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SCHEME OF ARRANGEMENT

For Khadim India Limited


Abhijit Dan
Company Secretary & Head Legal

BETWEEN

KHADIM INDIA LIMITED
("DEMERGED COMPANY" or "KIL")

KSR FOOTWEAR LIMITED


Director/Authorised Signatory

AND

KSR FOOTWEAR LIMITED
("RESULTING COMPANY" or "KFL")

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

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

I. PREAMBLE AND OVERVIEW OF THE SCHEME

1. This Scheme of Arrangement ("Scheme" or "this Scheme", as more particularly defined hereinafter) is presented under Sections 230 to 232 read with Section 66 and other applicable provisions of the Act (as defined below) read with Section 2(19AA) and other applicable provisions of the Income Tax Act, 1961, including the rules and regulations issued thereunder, as may be applicable, between Khadim India Limited ("Demerged Company" or "KIL") and KSR Footwear Limited ("Resulting Company" or "KFL") and their respective shareholders and creditors.
2. This Scheme provides for the following:
 - (i) the transfer by way of a demerger of the Demerged Undertaking (as more particularly defined hereinafter) of the Demerged Company into the Resulting Company on a going concern basis and the consequent issue of New Equity Shares (as defined hereinafter) by the Resulting Company to the shareholders of the Demerged Company;
 - (ii) Reduction and cancellation of the existing paid up share capital of the Resulting Company;
 - (iii) Listing of equity shares of Resulting Company on the Stock Exchanges (as defined hereinafter);
and
 - (iv) various other matters consequential or otherwise integrally connected herewith.

II. BACKGROUND AND DESCRIPTION OF THE COMPANIES

1. **Khadim India Limited** (hereinafter referred to as “KIL” or “Demerged Company”) is a public listed company engaged in the manufacturing / retail business of footwear and accessories. It was incorporated on December 03, 1981 under the provisions of the Indian Companies Act, 1956, having CIN L19129WB1981PLC034337. Its registered office is situated at 7th Floor, Tower C, DLF IT Park, 08 Major Arterial Road, Block-AF, New Town (Rajarhat), Kolkata - 700156, West Bengal. The equity shares of KIL are listed on the Stock Exchanges (defined below).
2. **KSR Footwear Limited** (hereinafter referred to as “KFL” or “Resulting Company”) is an unlisted public company incorporated on August 22, 2023 under the provisions of the Act having CIN U46413WB2023PLC264443. Its registered office is situated at Flat No. 4A, 4th Floor, Kalyani Complex, P-22, Block - A, Bangur Avenue, North 24 Parganas - 700055, West Bengal. It is a Wholly-owned Subsidiary of KIL. As per Memorandum of Association of KFL, it is engaged in the business of manufacturing and wholesaling of footwear and accessories.

III. RATIONALE OF THE SCHEME

The Demerged Company has 2 (two) distinct businesses viz. (i) Retail Business and (ii) Distribution Business. The retail business operates through 848 retail stores (as on June 30, 2023) and caters to the middle and upper middle-income consumers, while the distribution business operates through a wide network of 732 distributors (as on June 30, 2023) selling to multi-brand-outlets across India and caters to lower and middle-income consumers. The transfer and vesting of the Demerged Undertaking (defined hereinafter) comprising of Distribution Business into the Resulting Company pursuant to this Scheme shall be in the interest of all concerned stakeholders including shareholders, customers, creditors, employees and general public, in the following ways:

- (i) The Demerged Undertaking and the Remaining Business (defined hereinafter) address different market segments with divergic dynamics in terms of business strategy, customer set and distinct capital requirements. The transfer of the Demerged Undertaking into the Resulting Company will enable both the Demerged and Resulting Company to focus on their activities in the respective segments. This would help to improve their competitiveness, operational efficiency, agility and strengthen their position in relevant markets.
- (ii) The nature of risk, competition, challenges, opportunities, market segment, target customer and business methods for the Distribution Business (as defined hereinafter) is separate and distinct from the Remaining Business (as defined hereinafter) carried out by the Demerged Company.



- (iii) The segregation of the business vertical shall enable them to move forward independently, with specialization building on their respective capabilities. It will also help to channelize resources required for all the businesses to focus on the growing businesses and attracting right talent and providing enhanced growth opportunities to existing talent in line with a sharper strategic focus on each business segment under separate entities.
- (iv) The Scheme will also enable the Demerged Company and the Resulting Company to focus and enhance their respective management structure ensuring better and more efficient management control.
- (v) Bifurcation of these businesses will enable unlocking value of each vertical thereby paving way for focused growth with a view to create significant stakeholder value, will attract distinct investor base and at the same time allow investors to allocate their portfolio into separate entities, focused on the distinct entities. Further, it will enable independent and distinct capital allocation approach and balance sheet management based on the distinct needs of each business.
- (vi) Thus, the demerger would help in achieving the desired operating structure and shall inter alia have following benefits:
- Create sector focused companies;
 - Attract business specific investors;
 - Streamline the management structure;
 - Unlock value for shareholders;
 - Ring-fence businesses from each other;
 - Better risk management; and
 - Better Management Bandwidth utilization.

IV. PARTS OF THE SCHEME

This Scheme is divided into the following parts:

Part A - Deals with Definitions, Interpretation, Date of taking effect and Share Capital;

Part B - Deals with transfer and vesting of the Demerged Undertaking into the Resulting Company;

Part C - Deals with the general terms and conditions applicable to this Scheme.



V. **TREATMENT OF THE SCHEME FOR THE PURPOSES OF INCOME TAX ACT, 1961**

The provisions of this Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) read with other applicable provisions of the Income Tax Act, 1961. If, at a later date, any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of Section 2(19AA) of the Income Tax Act, 1961, including as a result of an amendment of law or enactment of new legislation or any other reason whatsoever, the provisions of Section 2(19AA) of the Income Tax Act, 1961, or corresponding provisions of any amended or newly enacted law, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961 or such newly enacted law or new legislation. Such modifications will, however, not affect the other provisions of the Scheme.

PART A

DEFINITIONS, INTERPRETATION, DATE OF TAKING EFFECT AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme (as defined hereinafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meanings ascribed herein below:

- 1.1 "Act" means the Companies Act, 2013 and the rules, circulars, notifications made thereunder as the case may be, and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;
- 1.2 "Applicable Law" means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/ or jurisdiction, (b) administrative interpretation, writ, injunction, directions, directives, judgement, arbitral award, decree, orders or governmental approvals of or agreements with any governmental authority or recognized stock exchange, and (c) international treaties, conventions and protocols, as may be in force from time to time.
- 1.3 "Appointed Date" means the same date as the Effective Date or such other date as may be mutually agreed by the Companies;



1.4 **"Appropriate Authority" means:**

1.4.1 the government of any jurisdiction (including any central, state, provincial, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, court, instrumentality, central bank, commission or other authority thereof;

1.4.2 any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, statutory, licensing, competition, tax, importing, exporting or other governmental or quasi-governmental authority including (without limitation) SEBI (as defined hereinafter) and NCLT (as defined hereinafter);

1.4.3 Stock Exchanges (as defined hereinafter);

1.4.4 Such other sectoral regulators or authorities as may be applicable.

1.5 **"Board of Directors" or "Board"** means the Board of Directors of the Demerged Company or of the Resulting Company or both as the context may require and shall, unless it be repugnant to the context or otherwise, include a duly constituted committee of directors or any person(s) authorised by the Board of Directors or such committee of directors;

1.6 **"Demerged Undertaking"** shall mean and include the entire Distribution Business as a going concern including all its activities and operations as identified by the Board of Directors of the Demerged Company, with all properties, assets, technical experience, related employees, personnel and credentials, including all debts, liabilities, duties and obligations, litigations, working capital (including all inventories), whether tangible or intangible, and such other ventures and shall include ancillary and support services in relation to the same, to be transferred to the Resulting Company with effect from the Appointed Date, and shall include (without limitation):

1.6.1 All the movable and immovable properties tangible or intangible, investments, plant and machinery, electrical installations, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal or incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets, pertaining to the Distribution Business including cash in hand, amounts lying in the banks, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold, leasehold rights, brands, sub-letting tenancy rights, leave and license permissions, no objection certificates, goodwill, other intangibles, customer relationships, registration, approvals, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and



credential and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to and pertaining to the Distribution Business;

- 1.6.2 All other interests or rights (including claim, arbitration awards, etc.) or, accumulated experience or performance qualifications including financial, technical, manufacturing and other qualifications, in or arising out of relating to the Distribution Business together with all respective powers, interests, charges, privileges, benefits, entitlements, past experience and credentials, business track record, brands and trademarks, patents, copyrights, other intellectual property rights, industrial and other registrations, licenses, quotas, subsidies, grants, powers and facilities of every kind, nature and descriptions whatsoever, income tax (including advance tax, self-assessment tax, regular assessment tax, tax deducted at source) paid by Demerged Company pertaining to Distribution Business, unutilized credits relating to excise duties, sales tax, service tax, Valued Added Tax ("VAT"), Goods and Services Tax ("GST") or any other Taxes by whatever name called belonging to Distribution Business, tax benefits and other claims and powers, rights to use and avail of telephones, facsimile connections and other communication facilities, connections, installations and equipment, utilities, email, internet and leased lines, utilities, electricity, water and other services, and all other interests in connection with or relating to the Distribution Business;
- 1.6.3 Right to use the work experience, credential, qualifications, capabilities, legacies and track record with Government/Non-Government agencies/bodies, contracts with clients and with vendors (including technical parameters, past performance, track record, financials etc.) of the Demerged Company, whether or not pertaining to the Distribution Business, acquired by reason of the completion of various projects and works, certificates of completion of projects or works issued by the clients and the right to use all these for qualifying for any tender or project that may be issued at any time;
- 1.6.4 All receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the Distribution Business;



- 1.6.5 All the debts, liabilities, duties and obligations, funded and non-funded facilities, whether secured or unsecured, bank guarantees, performance guarantees, corporate guarantees, letters of credit, deferred tax liabilities including contingent liabilities of the Demerged Company in relation to and pertaining to the Distribution Business after following the due process prescribed by lenders/ Persons wherever required;
- 1.6.6 All contracts (including vendor contracts, lease contracts, customer contracts of every nature and revenue and receipts associated therewith), agreements, entitlements, pre-qualifications, purchase orders/service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertaking, memoranda of agreements, memoranda of agreed points, bids, tenders, tariff orders, open order book(s), expression of interest, letter of intent, hire purchase agreements, lease/license agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/manufacturer of goods/service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims and clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder in relation to and pertaining to the Distribution Business;
- 1.6.7 All litigations and proceedings in relation to the Distribution Business;
- 1.6.8 All books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs/ software along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the Distribution Business; and
- 1.6.9 All Transferring Employees (as defined hereinafter)
- 1.7 **“Distribution business”** means the Company’s distribution segment which provides branded and affordable footwear in the mass footwear category catering to lower- & middle-income consumers in Tier I to Tier III cities. The distribution business operates through a network of 732 distributors selling to multi-brand-outlets across India. The distribution segment manufactures approximately 96% of the products of this category to have better control over quality, supply and cost.
- 1.8 **“Effective Date”** means the date which will be the first day of the month following the month in which parties mutually acknowledge in writing that all the conditions referred to in Clause 25.1 of the Scheme have occurred or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme.



References in this Scheme to the "date of coming into effect of this Scheme" or "upon the Scheme becoming effective" or "effectiveness of the scheme" shall mean the Effective Date;

- 1.9 **"Encumbrance"** means (i) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (ii) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or (iii) any equity, assignments, hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the above; and the terms "Encumber" or "Encumbrances" shall be construed accordingly;
- 1.10 **"ESOP Plans"** means
- Employee Stock Option Plan 2017 approved at the general meeting dated 17th June, 2017 (ratified at the general meeting dated 6th September, 2018. This plan being presently not viable is not in use.
 - Khadim Employee Stock Option Plan 2021 formulated in accordance with special resolutions passed via postal ballot dated 7th May, 2021. However, post the approval, no options have been allotted under the plan.
- 1.11 **"Fund(s)"** shall have the meaning set out in clause 9.2
- 1.12 **"INR"** means Indian Rupee, the lawful currency of the Republic of India;
- 1.13 **"New Equity Shares"** means the equity shares of the Resulting Company issued and allotted pursuant to the Scheme;
- 1.14 **"NCLT" or "Tribunal"** means the relevant bench of the Hon'ble National Company Law Tribunal having jurisdiction over Demerged Company and/or Resulting Company, as the case may be, sanctioning this Scheme pursuant to Sections 230 to 232 and other applicable provisions of the Act;
- 1.15 **"Options"** shall mean the stock options granted by KIL as per the ESOP Plans of KIL;
- 1.16 **"Parties"** shall mean collectively the Demerged Company and the Resulting Company and **"Party"** shall mean each of them, individually;
- 1.17 **"Permits"** means all consents, licences, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory under Applicable Law;



- 1.18 "**Person**" means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;
- 1.19 "**Record Date**" means the date to be fixed by the Board of Directors or a committee thereof, if any, of the Demerged Company and Resulting Company for the purpose of determining the members of the Demerged Company to whom New Equity Shares will be allotted pursuant to the Scheme;
- 1.20 "**Remaining Business**" means all the business, assets and liabilities of the Demerged Company other than those forming part of the Demerged Undertaking, and includes the Retail Business;
- 1.21 "**RoC**" means the relevant Registrar of Companies having jurisdiction over the Parties, as the case may be;
- 1.22 "**Scheme**" or "**this Scheme**" means this scheme of arrangement in its present form or with any modification(s) made under Clause 24 of this Scheme as approved or directed by the Appropriate Authority;
- 1.23 "**SEBI**" means the Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992;
- 1.24 "**SEBI Circular**" shall mean the circular issued by the SEBI, being Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, and any amendments thereof, modifications issued pursuant to Regulations 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended;
- 1.25 "**Stock Exchanges**" means BSE Limited and the National Stock Exchange of India Limited, collectively and Stock Exchange shall mean each of them individually;
- 1.26 "**Taxation**" or "**Tax**" or "**Taxes**" means all forms of taxes and statutory, governmental, state, provincial, international, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Demerged Company or the Resulting Company or any other Person and all penalties, charges, costs and interest relating thereto;



- 1.27 "Transferring Employees" means (i) all the employees of the Demerged Undertaking, i.e., Distribution Business as on the Effective Date and (ii) such other employees as identified by the Demerged Company as on the Effective Date.

2. INTERPRETATION

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996 or other Applicable Laws, rules, regulations, bye-laws, as the case may be, or any statutory modification or re-enactment thereof from time to time.

In this Scheme, unless the context otherwise requires:

- words denoting singular shall include plural and vice-versa;
- headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- references to the word "include" or "including" shall be construed without limitation;
- a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- unless otherwise defined, the reference to the word "days" shall mean calendar days;
- references to dates and times shall be construed to be references to Indian dates and times;
- reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
- reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder; and word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them.

3. DATE OF TAKING EFFECT

The Scheme in its present form or with any modification(s) approved or directed by the NCLT or any amendment(s) made under Clause 24 of this Scheme shall be deemed to be effective from the Appointed Date but shall be operative from the Effective Date.



4. SHARE CAPITAL

- 4.1 The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on September 22, 2023 is as under:

Share Capital	Amount (in INR)
Authorised Share Capital	
6,00,00,000 Equity Shares of INR 10/- each	60,00,00,000
TOTAL	60,00,00,000
Issued, Subscribed and Paid-up Share Capital	
1,79,69,614 Equity Shares of INR 10/- each fully paid up	17,96,96,140
TOTAL	17,96,96,140

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

- 4.2 The authorised, issued, subscribed and paid-up share capital of the Resulting Company as on September 22, 2023 is as under:

Share Capital	Amount (in INR)
Authorised Share Capital	
1,50,000 Equity Shares of INR 10/- each	15,00,000
TOTAL	15,00,000
Issued, Subscribed and Paid-up Share Capital	
10,000 Equity Shares of INR 10/- each fully paid up	1,00,000
TOTAL	1,00,000

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid-up capital of the Resulting Company until the date of approval of the Scheme by the Board of the Resulting Company

- 4.3 The Demerged Company may, from time to time, in accordance with the Act, rules and regulations framed by the SEBI including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other Applicable Laws, issue securities to any persons (including by way of a rights issue, preferential allotment or bonus issue).



PART B

TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING INTO THE RESULTING COMPANY

5. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

- 5.1 Upon the Scheme becoming effective, with effect from the opening of business hours of the Appointed Date, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act, the whole of the Demerged Undertaking of the Demerged Company shall stand transferred and vested in the Resulting Company on a going concern basis and all assets, liabilities, contracts, arrangements, employees, permits, licenses, records, no objection certificates, approvals, credentials, litigations, etc. of the Demerged Undertaking shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company, so as to become as and from the Appointed Date, the assets, liabilities, contracts, arrangements, employees, Permits, licenses, records, approvals, etc. of the Resulting Company by virtue of, and in the manner provided in this Scheme.
- 5.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein:
- 5.2.1 Upon the Scheme becoming effective, with effect from the Appointed Date, with respect to the assets of the Demerged Undertaking that are movable in nature or are otherwise capable of being transferred by manual delivery or endorsement and/or delivery, the same may be so transferred by the Demerged Company by operation of law without any further act or execution of an instrument with the intent of vesting such assets with the Resulting Company
- 5.2.2 Upon the Scheme becoming effective, with effect from the Appointed Date, with respect to the assets of the Demerged Undertaking, other than those referred to in Clause 5.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), contracts, deeds, arrangements, investment in shares, fixed deposits, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, earnest moneys and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Demerged Company, shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company, by way of delivery of the respective documents in this regard in favour of the Resulting Company. It is clarified that all agreements with customer, agreements with SEBI, agreement with banks/funds/vendor agreements, software, trademarks or third party licenses, statutory and regulatory



permissions, environmental approvals and consents, registrations or other licenses and power of attorneys in relation to the Demerged Undertaking would get transferred to and vested in the Resulting Company, with effect from the Appointed Date by operation of law, as the case may be, in favour of the Resulting Company and shall have been deemed to have been entered into by the Resulting Company with such respective parties.

- 5.2.3 Upon the Scheme becoming effective, with effect from the Appointed Date, without prejudice to the aforesaid, all the immovable property whether or not included in the books of the Demerged Company pertaining to the Demerged Undertaking, whether freehold or leasehold (including but not limited to any other document of title, rights, interest and easements in relation thereto, and any shares in cooperative housing societies associated with such immovable property) shall stand transferred to and be vested in the Resulting Company, without any act or deed to be done or executed by the Demerged Company and/or the Resulting Company. The Resulting Company shall be entitled to and shall exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective and with effect from the Appointed date, be made and duly recorded in the name of the Resulting Company by the Appropriate Authorities, pursuant to the sanction of this Scheme by the NCLT in accordance with the terms hereof.
- 5.2.4 Upon the Scheme becoming effective, with effect from the Appointed Date, all debts, liabilities, duties and obligations (debentures, bonds, notes and other debt securities), bank guarantees, performance guarantees, corporate guarantees, letters of credit including contingent liabilities of the Demerged Company in relation to and pertaining to the Demerged Undertaking shall, without any further act, instrument or deed or wherever required after following the due process prescribed by lenders/ Persons, be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Resulting Company, so as to become, the debts, liabilities, duties and obligations (debentures, bonds, notes and other debt securities), bank guarantees, performance guarantees, corporate guarantees, letters of credit including contingent liabilities of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 5.
- 5.2.5 Upon the Scheme becoming effective, with effect from the Appointed Date, all benefits, incentives, losses, credits (including, without limitation Income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, goods and services tax, applicable state value added tax etc.) to which the



Demerged Undertaking of the Demerged Company is entitled to in terms of Applicable Laws shall be available to and vest in the Resulting Company.

- 5.2.6 The vesting of the Demerged Undertaking, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, in respect of any financing, borrowings and/or debts pertaining to the Demerged Undertaking which shall be transferred to the Resulting Company, provided however that such Encumbrances shall be confined only to the relevant assets of the Demerged Undertaking or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of the Resulting Company. Any reference in any security documents or arrangements (to which the Demerged Company is a party) related to any assets of the Demerged Undertaking shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Resulting Company. Similarly, the Resulting Company shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of/to be availed of by it, and the Encumbrances in respect of such indebtedness of the Resulting Company shall not automatically extend or be deemed to extend or apply to the assets so vested.
- 5.2.7 Upon the Scheme becoming effective, with effect from the Appointed Date, the work experience, qualifications, capabilities, legacies and track record with Government / Non-Government agencies / bodies, contracts with clients and with vendors (including technical parameters, past performance, track record, financials, etc.) of the Demerged Company acquired by reason of the completion of various projects and works pertaining to the Demerged Undertaking shall be deemed to be part of and belonging to the Resulting Company and shall for all purposes be regarded as the work experience, credentials and qualification, capabilities and legacies (including technical parameters, past performance, track record, financials etc.) of the Resulting Company.
- 5.2.8 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company pertaining to the Demerged Undertaking, if any, has been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Undertaking in the name of the Demerged Company and for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company and pertaining to the Demerged Undertaking after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.



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

6. PERMITS

6.1 Upon the Scheme becoming effective, with effect from the Appointed Date, all the Permits, estates, assets, title, interests and authorities held or availed of by, and all rights and benefits that have accrued to, the Demerged Company pertaining to the Demerged Undertaking, pursuant to the provisions of Sections 230 to 232 of the Act, shall be transferred to and vested in the Resulting Company and the concerned grantors of such Permits shall endorse where necessary, and record the Resulting Company on such Permits so as to empower and facilitate the approval and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations pertaining to the Demerged Undertaking in the Resulting Company without any hindrance, and shall stand transferred to and vested in or be deemed to have been transferred to, and vested in, and be available to, the Resulting Company so as to become as and from the Appointed Date, the Permits, estates, assets, rights, title, interests and authorities of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Laws.

6.2 Upon the Scheme becoming effective, with effect from the Appointed Date, and until the license and/or permit and/or approval are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favour of the Resulting Company, the Resulting Company is authorized to carry on business in the name and style of the Demerged Company, and under the relevant license and/or permit and/or approval, as the case may be, and the Resulting Company shall keep a record and/or account of such transactions.

7. CONTRACTS, DEEDS, APPROVALS, EXEMPTIONS, ETC.

7.1 Subject to the other provisions of the Scheme, all contracts, guarantees, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date shall remain in full force and effect against or in favour of the Resulting Company and shall be binding on and be enforceable by and against the Resulting Company as fully and



effectually as if the Resulting Company had at all material times been a party or beneficiary or obligee thereto. The Resulting Company will, if required, enter into a novation agreement, sub-contracting agreement, deeds, writings, or confirmations in relation to such contracts, deeds, bonds, agreements, arrangements, and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/ recognized by the Appropriate Authorities.

- 7.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking of the Demerged Company occurs by virtue of this Scheme, the Demerged Company and/or the Resulting Company may, at any time in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. 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, to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company pertaining to Demerged Undertaking.
- 7.3 On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes, where the Demerged Company is a party, in relation to or in connection with the Demerged Undertaking, in the name of the Resulting Company in so far as may be necessary until the transfer of rights and obligations of the Demerged Undertaking to the Resulting Company under this Scheme have been given effect to under such contracts and transactions.
- 7.4 In an event where any contracts, agreements, arrangements, and other instruments of whatsoever nature pertaining to the Demerged Undertaking are not transferrable for any reasons, the Demerged Company shall sub-contract such contracts to the Resulting Company by entering into applicable agreements/ deeds as per the Applicable Law. In such cases, the Resulting Company, if required shall indemnify the Demerged Company for any risks or loss or reward associated with such contracts sub-contracted. Further, if any contracts, agreements, arrangements and other instruments of whatsoever nature pertaining to the Demerged Undertaking are not transferrable for any reasons and cannot be sub-contracted to the Resulting Company then, the Resulting Company shall allow the Demerged Company the right to use such performance qualifications, technical experience and credentials, if required, which will be transferred to the Resulting Company pursuant to this Scheme to complete/ implement only such contracts, agreements, arrangements.



8. LEGAL PROCEEDINGS

- 8.1 Upon the coming into effect of this Scheme, proceedings by or against the Demerged Undertaking pending and/or arising on or before the Effective date or which may be instituted at any time thereafter shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.
- 8.2 The Resulting Company: (a) shall be replaced/added as party to such proceedings relating to the Demerged Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the Demerged Company shall consequently stand nullified.
- 8.3 It is clarified that except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Demerged Undertaking that stand transferred to the Resulting Company.

9. STAFF & EMPLOYEES

- 9.1 On the Scheme becoming effective, all the Transferring Employees shall be deemed to have become employees of the Resulting Company with effect from the Appointed Date, without any interruption in service, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company undertakes to continue to abide by any agreement/settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid Transferring Employees or union representing them. The Resulting Company agrees that the services of all such Transferring Employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said Transferring Employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral / terminal benefits.
- 9.2 The accumulated balances, if any, standing to the credit of such Transferring Employees in the existing provident fund, gratuity fund, superannuation fund or any other special fund / trusts relating to retiral benefits [collectively referred to as the "Fund(s)"] of which they are members will be transferred to such similar Funds nominated by the Resulting Company and/ or such new Funds to be established by the Resulting Company in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities. Pending the transfer as aforesaid, the Fund dues of the said employees would be continued to be deposited in the existing Funds of the Demerged Company. It is clarified that the



services of the Employees forming part of the Demerged Undertaking will be treated as having been continuous for the purpose of the said Funds.

9.3 The decision on whether or not Transferring Employee is part of the Demerged Undertaking shall be decided by the Demerged Company and shall be final and binding on all concerned.

9.4 **Employee stock options:**

9.4.1 Upon coming into effect of the scheme and in consideration for the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company, the Board of the Demerged Company shall decide the manner in which difference in the intrinsic value created pursuant to the demerger of the Distribution Business is to be compensated to the ESOPs holders of the Demerged Company.

9.4.2 The Board of the Demerged company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of clause 9.4.1, if required. Approval granted to the Scheme by the shareholders of the Demerged Company shall also be deemed to be approval granted to any modifications made to the ESOP Plans of the Demerged Company.

10. OTHER ENTITLEMENTS

10.1 All cheques and other negotiable instruments, payment orders received in the name of Demerged Company in relation to the Demerged Undertaking after the Effective Date shall be accepted by the bankers of Resulting Company and credited to the account of Resulting Company. Similarly, the bankers of Resulting Company shall honour cheques issued by Demerged Company in relation to the Demerged Undertaking for payment after the Effective Date.

10.2 Upon the coming into effect of this Scheme the resolutions, if any, of Demerged Company in relation to the Demerged Undertaking which are valid and subsisting on the Effective Date shall continue to be valid and subsisting and be considered as resolutions of Resulting Company.

11. CONSIDERATION

11.1 Upon the Scheme becoming effective and in consideration of and subject to the provisions of the Scheme, the Resulting Company shall without any application or deed, issue and allot 1,79,69,614 New Equity Shares of face value of INR 10/- each, credited as fully paid up, to the extent indicated below, to the equity shareholders holding fully paid up equity shares of the Demerged Company and whose name appear in the register of members of the Demerged Company as on the Record Date or to such of their



respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Demerged Company in the following proportion, subject to the Clause 11.5 and Clause 11.6 of the Scheme:

"1 (One) equity share of the face value of INR 10/- each fully paid-up of the Resulting Company shall be issued and allotted for every 1 (One) equity share of face value INR 10/- each fully paid up held by equity shareholders of the Demerged Company. ("Share Entitlement Ratio")

- 11.2 The fractional entitlements, if any shall be aggregated and held by the trust nominated by the Board of Directors of the Resulting Company in this behalf, who shall sell such shares in the market at such price, within a period of ninety (90) days from the date of allotment of shares, as per the Scheme and on such sale, shall pay to the Resulting company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements so sold by the trustee.
- 11.3 The New Equity Shares to be issued to the shareholders of the Demerged Company as above shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Resulting Company. Further, the New Equity Shares issued shall rank pari passu with the existing equity shares of the Resulting Company in all respects including dividends, if any that may be declared by the Resulting Company on or after the Scheme becoming effective, as the case may be.
- 11.4 The issue and allotment of the New Equity Shares to the shareholders of the Demerged Company as provided in Clause 11 of this Scheme, is an integral part of the Scheme, and shall be deemed to be carried out without requiring any further act on the part of the Resulting Company or its shareholders as if the procedure laid down under Section 62 of the Act and any other applicable provisions of the Act, were duly complied with.
- 11.5 The New Equity Shares to be issued and allotted by the Resulting Company to the shareholders of the Demerged Company shall be issued in dematerialized form. All the shareholders who hold shares of the Demerged Company in physical form shall receive the equity shares, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Demerged Company and/or its Registrar and Transfer Agent on or before the Record Date. If the Resulting Company has not received the demat account details of such shareholders of the Demerged Company, the Resulting Company shall issue and allot such shares in lieu of the new equity share entitlement of such shareholders, into a Demat Suspense account, which shall be operated by one of the directors of the Resulting Company, duly authorised in this regard, who shall upon receipt of appropriate evidence from such shareholders regarding their entitlements, will transfer from such Demat Suspense account



into the individual demat account of such claimant shareholders, such number of shares as may be required in terms of this Scheme.

11.6 Reorganisation of Authorised Share Capital of Demerged and Resulting Company

11.6.1 Upon this Scheme becoming effective, with effect from the Appointed Date, the authorised share capital of the Demerged Company in terms of its Memorandum of Association and Articles of Association shall stand reduced by 2,00,00,000 equity shares of INR 10/- each which shall be transferred to and form part of the authorised share capital of the Resulting Company, without any further act or deed and simultaneously, the authorised share capital of the Resulting Company shall stand increased in accordance with the provisions of section 61 of the Act as follows:

Authorised Share Capital	Amount (in INR)
2,00,00,000 Equity Shares of INR 10/- each	20,00,00,000

11.6.2 It is hereby clarified that under the accepted principle of single widow clearance, the consent of the shareholders of the Demerged Company and the Resulting Company to this Scheme shall be sufficient for the purposes of effecting the aforesaid amendments in the Memorandum of Association of the Demerged Company and the Resulting Company and that no further resolutions, whether under the applicable provisions of the Act or under the Articles of Association, shall be required to be separately passed.

11.6.3 The fees and the stamp duty if any, paid by the Demerged Company on its authorised share capital shall be set off against any fee payable by the Resulting Company on increase in its authorised capital, subsequent to the demerger and balance fees, if any, shall be duly paid upon the sanctioning of the Scheme. The Demerged Company and the Resulting Company shall file with the jurisdictional RoC, all requisite forms and complete the requirements under the Act, if any.

11.7 In the event that the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share entitlement ratio shall be adjusted accordingly to take into account the effect of any such corporate actions.

11.8 The New Equity Shares to be issued by the Resulting Company pursuant to clause 11.1 of the Scheme in respect of such equity shares of the Demerged Company, the allotment or transfer of which is held in abeyance under Applicable Law shall, pending allotment or settlement of dispute by order of the appropriate court or otherwise, also be kept in abeyance in like manner by the Resulting Company.



12. REDUCTION AND CANCELLATION OF THE EXISTING EQUITY SHARE CAPITAL OF THE RESULTING COMPANY

- 12.1 Upon the Scheme becoming effective, the existing paid up equity share capital of the Resulting Company comprising of 10,000 equity shares of INR 10/- each aggregating to INR 1,00,000/- (Rupees One Lakh Only) ("Resulting Company Cancelled Shares") shall stand reduced and cancelled pursuant to Section 66 and other applicable provisions of the Act.
- 12.2 The aforesaid capital reduction of the paid up equity share capital of the Resulting Company shall have no effect on the authorised share capital of the Resulting Company.
- 12.3 The reduction of the paid up equity share capital of the Resulting Company shall be effected as an integral part of this Scheme itself, without having to follow the process under Sections 66 of the Act separately and the order of the Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction. Further, it is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the reduction of the share capital of the Resulting Company under applicable provisions of the Act.
- 12.4 On effecting the reduction of the share capital as stated in Clause 12.1 above, the share certificates, if any, in respect of the Resulting Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.
- 12.5 On the Effective Date, the Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares and credit capital reserve for the same amount.
- 12.6 Pursuant to the capital reduction, there shall be no outflow of or payout of any funds from the Resulting Company and hence, the interest of the shareholders/ creditors shall not be affected. Further this capital reduction shall not, in any way, result into extinguishment of any liability or diminution of any liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital.
- 12.7 The said capital reduction shall not have any adverse impact on the operations of the Resulting Company or the ability of the Resulting Company to honour its commitment or to pay its debts in the ordinary course of business. Further, the said capital reduction does not in any manner alter, vary or affect the payment of any dues or outstanding amounts including all or any of the statutory dues payable or outstanding.



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

13. LISTING OF THE RESULTING COMPANY

13.1 Resulting Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The equity shares allotted by the Resulting Company in terms of Clause 11 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated stock exchange.

13.2 Further, there shall be no change in the shareholding pattern of or control in the Resulting Company between the Record Date and the listing of the New Equity Shares, which may affect the status of approval of the Stock Exchanges, other than as provided in the Scheme.

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

14. ACCOUNTING TREATMENT

14.1 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, and Generally Accepted Accounting Principles in India as amended from time to time including as provided herein below:

Accounting treatment in the books of the Demerged Company:

14.1.1 Upon the Scheme becoming effective, with effect from the appointed date, the respective carrying value of assets, liabilities and identified reserves pertaining to the Demerged Undertaking, transferred shall be reduced from the books of accounts of Demerged Company.

14.1.2 The Demerged Company shall derecognise the carrying amount of investments, if any, in the Resulting Company pursuant to the Scheme.

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

14.1.4 The excess/deficit if any, of the net assets transferred to the Resulting Company pursuant to Clause 14.1.1 after giving effect to investment cancellation as mentioned in Clause 14.1.2 and effect to



elimination of balances as mentioned in Clause 14.1.3, shall be adjusted with the Capital Reserve, General Reserve and Retained Earnings of the Demerged Company.

Accounting treatment in the books of the Resulting Company:

- 14.1.5 The Resulting Company shall record the assets, liabilities and identified reserves pertaining to the Demerged Undertaking, transferred to and vested in it at their respective carrying values as appearing in the books of the Demerged Company.
- 14.1.6 Loans and advances, receivables, payables and other dues outstanding between the Demerged Company and the Resulting Company relating to the Demerged Undertaking will stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 14.1.7 The Resulting Company shall credit to its share capital in its books of accounts the aggregate face value of equity shares issued by it to the shareholders of the Demerged Company pursuant to Clause 11 of this Scheme.
- 14.1.8 The excess/deficit if any, of the net assets transferred to the Resulting Company pursuant to Clause 14.1.5 after giving effect to Clause 14.1.6 and Clause 14.1.7, shall be transferred to the Capital Reserve of the Resulting Company.
- 14.1.9 In case of any difference in accounting policy between the Demerged Company and the Resulting Company, the accounting policies followed by the Resulting Company shall prevail and the difference shall be adjusted appropriately as per the applicable Ind-AS.
- 14.1.10 The Resulting Company's share capital cancelled pursuant to Clause 12 shall be credited to the Capital Reserve account.
- 14.1.11 On the Effective Date, the financial information in the financial statements in respect of prior periods will be restated as if the demerger had occurred from the beginning of the preceding period or the date of incorporation of the Resulting Company, whichever is later, irrespective of the actual date of the combination.

15. TAXES/ DUTIES / CESS ETC.

- 15.1 Upon the Scheme becoming effective, all taxes (including income tax, sales tax, service tax, goods and service tax, etc.) paid or payable by Demerged Company, in respect of the operations and / or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of Demerged Company, save and except otherwise, the same shall continue to be on account of Demerged Company even after



the Effective Date until the time required for giving effect to Scheme which shall include filing of necessary forms, communication to vendors, customers and other stakeholders, opening of Bank accounts, and necessary changes as per GST laws, Income Tax, Customs etc. Further, Demerged Company and Resulting Company shall jointly and severally be liable to pay tax, interest or any penalty due from the Demerged Company up to the time of transfer of Demerged Undertaking in compliance with the relevant provisions of the Central Goods and Services Act, 2017.

- 15.2 For taxes paid or payable (including, without limitation, sales tax, income tax, service tax, goods and service tax etc.), whether by way of deduction or collection at source, advance tax or otherwise howsoever, by 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 or payable by the Resulting Company, and shall, in all proceedings, be dealt with accordingly.
- 15.3 Without prejudice to the generality of the foregoing, on and from the Appointed Date, if any certificate for tax deducted or collected at source or any other tax credit certificate relating to the Demerged Undertaking is received in the name of Demerged Company, or tax credit relating to the Demerged Undertaking is appearing in Form 26AS of the Demerged Company, it shall be deemed to have been received by and in the name of the Resulting Company which alone shall be entitled to claim credit for such tax deducted or paid.
- 15.4 The unutilized credits relating to excise duties, sales tax, service tax, VAT, GST or any other Taxes by whatever name called as applicable which remain unutilized in the electronic ledger of the Demerged Company pertaining to the Demerged Undertaking shall be transferred to and vest in the Resulting Company upon filing of requisite forms in consonance with and in compliance of relevant provisions of respective enactments.
- 15.5 Upon Scheme becoming effective, the Demerged Company and the Resulting Company are expressly permitted to revise and file their respective financial statements and income tax returns along with prescribed forms, filings and annexures under the Income-Tax Act, 1961 and other statutory returns, including but not limited to income tax return, tax deducted/collected at source returns, service tax returns, excise tax returns, sales tax/VAT/GST returns, as may be applicable for the period commencing on and from the Appointed Date to give effect to the demerger and transfer of the Demerged Undertaking from the Demerged Company to the Resulting Company and any matters connected therewith, and to claim all refunds, credits, etc., pertaining to the Demerged Undertaking, pursuant to the provisions of this Scheme without any further act, deed or instrument or consent or approval of any third party.



- 15.6 Benefit of all accumulated tax losses including brought forward business loss, unabsorbed depreciation, etc., pertaining to the Demerged Undertaking as on and up to the Appointed Date, shall be available to Resulting Company in terms of Section 72A of Income Tax Act. Where such loss or unabsorbed depreciation is not directly relatable to the Demerged Undertaking transferred to the Resulting Company, it shall be apportioned between the Demerged Company and Resulting Company in accordance with the provisions of Income Tax Act. It is expressly clarified that all the accumulated losses and unabsorbed depreciation as are transferred, shall be eligible to be carried forward and set off in the hands of the Resulting Company.
- 15.7 Income tax benefits and exemptions, all tax holidays, rebates, indirect tax benefits and exemptions (including benefits, entitlements, incentives, exemptions, subsidies, refunds, customs, excise, service tax, VAT, sales tax, goods and services tax, as applicable), in connection with or relating to the Demerged Undertaking whether on, before or after the Appointed Date, if any, shall, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same be and stand vested in and/or be deemed to be vested in Resulting Company as a part of the transfer of the Demerged Undertaking as a going concern, so as to become, as and from the Appointed Date, the income tax benefits and exemptions, tax holidays, rebates, indirect tax benefits and exemptions (including benefits, entitlements, incentives, exemptions, subsidies, refunds, customs, excise, service tax, VAT, sales tax, goods and services tax, as applicable), other rights, benefits and liabilities related thereto, of Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions. It is further clarified that they shall be deemed to have originally been given by, issued to or executed in favour of Resulting Company, and Resulting Company shall be bound by the terms thereof and the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company.
- 15.8 Upon the coming into effect of this Scheme, tax assessment proceedings/ appeals by or against the Demerged Undertaking pending and/or arising on or before the Appointed date or which may be instituted at any time thereafter shall be continued and enforced by or against the Resulting Company relating in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. All tax proceedings of whatsoever nature (including any suits, appeals, arbitrations, execution proceedings, revisions, writ petitions, if any), whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against, pertaining to the Demerged Undertaking, shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer and vesting of the Demerged Undertaking or anything contained in this Scheme.



- 15.9 All the expenses incurred by Demerged Company and the Resulting Company in relation to the Scheme, including stamp duty expenses, if any, shall be allowed as deduction to Demerged Company and the Resulting Company in accordance with the Section 35DD of the Income Tax Act over a period of five years beginning with the previous year in which the Scheme becomes effective.
- 15.10 The Board of Directors of the Demerged Company shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Demerged Undertaking and therefore is required to be transferred to the Resulting Company.

16. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Demerged Undertaking into the Resulting Company as above and the continuance of proceedings by or against the Resulting Company shall not affect any transaction or proceedings already concluded on and 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, in respect thereto as done and executed on behalf of the Resulting Company.

PART C

GENERAL TERMS AND CONDITIONS

17. REMAINING BUSINESS

- 17.1 The Remaining Business shall continue to belong to and be vested in and be managed by the Demerged Company.
- 17.2 All legal, Taxation and/or other proceedings by or against the Demerged Company under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced against the Demerged Company. The Resulting Company shall in no event be responsible or liable in relation to any such legal, Taxation and/or other proceedings in relation to the Remaining Business.
- 17.3 If proceedings are taken against the Resulting Company in respect to the Remaining Business, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company, against all liabilities and obligations incurred by the Resulting Company in respect thereof.



18. DIVIDENDS

18.1 During the pendency of the Scheme, the Parties shall be entitled to declare and pay dividends, to their respective shareholders in consistent with the past practice or in ordinary course of business, whether interim or final. Any other dividend shall be recommended/declared only by the mutual consent of the concerned Parties.

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

19. CONDUCT OF BUSINESS/ TRANSACTIONS UPTO THE EFFECTIVE DATE BY THE DEMERGED COMPANY

From the earlier of the: (i) Scheme being approved by the respective Board of Directors of the Demerged Company and the Resulting Company; and (ii) Appointed Date and up to and including the Effective Date:

19.1 The Demerged Company (with respect to the Demerged Undertaking) shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for the Resulting Company.

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

19.2.1 when the same is expressly provided in this Scheme; or

19.2.2 when the same is in the ordinary course of business as carried on, as on the date of filing of this Scheme in the NCLT; or

19.2.3 when written consent of the Resulting Company has been obtained in this regard.



- 19.3 The Demerged Company with respect to Demerged Undertaking shall not alter or substantially expand its business, or undertake, except with the written concurrence of the Resulting Company: (i) any material decision in relation to its business and affairs and operations other than that in the ordinary course of business; (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); (iii) any new business, or discontinue any existing business or change the capacity of facilities other than that in the ordinary course of business; and (iv) any material amendment to contracts with customers or vendors of the Demerged Undertaking.
- 19.4 The Demerged Company with respect to Demerged Undertaking shall not vary the terms and conditions of employment of any of its Transferring Employees, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken, except with the written concurrence of the Resulting Company.
- 19.5 The Demerged Company and/or the Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to carry on the business of the Demerged Company with respect to the Demerged Undertaking and to give effect to the Scheme.
- 19.6 With effect from the Appointed Date, all profits or income arising or accruing to the Demerged Company with respect to the Demerged Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by the Demerged Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, of the Resulting Company.
- 19.7 All loans raised and all liabilities and obligations incurred by the Demerged Company with respect to the Demerged Undertaking 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 deemed to become the debts, liabilities, duties and obligations of the Resulting Company.
- 19.8 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the NCLT, the Resulting Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Demerged Undertaking, in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and



facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Sections 230 to 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company pursuant to the sanction of the Scheme by the NCLT and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Demerged Companies as the case may be. 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.

20. ADDITIONAL ARRANGEMENTS

With effect from the Effective Date, the Resulting Company and the Demerged Company may enter into a separate arrangement in relation to the licensing of brands and trademarks, patents, copyrights, other intellectual property rights which forms part of the Remaining Business (for the avoidance of doubt, including brands and trademarks, patents, copyrights, other intellectual property rights jointly used by Retail Business and Distribution Business) from the Demerged Company to the Resulting Company and the use of the assets and properties of the Remaining Business belonging to the Demerged Company, which are required for the operation of the Distribution Business, by the Resulting Company, for such period and on such terms as may be mutually determined by the Companies.

21. FACILITATION PROVISIONS

21.1 Immediately upon the Scheme being effective, the Demerged Company and the Resulting Company shall enter into necessary arrangements including brand licensing agreements, sub-contracting agreements, sub-licensing agreements and shared services agreements, as may be necessary, inter alia in relation to use by the Resulting Company of brands, office space, infrastructure facilities, information technology services, employee/ staff, tax, audit, finance, secretarial, human resource service, security personnel, legal, administrative and other services, etc. of the Demerged Company, and so as to give full effect to the provisions of this Scheme, each, on such terms and conditions that may be agreed between the Parties and on payment of consideration on an arm's length basis and which are in the ordinary course of business.



- 21.2 It is clarified that approval of the Scheme by the shareholders of the Demerged and Resulting Company under Sections 230 to 232 of the Act shall be deemed to have their approval under, Section 188 and other applicable provisions of the Act and Regulation 23 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that no separate approval of the Board and/or Audit Committee or shareholders shall be required to be sought by the Parties.

22. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, until any property, asset, license, approval, permission, contract, agreement and rights are transferred, vested, recorded, effected and/or perfected, in the records of the Appropriate Authority(ies), regulatory bodies or otherwise, in favour of the Resulting Company, the Resulting Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authority(ies) and till such time as may be mutually agreed by the Demerged Company and the Resulting Company, the Demerged Company will continue to hold the property, asset, license, approval, permission, contract, agreement, and rights as the case may be in trust on behalf of the Resulting Company. It is further clarified that on the Effective Date, notwithstanding the Scheme being made effective, any asset/liability identified as part of the Demerged Undertaking and pending transfer due to the pendency of any approval/consent and/or sanction shall be held in trust by the Demerged Company for the Resulting Company. Immediately upon receipt of such approval/consent and/or sanction such asset and/or liability forming part of the Demerged Undertaking shall without any further act/deed or consideration be transferred/vested in the Resulting Company, with all such benefits, obligations and rights with effect from the Effective Date. All costs, payments and other liabilities that the Demerged Company shall be required to bear to give effect to this Clause 22 shall be borne solely by the Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

23. APPLICATIONS / PETITIONS TO THE NCLT

- 23.1 The Parties shall make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, under whose jurisdiction, the registered offices of the respective Parties are situated, for sanction of this Scheme under the provisions of Applicable Law, and shall apply for such approvals as may be required under Applicable Law.



- 23.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Demerged Company and the Resulting Company may require to own the assets and/or liabilities of the Demerged Undertaking and to carry on the business of the Demerged Undertaking.

24. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 24.1 On behalf of the Demerged Company and Resulting Company, the Board of the respective companies acting themselves or through authorized persons or through sub-committee of the Board, may consent jointly but not individually, on behalf of all person concerned, to any modifications or amendments of this Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e. the Board of Directors of the Demerged Company and Resulting Company) and solve all difficulties that may arise for carrying out this Scheme and do all acts, deeds and things necessary for putting this Scheme into effect.

- 24.2 For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of the Demerged Company and Resulting Company acting themselves or through authorized persons or through sub-committee of the Board may jointly but not individually give and are jointly authorized to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

- 24.3 The Parties, acting through their respective Boards or through persons authorized by their respective Boards or through sub-committee of the Board in their full and absolute discretion, may withdraw this Scheme or any part of the Scheme prior to the Scheme becoming effective at any time.

25. CONDITIONALITY OF THE SCHEME / CONDITIONS PRECEDENT

- 25.1 Unless otherwise decided (or waived) by the relevant Parties, this Scheme is conditional upon and subject to the following:

- 25.1.1 Obtaining no-objection from the Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (as amended from time to time);

- 25.1.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective shareholders and/or creditors, if required, of the Parties, as may be directed by the NCLT or any other Appropriate Authority as may be applicable;



- 25.1.3 The sanction of this Scheme by the NCLT under Sections 230 to 232 of the Act, and other applicable provisions, if any of the Act in favour of the Parties;
- 25.1.4 The certified copy of the order of the NCLT sanctioning the Scheme being filed with the RoC by the Parties as may be applicable; and
- 25.1.5 Any other sanctions and orders as may be directed by the NCLT in respect of the Scheme.
- 25.2 On the approval of this Scheme by the shareholders of the Demerged Company and the Resulting Company and such other classes of Persons of the said Parties, if any, pursuant to Clause 25.1, such shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the Scheme and related matters.

26. EFFECT OF NON-RECEIPT OF APPROVALS

- 26.1 The Parties acting through their respective Boards shall each be at liberty to withdraw this Scheme: (a) in case any condition or alteration imposed by any Appropriate Authority is unacceptable to any of them; or (b) they are of the view that coming into effect of this Scheme could have adverse implications on the respective Parties.
- 26.2 In the event of revocation/withdrawal under Clause 26.1 above, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Parties or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.
- 26.3 If any parts and/or provisions of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Parties through their respective Boards, affect the validity or implementation of the other parts and/or provisions of this Scheme.

27. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Parties, in relation to carrying out, implementing and completing the terms and provisions of the Scheme and/ or incidental to the completion of the Scheme shall be borne as mutually agreed by Board of Directors of the Parties.

