

SCHEME OF ARRANGEMENT**BETWEEN**

BAJAJ ELECTRICALS LIMITED
(“DEMERGED COMPANY” or “BEL”)

AND

BAJEL PROJECTS LIMITED
(“RESULTING COMPANY” or “BPL”)

AND

THEIR RESPECTIVE SHAREHOLDERS

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

I. PREAMBLE AND OVERVIEW OF THE SCHEME

1. This Scheme of Arrangement (“**Scheme**” or “**this Scheme**”, as more particularly defined hereinafter) is presented under Sections 230 to 232 and other applicable provisions of the Act (as defined below) read with Section 2(19AA) and other applicable provisions of the Income Tax Act, 1961, including the rules and regulations issued thereunder, as may be applicable, between Bajaj Electricals Limited (“**Demerged Company**” or “**BEL**”) and Bajel Projects Limited (“**Resulting Company**” or “**BPL**”) and their respective shareholders.
2. This Scheme provides for the following:
 - (i) the transfer by way of a demerger of the Demerged Undertaking (as more particularly defined hereinafter) of the Demerged Company into the Resulting Company on a going concern basis and the consequent issue of New Equity Shares (as defined below) by the Resulting Company to the shareholders of the Demerged Company; and
 - (ii) various other matters consequential or otherwise integrally connected herewith.

II. BACKGROUND AND DESCRIPTION OF THE COMPANIES

1. BEL is a public listed company incorporated on July 14, 1938 under the provisions of the Indian Companies Act, 1913, and deemed to exist within the purview of the Act, with the Corporate Identification Number L31500MH1938PLC009887. Its registered office is situated at 45/47, Veer Nariman Road, Mumbai 400001. BEL is engaged in (a) Consumer Product segment (‘CP’) (which includes appliances, fan and consumer lighting products) and (b) Engineering Procurement and Construction segment (‘EPC’). EPC segment primarily focuses on Illumination Business and Power Transmission and Power Distribution Business. The EPC segment comprises of providing solutions that include design, engineering, procurement, construction and project management and managing all aspects of project execution from conceptualizing to commissioning. It also comprises of providing end-to-

end EPC solutions or any combination of individual services, depending on customer's needs and market opportunity.

The equity shares of BEL are listed on the Stock Exchanges (defined below).

The Board of Directors of BEL has, at its meeting held on May 25, 2021, approved a Scheme of Merger by Absorption of Starlite Lighting Limited ("**SLL**") with BEL and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Act ("**SLL Merger Scheme**"). BSE Limited and National Stock Exchange of India Limited have given their no observation letter dated October 22, 2021 and October 26, 2021 respectively and the SLL and BEL are in the process of filing an application with the Tribunal (as defined hereinafter) as on the date of this Scheme being approved by the Board. Pursuant to this on-going SLL Merger Scheme, BEL will be issuing shares to the shareholders of SLL (except to BEL itself) upon the said SLL Merger Scheme being effective (as per the share entitlement ratio provided in the said SLL Merger Scheme). As BEL and SLL are engaged in the same line of business i.e. 'manufacturing and distribution of consumer products, lighting and allied products', this merger of SLL into BEL will lead to greater synergies in CP business/segment of BEL. The SLL Merger Scheme is subject to the necessary statutory and regulatory approvals including the approvals of Hon'ble Tribunal (defined below), the shareholders and creditors of both the companies (i.e. SLL and BEL).

2. BPL is a public company incorporated on January 19, 2022 under the provisions of the Act, with the Corporate Identification Number U31900MH2022PLC375133. Its registered office is situated at 801, Rustomjee Aspiree, Anik Wadala Link Road, Sion East, Mumbai 400022. The main object of the Resulting Company *inter-alia* is to carry out the Power Transmission and Power Distribution Business.

III. RATIONALE OF THE SCHEME

- (a) The Demerged Company has 2 (two) distinct business segments viz. (i) Consumer Product segment ('CP') (which includes appliances, fan and consumer lighting products) and (ii) Engineering Procurement and Construction segment ('EPC'). The EPC segment primarily focuses on Illumination Business and Power Transmission and Power Distribution Business.
- (b) Illumination Business which is a part of EPC segment is more synergistic to CP segment and its risk and rewards are also aligned to that of CP segment.
- (c) The nature of risk, competition, challenges, opportunities and business methods for the Power Transmission and Power Distribution Business (as defined hereinafter) is separate and distinct from the Remaining Business (as defined hereinafter) carried out by the Demerged Company. Further, the way the Power Transmission and Power Distribution Business is required to be handled and managed is not similar to that of the Remaining Business.
- (d) Each of the varied businesses carried out by the Demerged Company have significant potential for growth and profitability and can attract different set of investors, strategic partners, lenders, etc. Therefore, as these businesses approach their next phase of growth, it would be strategically apt to segregate the Power Transmission and Power Distribution Business from the Remaining Business.

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

IV. PARTS OF THE SCHEME

This Scheme is divided into the following parts:

- Part A** - Deals with Definitions, Interpretation and Share Capital;
- Part B** - Deals with demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company;
- Part C** - Deals with the general terms and conditions applicable to this Scheme.

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

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

VI. NO ARRANGEMENT WITH CREDITORS

The Scheme in no way, is a scheme of compromise or arrangement with the creditors and is not, in any way, adversely affecting the rights of the creditors because the aggregate assets of the Demerged Company and the Resulting Company are more than sufficient to meet the liabilities of the respective creditors in full. The present Scheme is not a scheme of corporate debt restructuring as envisaged under Section 230(2)(c) of the Act or a scheme of compromise or arrangement with creditors.

PART A

DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context thereof, (i) capitalised terms defined by inclusion in quotations and/or parenthesis have the meanings so ascribed; (ii) subject to (iii) hereinafter, all terms and words not defined in this Scheme shall have the same meaning ascribed to them under Applicable Laws; and (iii) the following expressions shall have the meanings respectively assigned against them:

- 1.1 **“Act”** means the Companies Act, 2013 and the rules and regulations made thereunder as the case may be, and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;
- 1.2 **“Appointed Date”** means opening of business hours on 1st day of April, 2022;
- 1.3 **“Applicable Law”** means any applicable central, provincial, local or other law including all applicable provisions of all **(a)** constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Parties; **(b)** Permits; and **(c)** orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties and shall include, without limitation, the listing agreement executed with the Stock Exchanges;
- 1.4 **“Appropriate Authority”** means:
 - 1.4.1 the government of any jurisdiction (including any central, state, provincial, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
 - 1.4.2 any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities;
 - 1.4.3 any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other

governmental or quasi-governmental authority including (without limitation) SEBI and NCLT;

1.4.4 Stock Exchanges;

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

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

1.6 **“Demerged Company”** means Bajaj Electricals Limited (Corporate Identification Number: L31500MH1938PLC009887), a public limited company incorporated under the Indian Companies Act, 1913 and deemed to exist within the purview of the Act and having its registered office at 45/47, Veer Nariman Road, Mumbai 400001;

1.7 **“Demerged Undertaking”** means the entire PT PD Business, undertakings, activities and operations of the Demerged Company as identified by the Board of Directors of the Demerged Company, with all properties, assets, technical experience and credentials, including for power transmission and power distribution projects and tower manufacturing, pre-qualifications, rights and powers and all debts, liabilities, duties and obligations, litigations, working capital (including all inventories), whether tangible or intangible, and such other ventures and shall include ancillary and support services in relation to the same, to be transferred to the Resulting Company as a going concern with effect from the Appointed Date, and shall include (without limitation):

1.7.1 all the movable and immovable properties (including plant located at RU1 – Plot No. B-7 & RU2 – Plot No. B-29, Village Dhoksangvi, MIDC Ranjangaon, Taluka Shirur, District Pune 412209 and office premises at 801, Rustomjee Aspiree Anik, Wadala Link Road, Sion East, Mumbai 400022), tangible or intangible, investments, plant and machinery, electrical installations, equipment, furniture, fixtures, vehicles, stocks and inventory, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets, pertaining to the PT PD Business including cash in hand, amounts lying in the banks, escrow accounts, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, freehold, leasehold rights, brands, sub-letting tenancy rights, leave and license permissions, no objection certificates, goodwill, other intangibles, registration, approvals, Permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and credential and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person

including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to and pertaining to the PT PD Business;

- 1.7.2 all other interests or rights (including claim, arbitration awards, etc.) or, accumulated experience or performance qualifications including financial, technical, manufacturing and other qualifications, in or arising out of relating to the PT PD Business together with all respective powers, interests, charges, privileges, benefits, entitlements, building plans, drawings (including approvals obtained for such drawings or pending applications for approvals), approved tenders, past experience and credentials, business track record, brands and trademarks, patents, copyrights, other intellectual property rights, industrial and other registrations, licenses, quotas, subsidies, grants, powers and facilities of every kind, nature and descriptions whatsoever, income tax (including advance tax, self-assessment tax, regular assessment tax, tax deducted at source) paid by Demerged Company pertaining to PT PD Business, unutilized credits relating to excise duties, sales tax, service tax, VAT, GST or any other Taxes by whatever name called belonging to PT PD Business, tax benefits and other claims and powers, rights to use and avail of telephones, facsimile connections and other communication facilities, connections, installations and equipment, utilities, email, internet and leased lines, utilities, electricity, water and other services, and all other interests in connection with or relating to the PT PD Business;
- 1.7.3 right to use the work experience, credential, qualifications, capabilities, legacies and track record with Government/Non-Government agencies/bodies, contracts with clients and with vendors (including technical parameters, past performance, track record, financials etc.) of the Demerged Company, whether or not pertaining to the PT PD Business, acquired by reason of the completion of various projects and works, certificates of completion of projects or works issued by the clients and the right to use all these for qualifying for any tender or project that may be issued at any time;
- 1.7.4 all receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the PT PD Business;
- 1.7.5 all the debts, liabilities, duties and obligations, funded and non-funded facilities, bank guarantees, performance guarantees, corporate guarantees, letters of credit including contingent liabilities of the Demerged Company in relation to and pertaining to the PT PD Business after following the due process prescribed by lenders/ Persons wherever required;
- 1.7.6 all contracts (including vendor contracts, lease contracts, customer contracts of every nature and revenue and receipts associated therewith), agreements, entitlements, pre-qualifications, purchase orders/service orders, operation and

maintenance contracts, memoranda of understanding, memoranda of undertaking, memoranda of agreements, memoranda of agreed points, bids, tenders, tariff orders, open order book(s), expression of interest, letter of intent, hire purchase agreements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/manufacture of goods/service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims and clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder in relation to and pertaining to the PT PD Business;

- 1.7.7 all civil, legal or other litigations and proceedings in relation to the PT PD Business;
- 1.7.8 all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs/ software along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the PT PD Business; and
- 1.7.9 all Transferring Employees, provided that the Demerged Undertaking shall exclude the Illumination Business.

It is clarified that any question as to whether or not a specified asset or liability pertains to the Demerged Undertaking or arises out of the activities or operations of Demerged Undertaking shall be decided by the Demerged Company.

- 1.8 **“Effective Date”** means the day on which last of the conditions specified in Clause 24.1 (Conditionality of the Scheme / Conditions Precedent) of this Scheme are complied with or otherwise duly waived. References in this Scheme to the date of **“coming into effect of this Scheme”** or **“upon the Scheme being effective”** or **“upon the Scheme becoming effective”** or **“the Scheme becoming effective”** shall mean the Effective Date;
- 1.9 **“Encumbrance”** means **(i)** any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; **(ii)** pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or **(iii)** any equity, assignments, hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or **(iv)** any agreement to create any of the above; and the terms **“Encumber”** or **“Encumbrances”** shall be construed accordingly;
- 1.10 **“ESOP Plans”** means employee stock option plan 2011 and employee stock option plan 2015 of the Demerged Company;
- 1.11 **“Illumination Business”** means the illumination division of the EPC segment comprising of providing complete lighting solutions for street lights, for all class of streets, area/façade

lighting, landscape lighting coupled with sustainable solar solutions, smart poles which are integrated with multiple applications, populated on a single dashboard for easy access and maintenance for the city supervisors. This division also undertakes special lighting projects such as at power plants, stadiums, smart cities and city beautification in the form of architectural lighting.

- 1.12 **“INR”** means Indian Rupee, the lawful currency of the Republic of India;
- 1.13 **“New Equity Shares”** means the equity shares of the Resulting Company issued and allotted pursuant to the Scheme;
- 1.14 **“NCLT”** or **“Tribunal”** means the relevant bench of the Hon’ble National Company Law Tribunal having jurisdiction over BEL and BPL or any other competent authority as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 and other applicable provisions of the Act;
- 1.15 **“Options”** shall mean the stock options granted by BEL as per the ESOP Plans of BEL;
- 1.16 **“Parties”** shall mean collectively the Demerged Company and the Resulting Company and **“Party”** shall mean each of them, individually;
- 1.17 **“Permits”** means all consents, licences, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory under Applicable Law;
- 1.18 **“Person”** means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;
- 1.19 **“Power Transmission and Power Distribution Business”** or **“PT PD Business”** means all business and related ventures of the EPC segment, comprising of providing solutions that include design, engineering, procurement, construction and project management and managing all aspects of project execution from conceptualizing to commissioning and providing end-to-end EPC solutions or any combination of individual services, depending on customer’s needs and market opportunity and excludes the Illumination Business;
- 1.20 **“Record Date”** means the date fixed by the Board of Directors or a committee thereof of the Resulting Company for the purpose of determining the shareholders of the Demerged Company to whom New Equity Shares will be allotted pursuant to the Scheme;
- 1.21 **“Remaining Business”** means all the business, units, divisions, undertakings and assets and liabilities of the Demerged Company other than those forming part of the Demerged Undertaking, and includes the Illumination Business and the business of the CP segment;
- 1.22 **“Resulting Company”** means Bajel Projects Limited (Corporate Identification Number: U31900MH2022PLC375133), a public limited company incorporated under the Companies Act, 2013, having its registered office at 801, Rustomjee Aspiree, Anik Wadala Link Road, Sion East, Mumbai 400022;

- 1.23 **“RoC”** means the relevant Registrar of Companies having jurisdiction over the Parties, as the case may be;
- 1.24 **“Scheme” or “this Scheme”** means this scheme of arrangement in its present form or with any modification(s) made under Clause 23 of this Scheme as approved or directed by the Appropriate Authority;
- 1.25 **“SEBI”** means the Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992;
- 1.26 **“SEBI Circular”** shall mean the circular issued by the SEBI, being Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, and any amendments thereof, modifications issued pursuant to regulations 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015;
- 1.27 **“Stock Exchanges”** means BSE Limited and the National Stock Exchange of India Limited, collectively;
- 1.28 **“Taxation” or “Tax” or “Taxes”** means all forms of taxes and statutory, governmental, state, provincial, international, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Demerged Company or the Resulting Company or any other Person and all penalties, charges, costs and interest relating thereto;
- 1.29 **“Transferring Employees”** means (i) all the employees of the PT PD Business as on the Effective Date and (ii) such other employees as identified by the Demerged Company as on the Effective Date.

2. INTERPRETATION

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

In this Scheme, unless the context otherwise requires:

- words denoting singular shall include plural and vice versa;
- headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- references to the word “include” or “including” shall be construed without limitation;
- a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;

- unless otherwise defined, the reference to the word “days” shall mean calendar days;
- references to dates and times shall be construed to be references to Indian dates and times;
- reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
- word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them.

3. DATE OF TAKING EFFECT

The Scheme in its present form or with any modification(s) approved or directed by the NCLT or any amendment(s) made under Clause 23 of this Scheme shall be deemed to be effective from the Appointed Date but shall be operative from the Effective Date.

4. SHARE CAPITAL

- 4.1 The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on December 31, 2021 is as under:

Share Capital	Amount (in INR)
Authorised Capital	
20,00,00,000 Equity Shares of INR 2/- each	40,00,00,000
TOTAL	40,00,00,000
Issued, Subscribed and Paid-up Share Capital	
11,48,13,829 Equity Shares of INR 2/- each fully paid up	22,96,27,658
TOTAL	22,96,27,658

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up capital of the Demerged Company.

- 4.2 The authorised, issued, subscribed and paid-up share capital of the Resulting Company as on January 31, 2022 is as under:

Share Capital	Amount (in INR)
Authorised Capital	
50,00,000 Equity Shares of INR 2/- each	1,00,00,000
TOTAL	1,00,00,000
Issued, Subscribed and Paid-up Share Capital	
25,00,000 Equity Shares of INR 2/- each fully paid up	50,00,000
TOTAL	50,00,000

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid-up capital of the Resulting Company. As on the date of approval of the Scheme by the Board of Directors, the entire share capital of the Resulting Company is 100% legally and beneficially held by the Demerged Company along with its nominees.

- 4.3 The Demerged Company has outstanding employee stock options under the ESOP Plans, the exercise of which may result in an increase in the issued and paid-up share capital of

the Demerged Company.

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

PART B

DEMERGER OF THE DEMERGED UNDERTAKING FROM THE DEMERGED COMPANY INTO THE RESULTING COMPANY

5. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

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

agreements with SEBI, agreement with banks/funds, vendor agreements, software or third party licenses, statutory and regulatory permissions, environmental approvals and consents, registrations or other licenses and power of attorneys would get transferred to and vested in the Resulting Company, with effect from the Appointed Date by operation of law as transmission, as the case may be, in favour of the Resulting Company and shall have been deemed to have been entered into by the Resulting Company with such respective parties.

- 5.2.3 without prejudice to the aforesaid, all the immovable property whether or not included in the books of the Demerged Company pertaining to the Demerged Undertaking, whether freehold or leasehold (including but not limited to any other document of title, rights, interest and easements in relation thereto, and any shares in cooperative housing societies associated with such immovable property) shall stand transferred to and be vested in the Resulting Company, with effect from the Appointed Date, without any act or deed to be done or executed by the Demerged Company and/or the Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required.
- 5.2.4 all debts, liabilities, duties and obligations (debentures, bonds, notes and other debt securities), bank guarantees, performance guarantees, corporate guarantees, letters of credit including contingent liabilities of the Demerged Company in relation to and pertaining to the Demerged Undertaking shall, without any further act, instrument or deed or wherever required after following the due process prescribed by lenders/ Persons, be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Resulting Company, so as to become on and from the Appointed Date, the debts, liabilities, duties and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 5.
- 5.2.5 all the brands and trademarks pertaining to the Demerged Undertaking including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights, trademarks and all such other industrial and intellectual property rights of whatsoever nature pertaining to Demerged Undertaking shall be transferred to the Resulting Company, with effect from the Appointed Date. The Resulting Company shall take such actions as may be necessary and permissible to get the same transferred and/or registered in the name of the Resulting Company.
- 5.2.6 The vesting of the Demerged Undertaking, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, in respect of any financing, borrowings and/or debts pertaining to the Demerged Undertaking which shall be transferred to the Resulting Company, provided however that such Encumbrances shall be confined only to the relevant assets of the Demerged Undertaking or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of the Resulting Company. Any reference in any security documents or arrangements (to

which the Demerged Company is a party) related to any assets of the Demerged Undertaking shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Resulting Company. Similarly, the Resulting Company shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of/to be availed of by it, and the Encumbrances in respect of such indebtedness of the Resulting Company shall not automatically extend or be deemed to extend or apply to the assets so vested.

- 5.2.7 Upon the Scheme being effective, the work experience, qualifications, capabilities, legacies and track record with Government/Non-Government agencies/bodies, contracts with clients and with vendors (including technical parameters, past performance, track record, financials, etc.) of the Demerged Company acquired by reason of the completion of various projects and works pertaining to the Demerged Undertaking and certificates of completion of projects or works pertaining to the Demerged Undertaking issued by the clients of the Demerged Company shall be deemed to be part of and belonging to the Resulting Company and shall for all purposes be regarded as the work experience, credentials and qualification, capabilities and legacies (including technical parameters, past performance, track record, financials etc.) and certificates of completion of the Resulting Company.
- 5.2.8 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company pertaining to the Demerged Undertaking, if any, has been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Undertaking in the name of the Demerged Company and for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company and pertaining to the Demerged Undertaking after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.
- 5.2.9 Without prejudice to the foregoing provisions of this Scheme, the Demerged Company and/or the Resulting Company shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any Appropriate Authority or Person, to give effect to the above provisions. Additionally, at the election of the Demerged Company and the Resulting Company, immovable properties forming a part of the Demerged Undertaking may be assigned, not by virtue of this Scheme, but by way of separate deeds of conveyance, so as to give effect to the above provisions of the Scheme.

6. PERMITS

- 6.1 With effect from the Appointed Date, all the Permits held or availed of by, and all rights

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

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

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

- 7.1 Subject to the other provisions of the Scheme, all contracts, guarantees, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date shall remain in full force and effect against or in favour of the Resulting Company and shall be binding on and be enforceable by and against the Resulting Company as fully and effectually as if the Resulting Company had at all material times been a party or beneficiary or obligee thereto. The Resulting Company will, if required, enter into a novation agreement, sub-contracting agreement, deeds, writings or confirmations in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/ recognised by the Appropriate Authorities.
- 7.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking of the Demerged Company occurs by virtue of this Scheme, the Demerged Company and/or the Resulting Company may, at any time in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. The Resulting Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company, to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company pertaining to Demerged Undertaking.
- 7.3 On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to

enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Resulting Company in so far as may be necessary until the transfer of rights and obligations of the Demerged Undertaking to the Resulting Company under this Scheme have been given effect to under such contracts and transactions.

- 7.4 In an event where any contracts, agreements, arrangements and other instruments of whatsoever nature pertaining to the Demerged Undertaking are not transferrable for any reasons, the Demerged Company shall sub-contract such contracts to the Resulting Company by entering into applicable agreements/ deeds as per the Applicable Law. In such cases, the Resulting Company, if required shall indemnify the Demerged Company for any risks or loss or reward associated with such contracts sub-contracted. Further, if any contracts, agreements, arrangements and other instruments of whatsoever nature pertaining to the Demerged Undertaking are not transferrable for any reasons and cannot be sub-contracted to the Resulting Company then, the Resulting Company shall allow the Demerged Company the right to use such performance qualifications, technical experience and credentials, if required, which will be transferred to the Resulting Company pursuant to this Scheme to complete/ implement only such contracts, agreements, arrangements.

8. LEGAL PROCEEDINGS

- 8.1 Upon the coming into effect of this Scheme, proceedings 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 the Resulting Company with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.
- 8.2 The Resulting Company: (a) shall be replaced/added as party to such proceedings relating to the Demerged Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the Demerged Company shall consequently stand nullified.
- 8.3 It is clarified that except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Demerged Undertaking that stand transferred to the Resulting Company.

9. STAFF & EMPLOYEES

- 9.1 Upon the effectiveness of this Scheme, the Resulting Company undertakes to engage, without any interruption in service, all Transferring Employees, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company undertakes to continue to abide by any agreement/settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid Transferring Employees or union representing them. The Resulting Company agrees that the services of all such Transferring Employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said Transferring Employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other

retiral/terminal benefits and to this effect the accumulated balances, if any, standing to the credit of such Transferring Employees in the existing provident fund, gratuity fund and superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company and/or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company. The decision on whether or not Transferring Employee is part of the Demerged Undertaking, be decided by the Demerged Company, and shall be final and binding on all concerned.

9.2 Pending the transfer as aforesaid, the provident fund, the gratuity fund and superannuation fund dues of the said Transferring Employees would be continued to be deposited in the existing the provident fund, gratuity fund and superannuation fund respectively of the Demerged Company.

9.3 Employee stock options:

9.3.1 Upon the Scheme becoming effective, the Resulting Company shall formulate new special purpose employee stock option scheme by adopting the ESOP Plans of the Demerged Company, as modified in accordance with the variations mentioned in this Clause 9.3.

9.3.2 With respect to the Options granted by the Demerged Company to the eligible employees of the Demerged Company (irrespective of whether they continue to be employees of the Demerged Company or become employees of the Resulting Company pursuant to this Scheme) under the ESOP Plans; and upon the Scheme becoming effective, the said eligible employees shall be issued 1 (one) stock option by the Resulting Company under the new special purpose employee stock option scheme for every 1 (one) ESOP outstanding as on the Effective Date in the Demerged Company, on terms and conditions similar to the ESOP Plans.

9.3.3 The Options granted by the Demerged Company under the ESOP Plans would continue to be held by the eligible employees irrespective of whether they continue to be employees of the Demerged Company or become employees of the Resulting Company. Upon the Scheme becoming effective, the Demerged Company shall, if required, take necessary steps to modify the ESOP Plans in a manner considered appropriate and in accordance with the Applicable Laws, in order to enable the continuance of the same in the hands of the eligible employees who become employees of the Resulting Company, subject to the approval of the Stock Exchanges and the relevant regulatory authorities, if any under Applicable Laws.

9.3.4 The existing exercise price of the Options of the Demerged Company shall be modified consequent to which the exercise price of the Options of the Demerged Company shall stand adjusted and the balance of the exercise price shall become the exercise price of the stock options issued by the Resulting Company.

9.3.5 The Demerged Company shall undertake applicable procedure for making a fair and reasonable adjustment to the exercise price as mentioned in Clause 9.3.4.

- 9.3.6 While granting stock options, the Resulting Company shall take into account the period during which the employees held Options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company, for determining of minimum vesting period required for stock options granted by the Resulting Company, subject to Applicable Laws.

10. REORGANIZATION OF RESERVES OF THE DEMERGED COMPANY

- 10.1 Upon Scheme becoming effective and with effect from the Appointed Date, entire balance amount standing to the credit of General Reserve of the Demerged Company as on the Appointed Date shall be reclassified and credited to Retained Earnings of the Demerged Company and shall, for all the purposes of Act, be treated at par with Retained Earnings as appearing in the Balance Sheet of the Demerged Company.
- 10.2 The approval of the Scheme by the shareholders of the Demerged Company shall be deemed to be sufficient for the purpose of effecting the reclassification as per Clause 10.1 above and no further resolution under any other applicable provisions of the Act would be required to be separately passed.

11. CONSIDERATION

- 11.1 Upon the Scheme becoming effective and in consideration of and subject to the provisions of the Scheme, the Resulting Company shall without any application or deed, issue and allot New Equity Shares of face value of INR 2/- each, credited as fully paid up, to the extent indicated below, to the equity shareholders holding fully paid up equity shares of the Demerged Company and whose name appear in the register of members of the Demerged Company as on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Demerged Company in the following proportion, subject to the Clause 11.4 and Clause 11.5 of the Scheme:

“1 equity share of the face value of INR 2 each fully paid-up of the Resulting Company shall be issued and allotted for every 1 equity share of face value INR 2 each fully paid up held by equity shareholders of the Demerged Company.”

- 11.2 The fractional entitlements, if any, shall be aggregated and held by the trust, nominated by the Board of the Resulting Company in that behalf, who shall sell such shares in the market at such price, within a period of 90 days from the date of allotment of shares, as per the Scheme and on such sale, shall pay to the Resulting Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of Demerged Company in proportion to their respective fractional entitlements so sold by the trustee.
- 11.3 The New Equity Shares to be issued to the shareholders of the Demerged Company as above shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Resulting Company. Further, the New Equity Shares issued shall rank *pari passu* with the existing equity shares of the Resulting Company in all respects including

dividends, if any that may be declared by the Resulting Company on or after the Scheme becoming effective, as the case may be.

- 11.4 The issue and allotment of the New Equity Shares to the shareholders of the Demerged Company as provided in Clause 11 of this Scheme, is an integral part of the Scheme, and shall be deemed to be carried out without requiring any further act on the part of the Resulting Company or its shareholders as if the procedure laid down under Section 62 of the Act and any other applicable provisions of the Act, were duly complied with.
- 11.5 The New Equity Shares to be issued and allotted by the Resulting Company to the shareholders of the Demerged Company shall be issued in dematerialized form. All the shareholders who hold shares of the Demerged Company in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Demerged Company and/or its Registrar on or before the Record Date. The shareholders who fail to provide such details shall be issued equity shares in physical form. Notwithstanding the above, if as per Applicable Laws, the Resulting Company is not permitted to issue and allot the new equity shares in physical form and it has still not received the demat account details of such shareholders of the Demerged Company, the Resulting Company shall issue and allot such shares in lieu of the new equity share entitlement of such shareholders, into a Demat Suspense account, which shall be operated by one of the directors of the Resulting Company, duly authorised in this regard, who shall upon receipt of appropriate evidence from such shareholders regarding their entitlements, will transfer from such Demat Suspense account into the individual demat account of such claimant shareholders, such number of shares as may be required in terms of this Scheme.
- 11.6 In the event that the Parties restructure their share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share exchange ratio per Clause 11.1 shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 11.7 Further, the Resulting Company shall, and to the extent required, take all the necessary steps and approvals required to increase its authorised share capital on or before the Effective Date for issuance of the New Equity Shares as per this Clause 11.
- 11.8 New Equity Shares to be issued by the Resulting Company pursuant to Clause 11.1 above in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Resulting Company.

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

- 12.1 Immediately with effect from the Effective Date and upon allotment of New Equity Shares by the Resulting Company, the entire pre-demerger paid up equity share capital, as on the Effective Date, of the Resulting Company ("**Resulting Company Cancelled Shares**") shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up capital of the Resulting Company to that effect shall stand cancelled and reduced, which

shall be regarded as reduction of equity share capital of the Resulting Company, pursuant to Section 66 of the Act as also any other applicable provisions of the Act.

- 12.2 The reduction of the share capital of the Resulting Company shall be effected as an integral part of this Scheme itself, without having to follow the process under Sections 66 of the Act separately and the order of the Tribunal sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.
- 12.3 On effecting the reduction of the share capital as stated in Clause 12.1 above, the share certificates in respect of the Resulting Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled.
- 12.4 On the Effective Date, the Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares.
- 12.5 The capital reserve in the books of the Resulting Company shall be increased to the extent of the amount of Resulting Company Cancelled Shares.
- 12.6 Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

13. LISTING OF THE RESULTING COMPANY

- 13.1 Resulting Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The equity shares allotted by the Resulting Company in terms of Clause 11 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange. Further, there shall be no change in the shareholding pattern of the Resulting Company between the date of issue of New Equity Shares pursuant to the Scheme and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.
- 13.2 Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

14. ACCOUNTING TREATMENT

- 14.1 The Demerged Company and the Resulting Company shall account for the Scheme in their respective books/financial statements in accordance with applicable Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles in India as amended from time to time including as provided herein below:

Accounting treatment in the books of the Demerged Company:

- 14.1.1 The demerger accounting will apply from the date on which all substantive approvals are received.

- 14.1.2 The Demerged Company shall derecognise the carrying value of assets and liabilities pertaining to the Demerged Undertaking, transferred to and vested in the Resulting Company from the carrying value of assets and liabilities as appearing in its books.
- 14.1.3 The Demerged Company shall derecognise the carrying amount of investments in the Resulting Company cancelled pursuant to the Scheme.
- 14.1.4 Loans and advances, receivables, payables and other dues outstanding between the Demerged Company and the Resulting Company relating to the Demerged Undertaking will stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 14.1.5 The excess/deficit if any, of the net assets transferred to the Resulting Company pursuant to Clause 14.1.2 after giving effect to investment cancellation as mentioned in Clause 14.1.3 and effect to elimination of balances as mentioned in Clause 14.1.4, shall be adjusted with the Retained Earnings of the Demerged Company.
- 14.1.6 Till the time demerger is effective and approved by the NCLT, the Resulting Company will be considered as a wholly owned subsidiary of the Demerged Company and thus consolidated financial statement from incorporation till the date the Scheme becomes effective will be prepared by the Demerged Company.

Accounting treatment in the books of the Resulting Company:

- 14.1.7 The Resulting Company shall record the assets and liabilities pertaining to the Demerged Undertaking, transferred to and vested in it at their respective carrying values as appearing in the books of the Demerged Company.
- 14.1.8 Loans and advances, receivables, payables and other dues outstanding between the Demerged Company and the Resulting Company relating to the Demerged Undertaking will stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 14.1.9 The Resulting Company shall credit to its share capital in its books of accounts the aggregate face value of equity shares issued by it to the shareholders of the Demerged Company pursuant to Clause 11 of this Scheme.
- 14.1.10 The excess/deficit if any, of the net assets transferred to the Resulting Company pursuant to Clause 14.1.7 after giving effect to Clause 14.1.8 and Clause 14.1.9, shall be transferred to the Capital Reserve of the Resulting Company.
- 14.1.11 In case of any difference in accounting policy between the Demerged Company and the Resulting Company, the accounting policies followed by the Resulting Company shall prevail and the difference shall be adjusted appropriately as per the applicable Ind-AS.
- 14.1.12 The Resulting Company's share capital cancelled pursuant to Clause 12 shall be

credited to the Capital Reserve account.

- 14.1.13 On the Effective Date, the financial information in the financial statements in respect of prior periods will be restated as if the demerger had occurred from the beginning of the preceding period or the date of incorporation of the Resulting Company, whichever is later, irrespective of the actual date of the combination in accordance with Appendix C to Ind-AS 103.

14.2 Accounting treatment for Tax purposes:

It is further clarified that the Scheme set out herein in its present form duly approved by the NCLT shall be effective from the Appointed Date for tax purposes. Accordingly, the Demerged Company and the Resulting Company shall, for tax purposes, account for the Scheme and all its effects with effect from the Appointed Date.

15. TAXES/ DUTIES / CESS ETC.

- 15.1 The unutilized credits relating to excise duties, sales tax, service tax, VAT, GST or any other Taxes by whatever name called as applicable which remain unutilised in the electronic ledger of the Demerged Company pertaining to the Demerged Undertaking shall be transferred to and vest in the Resulting Company upon filing of requisite forms. Thereafter the unutilized credit so specified shall be credited to the electronic credit ledger of the Demerged Company and the input and capital goods shall be duly adjusted by the Resulting Company in its books of account.
- 15.2 After the Appointed Date, Taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, GST, wealth tax, if any, paid by the Demerged Company pertaining to the Demerged Undertaking shall be treated as paid by the Resulting Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable notwithstanding that challans or records may be in the name of the Demerged Company.
- 15.3 All the Tax payments/compliances (including, but without limitation to income tax, service tax, excise duty, central sales tax, applicable state value added tax, etc.) whether by way of tax deducted at source, advance tax, all earnest monies, security deposits provisional payments, payment under protest, or otherwise howsoever, by the Demerged Company pertaining to the Demerged Undertaking after the Appointed Date, shall be deemed to be paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 15.4 Further, any tax deducted at source by the Demerged Company pertaining to the Demerged Undertaking on transactions with the Resulting Company, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid or tax deposited by the Resulting Company and shall, in all proceedings, be dealt with accordingly in the hands of the Resulting Company (including but not limited to grant of such tax deposited as credit against total tax payable by the Resulting Company while filing consolidated return of income on or after Appointed Date).
- 15.5 Upon Scheme becoming effective, the Demerged Company and the Resulting Company are expressly permitted to revise their financial statements and its income tax returns along

with prescribed forms, filings and annexures under the Income-Tax Act, 1961 and other statutory returns, including but not limited to tax deducted/collected at source returns, service tax returns, excise tax returns, sales tax/VAT/GST returns, as may be applicable. The Resulting Company has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign taxes paid/withheld, etc., if any, as may be required for the purposes of/consequent to implementation of the Scheme. All compliances done by the Demerged Company pertaining to the Demerged Undertaking will be considered as compliances by the Resulting Company.

- 15.6 It is hereby clarified that there are no accumulated business losses and unabsorbed depreciation as per tax books of the Demerged Company as on the Appointed Date pertaining to the Demerged Undertaking being eligible to be transferred and carried forward to the Resulting Company.
- 15.7 It is hereby clarified that in case of any benefits, incentives, grants, subsidies, etc. under Income-tax Act, 1961, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws, any incentive scheme or policies or any other applicable laws/regulations dealing with Taxes/duties/levies due to the Demerged Company pertaining to the Demerged Undertaking shall stand vested to the Resulting Company upon this Scheme becoming effective. However, the tax liabilities and tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date in relation to the Demerged Undertaking shall not be transferred as part of the Demerged Undertaking to the Resulting Company.
- 15.8 All Tax assessment proceedings/appeals of whatsoever nature by or against the Demerged Company pertaining to the Demerged Undertaking pending and/or arising shall be continued and/or enforced until the Effective Date by the Demerged Company.

16. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Demerged Undertaking into the Resulting Company as above and the continuance of proceedings by or against the Resulting Company shall not affect any transaction or proceedings already concluded on and after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in relation to the Demerged Undertaking, in respect thereto as done and executed on behalf of the Resulting Company.

PART C

GENERAL TERMS AND CONDITIONS

17. REMAINING BUSINESS

- 17.1 The Remaining Business and all the assets, investments, liabilities and obligations of the Demerged Company, shall continue to belong to and be vested in and be managed by the Demerged Company.

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

18. DIVIDENDS

- 18.1 During the pendency of the Scheme, the Parties shall be entitled to declare and pay dividends, to their respective shareholders in consistent with the past practice or in ordinary course of business, whether interim or final. Any other dividend shall be recommended/declared only by the mutual consent of the concerned Parties.
- 18.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Parties to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of the Parties as the case may be, and subject to approval, if required, of the shareholders of the Parties as the case may be.

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

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

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

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

- 19.2.1 when the same is expressly provided in this Scheme; or
 - 19.2.2 when the same is in the ordinary course of business as carried on, as on the date of filing of this Scheme in the NCLT; or
 - 19.2.3 when written consent of the Resulting Company has been obtained in this regard.
- 19.3 The Demerged Company with respect to Demerged Undertaking shall not alter or substantially expand its business, or undertake except with the written concurrence of the Resulting Company: (i) any material decision in relation to its business and affairs and operations other than that in the ordinary course of business; (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); (iii) any new business, or discontinue any existing business or change the capacity of facilities other than that in the ordinary course of business; and (iv) any material amendment to contracts with customers or vendors of the Demerged Undertaking.
- 19.4 The Demerged Company with respect to Demerged Undertaking shall not vary the terms and conditions of employment of any of its Transferring Employees, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken, except with the written concurrence of the Resulting Company.
- 19.5 The Demerged Company and/or the Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to carry on the business of the Demerged Company with respect to the Demerged Undertaking and to give effect to the Scheme.
- 19.6 With effect from the Appointed Date, all profits or income arising or accruing to the Demerged Company with respect to the Demerged Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by the Demerged Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, of the Resulting Company.
- 19.7 All loans raised and all liabilities and obligations incurred by the Demerged Company with respect to the Demerged Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company.

19.8 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the NCLT, the Resulting Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Demerged Undertaking, in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Sections 230 to 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company pursuant to the sanction of the Scheme by the NCLT and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Demerged Companies as the case may be. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/ or substitution.

20. FACILITATION PROVISIONS

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

20.2 Further, if required the Demerged Company will provide office facility management services for the Resulting Company by continuing to work with property manager, landlord, lessor, as may be appropriate in line with the existing arrangement. Status quo for existing operations and services of the Demerged Company shall be maintained.

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

21. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, until any property, asset, license,

approval, permission, contract, agreement and rights and benefits arising therefrom are transferred, vested, recorded, effected and/or perfected, in the records of the Appropriate Authority(ies), regulatory bodies or otherwise, in favour of the Resulting Company, the Resulting Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authority(ies) and till such time as may be mutually agreed by the Demerged Company and the Resulting Company, the Demerged Company will continue to hold the property and/or the asset, license, permission, approval as the case may be in trust on behalf of the Resulting Company. It is further clarified that on the Effective Date, notwithstanding the Scheme being made effective, any asset/liability identified as part of the Demerged Undertaking and pending transfer due to the pendency of any approval/consent and/or sanction shall be held in trust by the Demerged Company for the Resulting Company. Immediately upon receipt of such approval/consent and/or sanction such asset and/or liability forming part of the Demerged Undertaking shall without any further act/deed or consideration be transferred/vested in the Resulting Company, with all such benefits, obligations and rights with effect from the Effective Date. All costs, payments and other liabilities that the Demerged Company shall be required to bear to give effect to this Clause 21 shall be borne solely by the Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

22. APPLICATIONS / PETITIONS TO THE NCLT

- 22.1 The Parties shall dispatch, make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, under whose jurisdiction, the registered offices of the respective Parties are situated, for sanction of this Scheme under the provisions of Applicable Law, and shall apply for such approvals as may be required under Applicable Law.
- 22.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Demerged Company and the Resulting Company may require to own the assets and/or liabilities of the Demerged Undertaking and to carry on the business of the Demerged Undertaking.

23. MODIFICATIONS/AMENDMENTS TO THE SCHEME

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

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

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

24. CONDITIONALITY OF THE SCHEME / CONDITIONS PRECEDENT

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

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

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

24.1.3 the Parties, as the case may be, complying with the provisions of the SEBI Circular, as applicable;

24.1.4 The requisite consent, approval or permission of the Appropriate Authority or any other Person, which by Applicable Law or contract, agreement, may be necessary for the effective transfer of business and/or implementation of the Scheme;

24.1.5 The sanction of this Scheme by the NCLT under Sections 230 to 232 of the Act, and other applicable provisions, if any of the Act in favour of the Parties; and

24.1.6 Requisite form along with Certified or authenticated copy of the Order of the NCLT sanctioning the Scheme being filed with the ROC by the Parties as may be applicable.

24.2 It is hereby clarified that submission of this Scheme to the NCLT and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Demerged Company and the Resulting Company may have under or pursuant to all Applicable Laws.

24.3 On the approval of this Scheme by the shareholders of the Demerged Company and the Resulting Company and such other classes of Persons of the said Parties, if any, pursuant to Clause 24.1, such shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the Scheme and related matters.

25. EFFECT OF NON-RECIPT OF APPROVALS

25.1 The Parties acting through their respective Boards shall each be at liberty to withdraw this Scheme: (a) in case any condition or alteration imposed by any Appropriate Authority is unacceptable to any of them; or (b) they are of the view that coming into effect of this Scheme could have adverse implications on the respective Parties.

25.2 If this Scheme is not effective within such period as may be mutually agreed upon amongst the Parties through their respective Boards or their authorised representative, this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/ or in connection with this Scheme.

25.3 In the event of revocation/withdrawal under Clause 25.1 above, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Parties or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

25.4 If any parts and/or provisions of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Parties through their respective Boards, affect the validity or implementation of the other parts and/or provisions of this Scheme.

26. COSTS, CHARGES AND EXPENSES

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