

## **SCHEME OF ARRANGEMENT**

**(UNDER SECTION 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES THEREUNDER)**

**BETWEEN**

**YASHAM SPECIALITY INGREDIENTS PRIVATE LIMITED  
("DEMERGED COMPANY")**

**AND**

**YASHAM P2D LIFE SCIENCES PRIVATE LIMITED  
("RESULTING COMPANY")**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

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### **A. PREAMBLE**

1. This Scheme (as defined hereinafter), is presented under sections 230 to 232 and other applicable provisions of the Companies Act, 2013, rules and regulations including any statutory modifications or re-enactments made thereunder and amendments thereof, for demerger of Demerged Undertaking (as defined hereinafter) of Yasham Speciality Ingredients Private Limited ('Demerged Company') into Yasham P2D Life Sciences Private Limited ('Resulting Company').
2. The Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

### **B. DESCRIPTION OF THE COMPANIES**

1. Yasham Speciality Ingredients Private Limited (the "**Demerged Company**" or "**YSIPL**"), is a private limited company, incorporated under the provisions of the Companies Act, 1956 on 07<sup>th</sup> January, 1997 under the Corporate Identification Number: U51100MH1997PTC104919 and having its registered office at 401, Satyadev, Plot No. A-6, Veera Industrial Estate, Off. Veera Desai Road, Andheri (W), Mumbai, Maharashtra - 400053 The Demerged Company was originally incorporated in the name of Yasham Importers and Exporters Private Limited. Pursuant to fresh certificate of incorporation issued by the Registrar of Companies, Mumbai on 15<sup>th</sup> May, 2013 the name of the Company was changed to Yasham Speciality Ingredients Private Limited. The Demerged Company presently has two business divisions:
  - (i) Speciality Chemical Division – This division is engaged in trading, importing, exporting and indenting commission agency in variety of speciality chemicals and ingredients mainly used in pharmaceuticals, cosmetics and

- agricultural industries; and
- (ii) Leasing Business Division – This division is engaged in leasing of immovable properties.
2. Yasham P2D Life Sciences Private Limited (the “**Resulting Company**” or “**YP2D**”), is a private limited company, incorporated under the provisions of the Companies Act, 1956 on 12<sup>th</sup> April, 2012 under the Corporate Identification Number: U73100MH2012PTC229531 and having its registered office at 401, Satyadev, Plot No. A-6, Veera Industrial Estate, Off. Veera Desai Road, Andheri (W), Mumbai, Maharashtra - 400053. The Resulting Company is engaged in the business of providing technical consultancy, clinical research to address products required for specific applications in dermal care range, Herbal ingredients, homeopathic, psoriasis infection, stress hormones, Filagrinol as moisturizer, horticulture, floriculture, genetics, medicinal plants, life sciences, products, tablets, powders, pastes, solutions, ointments, tonics, serum, cosmetics and raw materials of all kinds and nature in India and abroad.

### **C. RATIONALE OF THE SCHEME**

The Demerged Company is engaged in the business of trading, importing, exporting and indenting commission agency in variety of speciality chemicals and ingredients mainly used in pharmaceuticals, cosmetics and agricultural industries (i.e., Speciality Chemical Division) and leasing of immovable properties (i.e., Leasing Business Division).

The proposed segregation of non-core business activities i.e., Leasing Business Division of the Demerged Company by way of demerger into the Resulting Company would result in the following benefits:

- (i) The proposed demerger will ensure better and more efficient management and control of the businesses by the management of the respective Companies;
- (ii) The segregation will facilitate the Leasing Business Division to efficiently exploit its growth potential and generate higher revenue from rental income;
- (iii) This will provide greater focus and visibility on the performance of the businesses by the management of the respective Companies, which would be in the best interest of Demerged Company, Resulting Company and their stakeholders;
- (iv) Demerger will facilitate more transparent benchmarking of the companies with their peers in their respective industries;
- (v) It will enable the companies to leverage financial and operational resources of each business for specific business activity without exposing the risks of other business divisions.

## **D. PARTS OF THE SCHEME**

This Scheme is divided into following parts:

- (i) **PART I** deals with Definitions and Share Capital;
- (ii) **PART II** deals with the demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company on a going concern basis;
- (iii) **PART III** deals with general terms and conditions that would be applicable to the Scheme.

**PART - I**  
**DEFINITIONS AND SHARE CAPITAL**

**1. DEFINITIONS**

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings respectively assigned against them:-

- 1.1. **“Act” or “the Act”** means the Companies Act, 2013, as applicable, and rules and regulations made there under and shall include any statutory modifications, amendments or re-enactment thereof for the time being in force.
- 1.2. **“Applicable Law”** means any applicable statute, notification, law, rules, regulations, guidelines, rule of common law, policy code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority, including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force.
- 1.3. **“Appointed Date”** means April 1, 2021 or such other date as may be approved by the Hon’ble National Company Law Tribunal (NCLT) for the purpose of demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company.
- 1.4. **“Appropriate Authority”** means any applicable central, state or local government, legislative body, regulatory, administrative or statutory authority, or judicial body or authority, including but not limited to, Registrar of Companies, Regional Director and National Company Law Tribunal.
- 1.5. **“Board of Directors” or “Board”** in relation to the Demerged Company and Resulting Company, as the case may be, means the board of directors of such companies, and shall include a committee, if any, duly constituted and authorised thereof for the purpose of matters pertaining to the Scheme and/or any other consequential or incidental matter in relation thereto.
- 1.6. **“Demerged Company” or “YSIPL”** means Yasham Speciality Ingredients Private Limited, a private limited company, incorporated under the provisions of the Companies Act, 1956 on 07<sup>th</sup> January, 1997 under the Corporate Identification Number: U51100MH1997PTC104919 and having its registered office at 401, Satyadev, Plot No. A-6, Veera Industrial Estate, Off. Veera Desai Road, Andheri (West), Mumbai, Maharashtra – 400053.
- 1.7. **“Demerged Undertaking” or “Leasing Business Division”** means and includes whole of the business of leasing of immovable properties of the Demerged Company, as a going concern and shall include (without limitation):
  - 1.7.1. All assets, title, properties, investments, loans, advances (including accrued interest) and rights, including rights arising under contracts wherever located (including in the possession of vendors, third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, immovable or movable, exclusively used or held, by the Demerged Company in or otherwise identified for use in business, activities and operations pertaining to the Leasing Business Division,

including but not limited to land and building, equipments, plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, receivables, vehicles, deposits, all stocks, assets, cash, balances with banks, all customer contracts, contingent rights or benefits, etc. to Leasing Business Division, as on the Appointed Date;

- 1.7.2. All debts, liabilities, guarantees, assurances, commitments, obligations of any kind, nature and description, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, secured or unsecured, whenever or however arising, (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to or relatable to the Leasing Business Division of the Demerged Company as on Appointed date;

For the purpose of this Scheme, it is clarified that liabilities pertaining to the Leasing Business Division shall include:

- (a) The liabilities, which arise out of the activities or operations of the Leasing Business Division, if any;
- (b) Specific loans and borrowings raised, incurred and / or utilized solely for the activities or operation of the Leasing Business Division, if any;
- (c) Liabilities other than those referred to in sub-clauses (a) and (b) above, so much of the amounts of general corporate nature or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of assets transferred in the demerger bears to the total value of assets of such Demerged Company immediately before the demerger.

- 1.7.3. All contracts, agreements, licenses, leases, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, sales orders, purchase orders or other instruments of whatsoever nature to which the Demerged Company is a party, relating to its Leasing Business Division or otherwise identified to be for the benefit of the same, including but not limited to the relevant licenses for water supply, environmental approvals and all other rights and approvals, electricity permits, telephone connections, building and parking rights, pending applications for consents or extensions, all incentives, tax benefits (including the benefit to claim deduction under section 43B and 40A(7) of the Income-tax Act, 1961 on payment basis), tax credits (including TDS, Advance tax, MAT, GST input tax credit, if any), deferral subsidies concessions, benefits, grants, rights, claims, liberties, special status and privileges enjoyed or conferred upon or held or availed by the Demerged Undertaking, permits, quotes, consents, registration, lease, tenancy rights in relation to offices and residential properties permissions, incentives, if any, and all other rights, title, interests, privileges and benefits of every kind in

relation to its Leasing Business Division;

- 1.7.4. All registrations, trademarks, trade names, service marks, copyrights, patents, designs, domain names, applications for trademarks, trade names, service marks, copyrights, designs and domain names exclusively used by or held for use by the Demerged Company in the Leasing Business Division;
- 1.7.5. All permits, licenses, consents, approvals, authorizations, quotas, rights, powers, permissions, arrangements, assignments, sanctions, entitlements, allotments, exemptions, incentives, tax benefits, deferrals, subsidies, concessions, grants, claims, liberties, special status, benefits and privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to or pertaining to its Leasing Business Division, registrations, advantages, no-objection certificates, certifications, easements, and any waivers of the foregoing, issued by any legislative, executive or judicial unit of any Governmental or quasi-Governmental entity or any department, commission, board, agency, bureau, official or other regulatory, local (including Municipal), administrative or judicial authority, used or held for use by the Demerged Company in respect of business, activities and operations pertaining to its Leasing Business Division;
- 1.7.6. All such employees including contract employees of the Demerged Company, as are primarily engaged in or in relation to the business activities and operations pertaining to the Leasing Business Division of the Demerged Company;
- 1.7.7. All liabilities, present and future (including contingent liabilities) pertaining to or relatable to the Demerged Undertaking as may be determined by the Board of the Demerged Company;
- 1.7.8. All deposits and balances with government, semi-government, local and other authorities and bodies, customers and other persons, earnest money and/or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to its Demerged Undertaking;
- 1.7.9. All books, records, files, papers, directly or indirectly relating to the Leasing Business Division but shall not include any portion of the remaining business of the Demerged Company;
- 1.7.10. Any other asset / liability which is deemed to be pertaining to the Demerged Undertaking as may be determined by the Board of the Demerged Company.

Any question that may arise as to whether a specific asset or liability or any other property or employee pertains or does not pertain to the Leasing Business Division of the Demerged Company or whether it arises out of the activities or operations of the Leasing Business Division

of the Demerged Company shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.

- 1.8. "**Effective Date**" means last of the dates on which the conditions and matters referred to in Clause 17 hereof are complied with or otherwise duly waived.

Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" or "Scheme coming into effect" shall be construed accordingly.

- 1.9. "**Encumbrance**" means and includes any options, pledge, mortgage, lien, hypothecation, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever, and the term "**Encumber**" shall be construed accordingly.
- 1.10. "**Governmental Authority**" means any applicable central, state or local government (including Municipality, Municipal Corporation), statutory, legislative, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction, exercising powers conferred by Applicable Law in India.
- 1.11. "**NCLT**" means the National Company Law Tribunal at Mumbai having jurisdiction in relation to the Parties as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a Tribunal for the purposes of Sections 230 to 232 of the Act as may be applicable.
- 1.12. "**Parties**" shall mean collectively the Demerged Company and the Resulting Company, and "**Party**" shall mean each of them individually.
- 1.13. "**Record Date**" means the date to be fixed by the Board of Directors of the Demerged Company in consultation with the Resulting Company for the purpose of determining the equity shareholders of the Demerged Company to whom Redeemable Preference Shares of the Resulting Company shall be allotted pursuant to this Scheme.
- 1.14. "**Registrar of Companies**" means the Registrar of Companies, Maharashtra located at Mumbai having jurisdiction over the Demerged Company and the Resulting Company.
- 1.15. "**Remaining Business**" with respect to the Demerged Company means all the businesses, activities, operations, undertakings, assets and liabilities of the Demerged Company other than those forming part of the Demerged Undertaking.
- 1.16. "**Resulting Company**" or "**YP2D**" means Yasham P2D Life Sciences Private Limited, a private limited company, incorporated under the provisions of the Companies Act, 1956 on 12<sup>th</sup> April, 2012 under the Corporate Identification

Number: U73100MH2012PTC229531 and having its registered office at 401, Satyadev, Plot No. A-6, Veera Industrial Estate, Off. Veera Desai Road, Andheri (West), Mumbai, Maharashtra - 400053.

- 1.17. **“Scheme of Arrangement or "Scheme"** means this Scheme of Arrangement in its present form or with any modifications / amendments approved or imposed or directed by the Board of Directors of the Demerged Company and the Resulting Company or made by the Hon’ble NCLT or any other relevant Appropriate Authority.
- 1.18. **“Taxation”** (including with correlative meaning, the terms **“Tax”** or **“Taxes”**) means any and all taxes (direct or indirect), surcharges, cess, duties, impositions imposed by a Governmental Authority, including without limitation taxes based upon or measured by gross receipts, income, profits, sales and value added, withholding, payroll, excise and property taxes, goods and services tax, stamp duty, registration fees, together with all interest, penalties with respect to such amounts.

In this Scheme, unless the context otherwise requires:

- words denoting singular shall include plural and vice versa and words denoting any gender shall include all genders;
- 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;
- reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
- word(s) and expression(s) elsewhere defined in this Scheme will have the meaning(s) respectively ascribed to them. 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 or any other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

## 2. SHARE CAPITAL

2.1. The share capital of the Demerged Company as on 31 March 2020 is as under:

PARTICULARS	AMOUNT (IN RS)
<b>Authorised Capital</b> 12,00,000 equity shares of Rs. 10/- each	1,20,00,000
<b>Total</b>	<b>1,20,00,000</b>
<b>Paid Up Capital</b> 11,55,953 equity shares of Rs. 10/- each	1,15,59,530
<b>Total</b>	<b>1,15,59,530</b>



There is no change in the capital structure of the Demerged Company after the aforesaid date.

2.2. The share capital of the Resulting Company as on 31 March 2020 is as under:

<b>PARTICULARS</b>	<b>AMOUNT (IN RS)</b>
<b>Authorised Capital</b>	
1,00,000 equity shares of Rs. 10/- each	10,00,000
<b>Total</b>	<b>10,00,000</b>
<b>Paid Up Capital</b>	
1,00,000 equity shares of Rs. 10/- each	10,00,000
<b>Total</b>	<b>10,00,000</b>

There is no change in the capital structure of the Resulting Company after the aforesaid date.

### **3. EFFECTIVE DATE OF THE SCHEME**

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

**PART - II**  
**TRANSFER AND VESTING OF DEMERGED UNDERTAKING INTO THE**  
**RESULTING COMPANY**

**4. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING INTO THE RESULTING COMPANY**

4.1. Upon coming into effect of the Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the Demerged Undertaking shall, pursuant to the provisions contained in Sections 230 to 232 and all other applicable provisions, if any, of the Act, stand transferred to and vested in or deemed to be transferred to and vested into the Resulting Company as a going concern and all the properties whether movable or immovable, real or personal, corporeal or incorporeal, present or contingent, work in progress, current assets, deposits, investments, provisions, funds, entitlements, licenses, registrations, trade names, trademarks, leases, tenancy rights, flats, telephones, telexes, facsimile, connections, email connections, internet connections, installations and utilities, benefits of agreements and arrangements, powers, authorities, permits, allotments, approvals, permissions, sanctions, consents, privileges, liberties, easements and all the rights, titles, interests, other benefits (including tax benefits under any Applicable Law if transferrable), tax holiday benefit, incentives, credits (including tax credits under any Applicable Law if transferrable), tax losses and advantages of whatsoever nature and where so ever situated belonging to or in possession of or granted in favor of or enjoyed by Demerged Company shall be transferred to and vested in or deemed to be transferred to and vested in the Resulting Company in the following manner:

4.1.1. With effect from the Appointed Date, all the assets, as stated aforesaid, of the Demerged Undertaking of whatsoever nature and wherever situated and incapable of passing by manual delivery and/or endorsement or otherwise shall, under the provisions of Sections 230 to 232 and all other provisions, if any of the Act, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in the Resulting Company so as to vest all the rights, title and interest of Demerged Undertaking therein in the Resulting Company.

4.1.2. With effect from the Appointed Date, all the movable assets including and not limited to cash in hand, if any, of Demerged Undertaking, capable of passing by manual delivery and/or by endorsement shall be so delivered and/or endorsed to the Resulting Company as the case may be. On such delivery and/or endorsement, the same shall become the property of the Resulting Company to the end and intent that the ownership and property therein passes to the Resulting Company on such handing over in pursuance of the provisions of sections 230 to 232 of the Act.

4.1.3. With effect from the Appointed Date, in respect of the movable properties of Demerged Undertaking including sundry debtors, loans, receivables, advances, if any, recoverable in cash or kind or for value bank balances and deposits, if any, with the Government, semi-Government, local and other authorities and bodies, companies, firm, individuals, trusts, etc., the

Resulting Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, give notices in such form as it may deem fit and proper, to each person, debtors or depositors, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, the said debt, loan, receivable, advance or deposit be paid or made good or held on account of the Resulting Company as the person entitled thereto to the end and intent that the right of the Demerged Company to recover or realize all such debts (including the debts payable by such persons or depositors to the Demerged Company) stands transferred and assigned to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid change.

- 4.1.4. With effect from the Appointed Date, all assets of the Demerged Undertaking that are immovable properties, including any right or interest in the land together with the buildings and structures thereon, whether freehold or leasehold, licensed or otherwise held by the Demerged Company and all documents of title, rights and easements in relation thereto including all lease / license agreements together with security deposits and advance/prepaid lease, license fees shall stand transferred to and be vested in the Resulting Company, without any further act or deed done or being required to be done by the Demerged Company and/or the Resulting Company. Resulting Company shall be entitled to and shall exercise all rights and privileges attached to the aforesaid immovable properties and the relevant landlords, owners, lessors shall continue to comply with the terms, conditions and covenants under all the relevant lease/license or rent agreements and shall in accordance with the terms of such agreements refund the security deposits and advance/prepaid lease/license fees to Resulting Company. The mutation or substitution of the title of the immovable property shall, upon the Scheme becoming effective, be made and duly recorded in the name of Resulting Company by the appropriate authorities, pursuant to the sanction of the Scheme by the NCLT in accordance with the terms hereof.
- 4.1.5. With effect from the Appointed Date, all debts, liabilities, duties, obligations of every kind, nature and description including all income taxes, custom duty, goods and services tax and other government and semi government liabilities of Demerged Undertaking shall also, under the provisions of sections 230 to 232 of the Act without any further act or deed be transferred or deemed to be transferred to the Resulting Company so as to become from the Appointed Date the debts, liabilities, duties, obligations of the Resulting Company.
- 4.2. The transfer and/or vesting of the properties as aforesaid shall be subject to the encumbrances, charges, hypothecation and mortgages as on the Effective Date, if any, over or in respect of all the said assets or any part thereof of the Demerged Undertaking.

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to Demerged Undertaking which shall

vest in the Resulting Company by virtue of the Scheme and the Resulting Company shall not be obliged to create any further or additional security therefore after the Scheme has become effective or otherwise.

- 4.3. Without prejudice to the generality of the forgoing, it is clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date, all permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations, privileges, easements and advantages, facilities, rights concerning tangible and intangible assets, powers and interest (whether vested or contingent), pertaining to the Demerged Undertaking shall stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company as if the same were originally given or issued to or executed in favor of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company.
- 4.4. All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of the Demerged Company in relation to 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 or received through electronic transfers. Similarly, the banker of the Resulting Company shall honour all cheques/ electronic fund transfer instructions issued by the Demerged Company in relation to Demerged Undertaking for payment after the Effective Date. If required, the bankers of the Demerged Company shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of the Demerged Company by the Resulting Company in relation to the Demerged Undertaking for such time as may be determined to be necessary by the Resulting Company for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of the Resulting Company.
- 4.5. The Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961, the provisions of Section 2(19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect other terms or provisions of the Scheme.

## **5. EMPLOYEES**

- 5.1. On the Scheme becoming effective and with effect from the Effective Date, all employees of the Demerged Undertaking in service immediately prior to the Effective Date, shall become employees of the Resulting Company without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favorable than those applicable to them immediately prior to the Effective Date. Any question that may arise as to whether any employee belongs to or does not

belong to the Demerged Undertaking shall be decided by Board of Directors of Demerged Company and the Resulting Company.

- 5.2. Upon the coming into effect of this Scheme and with effect from the Effective Date, the Resulting Company shall make all the necessary contributions for such transferred employees engaged in or in relation to the Demerged Undertaking and deposit the same in provident fund, gratuity fund or superannuation fund or any other special fund or staff welfare scheme or any other special scheme. the Resulting Company will also file relevant intimations to the statutory authorities concerned who shall take the same on record and substitute the name of the Resulting Company for the Demerged Company.
- 5.3. Subject to the Applicable Law, the existing provident fund, gratuity fund and pension and/or superannuation fund/trusts, retirement funds or employees state insurance schemes or pension scheme or employee deposit linked insurance scheme or any other benefits, if any, created by the Demerged Company for employees engaged in or in relation to the Demerged Undertaking, shall be continued on the same terms and conditions and will be transferred to the necessary funds, schemes or trusts of the Resulting Company without any separate act, deed or approval and till the time such necessary funds, schemes or trusts are created by the Resulting Company, all contribution shall continue to be made to the existing funds, schemes or trusts of the Demerged Company.

## **6. LEGAL PROCEEDINGS**

- 6.1. All legal proceedings of whatsoever nature by or against the Demerged Company pending on the Appointed Date or arising after the Appointed Date but before the Effective Date and relating to the Demerged Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but 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.
- 6.2. If any proceedings are taken against the Demerged Company in respect of matters relating to the Demerged Undertaking on and after the Appointed Date up to the Effective Date, the Demerged Company shall defend the same at the cost of 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.
- 6.3. Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company relating to the Demerged Undertaking referred to in the Clauses above transferred to its name and have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company, after the Effective Date. In the event that the Demerged Company is required to be joined as a necessary party in any such proceedings, the Demerged Company shall be added as a necessary party to enable the Resulting Company to prosecute/defend such proceedings and the Resulting Company shall reimburse and indemnify the Demerged Company against all costs, liabilities and obligations incurred by the Demerged Company, if

any, in respect thereof.

## **7. CONTRACTS, DEEDS, ETC.**

- 7.1. Notwithstanding anything to the contrary contained in any contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature, which have not lapsed and are subsisting on the Effective Date and relating to the Demerged Undertaking, shall continue in full force and effect against or in favor of the Resulting Company and may be enforced effectively by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto.
- 7.2. Resulting Company, may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, enter into or issue or execute deeds, writings, confirmations, tripartite arrangements, novations, declarations or other documents with or in favor of any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above as a confirming party with no obligation cast on or assumed upon the Demerged Company. The Resulting Company shall be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above for effectuating the transfer and vesting of the Demerged Undertaking to the Resulting Company.
- 7.3. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all permits, authorisations, licenses, consents, registrations, approvals, municipal permissions, insurance policies, connections for water, electricity and drainage, sanctions, obligations/benefits arising out of bank guarantees given with respect to any appeals with the relevant authorities, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent), shall stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company as if the same were originally given or issued to or executed in favor of the Resulting Company and the rights and benefits under the same shall be available to the Resulting Company.
- 7.4. It is hereby clarified that if any licenses, approvals, permits, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such licenses, approvals, permits, contracts, deeds, bonds, agreements, schemes, arrangements other instruments of whatsoever nature in trust for the benefit of the Resulting Company.

## **8. TAXES**

- 8.1. Upon the Scheme becoming effective and with effect from the Appointed Date, Taxes of whatsoever nature including but not limited to advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, Minimum Alternative Tax (MAT), Goods and Service Tax, if any, paid by the Demerged Company on and after the Appointed Date specifically pertaining to the Demerged Undertaking shall be treated as paid by the Resulting Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable.
- 8.2. Upon the Scheme becoming effective and with effect from the Appointed Date, if any certificate for tax deducted or collected at source or any other tax credit certificate relating to the business of the Demerged Undertaking is received in the name of the Demerged Company, it shall be deemed to have been received by the Resulting Company which alone shall be entitled to claim credit for such tax deducted or paid.
- 8.3. The advance income tax paid by the Demerged Company to the tax authorities can be allocated amongst the Demerged Company, the Resulting Company in proportion to the taxes attributable to the taxable income of the Demerged Undertaking in the books of accounts of the Demerged Company.
- 8.4. Upon the Scheme becoming effective and with effect from the Appointed Date, if the Demerged Company is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to the Demerged Undertaking, under any Applicable Law, then the Resulting Company shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilized credits as the case may be without any specific approval or permission.
- 8.5. Upon the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company and Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Act and matters incidental thereto, to give effect to the provisions of the Scheme.
- 8.6. Upon the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company and the Resulting Company shall be entitled to file / revise its income tax returns, taxes deducted at source certificates, taxes deducted at source returns, Goods and Services Tax returns and other statutory returns, if required, and shall have the right to claim any refunds relating to income tax, Goods and Services Tax, etc., advance tax credits, credit of tax deducted at source, credit of foreign taxes paid / withheld, credit of unexpired minimum alternate tax credit, tax reliefs and any allowances extended or available to the Demerged Company in respect of the Demerged Undertaking under any Applicable Law for the time being in force, as may be required, consequent to the Scheme becoming effective.
- 8.7. Any exemption from or any assessment with respect to any Taxes which has been granted or made, or any benefit by way of set off or carry forward as the

case may be of any unabsorbed business losses or unabsorbed depreciation or investment allowance or other allowance or loss which has been extended or is available to the Demerged Company, in respect of the Demerged Undertaking under the Income-tax Act, 1961 shall be available to the Resulting Company.

- 8.8. All the expenses incurred by the Demerged Company and the Resulting Company in relation to the demerger of the Demerged Undertaking in accordance with this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the respective companies in accordance with section 35DD of the Income-tax Act, 1961 over a period of five years beginning with the financial year in which this Scheme becomes effective.

## 9. CONSIDERATION

- 9.1. Upon the Scheme becoming effective and in consideration of transfer and vesting of the Demerged Undertaking into the Resulting Company, the Resulting Company shall, without any further act, payment, consent, instrument or deed, issue and allot redeemable preference shares, credited as fully paid up, to the members of the Demerged Company whose name appears in the Register of members of the Demerged Company as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following manner:

***“1,00,000 (One lakh) fully paid up 0.01% Redeemable Preference Shares of Rs. 10 (Rupees Ten Only) each of the Resulting Company to the shareholders of the Demerged Company.”***

- 9.2. Terms of issue of redeemable preference shares to be issued pursuant to this Scheme:

### 9.2.1. Face Value

The redeemable preference shares issued shall have a face value of Rs. 10 (Rupees Ten Only) per Redeemable Preference Share.

### 9.2.2. Issue Price

The redeemable preference shares shall be issued at face value of Rs. 10 (Rupees Ten Only) per Redeemable Preference Share.

### 9.2.3. Coupon

The Redeemable Preference Shares shall subject to the provisions of the Articles of Association of the Resulting Company and the Act confer the holders thereof a right to fixed preferential dividend of 0.01% per annum on the face value of Redeemable Preference Shares in priority to the equity shares. Dividend shall be payable annually and on a non-cumulative basis.

### 9.2.4. Voting Rights

The holders of the Redeemable Preference Shares shall have the right to



vote in general meeting of the Resulting Company in accordance with Section 47(2) of the Companies Act 2013.

#### 9.2.5. Redemption

The term of Redeemable Preference Shares shall be of 10 (ten) years. The Redeemable Preference Shares are redeemable at any time after the expiry of 1 (one) month from the date of allotment till the expiry of 10 (ten) years, at the option of the Resulting Company. Each Redeemable Preference Share shall be redeemable at par.

#### 9.2.6. Winding up

In the event of winding up of the Resulting Company, the holders of the Redeemable Preference Shares shall have right to receive the paid-up capital and arrears of dividend, whether declared or not, up to the commencement of winding up, in priority to any paid-up capital on the equity shares out of the surplus but shall not have any further rights to participate in the profits or the assets of the Resulting Company.

- 9.3. The Consideration as stated above in sub-clause 9.1 has been determined and agreed upon by the respective Boards of Directors of the Demerged Company and the Resulting Company taking into consideration the demerger share entitlement ratio report issued by Bhavesh M. Rathod, Registered Valuer - Securities or Financial Assets.
- 9.4. Any fraction arising out of allotment of shares as per sub-clause 9.1 shall be rounded off to the nearest integer.
- 9.5. The issue and allotment of redeemable preference shares by the Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme is an integral part thereof and shall be deemed to have been carried out as if the procedure laid down under Sections 42, 55, 62 and any other applicable provisions of the Act were duly complied with and no separate approval from the shareholders to that extent shall be required to be sought.

### **10. ACCOUNTING TREATMENT**

The Demerged Company and the Resulting Company shall account for the demerger of the Demerged Undertaking in their respective books of accounts in accordance with the accounting standards prescribed under section 133 of the Companies Act, 2013 and generally accepted accounting principles, as may be amended from time to time, in the following manner:

#### **10.1. Accounting treatment in the books of the Demerged Company:**

Upon the Scheme becoming effective, the Demerged Company shall give effect to the demerger of Demerged Undertaking in its books of accounts in the manner provided below:

- 10.1.1. Upon the Scheme coming into effect and with effect from the Appointed

Date, the Demerged Company shall reduce the book value of assets and liabilities pertaining to the Demerged Undertaking.

- 10.1.2. Inter-corporate loans and advances or deposits between the Demerged Company and the Resulting Company, if any, to the extent it relates to the Demerged Undertaking, shall stand cancelled and there shall be no further obligation outstanding in this behalf.
- 10.1.3. The excess of the assets transferred over the liabilities pertaining to Demerged Undertaking shall be adjusted against the Reserves as appearing in the books of the Demerged Company on the Appointed Date in the sequence set out hereunder and reduced to zero balance:-
  - (a) Firstly against Capital Reserve;
  - (b) Secondly against General Reserve; and
  - (c) The balance against Profit & Loss Account.

## **10.2. Accounting treatment in the books of the Resulting Company:**

Upon the Scheme becoming effective, the Resulting Company shall give effect to the demerger of Demerged Undertaking in its books of accounts in the manner provided below:

- 10.2.1. As on the Appointed Date, the Resulting Company shall record all the assets and liabilities, pertaining to the Demerged Undertaking, at their respective book values as appearing in the books of the Demerged Company.
- 10.2.2. Resulting Company shall credit to its share capital account, the aggregate face value of the redeemable preference shares issued by it to the shareholders of the Demerged Company pursuant to Clause 9 of this Scheme.
- 10.2.3. Loans and advances and other dues, if any, outstanding between the Resulting Company and the Demerged Undertaking of the Demerged Company will stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 10.2.4. The difference between the amount credited as share capital in terms of Clause 10.2.2. above and the net assets of the Demerged Undertaking acquired and recorded by the Resulting Company in terms of Clause 10.2.1. above and after making adjustments referred to in Clause 10.2.3. above would be credited to Capital Reserve Account of the Resulting Company.

## **11. INCREASE OF AUTHORIZED SHARE CAPITAL OF THE RESULTING COMPANY**

- 11.1. Upon this Scheme becoming effective and before issuance of redeemable preference shares in terms of Clause 9 of this Scheme, the Resulting Company

shall increase its authorized share capital so as to be sufficient to issue redeemable preference shares to the shareholders of the Demerged Company, if required.

- 11.2. Accordingly, Clause V (a) of the memorandum of association of the Resulting Company shall stand modified as below:-

“The Authorised Share Capital of the Company is Rs. 20,00,000 (Rupees Twenty Lakhs Only) divided into 1,00,000 (One Lakh) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 1,00,000 (One Lakh) Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each.”

- 11.3. It is clarified that the consent of the Board of Directors and shareholders of the Resulting Company to the Scheme shall be sufficient for purposes of effecting amendment in the memorandum of association of the Resulting Company and that no further resolution under Sections 4, 13 and 61 of the Act or any other applicable provisions of the Act would be required to be separately passed. However, the Resulting Company shall file relevant e-forms with the Registrar of Companies for increase in the authorized share capital. The Resulting Company shall pay necessary fees and stamp duty as may be required to be paid in accordance with the Applicable Law.

## **12. ALTERATION OF MAIN OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE RESULTING COMPANY**

- 12.1. With effect from the Appointed Date, the Main Object Clause of the Memorandum of Association of the Resulting Company shall be deemed to be altered and amended, without any further act or deed, to include the objects as required for carrying on the business activities of the Demerged Company pursuant to the applicable provisions of the Act. Accordingly, the Memorandum of Association of the Resulting Company shall be altered and amended.

- 12.2. Upon the Scheme coming into effect, Clause III(C)(23) of the Other Object Clause of the Memorandum of Association of the Resulting Company shall be deleted and the same shall be inserted as Clause III(A)(2) to the Main Object Clause of the Memorandum of Association of the Resulting Company, which is as under:

*“2. To carry on the business of hire purchase, finance, leasing, rent or to purchase or otherwise acquire in order to provide on lease or on hire purchase basis, every kind of industrial, household or office equipment, machinery, instruments, appliances, apparatus or accessories or goods, articles or commodities, buildings, premises, real estate or any kind of movable or immovable property, required for in connection with industrial, manufacturing, process, trading, commercial, agricultural, residential, transport or other business activities or operations of every kind and description and so to raise or arrange venture capital for any enterprises.”*

- 12.3. It is clarified that the approval of the members of the Resulting Company to the Scheme shall be deemed to be their approval for the aforesaid alteration of the

Memorandum of Association of the Resulting Company as mentioned in Clause 12.1. and the Resulting Company shall not be required to seek separate approval of its shareholders for such alteration as required under Sections 4, 13 and other applicable provisions of the Act.

**PART - III**  
**GENERAL TERMS AND CONDITIONS THAT WOULD BE APPLICABLE TO THE**  
**SCHEME**

**13. REMAINING BUSINESS OF THE DEMERGED COMPANY**

- 13.1. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.
- 13.2. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi judiciary authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date to the exclusion of Demerged Company.
- 13.3. With effect from the Appointed Date and upto and including the Effective Date:
- 13.3.1. The Demerged Company shall carry on and shall be deemed to have been carrying on all the business and activities relating to the Remaining Business for and on its own behalf;
- 13.3.2. All income and profits accruing to the Demerged Company thereon or expenditure or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and
- 13.3.3. All the 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.

**14. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE**

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

- 14.1. The Demerged Company shall carry on and be deemed to have carried on the business and activities in relation to the Demerged Undertaking and shall stand possessed of their properties and assets relating to the Demerged Undertaking for and in trust for the Resulting Company.
- 14.2. All profits accruing to the Demerged Company, or losses arising or incurred by it (including the effect of taxes if any thereon), relating to the Demerged Undertaking for the period after the Appointed Date shall for all purposes, be treated as the profits or losses, as the case may be, of the Resulting Company.
- 14.3. The Demerged Company shall carry on its business and activities with reasonable diligence, business prudence and shall not, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur

any liabilities or expenditure, issue any additional guarantee, indemnities, letter of comfort or commitments either for itself or on behalf of any third party, or sell transfer, alienate, charge, mortgage, encumber or otherwise deal with the said Demerged Undertaking or any part thereof except (i) in the ordinary course of business or (ii) if the same is expressly permitted by this Scheme or (iii) pursuant to any pre-existing obligation undertaken by the Demerged Undertaking of the Demerged Company prior to the Appointed Date or (iv) with prior written consent of the Resulting Company.

- 14.4. Provided that as far as the obligations referred as above are concerned, the restrictions thereunder shall be applicable from the date of the acceptance of the present Scheme by the respective Board of Directors even if the same are prior to the Appointed Date.
- 14.5. Resulting Company shall be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, Union Territories and all other concerned agencies, ministries, departments and authorities (statutory or otherwise) as are necessary under any Applicable Law for such consents, approvals and sanctions, which the Resulting Company may require to carry on the business of the Demerged Undertaking, and the Demerged Company shall assist the Resulting Company in obtaining such consents, approvals and sanctions.

## **15. APPLICATION TO THE NCLT**

The Demerged Company and the Resulting Company shall make all necessary applications / petitions under Sections 230 to 232 of the Act and other applicable provisions of the Act to the NCLT for sanction of this Scheme.

## **16. MODIFICATION OR AMENDMENTS TO THE SCHEME**

- 16.1. The Demerged Company and the Resulting Company by their respective Directors) may assent to any modifications or amendments to the Scheme or agree to any terms and/or conditions which the NCLT and/or any other authorities under Applicable Law 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 and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect. All amendments / modifications to the Scheme shall be subject to approval of the NCLT.
- 16.2. For the purpose of giving effect to the Scheme or to any modification thereof, the Board of Directors of the Demerged Company and the Resulting Company are hereby authorised to give such directions and/or to be take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

## **17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

This Scheme is and shall be conditional upon and subject to:

- 17.1. The sanctions and approvals including sanctions of any Governmental Authority

or any other agency, department or authority as may be required under any Applicable Law for time being in force;

- 17.2. The Scheme being approved by the respective requisite majorities in number and value of such classes of persons including the member and creditors of the Demerged Company and Resulting Company as required under the Act or as may be directed by the NCLT and / or any other Appropriate Authority under Applicable Law for the time being in force, as may be applicable;
- 17.3. The sanction of the NCLT or any other Appropriate Authority under Applicable Law for time being in force, as may be applicable, being obtained under the relevant provisions of the Act and other applicable provisions by the Demerged Company and the Resulting Company; and
- 17.4. The authenticated/certified copies of the NCLT Order confirming / sanctioning the Scheme being filed in eForm INC-28 with the Registrar of Companies, Mumbai, Maharashtra by the Demerged Company and the Resulting Company.

**18. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS, REVOCATION AND SEVERABILITY**

- 18.1. In the event of any of the said sanctions and approvals referred to in Clause 17 of this Scheme not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the NCLT or any other Appropriate Authority, this Scheme shall stand revoked, cancelled and be of no effect and become null and void, and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto, as is contemplated hereunder or as to any rights, liabilities or obligations which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, the Demerged Company, the Resulting Company shall bear its own costs and expenses unless otherwise mutually agreed.
- 18.2. If any part of this Scheme hereof is invalid, ruled illegal by any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such part shall be severable from the remainder of 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.
- 18.3. If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Demerged Company and the Resulting Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.
- 18.4. Further, the Board of Directors of the Demerged Company and the Resulting

Company shall be entitled to revoke, cancel and declare the Scheme of no effect if such Boards are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the authenticated or certified copy of the order along with the Scheme with any Appropriate Authority could have adverse implication on the Demerged Company and / or the Resulting Company.

**19. SAVING OF CONCLUDED TRANSACTIONS**

Nothing in this Scheme shall affect any transaction or proceedings already concluded or liabilities incurred by the Demerged Company in relation to the Demerged Undertaking on or before the Appointed Date or concluded between the Appointed Date and the Effective Date (both days inclusive), 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 respect thereto as done and executed on behalf of the Resulting Company.

**20. COSTS**

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

20.1.1. The Resulting Company shall bear the stamp duty costs in connection with the Scheme.

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

20.2. All the expenses incurred by Demerged Company and Resulting Company in relation to this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Demerged Company and Resulting Company respectively in accordance with section 35DD of the Income-tax Act, 1961 over a period of 5 (five) years beginning with the financial year in which this Scheme becomes effective.

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