

SCHEME OF ARRANGEMENT

BETWEEN

**KITEX CHILDRENSWEAR LIMITED
(DEMERGED COMPANY)**

AND

**KITEX GARMENTS LIMITED
(RESULTING COMPANY)**

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(UNDER SECTIONS 230 AND 232 OF THE COMPANIES ACT, 2013)



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GENERAL

I. PURPOSE OF SCHEME

1. This Scheme (defined herein) between Kitex Childrenswear Limited (hereinafter referred to as "Demerged Company") and Kitex Garments Limited (hereinafter referred to as "Resulting Company") and their respective shareholders and creditors is presented under Sections 230 and 232 and other relevant provisions of the Companies Act, 2013.
2. The Scheme provides *inter-alia* for:
 - (i) the demerger of Demerged Undertaking (as defined below) of the Demerged Company into Resulting Company;
 - (ii) the consequent issuance of the New Equity Shares (as defined below) by Resulting Company to the equity shareholders of the Demerged Company; and
 - (iii) matters consequential or connected therewith;

pursuant to Sections 230 to 232 of the Act and other applicable provisions thereof read with Section 2(19AA) of the IT Act (as defined below) and the SEBI Scheme Circular (as defined below).

II. BACKGROUND OF COMPANIES

- i. The Demerged Company is an unlisted public limited company incorporated under Companies Act, 1956 with the name 'Kitex Exports Limited' on 26 April 1991. Later the name of the company has been changed to 'Kitex Childrenswear Limited' with effect from 30 March 2005. The Corporate Identity Number (CIN) is U18101KL1991PLC006048. The registered office is at Building No. 494, Kizhakkambalam, Vilangu P.O., Aluva, Cochin, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561. The Demerged Company is primarily engaged in apparel business specialized in premium infantswear and childrenswear. The Demerged Company is holding 3,17,57,466 equity shares in Resulting Company as on 31 January 2025 it constitutes 15.92% of the paid-up capital of the Resulting Company.
- ii. The Resulting Company is a listed public limited company, incorporated under Companies Act, 1956 with the name Kitex Garments Limited on 29 May 1992. The Corporate Identity Number (CIN) is L18101KL1992PLC006528. The registered office is at Building No. VI/496, Kizhakkambalam, Vilangu P.O., Aluva, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561. The equity shares of the Resulting Company are listed on the Stock Exchanges (*as defined below*) The Resulting Company is primarily engaged in the business of manufacturers, dealers, importers, exporters, buyers, sellers, merchants of all kinds of textile items such as Fabrics, Garments and wearing apparels. Kitex Garments Limited is the world's second-largest manufacturer of cotton and



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organic cotton ready-to-wear garments for infants and children aged 0-24 months.

III. RATIONALE FOR THE SCHEME

The Demerged Company is *inter-alia* engaged in two business verticals, namely Textile Business Division (defined herein) and Remaining Business (defined herein). The nature of risks, returns, growth and competition involved in each such undertaking are distinct and requires attribution of dissimilar technical and managerial focus. The segregation of Textile Business Division of the Demerged Company would allow the management to effectively cater to the independent growth plans (both through organic and inorganic means) by enabling access to availability of increased resources. Moreover, the Resulting Company is engaged in the similar business and a pioneer in the said field. The Board of Directors (defined herein) of the Demerged Company and the Resulting Company believe the following benefits to accrue pursuant to the demerger of the Textile Business Division (Demerged Undertaking) of the Demerged Company into the Resulting Company:

- (i) The demerger would facilitate focused growth, operational efficiencies, business synergies and increased customer focus in relation to the Textile Business Division
- (ii) Each business would be able to address independent business opportunities, pursue efficient capital allocation and attract different set of investors, strategic partners, lenders and other stakeholders.
- (iii) Combining similar business activities under a single entity shall optimize business operations, achieve economies of scale, create operational efficiency, common pool of production and better utilisation of resources
- (iv) facilitating the pursuit of scale and independent growth plans (organically and inorganically) with more focused management, flexibility and liquidity for the shareholders;
- (v) insulating and de-risking the businesses from one another;
- (vi) unlocking value for the over-all business portfolio through better price discovery of individual platforms. Consequently, the proposed restructuring is expected to open-up windows to unlock value through potential divestments and acquisitions to achieve the scale of business in respective subsidiaries as well;
- (vii) providing scope for mitigation of overlapping services and enhancing the focus on independent business growth strategies and expansion for each of the business undertakings.

In view of the aforesaid, the Board of Directors of the Demerged Company and Resulting Company have formulated this Scheme of Arrangement under the



provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

IV. OPERATION OF THE SCHEME

- (i) Demerged Undertaking of the Demerged Company are proposed to be demerged and transferred to Resulting Company to achieve the objectives above, pursuant to Sections 230 to 232 of the Act, other applicable provisions thereof, Section 2(19AA) of the IT Act and the SEBI Scheme Circular.
- (ii) As consideration for the demerger of Demerged Undertaking, Resulting Company shall issue and allot New Equity Shares to the equity shareholders of the Demerged Company based on Share Entitlement Ratio in proportion to their shareholding in the Demerged Company.
- (iii) The demerger of the Demerged Undertaking in accordance with this Scheme shall take effect from the Appointed Date in accordance with Section 2(19AA) of the IT Act, such that:
 - (a) all the properties of the Demerged Undertaking as on the Appointed Date shall be transferred to and become the properties of Resulting Company, by virtue of this Scheme;
 - (b) all the liabilities relating to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of Resulting Company, by virtue of this Scheme;
 - (c) all the properties and the liabilities relating to the Demerged Undertaking shall be transferred to Resulting Company, at the value appearing in the books of accounts of the Demerged Company immediately before the demerger;
 - (d) Resulting Company shall issue, in consideration of the demerger of the Demerged Undertaking, New Equity Shares, to the equity shareholders of the Demerged Company as on the Record Date based on Share Entitlement Ratio on a proportionate basis, in accordance with this Scheme;
 - (e) all the equity shareholders of the Demerged Company as on the Record Date shall become the equity shareholders of Resulting Company by virtue of the demerger of the Demerged Undertaking to Resulting Company;
 - (f) the transfer of the Demerged Undertaking to Resulting Company shall be on a going concern basis; and
 - (g) the demerger of the Demerged Undertaking shall be in accordance with the conditions, if any, notified by the Central Government in this behalf.



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- (iv) If any terms of the Scheme are found or interpreted to be inconsistent with Section 2(19AA) of the IT Act, at a later date, including resulting from an amendment of law or for any other reason, Section 2(19AA) of the IT Act shall prevail and the Scheme shall be modified, in accordance with Clause 21 to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modifications shall however not affect the other parts of the Scheme.

V. PARTS OF THE SCHEME

The Scheme is divided into following parts:

- (i) **Part A** - dealing with definitions of the terms used in this Scheme of Arrangement, Interpretations and setting out the share capital of the Demerged Company and the Resulting Company;
- (ii) **Part B** - dealing with the transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company;
- (iii) **Part C** - dealing with the consideration for the demerger of Demerged Undertaking and the respective accounting treatment.
- (iv) **Part D** - dealing with the general terms and conditions applicable to this Scheme of Arrangement and other matters consequential and integrally connected thereto.

PART A

DEFINITIONS, INTERPRETATIONS OF THE SCHEME AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless repugnant to the context, the following expressions shall have the following meaning:

- 1.1 "Act" means the Companies Act, 2013, ordinances, rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof, from time to time
- 1.2 "Applicable Law" means all applicable statute, notification, bye laws, 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 modification or re-enactment thereof for the time being in force;
- 1.3 "Appointed Date" means April 01, 2025, or such other date as may be fixed or approved by the Hon'ble NCLT (defined herein) or any other appropriate authority.



- 1.4 "Board of Directors" or "Board" means the board of directors of the Demerged Company or the Resulting Company, as the case may be, and shall include a duly constituted committee thereof.
- 1.5 "Demerged Company" means KITEX CHILDRENSWEAR LIMITED (CIN: U18101KL1991PLC006048), a company incorporated under the Companies Act, 1956, and having its registered office at Building No. 494, Kizhakkambalam, Vilangu P.O., Aluva, Cochin, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561.
- 1.6 "Demerged Undertaking" means and includes the Textile Business Division of the Demerged Company engaged in manufacturing, selling, exporting etc, children's garments and apparels and related services, activities and operations, as a going concern, including without limitation:
- (a) All the assets and properties (movable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) forming part of the Textile Business Division of the Demerged Company, whether situated in India or abroad, including without limitation, all the, plant and machinery, equipment, , offices, furniture, fixtures, capital work-in-progress, office equipment, appliances, accessories, deposits, all stocks, assets, investment in equity shares of Kitex Apparel Parks Limited and Kitex USA LLC, cash balances or deposits with banks, loans, advances, disbursements, contingent rights or benefits, book debts, receivables, actionable claims, sundry debtors, earnest moneys, advances or deposits paid by the Textile Business Division, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons of the Textile Business Division, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, know how, goodwill, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including, title, interests, other benefits (including tax benefits/ tax credits), easements, privileges, liberties, mortgages, hypothecations, pledges or other security interests created and belongs to the Textile Business Division and advantages of whatsoever nature and wherever situated, in India or abroad, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by Textile Business Division of the Demerged Company or in connection with or relating to Textile Business Division of the Demerged Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by



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Textile Business Division of the Demerged Company, whether in India or abroad;

- (b) All permits, quotas, rights, entitlements, industrial and other licenses, contracts, agreements, bids, tenders, letters of intent, expressions of interest, memorandums of understanding, offer letters, approvals, consents, subsidies, privileges, lease rights, other benefits (including tax benefits), incentives, deductions, exemptions, rebates, allowances, amortization, credits (including tax credits), Minimum Alternate Tax Credit ("MAT Credit"), dividend distribution tax credit, Foreign Tax Credit, tax deducted at source, tax collected at source and advance tax payment, entitlement if any, tax losses and exemptions in respect of the profits of the Textile Business Division of the Demerged Company, all other rights including sales tax deferrals and exemptions and other benefits, the input credit balances (including, State Goods & Service Tax ("SGST"), Integrated Goods and Services Tax ("IGST") and Central Goods and Service Tax ("CGST") credits under the Goods and Service Tax ("GST") laws, CENVAT/ MODVAT credit balances under Central Excise Act, 1944, sales tax law, duty drawback claims, rebate receivables, refund and advance, all customs duty benefits and exemptions, export and import incentives and benefits or any other benefits/ incentives/ exemptions/ given under any policy announcements issued or promulgated by the government of India or state government or any other government body or authority or any other like benefits under any statute receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Textile Business Division of the Demerged Company, whether or not so recorded in the books of accounts of the Demerged Company;
- (c) all liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), borrowings, sundry creditors, liabilities, duties and obligations (including deferred tax liabilities, contingent liabilities and the liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in Rupees or foreign currency, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Demerged Company which belongs to the Textile Business Division;
- (d) All trade and service names and marks, brands, patents, copyrights, goodwill, designs and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or



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electronic form relating to the business activities and operations of the Textile Business Division of the Demerged Company

- (e) all agreements, rights, contracts (including but not limited to vendor contracts), entitlements, permits, licenses, approvals, authorisations, concessions, consents, quota rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the business activities and operations of Textile Business Division of the Demerged Company;
- (f) All staff and employees and other obligations of whatsoever kind, including liabilities pertaining to the Textile Business Division of the Demerged Company with regard to its employees, with respect to the payment of gratuity, superannuation, pension benefits and the provident fund or compensation or benefits, if any, in the event of resignation, death, voluntary retirement or retrenchment or otherwise; and
- (g) Any statutory licenses, permissions, registrations or approvals or consents held by the Textile Business Division of the Demerged Company required to carry on such operations.
- (h) all intellectual property rights, records, files, papers, computer programs, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the business activities and operations of the Textile Business Division of the Demerged Company.

Any question that may arise as to whether a specified asset, benefit, liability, contract or obligation pertains to or not pertains to the Textile Business Division or whether it arises out of the activities or operations of the Textile Business Division shall be decided by the Board of Directors of the Demerged Company and Resulting Company or any committee thereof by mutual agreement.

It is clarified that the Demerged Undertaking shall not include any assets (whether movable or immovable), liabilities, rights, and obligations belongs to and forming part of the Remaining Business.

- 1.7 "Effective Date" means the last of the dates on which the certified true copies of the order of the Tribunal sanctioning the Scheme are filed with the Registrar of Companies, Kochi by both the companies.

Any references in the Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme taking effect" shall mean the Effective Date.

- 1.8 "Encumbrance" means any mortgage, pledge, equitable interest, assignment by way of security, conditional sales contract, hypothecation, right of other persons, claim, security interest, title defect, title retention agreement, voting trust agreement, interest, option, lien, charge, commitment, restriction or limitation of



any nature whatsoever, including restriction on use, voting rights, transfer, receipt of income of exercise of any other attribute of ownership, right of set off, any arrangement (for the purpose of, or which has the effect of, granting security), or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise to create any of the same and the term "Encumbered" shall be construed accordingly;

- 1.9 "Governmental Approval" means any approval but not limited to permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations as may be required pursuant to Applicable Laws for conduct of business by any of the companies party to this Scheme or required for effecting this Scheme;
- 1.10 "Government Authority" means the Central Government, any applicable State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, Board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.
- 1.11 "IT Act" means the Income Tax Act, 1961, and shall include rules, regulations and any statutory modifications, re-enactment or amendment thereof and to the extent in force;
- 1.12 "Intellectual Property Rights" means
- a) copyright, patents, brands, manufacturing process, database rights and rights in trademarks, designs, know-how and confidential information (whether registered or unregistered);
 - b) applications for registration, and rights to apply for registration, of any of the foregoing rights; and
 - c) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;
- 1.13 "Listing Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any statutory modifications, re-enactment or amendment thereof and to the extent in force;
- 1.14 "MAT" means Minimum Alternate Tax;
- 1.15 "National Company Law Tribunal" or "NCLT" or "Tribunal" means the National Company Law Tribunal, Kochi Bench, Kerala, as constituted and authorized as per the applicable provisions of the Companies Act, 2013 and the proceedings initiated under Section 230 to 232 of the Companies Act, 2013;
- 1.16 "New Equity Shares" shall have the meaning ascribed to the term in Clause 13.2
- 1.17 "Record Date" means the date to be fixed by the Board of Directors of the Demerged Company in consultation with the Board of Directors of the Resulting Company or a committee of / person duly authorized by the Board of Directors of the Resulting Company, for the purpose of determining the shareholders of the



Demerged Company, who shall be entitled to receive equity shares of the Resulting Company.

- 1.18 **"Remaining Business"** means all the undertakings, business, operations and activities, including investment in shares of Resulting Company, land and buildings, investment in shares of subsidiary companies, advances paid to subsidiary companies and all other assets and liabilities of the Demerged Company, excluding the Demerged Undertaking, retained by the Demerged Company.
- 1.19 **"Resulting Company"** means KITEX GARMENTS LIMITED (CIN: L18101KL1992PLC006528), a company incorporated under the Companies Act, 1956 and having its registered office at Building No. VI/496, Kizhakkambalam, Vilangu P.O., Aluva, Vilangu, Ernakulam, Kunnathunad, Kerala, India, 683561.
- 1.20 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement in its present form or with any modification(s) made under Clause 21 of this Scheme, as approved or imposed by the Board of Directors of the Demerged Company and the Resulting Company or by the shareholders or creditors and/ or as directed by the Tribunal or any other appropriate authority
- 1.21 **"Sanction Order"** means the order of the NCLT sanctioning this Scheme.
- 1.22 **"SEBI"** means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992;
- 1.23 **"SEBI Master Circular"** means collectively the SEBI master circular bearing no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 'Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957' dated June 20, 2023, as amended from time to time or any other circulars issued by SEBI applicable to schemes of arrangement from time to time.
- 1.24 **"Share Entitlement Ratio"** shall have the meaning ascribed to the term in Clause 13.1
- 1.25 **"Stock Exchanges"** means the BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'), where the shares of Resulting Company are listed;
- 1.26 **"Taxation" or "Tax" or "Taxes"** means all forms of taxes and statutory, governmental, state, provincial, local government 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, goods and service tax or otherwise or attributable directly or primarily to the Demerged Company and the Resulting Company or any other person and all penalties, charges, costs and interest relating thereto;



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

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 in the Act or other applicable laws, as the case may be.

2. **INTERPRETATIONS OF THE SCHEME**

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 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

3. **SHARE CAPITAL**

3.1 **Demerged Company**

The authorised share capital and the issued, subscribed and paid-up capital of the Demerged Company as at March 31, 2024, was as follows:

AUTHORISED SHARE CAPITAL	AMOUNT (Rs.)
10,00,000 Equity Shares of Rs. 100/- each	10,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	AMOUNT (Rs.)
9,49,905 Equity Shares of Rs. 100/- each	9,49,90,500

Subsequent to March 31, 2024 there has been no change in the share capital of Demerged Company.

3.2 **Resulting Company**

The authorised share capital and the issued, subscribed and paid-up capital of the Resulting Company as at March 31, 2024, was as follows:

AUTHORISED SHARE CAPITAL	AMOUNT (Rs.)
25,00,00,000 Equity Shares of Re.1/- each	25,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	AMOUNT (Rs.)
6,65,00,000 Equity Shares of Re.1/- each	6,65,00,000

Subsequent to March 31, 2024, the issued and paid-up capital of the Resulting Company has been increased by way of issue of Bonus Shares in the ratio of 2:1 on January 20, 2025. Thus, as on January 31, 2025, the Issued, Subscribed and Paid-Up Capital of the Resulting Company stood as follows:



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AUTHORISED SHARE CAPITAL	AMOUNT (Rs.)
25,00,00,000 Equity Shares of Re.1/- each	25,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	AMOUNT (Rs.)
19,95,00,000 Equity Shares of Re.1/- each	19,95,00,000

Subsequent to January 31, 2025, there has been no change in the share capital of the Resulting Company.

The equity shares of the Resulting Company are listed on the BSE Limited and the National Stock Exchange of India Limited. The shares of the Demerged Company are not listed with any stock exchanges, whether in India or in any other country.

4. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Hon'ble Tribunal or any other appropriate authority shall be effective from the Appointed Date but shall be operative from Effective Date.

PART B

TRANSFER AND VESTING OF DEMERGED UNDERTAKING OF THE DEMERGED COMPANY INTO THE RESULTING COMPANY

5. TRANSFER AND VESTING OF DEMERGED UNDERTAKING

Upon the Scheme becoming effective and with effect from the Appointed Date, Demerged Undertaking shall, in accordance with Section 2(19AA) of the IT Act and pursuant to Sections 230 to 232 and other applicable provisions of the Act, and pursuant to the Sanction Order, without any further act, instrument or deed, be demerged from the Demerged Company and stand transferred to and vested in or be deemed to be transferred to and vested in Resulting Company as a going concern in the manner set out below.

6. TRANSFER OF ASSETS

6.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, and subject to this Scheme in relation to the mode of transfer and vesting of Demerged Undertaking and the applicable provisions of the Act, Demerged Undertaking shall, without any further act, instrument or deed, be demerged from the Demerged Company and shall stand transferred to and vested in, and/or be deemed to have been demerged and stand transferred to and vested in Resulting Company on a going concern basis, so as to become on and from the Appointed Date, the estate, assets, rights, claims, investments, title, interest and authorities of Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions, pursuant to



Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act and in accordance with the provisions of Section 2(19AA) of the IT Act.

- 6.2 Without prejudice to the generality of Clause 5 and Clause 6.1 above upon coming into effect of this Scheme and on and from the Appointed Date:
- 6.2.1 Demerged Undertaking including all its assets, properties, investments in equity shares of Kitex Apparel Parks Limited and Kitex USA LLC, claims, title, interest, assets of whatsoever nature such as licenses and all other rights, title, interest, contracts or powers of every kind, nature and description of what so ever nature and where so ever situated shall, pursuant to Sections 230 to 232 and other applicable provisions, if any, of the Act, and pursuant to the Sanction Order and without further act or deed or instrument, but subject to the Encumbrances affecting the same as on the Appointed Date, be and stand transferred to and vested in Resulting Company as a going concern.
- 6.2.2 With respect to the assets forming part of Demerged Undertaking that are movable in nature or are otherwise capable of being transferred by manual delivery or by paying over or endorsement and/or delivery, including but not limited to shares, marketable instruments and other marketable securities, cash and cash balances, units of mutual funds, the same may be so transferred pursuant to Sections 230-232 of the Act or be deemed to be transferred by delivery or possession or by endorsement and delivery by the Demerged Company without any further act or execution of an instrument with the intent of vesting such assets with Resulting Company and shall become the property and assets of Resulting Company as an integral part of Demerged Undertaking subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and / or financial institutions.
- 6.2.3 Without prejudice to the generality of the aforesaid, Demerged Undertaking, including properties forming part thereof, whether or not included in the books of the Demerged Company, whether leasehold or licensed properties (including but not limited to rights, interest, right of way and easements in relation thereto) of Demerged Undertaking shall stand transferred to and be vested in Resulting Company or be deemed to be transferred to and be vested in Resulting Company automatically without any act or deed to be done or executed by the Demerged Company and/or Resulting Company. All lease or license or rent agreements pertaining to Demerged Undertaking, entered into by the Demerged Company with various landlords, owners and lessors in connection with the use of the assets of the Demerged Company, together with security deposits, shall stand automatically transferred in favour of Resulting Company on the same terms and conditions, without any further act, instrument or deed. Resulting Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Demerged Company. For the purpose of giving effect to the vesting order passed under Sections 230 to 232 of the Act in respect of this Scheme, 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 such



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properties, including mutation and/or substitution of the ownership or the title to, or interest in the properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of Resulting Company pursuant to the Sanction Order 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 Company and / or Resulting Company. It is clarified that 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.

- 6.2.4 Notwithstanding any provision to the contrary, from the Effective Date and until the leasehold property and related rights thereto, license/right to use such immovable property, tenancy rights, liberties and special status of Demerged Undertaking are transferred, vested, recorded effected and / or perfected, in the records of the Appropriate Authority, in favour of Resulting Company, Resulting Company is deemed to be authorised to carry on businesses under the relevant agreement, deed, lease and/or license, as the case may be. Resulting Company shall execute necessary documents such as lease deed, rental agreements etc with the Demerged Company to carry on the business of the Demerged Undertaking without interruption.
- 6.2.5 With respect to the movable assets pertains to the Demerged Undertaking other than those referred to in Clause 6.2.2, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with any Appropriate Authorities or any other bodies and / or customers or any other Person, if any, forming part of Demerged Undertaking, whether recoverable in cash or in kind or for value to be received, bank balances, etc., and whether or not the same is held in the name of the Demerged Company, the same 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 Resulting Company on the Appointed Date pursuant to Sections 230 to 232 of the Act to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to Resulting Company, and that appropriate entries shall be passed in their respective books to record the aforesaid change, without any requirement for notice or other intimation to such debtors, depositors or Persons as the case may be. Resulting Company may, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in Resulting Company and be paid or made good or held on account of Resulting Company as the Person entitled thereto.
- 6.2.6 All Intellectual Property and rights thereto of the Demerged Company, whether registered or unregistered, along with all rights of commercial nature including attached goodwill, title, interest, and all other interests relating to the goods or services being dealt with by the Demerged Company in relation to Demerged Undertaking shall be transferred to, and vest in, Resulting Company.



- 6.2.7 All assets, estate, rights, title, interest and authorities acquired by the Demerged Company on or after the Appointed Date and prior to the Effective Date forming part of Demerged Undertaking shall also stand transferred to and vested or be deemed to have been transferred to or vested in Resulting Company upon the coming into effect of this Scheme without any further act, instrument or deed.
- 6.3 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of Demerged Undertaking occurs by virtue of this Scheme, Resulting Company may, at any time on or after the Effective Date, in accordance with the provisions hereof or 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 formal effect to this Scheme. Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.
- 6.4 Upon the Effective Date and with effect from the Appointed Date, in relation to assets, if any, which require separate documents for vesting in Resulting Company, or which the Demerged Company and/or Resulting Company otherwise desire to be vested separately, the Demerged Company and Resulting Company may execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- 6.5 In so far as the various incentives, Tax exemptions and benefits, Tax credits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority, or availed of by the Demerged Company, in relation to or in connection with Demerged Undertaking as on the Appointed Date are concerned, including income tax deductions recognitions and exemptions, the same shall, without any further act or deed, vest with and be available to Resulting Company on the same terms and conditions on and from the Appointed Date.
- 6.6 Without prejudice to the other provisions of this Scheme, with respect to the investments made by the Demerged Company in shares, stocks, bonds, warrants, units of mutual funds or any other marketable securities, shareholding interests in other companies, whether quoted or unquoted, by whatever name called, forming part of Demerged Undertaking, the same shall, without any further act, instrument or deed, upon the Effective Date and with effect from the Appointed Date, be transferred to and vested in and / or be deemed to be transferred to and vested in Resulting Company on the Appointed Date pursuant to Sections 230 to 232 of the Act.
- 6.7 It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies etc., in relation to or in connection with Demerged Undertaking, the Demerged Company shall if so required by Resulting Company, issue notices in such form as Resulting Company may deem fit and proper stating that pursuant



to the Sanction Order under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same, stands transferred to Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

- 6.8 Any claims due to the Demerged Company from its customers or otherwise and which have not been received by the Demerged Company as on the date immediately preceding the Appointed Date as the case may be, in relation to or in connection with Demerged Undertaking, shall also belong to and be received by Resulting Company.
- 6.9 On and from the Effective Date and thereafter, Resulting Company shall be entitled to operate all bank accounts of the Demerged Company, which are being operated exclusively in relation to or in connection with Demerged Undertaking, and realize all monies and complete and enforce all pending Contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with Demerged Undertaking in the name of Resulting Company in so far as may be necessary until the transfer of rights and obligations of Demerged Undertaking to Resulting Company under this Scheme have been formally given effect to under such Contracts and transactions.
- 6.10 For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with Demerged Undertaking, have been replaced with that of Resulting Company, the Resulting Company shall be entitled to operate the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Demerged Company in so far as may be necessary. All cheques and other negotiable instruments, electronic fund transfers (such as NEFT, RTGS, etc.) and payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with Demerged Undertaking, after the Appointed Date shall be accepted by the bankers of Resulting Company and credited to the account of Resulting Company, if presented by Resulting Company. Resulting Company shall be allowed to maintain bank accounts in the name of the Demerged Company for such time as may be determined to be necessary by Resulting Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Demerged Company, in relation to or in connection with Demerged Undertaking. It is hereby expressly clarified that any Legal Proceedings by or against the Demerged Company, in relation to or in connection with Demerged Undertaking, in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company shall be instituted, or as the case may be, continued by or against Resulting Company after the Effective Date.



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7. TRANSFER OF LIABILITIES AND ENCUMBRANCES

- 7.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, all the Liabilities of the Demerged Undertaking as on the Appointed Date shall, without any further act or deed be and stand transferred to and be deemed to be transferred to Resulting Company to the extent that they are outstanding as on the Effective Date and shall thereupon become on and from the Appointed Date (or in case of any Transferred Liabilities incurred on a date on or after the Appointed Date, with effect from such date), the liabilities of Resulting Company, along with any charge, Encumbrance, lien, security, relating thereto, on the same terms and conditions as were applicable to the Demerged Company and Resulting Company shall meet, discharge and satisfy the same to the exclusion of the Demerged Company such that the Demerged Company shall in no event be responsible or liable in relation to any such Transferred Liabilities.
- 7.2 Upon the Effective Date, the borrowing limits of Resulting Company in terms of Section 180(1)(c) of the Act, shall, without any requirement of any further act or deed, stand enhanced by an amount being the aggregate borrowings forming part of the Transferred Liabilities which are being transferred to Resulting Company pursuant to this Scheme and Resulting Company shall not be required to pass any separate resolution in this regard. Such limits shall be incremental to the existing borrowing limits of Resulting Company.
- 7.3 Where any of the Liabilities of the Demerged Undertaking have been partially or fully discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of Resulting Company, and all liabilities and obligations incurred by the Demerged Company for the operations of Demerged Undertaking which form a part of the Demerged Company after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of Resulting Company, and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to Resulting Company and shall become the liabilities and obligations of Resulting Company. It shall not be necessary to obtain the consent of any third party or other Person who is a party to any Contract or arrangement by virtue of which such debts, obligations, duties and liabilities have arisen in order to give effect to this Clause 7.
- 7.4 Upon the coming into effect of this Scheme and with effect from the Appointed Date, save as agreed in writing between the Demerged Company and Resulting Company: (i) the Demerged Company alone shall be liable to perform all obligations in respect of all debts, liabilities, duties and obligations pertaining to the Remaining Business, and Resulting Company shall not have any obligations in respect of the debts, liabilities, duties and obligations of the Remaining Business; and (ii) Resulting Company alone shall be liable to perform all obligations in respect of liabilities transferred under this Scheme, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such liabilities transferred under this Scheme.



- 7.5 The vesting of Demerged Undertaking as aforesaid, shall be subject to the existing Encumbrances, if any, subsisting in relation to any such liabilities transferred under this Scheme, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the assets of the Demerged Undertaking have been or are offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as a reference to only the assets pertaining to Demerged Undertaking as are vested in Resulting Company as per the provisions of this Scheme, to the end and intent that any such Encumbrance shall not extend or be deemed to extend to any of the other assets of the Demerged Company or any of the other assets of Resulting Company. Provided further, that the Encumbrances (if any subsisting) over and in respect of the assets or any part thereof of Resulting Company shall continue with respect to such assets or part thereof and the provisions of this Scheme shall not operate to enlarge such Encumbrances. If any of the assets comprised in Demerged Undertaking which are transferred to Resulting Company pursuant to the provisions of this Scheme have not been Encumbered in respect of the transferred liabilities, such assets shall remain unencumbered, and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the transferred liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to Resulting Company, pursuant to the provisions of this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.
- 7.6 If any Encumbrance of the Demerged Company for the operations of Demerged Undertaking exists as on the Appointed Date, but has been partially or fully released thereafter by the Demerged Company on or after the Appointed Date but prior to the Effective Date, such release shall be deemed to be for and on account of Resulting Company upon the coming into effect of the Scheme and all Encumbrances incurred by the Demerged Company for the operations of Demerged Undertaking on or after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of Resulting Company, and such Encumbrances shall not attach to any property of the Demerged Company.
- 7.7 Subject to the other provisions of this Scheme, in so far as the assets forming part of Demerged Undertaking are concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings or debentures or other debt or debt securities of the Demerged Company pertaining to the Remaining Business shall, as and from the Effective Date, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as Encumbrances in relation to liabilities of the Demerged Company pertaining to



the Remaining Business which are not transferred to Resulting Company pursuant to the provisions of this Scheme.

- 7.8 In so far as the existing Encumbrances in respect of the loans and other liabilities relating to the Remaining Business are concerned, such Encumbrances shall, without any further act, instrument or deed be continued with the Demerged Company only on the assets relating to the Remaining Business and the assets forming part of Demerged Undertaking shall stand released therefrom.
- 7.9 Without any prejudice to the foregoing Clauses, the Demerged Company and Resulting Company shall enter into and execute such deeds, instruments, documents and / or writings and do all such acts as may be required, including obtaining necessary consents, filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies to give formal effect to the foregoing Clauses, if required.
- 7.10 Any reference in any security documents or arrangements (to which the Demerged Company is a party) to the Demerged Company and its assets and properties, which relate to Demerged Undertaking, shall be construed as a reference to Resulting Company and the assets and properties of the Demerged Company transferred to Resulting Company by virtue of the Scheme. The provisions of this Clause 7.10 shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue of any security document, all of which instruments, deeds or writings shall stand modified and/ or suspended by the foregoing provisions.

8. STAFF, WORKMEN & EMPLOYEES

- 8.1 On the Scheme becoming effective, all staff, workmen and employees of the Demerged Company pertaining to the Demerged Undertaking in service as on Effective Date shall be deemed to have become staff, workmen and employees of the Resulting Company, without any break or interruption 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 favourable than those applicable to them with reference to their employment with the Demerged Company.
- 8.2 The Resulting Company further agrees that for the purpose of provident fund or superannuation or payment of any other retirement or termination benefit/compensation or other statutory purposes, the services of such employees will be reckoned from the date of their respective appointments with Demerged Company. Any question that may arise as to whether any employee belongs to or does not belong to the Demerged Undertaking shall be decided jointly by the Board of Directors or their duly authorised Committees of the Demerged Company and Resulting Company.
- 8.3 The accumulated funds standing to the credit of the employees whose services are transferred under Clause 8.1 above, relating to superannuation, provident fund, gratuity fund or any other statutory or special fund or trusts created or existing



for the benefit of employees of the Demerged Company pertaining to the Demerged Undertaking shall be identified, determined and transferred to such fund/trust of the Resulting Company or other funds to be established and caused to be recognised by the concerned authorities by Resulting Company on the same terms and conditions as applicable to the funds of the Demerged Company in relation to the said employees. On and from the Effective Date, with effect from the Appointed Date, and subject to getting the Scheme approved by the relevant authorities, Resulting Company shall make the necessary contributions for such employees in relation to the funds. It is clarified that the services of the employees of the Demerged Company engaged in or in relation to the Demerged Undertaking of the Demerged Company shall be treated as having been continuous without any break, discontinuance or interruption for the purpose of the said funds.

- 8.4 It is the aim and intent of this Scheme that all the rights, duties, powers and obligations of the Demerged Undertaking in relation to such funds shall become those of the Resulting Company
- 8.5 Notwithstanding anything contained in this Clause, the Board of Directors of the Resulting Company in consultation with the Board of Directors of the Demerged Company, may devise and finalise suitable alternative mechanics for effecting transfer of employees and employee related benefits to the Resulting Company, with an overarching principle that the interest of the employees in terms of continuity.

9. **PERMITS, CONSENTS AND LICENSES**

- 9.1 All the licenses, Permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued to the Demerged Company, in relation to or in connection with Demerged Undertaking, pursuant to Sections 230 to 232 of the Act, shall without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to Resulting Company so as to become as and from the Appointed Date, the estates, assets, rights, title, interests and authorities of Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Law and the concerned licensors and grantors of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with Applicable Law, Resulting Company on such approvals, clearances, permissions etc. so as to facilitate the transfer and vesting of Demerged Undertaking in Resulting Company and continuation of operations forming part of Demerged Undertaking in Resulting Company without hindrance and that such approvals, clearances and permissions etc. shall remain in full force and effect in favour of or against Resulting Company, as the case may be, Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company and may be enforced as fully and effectually as if, instead of



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the Demerged Company, Resulting Company had been a party or recipient or beneficiary or obligee thereto. The Demerged Company and Resulting Company may execute necessary documentation to give effect to the foregoing, where required.

- 9.2 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, pre-qualifications, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to Demerged Undertaking, including by any Appropriate Authority, including the benefits of any applications made for any of the foregoing, shall, subject to Applicable Law, stand transferred to Resulting Company as if the same were originally given by, issued to or executed in favour of Resulting Company, and Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company. Resulting Company shall make necessary applications / file relevant forms to any Appropriate Authority as may be necessary in this behalf.
- 9.3 Upon this Scheme being effective, the past track record of the Demerged Company relating to Demerged Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of Resulting Company for all commercial and regulatory purposes including for the purposes of eligibility, standing, evaluation and participation of Resulting Company in all existing and future bids, tenders and Contracts of all authorities, agencies and clients.
- 9.4 Upon the Scheme shall coming to effect and until the licenses, Permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status are transferred, vested, recorded, effected, and / or perfected, in the record of the Appropriate Authority, in favour of Resulting Company, Resulting Company is authorised to carry on business in the name and style of the Demerged Company, in relation to or in connection with Demerged Undertaking, and under the relevant license and or Permit and/or approval, as the case may be, and Resulting Company shall keep a record and / or account of such transactions.

10. **LEGAL PROCEEDINGS**

If any suit, appeal or other proceeding of whatever nature by or against the Demerged Company in relation to or in connection with Demerged Undertaking are pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the arrangement by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Resulting Company, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.



11. **CONTRACTS, DEEDS, ETC., AND POWER TO GIVE EFFECT TO THIS PART**

11.1 Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments, if any, of whatsoever nature forming part of Demerged Undertaking to which the Demerged Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced 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, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments.

11.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of Demerged Undertaking occurs by virtue of this Scheme itself, Resulting Company may, at any time after the coming into effect of the Scheme, in accordance with its provisions, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any Contract or arrangement to which the Demerged Company is a party, or any writings as may be necessary, in order to give formal effect to this Scheme. Resulting Company shall, under the provisions of this Scheme, 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 referred to above on the part of the Demerged Company to be carried out or performed.

12. **TAXATION MATTERS**

12.1 Any Tax liabilities under any law pertaining to Taxes to the extent not provided for or covered by the Tax provision in the Demerged Company's accounts, in relation to or in connection with Demerged Undertaking, made as on the date immediately preceding the Appointed Date shall be transferred to Resulting Company. Any surplus in the provision for Taxation / duties / levies / accounts as on the date immediately preceding the Appointed Date in relation to Demerged Undertaking will also be transferred to the account of and belong to Resulting Company. The Boards/Committee of the Demerged Company and Resulting Company shall be empowered to determine if any specific Tax liability or any Tax proceeding relates to Demerged Undertaking and whether the same would be transferred to Resulting Company.

12.2 Taxes, if any, paid or payable by the Demerged Company after the Effective Date and specifically pertaining to Demerged Undertaking shall be treated as paid or payable by Resulting Company and Resulting Company shall be entitled to claim the credit, refund or adjustment for the same, as may be applicable. However, to avoid administrative and procedural difficulties, the Demerged Company and Resulting Company may decide to discharge such obligations by either party acting in the representative capacity for and on behalf of the other and necessary accounting and book effects may be given for such transactions.



- 12.3 Upon the Effective Date, any Tax deposited, certificates issued or returns filed by the Demerged Company relating to the Demerged Undertaking shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by Resulting Company.
- 12.4 With effect from the Appointed Date, all deductions otherwise admissible to the Demerged Company in relation to or in connection with Demerged Undertaking including without limitation deduction admissible on actual payments or on deduction of appropriate Taxes or on payment of Tax deducted at source, claim for deduction of provisions written back by the Demerged Company previously disallowed under the IT Act in the hands of the Demerged Company, claim for debt or part of debt written off under Section 36(1)(vii) read with Section 36(2) of the IT Act, where such debt or part of the debt was offered to Tax by the Demerged Company, and claim for any deferred payments shall be eligible for deduction to Resulting Company in the same manner and to the same extent as would have been enjoyed, availed or utilised by the Demerged Company.
- 12.5 Without prejudice to the above, with effect from the Appointed Date, Resulting Company shall exclude items such as provisions, reversals, etc., for which no deduction or Tax benefit has been claimed by the Demerged Company prior to the Appointed Date.
- 12.6 Without prejudice to the generality of the above, various incentives, Tax exemptions and benefits, Tax credits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Appropriate Authority or availed of by the Demerged Company, in relation to or in connection with Demerged Undertaking as on the Appointed Date shall without any further act or deed vest with and be available to Resulting Company on the same terms and conditions on and from the Appointed Date, if the Demerged Company is entitled to any unutilised credits or benefits under the state or central fiscal / investment incentive schemes and policies or concessions relating to the Demerged Undertaking under any Tax Law or Applicable Law, Resulting Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilised input credits of goods and service tax of the Demerged Company, the portion which will be attributed to the Demerged Undertaking and be transferred to Resulting Company shall be determined by the Board of the Demerged Company in accordance with the Applicable Law.
- 12.7 Any actions taken by the Demerged Company to comply with Tax Laws (including payment of Taxes, maintenance of records, payments, returns, Tax filings, etc.) in respect of Demerged Undertaking on and from the Appointed Date upto the Effective Date shall be considered as adequate compliance by the Demerged Company with such requirements under Tax Laws and such actions shall be deemed to constitute adequate compliance by Resulting Company with the relevant obligations under such Tax Laws.



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- 12.8 Upon the Scheme becoming effective, 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 Tax Laws, and to claim refunds and/or credit for Taxes paid (including tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required to give effect to this Scheme.
- 12.9 Any refunds or credits, under the Tax Laws or other Applicable Laws/regulations dealing with Taxes / duties / levies due to Demerged Company relating to Demerged Undertaking consequent to the assessment made on Demerged Company (including any refund for which no credit is taken in the accounts of the Demerged Company) as on the date immediately preceding the Appointed Date shall also belong to and be received by Resulting Company upon this Scheme becoming effective. If any refund is received by the Demerged Company in relation to Demerged Undertaking, the Demerged Company shall transfer the same to Resulting Company and appropriate entries shall be passed in the respective books of the Demerged Company and Resulting Company to record it, and the Appropriate Authorities shall be bound to transfer to the account of and give credit for the same to Resulting Company upon the Scheme become effective and upon relevant proof and documents being provided to the said Appropriate Authorities.
- 12.10 The Tax payments (including but not limited to income tax, service tax, GST laws, excise duty, central sales tax, applicable state value added tax, etc.) whether by way of tax deducted at source, advance tax or otherwise howsoever, by the Demerged Company relating to Demerged Undertaking after the Appointed Date upto Effective Date, shall be deemed to be paid by Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 12.11 Further, any tax deducted at source by Demerged Company with respect to Demerged Undertaking on transactions with Resulting Company, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 12.12 Upon the Scheme coming into effect, any obligation of tax at source on any payment made by or to be made by the Demerged Company relating to Demerged Undertaking shall be made or deemed to have been made and duly complied with by Resulting Company.
- 12.13 Upon the Effective Date, all demands, claims, show cause notices, suits, actions, administrative proceedings, tribunal proceedings, Taxes and other related disputes resolution proceedings of whatsoever nature (including proceedings under the applicable GST law, however, excluding any proceedings under the provisions of the IT Act), by or against the Demerged Company, pending on the Effective Date relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against Resulting Company with effect from the Effective Date in the same



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manner and to the extent as would or might have been continued and enforced by or against the Demerged Company. Resulting Company shall be substituted in place of the Demerged Company or added as party to such prosecute or defend all such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.

- 12.14 Notwithstanding anything contained hereinabove, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and / or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with Resulting Company. However, if the Demerged Company is unable to get Resulting Company replaced in its place in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Board of Resulting Company and such cost shall be borne by Resulting Company and the latter shall reimburse the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

PART C

CONSIDERATION FOR DEMERGER OF THE DEMERGED UNDERTAKING AND RESPECTIVE ACCOUNTIGN TREATMENT

13. CONSIDERATION FOR DEMERGER

- 13.1 Upon the effectiveness of this Scheme and in consideration of the transfer and vesting of Demerged Undertaking into Resulting Company pursuant to provisions of this Scheme, Resulting Company shall, without any further act or deed, issue and allot equity shares to the equity shareholders of the Demerged Company, or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the Register of Members as on the Record Date in the following ratio:

"For every 100 (Hundred) equity shares of face and paid-up value of Rs. 100/- (Indian Rupees Hundred only) each held in the Demerged Company, 9,706 (Nine Thousand Seven Hundred and Six) equity shares of face and paid-up value of Re. 1/- (Indian Rupee One only) each of Resulting Company to be issued to the equity shareholders of the Demerged Company." (Share Entitlement Ratio)

- 13.2 The equity shares referred to in Clause 13.1 are hereinafter referred to as "New Equity Shares".
- 13.3 No New Equity Shares shall be allotted in respect of fractional entitlements by Resulting Company to which the equity shareholders of the Demerged Company may be entitled on allotment pursuant to this Scheme. If any equity shareholder



of the Demerged Company is entitled to fractional entitlements on account of the Share Entitlement Ratio as applicable to him/ her/ it, subject to receipt of appropriate approvals, if any, Resulting Company shall consolidate such fractional entitlements and thereupon allot the New Equity Shares in lieu thereof to a trust to be constituted by Resulting Company in this regard, who shall hold the New Equity Shares in trust on behalf of the equity shareholders of the Demerged Company entitled to fractional entitlements with the express understanding that the trust shall sell the New Equity Shares so allotted on the Stock Exchanges at such time or times and at such price or prices and to such Person, as the trust deems fit (which sale shall be undertaken within 90 (ninety) days from the date of allotment of such New Equity Shares to the trust), and shall distribute the net sale proceeds, subject to Tax deductions and other expenses as applicable, to the equity shareholders of the Demerged Company in proportion to their respective fractional entitlements. In case the number of such New Equity Shares to be allotted to the trust by virtue of consolidation of fractional entitlements is a fraction, it shall be rounded off to the next higher integer.

- 13.4 The equity shares of the Resulting Company to be issued and allotted as provided shall be subject to the provisions of the Memorandum of Association and Articles of Association of Resulting Company, as the case may be, and shall rank *pari-passu* in all respects with any existing equity shares of Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of Resulting Company.
- 13.5 The issue and allotment of the equity shares of the Resulting Company in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under Section 62, Section 42 and any other applicable provisions of the Act or the allied rules have been complied with.
- 13.6 The equity shares to be issued by the Resulting Company pursuant to Clause 13.1 above, shall be in dematerialized form.
- 13.7 In the event that the Parties restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share entitlement ratio, per Clause 13.1 above; shall be adjusted (including stock options, if any) accordingly to take into account the effect of any such corporate actions.
- 13.8 Resulting Company shall apply for listing of new equity shares on the Stock Exchanges in terms of and in compliance with the SEBI Master Circular and other relevant provisions under Applicable Laws.
- 13.9 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 IN THE BOOKS OF THE COMPANIES

14.1 Accounting treatment in the books of the Demerged Company:

14.1.1 Notwithstanding anything to the contrary contained in any other clause in the Scheme, the Demerged Company shall give effect to the Scheme in its books of accounts in accordance with the accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and the generally accepted accounting principles in India.

14.1.2 Upon the Scheme becoming effective and from the Appointed Date, the Demerged Company shall reduce the carrying value of all the assets and liabilities pertaining to the Demerged Undertaking as appearing in the books of accounts of the Demerged Company, being transferred to and vested in the Resulting Company from the respective book value of assets and liabilities of the Demerged Company. Any matter not dealt with in clause hereinabove shall be dealt with in accordance with the Indian Accounting Standards and Generally Accepted Accounting Principles applicable to the Demerged Company.

14.1.3 The difference, being excess of carrying value of assets over the carrying value of liabilities of the Demerged Undertaking, if any will be adjusted against Retained earnings under the head "Other Equity". If, the difference is arising due to excess of carrying value of liabilities over the carrying value of assets of the Demerged Undertaking it shall be credited to capital reserve account.

14.2 Accounting treatment in the books of the Resulting Company:

14.2.1 Notwithstanding anything to the contrary contained in any other clause in the Scheme, Resulting Company shall give effect to the Scheme in its books of account in accordance with the accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and the generally accepted accounting principles in India.

14.2.2 Upon the Scheme becoming effective, Resulting Company in accordance with Appendix C to Ind AS 193 - Business Combinations, shall record all the assets and liabilities pertaining to "Demerged Undertaking" vested in it pursuant to this Scheme, at their respective carrying values as appearing in the books of the Demerged Company. Resulting Company shall credit to its equity share capital, the aggregate of the face value of the New Equity Shares issued and allotted by it pursuant to the Scheme and excess, if any, of the fair value of the equity shares issued over the face value of the equity shares issued shall be classified as securities premium under the head "Other Equity". The difference between the value of New Equity Shares issued by Resulting Company to the shareholders of the Demerged Company as consideration and the book value of the assets and liabilities of the Demerged Undertaking received from the Demerged Company will be credited or debited, as the case may be, to equity and classified as capital reserve in case of a credit or business reconstruction reserve, respectively in case of a debit under the head "other equity".

14.2.3 Post giving effect to the demerger as per clause 14.2.2 above, the debit balance of "business reconstruction reserve", if any, under the head "other equity" arising in terms of clause 14.2.2 shall be adjusted against the corresponding credit balance of Securities Premium Account arising in terms of clause 14.2.2, in the books of resulting company.



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14.2.4 The financial statements of Resulting Company for prior periods will be restated to give effect to the Scheme from the Appointed Date.

14.2.5 In case of any differences in accounting policies applied to the Demerged Undertaking by the Demerged Company and the Resulting Company, the accounting policies, as may be directed by the Board of Resulting Company will prevail and the difference will be accounted for in accordance with the applicable accounting standards. Any matter not dealt with in Clause hereinabove shall be dealt with in accordance with the Indian Accounting Standards and Generally Accepted Accounting Principles applicable to the Resulting Company.

15. REDUCTION OF SECURITIES PREMIUM IN THE BOOKS OF RESULTING COMPANY

15.1. The reduction and utilization of the securities premium account of the resulting company as specified in clause 14.2.3, shall be effected as an integral part of the scheme, in accordance with provisions of Section 230 to 232, without having to follow the process under Section 52 and other applicable provisions of the Act and without any further act or deed on part of the Resulting Company. Accordingly, the order by NCLT sanctioning the scheme shall also be deemed to be the order passed under applicable provisions of the Act for the purpose of confirming such reduction of securities premium account. The reduction of securities premium account as aforesaid would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and as such the provisions of Section 66 of the Act or the other applicable provisions of the Act will not be applicable in view of the explanation to Section 230 of the Act.

15.2. Notwithstanding the reduction in the securities premium account of the Resulting Company, the Resulting company shall not be required to add "And Reduced" as suffix to its name.

15.3. The consent of shareholders of the Resulting Company, and the consent of the secured and unsecured creditors of the Resulting Company, to the Scheme shall be deemed to be sufficient for the purpose of effecting reduction of Securities Premium Account and no further resolution or action under any other provisions of the Act would be required to be separately passed or taken.

16. CONDUCT OF BUSINESS BY THE DEMERGED COMPANY PERTAINING TO DEMERGED UNDERTAKING UNTIL THE EFFECTIVE DATE

16.1 On and from the Appointed Date till the Effective Date, the Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities relating to Demerged Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its estates, properties, rights, title, interest, authorities, Contracts and investments and other assets forming part of Demerged Undertaking for and on account of and in trust for Resulting Company.

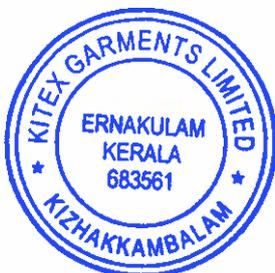
16.2 Nothing in this Clause 15 shall prevent the Demerged Company from undertaking any action in relation to any acquisition, purchase, sale, transfer or other disposition of any estates, properties, rights, title, interest, authorities, Contracts, investments or other assets pertaining to Demerged Undertaking.



- 16.3 All the profits or income accruing or arising to the Demerged Company and the expenditure or losses arising or incurred or suffered by the Demerged Company which form part of Demerged Undertaking till the Effective Date shall, for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of Resulting Company.
- 16.4 Upon the Scheme becoming effective and with effect from the Appointed Date, any of the rights, powers, authorities or privileges attached, related or forming part of Demerged Undertaking, exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or forming part of Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken/ discharged for and on behalf of Resulting Company.
- 16.5 The companies shall be entitled, pending sanction of the Scheme, to apply to all Appropriate Authorities concerned as are necessary under any Applicable Law for such consents, approvals and sanctions, which may be required in connection with this Scheme.

17. **REMAINING BUSINESS**

- 17.1 The Remaining Business and all the assets, properties, rights, liabilities and obligations pertaining thereto shall continue to belong to and remain vested in and be managed by the Demerged Company, and the Resulting Company shall have no right, claim or obligation in relation to the Remaining Business and nothing in this Scheme shall operate to transfer any of the remaining business to the Resulting Company or to make the Resulting Company liable for any liabilities of the Demerged Company relating to the Remaining Business.
- 17.2 All Legal Proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and 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.
- 17.3 With effect from date of approval of this Scheme by the Board of the Demerged Company up to, including and beyond the Effective Date:
- (i) The Demerged Company shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Business for and on its own behalf.
 - (ii) All profits or income accruing or arising to the Demerged Company thereon and expenditure or losses arising or incurred or suffered by it relating to the Remaining Business shall for all purposes be treated as the profits or losses, as the case may be, of the Demerged Company.
 - (iii) All assets and properties acquired by the Demerged Company in relation to the Remaining Business shall belong to and continue to remain vested in the Demerged Company.



18. **AMENDMENT OF THE MEMORANDUM OF ASSOCIATION OF THE RESULTING COMPANY**

18.1 As an integral part of this Scheme and upon this Scheme becoming effective:

- (i) Prior to the issuance of New Equity Shares by Resulting Company, the authorised share capital of Resulting Company shall stand suitably increased, without any further act, instrument or deed on the part of Resulting Company for the purpose of issue of shares as per Clause 13, the authorised share capital of Resulting Company shall be INR 30,00,00,000 (Indian Rupees Thirty Crores only) divided into 30,00,00,000 (Thirty Crores) equity shares of INR 1 (Indian Rupee One) each. Clause 5 of the memorandum of association of Resulting Company shall be altered as set out below, upon coming into effect of the Scheme and without any further act or deed:

"The Authorised Share Capital of the Company is INR 30,00,00,000 (Indian Rupees Thirty Crores only) divided into 30,00,00,000 (Thirty Crores) equity shares of INR 1/- (Indian Rupee One only) each."

- (ii) Pursuant to this Scheme, the Resulting Companies shall file the requisite forms with the Registrar of Companies for alteration of their authorised share capital.
- (iii) It is hereby clarified that for the purposes of this Clause 17, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment for increase in authorised share capital of the Resulting Company, and no further resolution under Section 13, Section 61 and Section 64 of the Act or any other applicable provisions of the Act, shall be required to be separately passed.

19. **SAVING OF CONCLUDED TRANSACTIONS**

Subject to the terms of this Scheme, the transfer and vesting of the Demerged Undertaking of the Demerged Company under Clause 5 of this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company on or before the Appointed Date or concluded after 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 made, done and executed by the Demerged Company as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

PART D

GENERAL TERMS AND CONDITIONS

20. **CONDITIONALITY OF THE SCHEME**

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

- a) The Stock Exchanges issuing their no objection/observation letter on the Scheme to the Resulting Company as required under regulation 37 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- b) Approval of the members:
- i. The requisite majorities in number and value of such classes of members as may be directed by



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- the Tribunal or any other competent authority, as may be applicable, approving the Scheme;
- ii. The votes cast by the public shareholders of the Resulting Company in favor of the Scheme being more than the number of votes cast by the public shareholders of the Resulting Company against the Scheme; and

in each case, the approval to be sought shall be in compliance with the provisions of the Act, the SEBI Master Circular and the Listing Regulations that require seeking approval of a party through e-voting, if applicable.

- c) The approval of the Scheme by the requisite majority in number and value of such classes of secured and unsecured creditors of the Demerged Company and the Resulting Company as required under the Act and as may be directed by the Hon'ble NCLT;
- d) The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;
- e) The sanction of the Scheme by Hon'ble NCLT under section 230-232 and other applicable provisions of the Act in favour of the Demerged Company and the Resulting Company under the said provisions and necessary orders under section 232 of the Act being obtained;
- f) The certified copy of the order of the Hon'ble NCLT under Sections 230 and 232 of the Act sanctioning the Scheme is filed with the Registrar of Companies, Kochi by the Demerged Company and the Resulting Company; and
- g) Compliance with such other conditions as may be imposed by the Hon'ble NCLT.

21. **APPLICATION TO NATIONAL COMPANY LAW TRIBUNAL**

The Demerged Company and Resulting Company shall, with all reasonable dispatch, make applications to the Hon'ble NCLT, within whose jurisdiction the respective registered offices of the Demerged Company and Resulting Company are situated, for sanction and carrying out the Scheme. The said companies shall also apply for and obtain such other approvals, as may be necessary in law, if any, for bringing the Scheme into effect and be entitled to take such other steps and proceedings as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

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

- 22.1 Subject to the approval of NCLT, the Demerged Company and the Resulting Company through their respective Board of Directors or other persons duly authorised by the respective Boards in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, that the Hon'ble NCLT and/ or any other Authority under law may deem fit to direct, approve or impose, or which may otherwise be considered necessary, desirable and appropriate as a result of subsequent events or otherwise by them (i.e. the Board). The Demerged Company and Resulting Company by their respective Board are authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or order of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith



22.2 The Boards of Demerged and Resulting Company are authorised to withdraw the Scheme for sufficient reasons at any time prior to scheme being sanctioned by NCLT.

23. **CHANGE IN CAPITAL STRUCTURE OF THE COMPANIES**

Notwithstanding anything contained in this Scheme and subject to applicable laws, until this Scheme become effective, the Demerged Company and Resulting Company shall have the right to make any changes in their respective capital structure whether by way of increase (including rights issue, bonus issue, preferential issue of equity/ convertible/non-convertible securities) or decrease, reduction, reclassification, sub-division, consolidation, or re-organisation of share capital, or in any other manner for efficient functioning of their business or for any other purpose.

24. **EFFECT OF NON-RECEIPT OF APPROVALS**

24.1 In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Resulting Company and Demerged Company shall, in accordance with law, mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the Hon'ble NCLT, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

24.2 Further, in the case of non-receipt of approvals to the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter-se by Demerged Company or the Resulting Company or their shareholders or creditors or employees or any other person.

25. **COSTS, CHARGES AND EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Demerged Company and the Resulting Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Resulting Company and Demerged Company equally.

26. **MISCELLANEOUS**

In case any doubt or difference or issue shall arise among the Demerged Company and the Resulting Company or any of their shareholders, creditors, employees and/ or persons entitled to or claiming any right to any shares in the Demerged Company or the Resulting Company, as to the construction of this Scheme or as to any account or apportionment to be taken or made in connection herewith or as to any other aspects contained in or relating to or arising out of this Scheme, the same shall be amiably settled between the Board of Directors of the Demerged Company and the Resulting Company and the decision arrived at therein shall be final and binding on all concerned.

27. **RESIDUAL PROVISIONS**

27.1 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between Resulting Company and the Demerged Company and their respective Shareholders and the terms and conditions of this Scheme, the latter shall prevail.



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27.2 Any error, mistake, omission, commission, which is apparent in the Scheme should be read in a manner which is appropriate to the intent and purpose of the Scheme and in line with the preamble as mentioned herein above.

27.3 If any part or provision of this Scheme is found to be invalid, unenforceable or unworkable, for any reason whatsoever, the same shall not affect the validity or implementation of the other parts and/ or provisions of the Scheme and no rights or liabilities whatsoever shall accrue to, or be incurred inter se by, the parties or their respective shareholders, creditors, employees or any other person with respect to such part of the Scheme which is invalid, unenforceable or unworkable.



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