilities incurred by the Demerged Company after the Appointed Date but prior to the Effective Date for operation of and in relation to the Demerged Undertaking shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of the Scheme, subject to the provisions of this Scheme in relation to Encumbrances in favour of lenders, banks and/or financial institutions.

PART III – ISSUANCE AND ALLOTMENT OF SECURITIES BY THE RESULTING COMPANY

12. The provisions of this Part III of this Scheme shall operate notwithstanding anything to the contrary in this Scheme or in any other instrument, deed or writing.

13. ISSUANCE AND ALLOTMENT OF SECURITIES

- 13.1. In consideration of the Demerger, including the transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to this Scheme, the Resulting Company shall issue and allot to each member of the Demerged Company whose names is recorded in the register of members on the Record Date (the “**Eligible Members**”), 2 (two) Equity Shares of Rs. 10/- (Rupees Ten only) each of the Resulting Company for every 3 (three)

Demerged Company's Equity Shares held by an Eligible Member of the Demerged Company.

- 13.2. Upon the Scheme coming into effect, and at the time of allotment, the existing shareholding of the Resulting Company shall be cancelled. Wherever applicable, the Resulting Company may, instead of requiring the surrender of the share certificates of the Resulting Company, directly issue and despatch the new share certificates of the Resulting Company in lieu thereof. In the event the Demerged Company has received notice from any member that equity shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue equity shares in certificate form to such shareholder.
- 13.3. In case any member's shareholding in the Demerged Company is such that such member becomes entitled to a fraction of one Equity Share of the Resulting Company, the Resulting Company shall not issue fractional share certificate to such member and shall consolidate such fractions and issue the consolidated Equity Shares to a trustee nominated by the Board of the Demerged Company in that behalf, who shall sell and distribute the net sale proceeds (after deduction of the expenses incurred) to such members in proportion to their respective fractional entitlements. During consolidation of the fractional entitlements, if the sum of such fractional entitlements is not a whole integer, the Resulting Company shall issue such additional fractional Equity Share to the trustee, such that the total Equity Shares so issued shall be rounded off to the next whole integer. The issue of the fractional share by the Resulting Company to the trustee shall form an integral part of the consideration to be paid under the Scheme and that no separate process as may be applicable under the Act, to that extent, shall be required to be followed by the Resulting Company.
- 13.4. In respect of such of the Equity Shares of the Demerged Company as are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 (erstwhile Section 206A of the Companies Act, 1956) or otherwise shall, pending allotment or settlement of the dispute by order of a court or otherwise, also be kept in abeyance by the Resulting Company.
- 13.5. The Equity Shares issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Resulting Company and shall rank *pari passu* inter-se in all respects including dividends declared, voting and other rights. The issue and allotment of Equity Shares of Resulting Company in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under Section 62(1)(c) of the Companies Act, 2013 and any other applicable provisions of the Act have been complied with.
- 13.6. The Resulting Company shall apply for listing of its Equity Shares on BSE and NSE in terms of SEBI Circulars within 30 (thirty) days from the receipt of the order of the High Court and in compliance of the SEBI Circulars. The Equity Shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system till listing or trading permission is given by the Stock Exchanges.
- 13.7. Unless otherwise determined by the Board of the Demerged Company and the Resulting Company or by the BSE or NSE, allotment of shares under this Scheme shall be completed within 30 (thirty) days from the date of receipt of the order of the High Court.

- 13.8. There shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the date of listing which may affect the basis on which the approval is received from BSE and NSE.
- 13.9. The Scheme shall be presented before the public shareholders for voting through postal ballot and e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution.
- 13.10. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour are more than the number of votes cast by the public shareholders against it. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957.

PART IV – ACCOUNTING TREATMENT

14. ACCOUNTING TREATMENT

14.1. In the Books of the Demerged Company

Upon the Scheme becoming effective but from the Appointed Date:

- (i) The book value of all assets and liabilities pertaining to the Demerged Undertaking which cease to be the assets and liabilities of Demerged Company shall be reduced by Demerged Company at their book values. The difference that is the excess of the book values of assets pertaining to the Undertaking over the book value of the liabilities pertaining to the Undertaking shall be credited or debited to Demerger Adjustment Account in the books of Demerged Company.
- (ii) The credit balance in the Demerger Adjustment Account shall be credited to General Reserve. If the Demerger Adjustment Account results in a debit balance the same shall be written off against Profit & Loss account.

14.2. In the books of the Resulting Company

Upon the Scheme becoming effective but from the Appointed Date:

- (i) The Resulting Company shall record the assets and liabilities pertaining to the Undertaking, at the respective books values as appearing in the books of Demerged Company as on Appointed Date;
- (ii) The difference being excess of assets over liabilities recorded by the Resulting Company, over the amount credited as share capital will be deemed to be and shall be treated as General Reserve account in the books of Resulting Company. In case of there being shortfall, the same shall be debited to and carried forward as Goodwill;
- (iii) The reduction of issued, subscribed and paid up equity share capital of the Resulting Company as contemplated in this Scheme shall be carried out and effected as part of this Scheme without following the procedure laid down under section 100 of the Act. The Resulting Company shall obtain the necessary approvals from its shareholders and creditors as required under section 100 in terms of this scheme only and the Resulting Company shall not, nor shall be obliged to call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reduction of the issued, subscribed and paid-up equity share capital as contemplated herein.

- (iv) Upon coming into effect the Scheme, the existing shareholding of the Resulting Company shall be cancelled and amount of such share capital, as stands cancelled, be credited to the General Reserve Account of the Resulting Company.

15. TAX TREATMENT

All taxes (including tax, sales tax, excise duty, custom duty, service tax, value added tax etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, value added tax, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

PART V – GENERAL TERMS AND CONDITIONS

16. APPLICATIONS

The Demerged Company and Resulting Company shall make necessary applications before the High Court of Judicature at Bombay for the sanction of this Scheme of Arrangement under Sections 391 to 394 of the Act. Any further approval under the Act arising from the Scheme shall be deemed to have been granted, without any application, for any transaction among the Demerged Company and the Resulting Company and/or its Directors.

17. CONDITIONALITY OF THE SCHEME

17.1. This Scheme is conditional upon and subject to:

- (i) the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors of the Demerged Company and the Resulting Company as required under the Act and the requisite orders of the High Court of Judicature at Bombay being obtained;
- (ii) approval of the Securities Exchange Board of India
- (iii) such other sanctions and approvals as may be required by law in respect of this Scheme being obtained, including approvals from BSE and NSE in respect of the transactions contemplated herein; and
- (iv) The certified copies of the court orders referred to in this Scheme being filed with the Registrar of Companies, Mumbai.

17.2 Effect of Non-Receipt of Approvals/Sanctions

In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is

contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

18. MODIFICATIONS TO SCHEME

- 18.1. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Demerged Company and Resulting Company may at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme, including to ensure that such assets and properties which comprise a part of the Demerged Undertaking but which are not specifically enumerated in the Schedules hereto are transferred to and shall vest in the Resulting Company. The Demerged Company will, if necessary, also be a party to the above. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.
- 18.2. If any assets (or estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, arrangements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.
- 18.3. The Demerged Company (by its Board of Directors or through any committee authorised in this behalf) and the Resulting Company (by its Board of Directors or through any committee authorised in this behalf) may give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation hereof or in any matter whatsoever connected therewith (including any question of difficulty arising in connection with any deceased or insolvent shareholders of the respective companies), or to review the position relating to the satisfaction of various conditions to the Scheme and if necessary, to waive any of those (to the extent permissible under law).
- 18.4. Any issue as to whether any asset, liability, employee or litigation pertains to the Demerged Undertaking or not shall be decided by the Boards of Directors of the Demerged Company and the Resulting Company on the basis of evidence that they may deem relevant for the purpose (including the books and records of the Demerged Company).

19. SEVERABILITY

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 Demerged Company and the Resulting Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

20. COSTS

Upon the sanction of this Scheme by the High Court, all costs (including but not limited to bankers' fees, valuers' fees, legal counsel fees, merchant bankers' fees, stamp duty, registration charges, etc.) in relation to the Demerger shall be borne by the Demerged Company whether such costs are incurred prior to or after the Effective Date.