

## **SCHEME OF ARRANGEMENT**

**BETWEEN**

**ARSHIYA LIMITED**

**AND**

**ARSHIYA RAIL INFRASTRUCTURE LIMITED**

**UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 AND SECTION 52 AND OTHER**

**APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013**

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### **1. INTRODUCTION**

- 1.1. Arshiya Limited (hereinafter referred to as “**Demerged Company**” or “**Arshiya**”), a company incorporated under the Companies Act, 1956 (CIN - L93000MH1981PLC024747) and has its registered office at 302, Level 3, Ceejay House, F- Block, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai – 400 018. Arshiya Limited is listed on the BSE Limited and National Stock Exchange of India Limited.
- 1.2. Arshiya Rail Infrastructure Limited (hereinafter referred to as “**Resulting Company**” or “**ARIL**”) is a wholly owned subsidiary of Arshiya Limited. ARIL is a company incorporated under the Companies Act, 1956 (CIN - U93000MH2008PLC180907), and has its registered office at 302, Level 3, Ceejay House, F- Block, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai – 400 018;
- 1.3. This Scheme of arrangement (“Scheme”), inter alia, provides for demerger of the Demerged Undertaking (hereinafter defined in Part III) of the Demerged Company and transfer and vesting thereof into the Resulting Company and utilization of securities premium of the Demerged and Resulting Company (hereinafter defined under Part II) including consequential or related matters integrally connected therewith.

### **PREAMBLE**

The management of Arshiya Group intends to reorganize its corporate structure spread across various group companies in order to integrate/ consolidate its operations by housing different businesses into two different entities/ separate verticals.

As part of the aforesaid overall Group reorganization, the management had also filed a separate scheme of amalgamation of two of Arshiya's wholly owned subsidiaries, i.e. Arshiya Industrial & Distribution Hub Limited ('**AIDHL**') and Arshiya Transport and Handling Limited ('**ATHL**') into ARIL ('**merger scheme**') with National Company Law Tribunal and is awaiting its approval. The appointed date for the said merger scheme is October 1, 2015. Accordingly, this scheme of arrangement is conditional upon the aforesaid merger scheme becoming effective first. In case the said merger scheme is withdrawn or ARIL ceases to be a wholly owned subsidiary as on the Record Date (defined hereunder), this Scheme will also be withdrawn.

Further, this Scheme is presented under Sections 230 to 232 read with Sections 66 and 52 and other applicable provisions of the Companies Act, 2013 for demerger of Domestic business (as defined hereinafter) of Arshiya Limited (hereinafter referred to as '**Arshiya**' or the '**Demerged Company**') into Arshiya Rail Infrastructure Limited (hereinafter referred to as '**ARIL**' or '**Resulting Company**') and utilization of securities premium of both the entities.

## **BACKGROUND AND RATIONALE FOR THE SCHEME**

- a. Arshiya, a flagship company of Arshiya Group, is engaged in the business of developing Free Trade Warehousing Zones ('**FTWZ**') and Domestic Warehousing Areas ('**DWA**') as mentioned below to improve logistics infrastructure in India.

**FTWZ Business** - FTWZ at Panvel offers over 800,000 Sq. ft. of warehousing space with best in class infrastructure which is suitable for clients across industries. The facility is well connected to the National and State Highways and situated only 24 kms from the country's busiest container port and also close to the proposed International Airport in Navi Mumbai.

**Domestic Business** - Domestic Business comprises of Domestic Warehousing activities being carried out by Arshiya at land admeasuring 43.42 acres of land situated at Khurja (UP) and investments held in the Resulting Company pertaining to Private Freight Terminal ('**PFT**'), Rail Transportation Services ('**RAIL**') businesses being carried in the Resulting Company and Inland Container Depot ('**ICD**'), DWA business being carried in AIDHL.

- b. Brief description of the above mentioned business :

**PFT:** ARIL currently under a PFT license operates Indian Railways traffic business for various customers catering to bulk goods movement and bagged cargo at sidings specifically earmarked for the same.

**RAIL:** ARIL holds category-I license to run container trains pan-India and is one of the largest Private Container Train Operator (PCTO's) with a rail fleet of 18 rakes and 3,200 owned containers equipped to handle a wide-range of cargo, with a pan India presence. ARIL's service is completely equipped to provide efficient movement of cargo between terminals, hubs and warehouses.

ARIL's infrastructure consists of rail siding, rail terminal equipped with three loop / blast rail lines and three non-ballast rail lines with a capacity to handle up to 20 rakes per day.

**ICD:** The Khurja ICD is co-located with a state-of-the-art Rail Terminal and FTWZ. ICD-Khurja is the only private ICD in the country to have exclusive connectivity with 6-lane private rail siding offering regular and prompt rail connectivity through owned rakes to all the major gateway ports that service the northern region of India. ICD Khurja is located strategically with multiple road approaches from the major 4/6 lane highways providing a congestion-free movement of cargo and containers.

The Group intends to reorganize its corporate structure and integrate / consolidate its

operations by housing the following businesses into two different entities / separate verticals:

1.3.1. FTWZ business in Arshiya

1.3.2. Domestic business (includes DWA, ICD, Rail and PFT business) in ARIL

- 1.4. Though the businesses of all the Group companies complement each other, the Group believes that in the industry, there are other companies who are doing consolidated business of offering rail infrastructure, cargo/container handling services, providing ICD and Domestic warehousing services. The demand in the market for the entities providing consolidated services is higher than the entities providing individual services. In order to earn higher revenue and to cater to the needs of the market, the management intends to consolidate the rail infrastructure, transport handling business, DWA and ICD business. Hence, the management envisages the transfer of Domestic business of Arshiya into ARIL.
- 1.5. Accordingly, the proposed demerger of the Domestic Business (as defined hereinafter) envisaged in this Scheme (**‘the Demerger’**) would be in order to integrate / consolidate its DWA, RAIL, PFT & ICD business into ARIL, which would enable Arshiya to focus solely on FTWZ Business. This would provide more flexibility in terms of creating business synergies in the Resulting Company i.e. ARIL, enable cost savings, rationalizing capital requirements and optimizing utilization of valuable resources which will enhance management focus on the different businesses being housed under separate entities, thereby leading to higher operational efficiency.

Further, the Scheme would be in the best interests of the shareholders, creditors and employees of Arshiya and ARIL, respectively as it would result in enhanced value for the shareholders and allow focused strategy on expansion/ operation of both the FTWZ and the Domestic Business independently. Pursuant to this Scheme all the shareholders of Arshiya will get shares in ARIL and there would be no change in the economic interest for any of the shareholders of Arshiya pre and post implementation of this Scheme.

- 1.6. Apropos, the Board of Directors of the Demerged Company and the Resulting Company are of the view that the transfer and vesting of the Demerged Undertaking (as defined hereinafter) of the Demerged Company with the Resulting Company will enable both the companies to achieve and fulfill their objectives more efficiently and economically and the same is also in the interest of all the stakeholders.
- 1.7. The Scheme has been approved by the Board of Directors of the Demerged Company and the Resulting Company.
- 1.8. The transfer of the Demerged Undertaking shall be on a going concern basis.

## **2. PARTS OF THE SCHEME**

- 2.1. This Scheme of Arrangement is divided into the following parts:
- 2.1.1. PART I deals with the definitions and share capital of the Demerged Company (*defined hereinafter*) and the Resulting Company;
- 2.1.2. PART II deals with the utilization of securities premium of the Demerged and the Resulting Company and the corresponding accounting treatment in connection therewith;
- 2.1.3. PART III deals with the demerger of the Demerged Undertaking of Demerged Company and its vesting in the Resulting Company;

- 2.1.4. PART IV deals with the Remaining Business (*defined hereinafter*) of the Demerged Company (*defined hereinafter*);
- 2.1.5. PART V deals with the consideration for the demerger and accounting treatment for the demerger in the books of the Demerged Company and the Resulting Company consequent to the demerger; and
- 2.1.6. PART VI deals with general terms and conditions applicable to this Scheme.

## PART – I

### DEFINITIONS AND SHARE CAPITAL

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#### 1. DEFINITIONS

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

- 1.1. “**Act**” means the Companies Act, 2013 and rules made thereunder, including any statutory modifications, re-enactments or amendments thereof for the time being in force as the case may be.
- 1.2. “**Appointed Date**” means 01 April 2019.
- 1.3. “**Demerged Company**” or “**Arshiya**” means Arshiya Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 302, Level 3, Ceejay House, F- Block, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
- 1.4. “**Domestic Business Undertaking**” or “**Demerged Undertaking**” or “**Domestic Business**” means Arshiya’s entire undertaking, business, activities and operations and domestic business activities pertaining to the DWA Business (including Arshiya’s investment in its subsidiary, namely ARIL pertaining to PFT, RAIL businesses being carried ARIL). The term Domestic Business Undertaking shall include the following:
- 1.4.1. All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible) wherever situated and of whatever nature, pertaining thereto through which Arshiya carries on the business, activities and operations relating to the Domestic Business.
- 1.4.2. All the debts, duties, obligations, loans and liabilities, whether present or future, whether secured or unsecured, of the Demerged Company in relation to the Domestic Business as on the Appointed Date comprising of:
- 1.4.2.1. All the debts, duties, obligations and liabilities, including contingent liabilities which arise out of the activities or operations of the Demerged Company in relation to the Domestic business and all other debts, liabilities, duties and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the appointed date but which related up to the date immediately preceding the Appointed Date;
- 1.4.2.2. Specific loans and borrowings raised, incurred and / or utilized solely for the activities or operation of the Demerged Company in relation to the Domestic Business;

- 1.4.2.3. Liabilities other than those referred in clauses 1.4.2.1 and 1.4.2.2 above and not directly relatable to the Domestic Business, being the amounts of general or multipurpose borrowings of the Demerged Company as stand in the same proportion which the value of the assets transferred under this clause of Domestic Business bears to the total value of the assets of the Demerged Company immediately before the Appointed Date.
- 1.4.3. Without prejudice to the generality of the above, the Domestic Business shall also include in particular:
- 1.4.3.1. All assets and properties including land, building, plant and machinery, capital work in progress, equipment, furniture and fixture, vehicles, computers, electrical installations and any other fixed asset in relation to the Domestic Business;
- 1.4.3.2. All current assets, inventory, stock-in-trade, account receivables, loans and advances, prepaid expenses and other assets in relation to the Domestic Business;
- 1.4.3.3. Cash and cash equivalents, bank balances and bank accounts relating to the Domestic Business including fixed deposits;
- 1.4.3.4. Security deposits, advances, earnest monies, balances, advance lease rentals or other payments made to or received from the lessors or suppliers or service providers in relation to the Domestic Business and includes deposits and balances with Government, Semi-Government, local and other authorities and bodies, including all tax balances or balances with any tax authority or other statutory body pertaining to the Domestic Business, customers and other persons earnest moneys and/or security deposits paid or received by Arshiya in connection with the Domestic Business;
- 1.4.3.5. All agreements (including but not limited to agreements with respect to immovable properties by way of lease, license and business arrangements), rights, contracts, entitlements, permits, licenses, registrations, insurance policies, approvals, consents, engagements, arrangements, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, etc., unutilized deposits or credits, benefits under the VAT/ Sales Tax law / Goods and Services Tax (GST), VAT / sales tax set off, unutilized deposits or credits, benefits of any unutilized MODVAT / CENVAT / Service tax / GST credits, etc.) relating to the Domestic Business;
- 1.4.3.6. Investments, held by Arshiya in ARIL;
- 1.4.3.7. All permanent employees of Arshiya excluding those who are engaged in relation to the Remaining Business;
- 1.4.3.8. All records, files, documents, reports, papers, computer programs, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form in connection with or relating to the

Domestic Business;

- 1.4.3.9. All intellectual property (if any) including but not limited to technical know-how, assignment of trademarks and other related rights, title and interest vested thereto rights owned or licensed, records, files, papers, data and documents in the name of Arshiya and in relation to the Domestic Business, Brand name and domain name;
- 1.4.3.10. All pending litigations or proceedings filed by or against the Demerged Company pertaining to the Domestic Business;
- 1.4.3.11. All loans and cash credit facilities availed of by the Demerged Company for the purposes of the Domestic Business and other liabilities incurred in connection therewith;

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Domestic Business or whether it arises out of the activities or operations of the Domestic Business shall be decided by mutual agreement between Arshiya and ARIL. Further, it is clarified that the Optionally Convertible Redeemable Preference Share – I ('OCRPS-I') issued by Arshiya does not relate to Domestic Business and unless converted into equity shares on or before the Record Date, no additional / proportionate consideration shall be payable to its holders pursuant to this Scheme becoming effective. However, any Corporate Action relating to the Outstanding OCRPS-I shall be kept in abeyance till the last date upto which the option for conversion is exercisable.

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

- 1.5. “**Effective Date**” means the last of the dates, if applicable, on which the certified or authenticated copy of the order(s) sanctioning the Scheme passed by the National Company Law Tribunal (“NCLT”) of Judicature at Mumbai, is filed with the Registrar of Companies, Mumbai. This date is only drawn to capture references to all transactions undertaken between the Appointed Date and date of filing of the NCLT order with Registrar of Companies (“ROC”). Thus, the same is not to be construed as the effective date for the purpose of Section 232(6) of the Act.
- 1.6. “**Governmental Authority**” or “**Appropriate Authority**” means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body having jurisdiction over the territory of India.
- 1.7. “**National Company Law Tribunal**” or “**NCLT**” or “**Tribunal**” means the competent authority under the provisions of Sections 230 to 232 and other applicable provisions of the Act and specifically refers to the National Company Law Tribunal, Mumbai Bench in respect of Arshiya and ARIL having their registered offices located in Mumbai, Maharashtra.
- 1.8. “**Record Date**” means the date to be fixed jointly by the Board of Directors of Demerged and Resulting Company for the purposes of determining the shareholders of Arshiya to whom shares would be issued in accordance with Clause 7 of this Scheme.
- 1.1. “**Remaining Business**” or “**Remaining Business of Arshiya**” shall mean all undertakings, businesses, activities and operations including assets and liabilities of Arshiya pertaining to the FTWZ business and excludes the Domestic Business.
- 1.2. “**Resulting Company**” or “**ARIL**” means Arshiya Rail Infrastructure Limited a Company

incorporated under the Companies Act, 1956 and having its registered office at 302, Level 3, Ceejay House, F- Block, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

- 1.3. “**Scheme**” means this Scheme of Arrangement between Arshiya and ARIL, in its present form and / or with any modifications and amendments thereto made under Clause 22 of this scheme as approved or directed by the Tribunal.

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

This Scheme set out herein in its present form or with any modification(s) and amendment(s) made under Clause 23 of this Scheme duly approved or imposed or directed by the Tribunal shall be effective from the Appointed Date but shall be operative from the Effective Date. Therefore, for all regulatory and tax purposes, the Demerger would have been deemed to be effective from the Appointed Date of this Scheme as per Section 232(6) of the Companies Act 2013. Notwithstanding the above, the accounting treatment to be adopted to give effect to the provisions of the Scheme would be in consonance with Indian Accounting Standards 103 (“IND AS 103”) and the mere adoption of such accounting treatment will not in any manner effect the vesting of the Demerged Undertaking from the Appointed Date.

### 3. SHARE CAPITAL

3.1. The share capital of Arshiya Limited as on 30<sup>th</sup> April 2018 is as under:

| <b>Particulars</b>                          | <b>Amount (Rs.)</b> |
|---|---------------------|
| <b>Equity Share Capital</b>                 |                     |
| <b>Authorized capital</b>                   |                     |
| 247,500,000 Equity Shares of Rs 2 each      | 495,000,000         |
| 11,000,000 Preference Shares of Rs. 10 each | 110,000,000         |
| <b>Issued, subscribed and fully paid-up</b> |                     |
| 229,716,776 Equity Shares of Rs 2 each      | 459,433,552         |
| <b>OCRPS - I</b>                            |                     |
| 57,64,619 OCRPS-I of Rs 10 each             | 5,76,46,190         |

Subsequent to 30<sup>th</sup> April 2018, there has been no change in the authorized, issued and paid up share capital of Arshiya Limited.

3.2. The share capital of the Resulting Company as on 30<sup>th</sup> April 2018 is as under:

| <b>Particulars</b>                                    | <b>Amount (Rs.)</b> |
|---|---------------------|
| <b>Equity Share Capital</b>                           |                     |
| <b>Authorized capital</b>                             |                     |
| 45,000,000 Equity Shares of Rs.10 each                | 450,000,000         |
| <b>Issued, subscribed and fully paid-up</b>           |                     |
| 42,384,417 Equity Shares of Rs. 10 each fully paid-up | 423,844,170         |

Subsequent to 30<sup>th</sup> April 2018, there has been no change in the authorized, issued and paid up share capital of Resulting Company.



## PART II

### UTILISATION OF SECURITIES PREMIUM

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#### 4. UTILISATION OF SECURITIES PREMIUM OF DEMERGED COMPANY AND RESULTING COMPANY

- 4.1. It is proposed to write off the aggregate of the balance in Profit and Loss Account as on Appointed Date and the excess of assets over liabilities as provided under clause 8.1.3 (**'Arshiya Aggregate Book Losses'**), against the securities premium account of Arshiya.
- 4.2. It is also proposed to write off the balance in Profit and Loss Account and any excess of consideration over net assets acquired as provided under clause 8.2.4 as on Appointed Date (**'ARIL Book Losses'**), against the securities premium account of ARIL.
- 4.3. Consequent upon the re-organization / utilization of securities premium, as mentioned in clause 4.1 and 4.2 above, the Arshiya Aggregate Book Losses and ARIL Book Loss as on Appointed Date shall be reduced to NIL.
- 4.4. The utilization of Securities Premium as aforesaid of Arshiya and ARIL respectively, shall be effected as an integral part of and in terms of this Scheme in accordance with the provisions of Section 230(2)(a) and shall constitute sufficient compliance in terms of Section 52 and Section 66 of the Companies Act, 2013 without carrying out separate compliance thereof. Further, the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital. Accordingly, the order of the Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act as well as other applicable provisions of Companies Act 2013 confirming the reduction of share capital pursuant to utilization of the securities premium as aforesaid.
- 4.5. The accounting effect of the above sub-clauses shall be directly given in the balance sheet of Arshiya and ARIL respectively.
- 4.6. The utilization of securities premium as aforesaid of Arshiya and ARIL as envisaged in the Scheme shall not affect or impair in any manner the rights and interests of any of the creditors of Arshiya or ARIL, since Arshiya and ARIL shall, post such reduction, continue to be in a position to honor the dues of their respective creditors. Therefore, Arshiya and ARIL seeks liberty of the NCLT for dispensation of words "and reduced" to be added as suffix to its name, as contemplated in Section 66 (2) and 66 (3) of the Act.

## PART – III

### DEMERGER OF DOMESTIC BUSINESS UNDERTAKING

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#### 5. TRANSFER AND VESTING OF THE DOMESTIC BUSINESS UNDERTAKING

On or after the Effective Date and subject to the provisions of this Scheme and with effect from the Appointed Date, the Domestic Business Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Domestic Business Undertaking) pursuant to the provisions of Sections 230 to 232 and with other applicable provisions of the Act shall stand transferred to and vested in or deemed to be transferred to and vested in the Resulting Company, as a going concern without any further act, deed, matter or thing in the following manner:

##### 5.1. Assets

- 5.1.1. The whole of the Domestic Business Undertaking shall without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company so as to vest in the Resulting Company all rights, title and interest pertaining to the Domestic Business Undertaking;
- 5.1.2. All assets, investments, right, title or interest acquired by the Demerged Company after the Appointed Date but prior to the Effective Date in relation to the Domestic Business 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 Effective date pursuant to the provisions of Sections 230 to 232 and with other applicable provisions of the Act; and
- 5.1.3. All the movable assets of the Domestic Business Undertaking and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, including cash in hand, shall be so transferred to the Resulting Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the Resulting Company to the end and intent that the property and benefit therein passes to the Resulting Company with effect from the Appointed Date. Such delivery and transfer shall be made on a date mutually agreed upon between the Demerged Company and the Resulting Company. However such date of delivery shall be such date as may be mutually agreed upon by the Demerged Company and the Resulting Company.
- 5.1.4. Pursuant to the Effective Date and with effect from the Appointed Date, all immovable property (including as per Schedule I to this scheme), whether freehold or leasehold, (including but not limited to land, buildings, offices, factories, sites and any other immovable property, including accretions and appurtenances) relating to the Domestic Business Undertaking of the Demerged Company, and any document of title, rights, interest and easements in relation thereto shall stand transferred to and be vested in the Resulting Company, without any act or deed to be done by the Demerged Company and/ or the Resulting Company and/or any other Appropriate Authority. The Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation and/ or substitution of the title to the immovable properties shall be made and duly recorded in the name of the Resulting Company by the appropriate governmental authorities and third parties pursuant to the sanction of the Scheme by the Tribunal and upon the Effective Date in accordance with the terms hereof without any further act or deed on part of the Demerged Company and/ or the Resulting Company. It is clarified that the Resulting Company 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.

## 5.2. **Contracts**

- 5.2.1. All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Domestic Business Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective date, shall continue in full force and effect against or in favour of, as the case may be, the Resulting Company in which the **Domestic Business Undertaking** vests by way of demerger hereunder and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or thereunder; and
- 5.2.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Domestic Business Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the Effective date in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company in relation to the Domestic Business Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

## 5.3. **Liabilities**

- 5.3.1. All debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Domestic Business Undertaking shall also, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Resulting Company, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause;
- 5.3.2. Where any of the loans raised and used, liabilities and obligations incurred, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company, have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company; and
- 5.3.3. All loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Domestic Business Undertaking with prior approval of the Resulting Company after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the debts, liabilities, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same.

## 5.4. **Licenses and Permissions**

Any statutory licenses, permissions or approvals or consents held by the Demerged Company required to carry on operations of the Domestic Business Undertaking shall stand

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

## **PART – IV**

### **REMAINING BUSINESS**

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#### **6. REMAINING BUSINESS OF THE DEMERGED COMPANY**

- 6.1. The Remaining Business of the Demerged Company and all other assets, liabilities, incentives, rights and obligations pertaining thereto shall continue to be vested in and managed by the Demerged Company in the manner as provided below.
- 6.2. All legal and other proceedings including any insurance claims by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective date and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duty, of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company.
- 6.3. With effect from the Appointed Date:
  - 6.3.1. The Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business of the Demerged Company for and on its own behalf;
  - 6.3.2. The Demerged Company may enter into such contracts as the Demerged Company may deem necessary in respect of the Remaining Business;
  - 6.3.3. All profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Business of the Demerged Company shall, for all purposes, be treated as the profits, or losses, as the case may be, of the Demerged Company;
  - 6.3.4. All assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company; and
  - 6.3.5. All liabilities (including contingent liabilities) loans, debts (whether secured or unsecured) raised or incurred, duties and obligations of every kind, nature and description whatsoever and howsoever arising or accruing in relation to the Remaining Business shall belong to and continue to remain vested in the Demerged Company.

## PART V

### CONSIDERATION AND ACCOUNTING TREATMENT

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#### 7. CONSIDERATION

- 7.1. In consideration of the transfer and vesting of the Demerged Undertaking in accordance with the provisions of this Scheme, the paid-up share capital of the Resulting Company shall be increased in the manner set out in this Clause.
- 7.2. Upon the Scheme becoming effective and in consideration of the demerger including the transfer and vesting of the Demerged Undertaking in the Resulting Company, the Resulting Company shall, without any further application or deed, for every 2 (two) fully paid-up equity shares of the Demerged Company, issue and allot to each member of the Demerged Company whose name appears in the register of members of the Demerged Company as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, subject to the provisions of Clause 7.4 below, 1 (one) fully paid-up equity share of Rs 2 each, of the Resulting Company ('**New Equity Shares**').
- 7.3. In case of any member's shareholding in the Demerged Company is such that such member becomes entitled to a fraction of 1 (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 shares to a trustee nominated by the Board of Directors of the Demerged Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of expenses incurred) to such members in proportion to their respective fractional entitlements. During consolidation of fractional shares, if the sum of fractional shares is not a whole integer, the Resulting Company shall issue such additional fractional share to the trustee, such that the total shares so issued shall be rounded off to the next whole integer. The issue of 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 Applicable Law, to that extent, shall be required to be followed by the Resulting Company.
- 7.4. The New Equity Shares issued in terms of clause 7.2 above, shall be listed and / or admitted to trading on the relevant stock exchange/s in India where the equity shares of the Demerged Company are listed and / or admitted to trading.
- 7.5. Upon the Scheme coming to effect, the shares to be allotted to the members of the Demerged Company by the Resulting Company shall be listed and / or admitted to trading on the relevant stock exchange/s in India where the equity shares of the Arshiya are listed and / or admitted to trading as on effective date. Accordingly, the Resulting Company shall take steps for listing simultaneously on all such stock exchange(s) within a reasonable period of the receipt of the final NCLT order sanctioning the Scheme. The Resulting Company shall make necessary applications with the provisions of Applicable Laws, including, as applicable, the provisions of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, SEBI Circular No. CFD/DIL3/CIR/2017/105 dated September 21, 2017, SEBI Circular No. CFD/DIL3/CIR/2018/2 dated January 03, 2018 and as amended from time to time. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing / trading are provided by the stock exchanges. The Resulting Company shall apply to Securities and Exchange Board of India through Stock Exchange for seeking relaxation under Section 19(2)(b) of Securities Contract (Regulation) Rules, 1957.
- 7.6. The New Equity Shares of the Resulting Company to be issued to the members of the Demerged Company pursuant to Clause 7.2 above shall be subject to the memorandum and articles of association of the Resulting Company and shall rank pari-passu in all respects,

including dividend, with the existing equity shares of the Resulting Company.

- 7.7. The issue and allotment of New Equity Shares by the Resulting Company, to the shareholders of Demerged Company as provided in Clause 7.2 is an integral part of the Scheme and shall be deemed to have been carried out as if the procedure laid down under Section 62(1)(c) of the Act and all other relevant Rules, Regulations and Laws for the time being in force were duly complied with.
- 7.8. Upon the scheme becoming effective, the existing equity shares held by the Demerged Company or its nominee in the Resulting Company shall stand cancelled, extinguished and annulled and from the Effective Date. The cancellation, as aforesaid, which amounts to reduction of share capital of the Resulting Company, shall be effected as an integral part of this Scheme itself in accordance with the provisions of Section 66 of the Act and the order of the Tribunal sanctioning the scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital. Notwithstanding the reduction as aforesaid, the Resulting Company shall not be required to add “and reduced” as suffix to its name and the Resulting Company shall continue in its existing name.

## **8. ACCOUNTING TREATMENT**

The Demerged Company and the Resulting Company shall account for the Scheme in their respective books / financial statements in accordance 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:

### **8.1. ACCOUNTING TREATMENT IN THE BOOKS OF DEMERGED COMPANY**

- 8.1.1. Upon the Scheme becoming effective, the value of assets, liabilities, profits/losses or reserves pertaining to the Demerged Undertaking of the Demerged Company as appearing in the books of accounts of the Demerged Company are to be transferred to the Resulting Company in terms of clause 2 of this Scheme and shall be reduced from the respective book value of assets and liabilities of the Demerged Company.
- 8.1.2. Inter-company balances and investments (including Demerged Company's investment in Resulting Company), if any, between Demerged Company and the Resulting Company shall stand cancelled. Further, any receivables or payables, which pertains to the Demerged Undertaking, arising thereon between the Demerged Company and the Resulting Company, inter-corporate loans or balances pertaining to the Demerged Undertaking as arising between the Demerged Company and the Resulting Company or vice-versa shall also stand nullified upon the Scheme becoming effective and the Demerged Company shall pass necessary entries in its books of accounts;
- 8.1.3. The excess of assets over liabilities transferred under clause 8.1.1 and after giving effect to clause 8.1.2 above shall be adjusted against Retained Earnings. In case of deficit, the same shall be credited to capital reserve.
- 8.1.4. Notwithstanding the above, the Board of Directors of the Demerged Company are authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with accounting principle generally accepted in India, including the Indian Accounting Standards (IND AS) specified under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

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

Upon the Scheme coming into effect and with effect from the Effective Date:

- 8.2.1. The Resulting Company shall record all assets and liabilities of the Demerged Undertaking vested in it pursuant to this Scheme, at the respective values thereof, as appearing in the books of account of the Demerged Company with effect from the Effective Date.
- 8.2.2. Any receivables or payables, which pertains to the Demerged Undertaking, arising thereon between the Demerged Company and the Resulting Company, inter-corporate loans or balances pertaining to the Demerged Undertaking as arising between the Demerged Company and the Resulting Company or vice-versa shall also stand nullified upon the Scheme becoming effective and the Resulting Company shall pass necessary entries in its books of accounts;
- 8.2.3. Upon cancellation of the shares held by the Demerged Company in the Resulting Company, the Resulting Company shall debit to its equity share capital account, the aggregate face value of existing equity shares held by the Demerged Company, which stands cancelled hereof. Further, the Resulting Company shall credit the aggregate face value of the new equity shares issued by it to the members of the Demerged Company pursuant to this Scheme to the share capital account in its books of accounts;
- 8.2.4. The surplus / deficit arising on recording of the assets and liabilities as per clause 8.2.1 and 8.2.2 over the shares cancelled and consideration recorded as per clause 8.2.3 above shall be transferred to Capital Reserve / Goodwill in the balance sheet of the Resulting Company;
- 8.2.5. In case of any differences in accounting policies between the Resulting Company and the Demerged Company, the impact of such differences shall be quantified and adjusted in accordance with the applicable accounting principles;
- 8.2.6. To the extent there are any obligations of the Resulting Company towards the Demerged Undertaking, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account of the Resulting Company.
- 8.2.7. All costs and expenses incurred by the Resulting Company in connection with the Scheme and to put it into operation and any other expenses or charges attributable to the implementation of the Scheme shall be debited to the profit & loss account of the Resulting Company. However, costs pertaining to issue of equity shares shall be directly debited to the reserves of the Resulting Company.
- 8.2.8. Notwithstanding the above, the Board of Directors of the Resulting Company are authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with accounting principle generally accepted in India, including the Indian Accounting Standards (IND AS) specified under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

## **PART VI**

### **GENERAL TERMS & CONDITIONS**

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## **9. RECLASSIFICATION OF AUTHORISED SHARE CAPITAL**

- 9.1. Upon the Scheme being effective, the Authorised Share Capital of the Resulting Company existing on the Effective Date, without any further application, act, instrument or deed, shall

be reclassified from equity shares of face value of Rs 10/- each into corresponding number of equity shares of face value of Rs. 2/- each.

- 9.2. Consequent upon the reclassification of Authorised Share Capital under Clause 9.1 above and upon the Scheme being effective, Clause V of the Memorandum of Association of the Company (relating to the Authorised Share Capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13, 14, 61 and 230-232 and other applicable provisions of the Act.
- 9.3. It is hereby clarified that for the purposes of clause 9.2 above, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above reclassification in Authorised Share Capital of the Resulting Company, and no further resolution would be required to be separately passed. Upon the Scheme being effective, the Company shall file necessary form for the reclassification of the Authorised Share Capital with the Registrar of Companies, Mumbai. Further, there would be no requirement for any further payment of stamp duty and/or fee (including registration fee) by the Company for the reclassification to the Authorised Share Capital.

## **10. TAX ASPECTS**

It is intended that this Scheme will be in compliance with the conditions relating to “Demerger” as specified under Section 2(19AA) and Section 72A(4) of the Income-tax Act, 1961 such that:

- 10.1. The transfer of the Domestic Business Undertaking will be on a going concern basis with effect from the Appointed Date.
- 10.2. Subject to clause 10.1 above, if any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(19AA) and Section 72A(4) of the Income-tax Act, 1961, the provisions of Section 2(19AA) and Section 72A(4) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(19AA) and Section 72A(4) of the Income-tax Act, 1961 as on the Appointed Date; such modification shall not affect other parts of the Scheme. Upon the Effective Date, the Demerged Company and the Resulting Company are expressly permitted to file / revise their income-tax, service tax, GST, value added tax, withholding tax and other statutory returns, notwithstanding that the period for filing / revising such returns may have lapsed. Each of the Demerged Company and the Resulting Company are expressly permitted to amend tax deduction at source and other statutory certificates and shall have the right to claim refunds, advance tax credits, set offs and adjustments relating to their respective incomes / transactions from the Appointed Date.

## **11. LISTING AGREEMENT AND SEBI COMPLIANCE**

- 11.1. Since the Demerged Company is listed company, this scheme is subject to the compliances by the Demerged Company of all requirements under the Listing Regulations and all statutory directives of the Securities Exchange Board of India (“SEBI”) through its circulars insofar as they relate to sanction and implementation of the scheme.
- 11.2. The Demerged Company in compliance with Listing Regulations shall apply for the “Observation Letter” to BSE Limited and National Stock Exchange of India Limited where its shares are listed.
- 11.3. The Demerged Company shall also comply with the directives of SEBI contained in circular no CFD/DIL3/CIR/2017/21 dated March 10, 2017 (as amended from time to time) issued



by SEBI in terms of Regulations 37 of the Listing Regulations.

## **12. LISTING OF EQUITY SHARES OF RESULTING COMPANY**

- 12.1. Scheme of Demerger is in conformity with the requirements as laid down in sub-rule 19(7) of Securities Contract (Regulation) Rules, 1957 and in terms of the said sub-rule after allotment of New Equity Shares in Resulting Company, Resulting Company shall comply with relevant provisions under SEBI Regulations, as may be applicable in relation to listing of shares allotted, simultaneously on all stock exchanges where the equity shares of Demerged Company are listed.

Resulting Company shall make application to the SEBI in terms of Rule 19(7) of Securities Contract (Regulation) Rules, 1957 for listing of equity shares at all the stock exchanges where the equity shares of Demerged Company are listed on the Appointed Date without complying with the requirements of Rule 19(2)(b) of Securities Contract (Regulation) Rules, 1957.

ARIL shall enter into such arrangements and give such confirmations and / or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the aforesaid stock exchanges. On such formalities being fulfilled, the stock exchanges shall list and / or admit such New Equity Shares also for the purpose of trading. The New Equity Shares allotted by ARIL, pursuant to this Scheme, shall remain frozen in the depositories system till the listing / trading permission are given by the BSE Limited and National Stock Exchange of India Limited.

## **13. APPROVAL OF SCHEME BY PUBLIC SHAREHOLDERS**

- 13.1. The Approval to this Scheme of Arrangement shall be obtained from the shareholders of the Demerged Company i.e. Arshiya in accordance with SEBI circular no CFD/DIL3/CIR/2017/21 dated March 10, 2017 (as amended from time to time) issued by SEBI in terms of Regulations 37 of the Listing Regulations.
- 13.2. The Scheme shall be acted upon only if the votes cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.

## **14. SECURITY**

- 14.1. The transfer and vesting of the Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgage and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof to the extent that such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Demerged Undertaking. It is agreed by and between the Demerged Company and the Resulting Company, that pursuant to the demerger, necessary steps shall be taken in order to effect the change/ modification of charges, if any, in the records of the Registrar of Companies.
- 14.2. It is clarified that unless otherwise determined by the Board of Directors of the Resulting Company, in so far as the assets comprising the Demerged Undertaking are concerned the security or charge relating to loans or borrowings of the Demerged Company, in relation to the Demerged Undertaking, shall without any further act or deed continue to relate to the said assets only after the Appointed Date and the said assets shall not relate to or be available as security in relation to any other borrowings of the Demerged Company;

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

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

14.4. The Demerged Company may enter into such alternate arrangements with the lenders pursuant to the release of security as per the provisions mentioned herein.

## **15. EMPLOYEES**

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

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

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

## **16. BUSINESS AND PROPERTY IN TRUST**

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

16.2. The Demerged Company shall be deemed to have been carrying on all the business and activities relating to the Demerged Undertaking and shall be deemed to hold and stand

possessed of the entire business and undertakings in relation to the Demerged Undertaking for and on account of and in trust, on behalf of the Resulting Company.

- 16.3. All the income or profits accruing or arising to the Demerged Company and all costs, charges, expenses or losses incurred by the Demerged Company, in relation to the Demerged Undertaking shall for all purposes of this demerger be treated as the income, profits, costs, charges, expenses and losses of the Resulting Company, as the case may be.
- 16.4. Any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertaking exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company; and
- 16.5. The Demerged Company shall carry on the business pertaining to the Domestic Business Undertaking with reasonable diligence and business prudence and shall not alter or diversify business within the Domestic Business Undertaking nor venture into any new business (except for Remaining Business), nor alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business without the prior written consent of the Resulting Company or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of this Scheme by the respective boards of directors of the Demerged Company and the Resulting Company.
- 16.6. The Demerged Company shall not utilize the profits or income in relation to the Demerged Undertaking for the purpose of declaring or paying any dividend in respect of the period falling on and after the Appointed Date, without the prior written consent of the Resulting Company.
- 16.7. The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Governmental Authorities or other appropriate forums as may be required under any applicable law, for such consents, approvals and sanctions which the Resulting Company may require.

## **17. LEGAL PROCEEDINGS**

- 17.1. All legal, administrative and other proceedings, of whatsoever nature pending in any court or before any authority, judicial, quasi-judicial or administrative or any adjudicating authority and/or arising after the Appointed Date and relating to the Demerged Undertaking, or its respective properties, assets, debts, liabilities, duties and obligations shall be continued and/or enforced until the Effective date by or against the Demerged Company; and from the Effective Date, shall be continued and enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company, had the Scheme not been made. On and from the Effective Date, the Resulting Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings relating to the Demerged Undertaking, in the same manner and to the same extent as would or might have been initiated by the Demerged Company as the case may be, had the Scheme not been made; and if any suit, appeal or other proceedings relating to the Demerged Undertaking, of whatever nature by or against the Demerged Company be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the demerger of the Demerged Undertaking or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if this Scheme had not been made.

**18. SAVING OF CONCLUDED TRANSACTIONS**

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

**19. VALIDITY OF EXISTING RESOLUTIONS, ADJUSTMENTS ETC.**

All resolutions passed by the Demerged Company so far as they relate to or to be done or caused to be done in relation to the Demerged Undertaking, shall be deemed to have authorized any Director of the Resulting Company or such other person(s) as authorized by any two Directors of the Resulting Company to do all acts, deeds, things as may be necessary to give effect to these Resolutions.

**20. DECLARATION OF DIVIDEND**

For the avoidance of doubt, it is hereby declared that nothing in the Scheme shall prevent the Resulting Company from declaring and paying dividends, whether interim or final, to its equity shareholders.

**21. APPLICATION TO THE TRIBUNAL**

- 21.1. The Demerged Company shall and the Resulting Company, if required, shall make applications/ petitions to the NCLT for sanction of this Scheme, under Sections 230 to 232 read with Sections 66 and 52 and other applicable provisions of the Act; and
- 21.2. Any dispute arising out of this Scheme shall be subject to the jurisdiction of the NCLT, Mumbai Bench.

**22. MODIFICATION OR AMENDMENTS TO THE SCHEME**

The Demerged Company and the Resulting Company (acting through their Board of Directors, Committee thereof or any director or any other person authorized by the Board of Directors, Committee thereof to this effect) may assent to any modifications or amendments to this Scheme or to any conditions or limitations that the Tribunal may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the respective Demerged Company and Resulting Company, including pursuant to the orders of the NCLT and/or any other authorities as they may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme. The Demerged Company and the Resulting Company (acting through their Board of Directors, Committee thereof or any director or any other person authorized by the Board of Directors, Committee thereof to this effect) shall be authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any

doubts, difficulties or questions whether by reason of any orders of the Tribunal or of any directions given by any other appropriate authorities or for any reason otherwise arising out of this Scheme and/or any matters concerning or connected herewith.

If any part of the Scheme is held invalid or is ruled illegal by the Tribunal or becomes unenforceable for any reason, whatsoever whether under present or future laws, then it is the intention of the Companies that such part in the opinion of the board of any companies, shall be severable from the remainder of the Scheme and the remaining part of this Scheme shall not be affected thereby, unless the deletion of such part, in the opinion of Board of either of the companies, shall cause this Scheme to become materially adverse to either of the companies in which case companies shall attempt to bring about a modification in this Scheme, which will best preserve the benefits and obligations of this Scheme for companies, including but not limited to such part.

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

- 23.1. In case the Scheme is not approved by the Tribunal or any of the approvals or conditions enumerated in the Scheme have not been obtained or complied with, or for any other reason, if this Scheme cannot be implemented, then the board of directors of the Demerged Company and the Resulting Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, the Scheme shall become null and void and in such event no rights or liabilities whatsoever shall accrue to or be incurred by either the Resulting Company or the Demerged Company and each party shall bear their respective costs, charges and expenses in connection with this Scheme unless otherwise mutually agreed upon.
- 23.2. If any part of this Scheme hereof is invalid, held illegal by Tribunal, or unenforceable under any present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

### **24. COSTS, CHARGES AND EXPENSES**

Save and except as provided otherwise, all costs, charges, expenses, taxes including duties, levies in connection with the Scheme and its implementation thereof, and matters incidental thereto, shall be borne by the Demerged Company and the Resulting Company respectively.