

**SCHEME OF ARRANGEMENT AND AMALGAMATION  
UNDER SECTIONS 230 TO 232  
AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013**

AMONGST

LINC WRITING AIDS PRIVATE LIMITED

AND

LINC RETAIL LIMITED

AND

LINC PEN & PLASTICS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS



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## BACKGROUND

### A. DESCRIPTION OF THE COMPANIES

1. **LINC WRITING AIDS PRIVATE LIMITED ("LWAPL" or the "Transferor Company" or the "Demerged Company")** having Corporate Identity Number ("CIN") U36991WB1984PTC037641, is an unlisted private limited company incorporated on 26 June 1984 under the Companies Act, 1956 and having its registered office at Satyam Towers, 3, Alipore Road, 1<sup>st</sup> Floor, Kolkata 700027. The authorised share capital of LWAPL is Rs. 50,00,000/- (Rupees fifty lakhs) only, issued, subscribed and paid-up share capital of LWAPL is Rs. 49,25,900/- (Rupees forty nine lakhs twenty five thousand nine hundred) only. LWAPL is engaged in the trading and business of stationery and crockery. LWAPL has been incorporated with the following main objects:

- a) *"To manufacture, produce, assemble, distribute, stock, act as agent, repair, use, buy, sell, import and export and otherwise deal in all types of writing instruments such as fountain pens, ball point pens, sign pens, fibre tip pens, pencil, caps, refills, barrels and their parts, accessories, colour pencils and components, and machineries accessories and spares required or used for manufacture of any of the foregoing products"*
- b) *"To manufacture, produce, distribute, stock, barter, exchange, pledge, use, buy, sell, import and export and otherwise deal in all types of writing impression materials such as, refill nozzles, ink, colours, die, chemical, carbon plastic paper, carbon cloth, typewriter ribbon and their components."*
- c) *To carry on the business of merchants, general order supplier, dealer, stokist, sellers, purchasers, exporters, importers, agents, and brokers or otherwise deal in all sort of stationeries and paper items of educational and office use, calculators, Duplicators, Xerox Machines, Computer and its stationeries and instrument, adhesive types, accounting and inter-communicating machines, cabinets and filing racks and all kinds of office, domestic & industrial furniture, equipment and instruments, devices and stores."*

2. **LINC RETAIL LIMITED ("LRL" or the "Resulting Company")**, having CIN U36991WB2006PLC110683, is a public limited company incorporated on 20 July 2006 under the Companies Act, 1956 and having its registered office at 3, Alipore Road Kolkata 700027. The authorised share capital of LRL is Rs. 2,60,00,000/- (Rupees two crores and sixty lakhs) only and the issued, subscribed and paid-up share capital of LRL is Rs. 2,52,00,000/- (Rupees two crores fifty two lakhs) only. LRL is engaged in the retail trading business of stationery. LRL has been incorporated with the following main object:

- a) *"To carry on in India or elsewhere the business to manufacture, process, produce, pack, repack, add, remove, grade, reduce, improve, buy, sell, resell, import, export, develop, design, market,*



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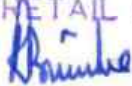


procure, print, supply, work, and to act as agent, broker, representatives, consultant, collaborator, stockists, liaisoner, job worker, or otherwise to deal in all shapes, sizes, descriptions, applications, modalities, specifications, designs, varieties and kinds of stationery & printing materials such as writing ink, printing ink, ink extracts, ink powder, ink tablets, marking inks, drawing inks, lithographic inks, adhesives, stickers, stamping pastes, sealing waxes, crayons and chalks, carbon papers, ribbons, drawing pastels, pencils: ball pens, fountain pens, nibs, refills, pen-holders, sharpeners, erasers, paper boxes, paper files, box files, stamp pads, pin cushions, foot rules, compass, geometrical instruments, envelopes, account books, rubbers, u-pins, alpines, tags, folders, high lighter, carbon papers, black boards, note books, exercise books, colours and all kind of computers, calculators, micro processors, electronic and electrical apparatuses, softwares, equipments, computers, super computers, pocket computers, personal computers, micro computers, engineering computers, general purpose and process control computers, video games, and all kind of domestic, household, consumer, commercial & industrial products."

3. **LINC PEN & PLASTICS LIMITED ("LPPL" or the "Transferee Company")**, having CIN L36991WB1994PLC065583, is a listed public limited company incorporated on 24 October 1994 under the Companies Act, 1956 and having its registered office at Satyam Towers, 3, Alipore Road, 1<sup>st</sup> Floor, Kolkata 700027. The authorised share capital of LPPL is Rs. 15,00,00,000 (Rupees fifteen crores) only, issued, subscribed and paid-up share capital of LPPL is Rs. 14,78,59,600/- (Rupees fourteen crores seventy eight lakhs fifty nine thousand and six hundred) only. LPPL is engaged in the manufacturing and distribution of Pens and related products. LPPL has been incorporated with the following main objects:

- a) "To carry on the Business as manufacturers, producers, processors, developers, assemblers, designers, distributors, stockists, commission agents, brokers, contractors, general order supplies, indentors, packers, dealers, exporters, importers or otherwise deal in all types of writing instruments such as Fountain Pens, Ball Point Pens, Sign Pens, Fibre Tips Pens, Roller Pens, Pencils including Coloured and Mechanical Pencils, Refills, Barrels, Caps and their parts, accessories and components required or used for manufacturing of any of the foregoing products.
- b) To carry on the Business as manufacturers, producers, processors, developers, assemblers, designers, distributors, stockists, commission agents, brokers, contractors, general order supplies, indentors, packers, dealers, exporters, importers or otherwise deal in all types of Plastic Product and Components require for both domestic, commercial and / or industrial consumption and manufactured by process of Injection Moulding, Blow Moulding, Extrusion, Fabrication, Vacuum forming or by other technique whether or not involving any use of other material and process.



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- c) *To manufacture, produce, distribute, stock, barter, exchange, pledge, use, buy, sell, import, export and otherwise deal in all types of writing impression materials such as refills, nozzles, inks, colours, dies, chemicals, carbon papers, carbon plastic paper, carbon cloth, type writer ribbon and their parts, accessories and spares required or used for the manufacturing of any of the forgoing products."*

The Demerged Company/Transferor Company, Resulting Company and the Transferee Company are individually referred to as "Party" and collectively referred to as "Parties".

#### **B. PREAMBLE OF THE SCHEME**

This scheme of arrangement and amalgamation ("Scheme") is presented pursuant to provisions of Section 230 to 232 of Companies Act, 2013, rules framed thereunder and other applicable provisions, as the case may be, for:

1. Demerger of Showroom Business Undertaking of Demerged Company/Transferor Company into Resulting Company; and
2. Subject to satisfactory fulfillment and accomplishment of Clause B.1 above, amalgamation of the entire Remaining Business of Demerged Company/Transferor Company with the Transferee Company.

#### **C. RATIONALE FOR THE SCHEME**

1. The proposed demerger of Showroom Business undertaking by Demerged Company/Transferor Company into Resulting Company would result in consolidation of retail outlets selling stationary and crockery into a single entity and under a dedicated management team of the Resulting Company who can chart out and pursue an independent strategy to maximize value creation for stakeholders; and
2. Merger of the remaining business of Demerged Company (having trading operations and immovable assets related to with LLP) into LLP would there would result in consolidation of business and its related assets into a single entity
3. The synergies that exist between the Parties to amalgamation in terms of assets and resources can be put to the best advantage of all stakeholders.
4. The proposed amalgamation will result in simplification of group companies structure under the common management which will ensure synergies of operations, capital efficiency, improved cash flows and greater business efficiency and avoid duplication of work and efforts and reduce managerial overlaps and towards their common advantage.



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To give effect to the proposals contained herein, this Scheme is presented for sanction before the National Company Law Tribunal, Kolkata Bench ("Tribunal").

#### D. PARTS OF THE SCHEME

This Scheme is divided into the following parts:

1. **Part I** deals with definitions of the capitalized terms and interpretations used in this Scheme and sets out the share capital of the Demerged Company/Transferor Company, Resulting Company, and Transferee Company.
2. **Part II** deals with the demerger of the Showroom Business Undertaking of Demerged Company/Transferor Company into the Resulting Company, consideration for demerger and the accounting treatment for demerger.
3. **Part III** deals with the amalgamation of Remaining Business of the Demerged Company/Transferor Company with Transferee Company, consideration for amalgamation and the accounting treatment for amalgamation.
4. **Part IV** deals with the dissolution of the Demerged Company/Transferor Company, consolidation of authorised share capital of Demerged Company/Transferor Company with the authorised share capital of the Transferee Company, increase in the authorised share capital of the Resulting Company, consequent amendments to the Memorandum of Association of Resulting Company and Transferee Company and general terms and conditions applicable to this Scheme and other matters consequential and integrally connected thereto.

#### PART I

##### DEFINITIONS AND SHARE CAPITAL

#### 1. DEFINITIONS AND INTERPRETATIONS

- 1.1 In this Scheme, unless the context otherwise requires, the following expression shall have the following meanings:

"Act" means the Companies Act, 2013 read with the Companies (Compromise and Arrangements) Rules, 2016, including any statutory modifications, re-enactments or amendments for the time being in force and the rules and/ or regulations and/ or other guidelines or notifications under Applicable Laws, made thereunder from time to time.

"Amalgamation Appointed Date" means 1 April 2018 or such other date as the Tribunal may direct.



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**"Amalgamation Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the shareholders of the Demerged Company/Transferor Company, who shall be entitled to shares of the Transferee Company upon coming into effect of this Scheme.

**"Applicable Law(s)"** 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.

**"Appropriate Authority(ies)"** means 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.

**"Board" or "Board of Directors"** means the Board of Directors of Party(ies), collectively or individually, including any committees thereof or any person duly authorised by the Board in connection with this Scheme.

**"Demerger Appointed Date"** means **1 April 2018** or such other date as the Tribunal may direct.

**"Demerger Record Date"** means the date fixed by the Board of Directors of the Resulting Company for determining names of the shareholders of the Demerged Company/Transferor Company who shall be entitled to shares of the Resulting Company upon coming into effect of this Scheme.

**"Effective Date"** means last of the dates on which the conditions specified in Clause 5.6 hereof have been fulfilled and the certified true copy of the order of the Tribunal sanctioning the Scheme has been filed with the Registrar of Companies, Kolkata ("**RoC**") by the Demerged Company/Transferor Company, Resulting Company and the Transferee Company. References in this Scheme to the date of "upon this Scheme becoming effective" or "effectiveness of this Scheme" or "coming into Effect of this Scheme" shall mean the Effective Date.

**"INR" or "Rs"** means Indian Rupee, the lawful currency of the Republic of India.

**"Permits"** means all consents, licenses, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, and regulatory under Applicable Law.



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“Register of Members” shall mean the registers to be maintained by every company under Section 88 of the Act.

“Remaining Business” shall mean the whole of the assets, properties, liabilities and the undertaking(s) and all the businesses of the Demerged Company/Transferor Company excluding its Retail Business Undertaking.

“Resulting Company” means LINC RETAIL LIMITED, having CIN U36991WB2006PLC110683, a public limited company incorporated on 20 July 2006 under the Companies Act, 1956 and having its registered office at 3, Alipore Road Kolkata 700 027.

“Retail Business Undertaking” or “Showroom Business Undertaking” means the retail business or showroom business undertaking of Demerged Company/Transferor Company and shall include the whole of the assets, properties, liabilities and entire business(es) pertaining to retail or showroom business carried out through outlets on a going concern basis and specifically include the following (without limitation):

- a) All the assets (whether movable or immovable), properties, current assets, investments, claims, authorities, allotments, approvals, consents, licenses, registration, contracts, concessions, engagements, arrangements, estates, interests, intellectual property rights, powers, rights and titles, benefits and advantages, of whatsoever nature and wherever situated of every description belonging to or in the ownership, power or possession and in the control of or vested in or granted in favor of or enjoyed by Demerged Company/Transferor Company in relation to retail business as on the Demerger Appointed Date;
- b) All the debts, duties, liabilities and obligations of every description of or pertaining to retail business of Demerged Company/Transferor Company standing in the books of Demerged Company/Transferor Company as on the Demerger Appointed Date;
- c) All encumbrances and charges appearing in the books of Demerged Company/Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for the benefit of or enjoyed by the Demerged Company/Transferor Company in relation to its retail business as on the Demerger Appointed Date;
- d) All agreements, rights, contracts, entitlements, permits, licenses, approvals, authorities, consents, quota rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantee, reversions, powers and all other approvals of every kind, nature, description whatsoever relating to the business activities and operations of the Demerged Company/Transferor Company and relating to/ in connection with/ recognised or treated as part of the retail business of the Demerged Company/Transferor Company as on the Effective Date;



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- e) All records, files, papers, computer programs, manuals, catalogues, sales material, list of clients, other client information and all other records and documents relating to the business activities and operations of the Demerged Company/Transferor Company and relating to/ in connection with/ recognised or treated as part of the retail business of the Demerged Company/Transferor Company as on the Effective Date;
- f) All employees engaged in or relating to the business activities and operations of the Demerged Company/Transferor Company and relating to/ in connection with/ recognised or treated as part of the retail business of the Demerged Company/Transferor Company as on the Effective Date; and
- g) Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Retail Business Undertaking or whether it arises out of the activities or operations of the Retail Business Undertaking shall be decided by mutual agreement between the Board of Directors of the Demerged Company/Transferor Company and the Resulting Company.

The Assets and Liabilities of Retail Business Undertaking as on Demerger Appointed Date is morefully described in **Schedule I** to this Scheme.

“**Scheme**” means this scheme of arrangement and amalgamation in the present form submitted to the Tribunal for sanction or with any modification(s) approved or imposed or directed by the Tribunal and accepted by the Board of Directors of the Parties.

“**Tax Law(s)**” means any tax liabilities under the Income Tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax/VAT laws, Central Sales Tax Act, 1956, Service Tax Act, 1994/ Central Goods and Service Tax Act, 2017, State Goods and Service Tax Act, 2017, Inter State Goods and Service Tax Act, 2017 or other Applicable Laws dealing with taxes/duties/levies in India.

“**Transferee Company**” means LINC PEN & PLASTICS LIMITED having CIN L36991WB1994PLC065583, a listed public limited company incorporated on 24 October 1994 under the Companies Act, 1956 and having its registered office at Satyam Towers, 3 Alipore Road, 1<sup>st</sup> Floor, Kolkata 700 027.

“**Transferor Company**” or “**Demerged Company**” means LINC WRITING AIDS PRIVATE LIMITED having CIN U36991WB1984PTC037641, an unlisted private limited company incorporated on 26 June 1984 under the Companies Act, 1956 and having its registered office at Satyam Towers, 3, Alipore Road, 1<sup>st</sup> Floor, Kolkata 700 027.

“**Tribunal**” means the National Company Law Tribunal, Kolkata Bench.

“**Stock Exchange**” means the stock exchanges where the equity shares of the company are listed i.e. NSE, BSE and Calcutta Stock Exchange (i.e. CSE).

1.2 In this Scheme, unless the context otherwise requires:



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- 1.2.1 Words denoting singular shall include plural and *vice versa*.
- 1.2.2 Headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation.
- 1.2.3 References to the word "include" or "including" shall be construed without limitation.
- 1.2.4 Any reference to a clause, part, annexure or schedule is, unless indicated to the contrary, a reference to a clause, part, annexure or schedule of this Scheme.
- 1.2.5 Unless otherwise defined, the reference to the word "days" shall mean calendar days.
- 1.2.6 Reference to a document includes an amendment or supplement to, or replacement or novation of, that document.
- 1.2.7 Word(s) and expression(s) elsewhere defined in this Scheme will have the meaning(s) respectively ascribed to them.

## 2. SHARE CAPITAL

- 2.1 The authorised, issued and paid-up share capital of Demerged Company/Transferor Company as on 1 April 2018 is as follows:

Share Capital	Amount
<b><u>Authorised share capital:</u></b>	Rs. 50,00,000 /-
5,00,000 equity shares of Rs.10/- each	(Rupees fifty lakhs) only
<b><u>Total</u></b>	Rs. 50,00,000 /-
	(Rupees fifty lakhs) only
<b><u>Issued, Subscribed and Paid-up Capital:</u></b>	Rs. 49,25,900/-
49,259 equity shares of Rs.100/- each	(Rupees forty nine lakhs twenty five thousand and nine hundred) only
<b><u>Total</u></b>	Rs. 49,25,900/-
	(Rupees forty nine lakhs twenty five thousand and nine hundred) only



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2.2 The authorised, issued and paid-up share capital of the Resulting Company as on 1 April 2018 is as follows:

Share Capital	Amount
<b><u>Authorised share capital:</u></b> 26,00,000 equity shares of Rs.10/- each	Rs. 2,60,00,000/- (Rupees two crores and sixty lakhs) only
<b><u>Total</u></b>	Rs. 2,60,00,000/- (Rupees two crores and sixty lakhs) only
<b><u>Issued, Subscribed and Paid-up Capital:</u></b> 25,20,000 equity shares of Rs. 10/-each	Rs. 2,52,00,000/- (Rupees two crores and fifty two lakhs) only
<b><u>Total</u></b>	Rs. 2,52,00,000/- (Rupees two crores and fifty two lakhs) only

2.3 The authorised, issued and paid-up share capital of Transferee Company as on 1 April 2018 is as follows:

Share Capital	Amount
<b><u>Authorised share capital:</u></b> 1,50,00,000 equity shares of Rs.10/- each	Rs. 15,00,00,000 /- (Rupees fifteen crores) only
<b><u>Total</u></b>	Rs. 15,00,00,000 /- (Rupees fifteen crores) only
<b><u>Issued, Subscribed and Paid-up Capital:</u></b> 14,78,59,600 equity shares of Rs. 10/-each	Rs. 14,78,59,600/- (Rupees fourteen crores seventh eight lakhs fifty nine thousand and six hundred) only
<b><u>Total</u></b>	Rs. 14,78,59,600/- (Rupees fourteen crores seventh eight lakhs fifty nine thousand and six hundred) only



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PART II

DEMERGER, TRANSFER AND VESTING OF RETAIL BUSINESS UNDERTAKING OF DEMERGED  
COMPANY/TRANSFEROR COMPANY INTO RESULTING COMPANY

3. DEMERGER, TRANSFER AND VESTING OF RETAIL BUSINESS UNDERTAKING OF DEMERGED  
COMPANY/TRANSFEROR COMPANY INTO RESULTING COMPANY

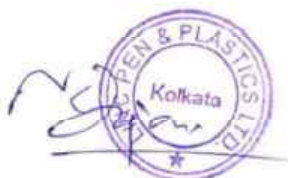
3.1 GENERALLY

Upon the coming into effect of Part II of this Scheme and with effect from the Demerger Appointed Date, the Retail Business Undertaking of the Demerged Company/Transferor Company (including all assets, liabilities, estates, properties, investments, rights, claims, titles, employees, contracts, arrangements, approvals, permits, licenses, records, interests and authorities including accretions and appurtenances, thereto) shall stand transferred to and vested in or deemed to be transferred to and vested in the Resulting Company under the provisions of this Scheme, Section 230 to 232 and all other applicable provisions, if any, of the Act and Section 2 (19AA) of the Income Tax Act, 1961, as a going concern, without any further act, deed, matter or thing by virtue of and in the manner provided in this Scheme.

3.2 TRANSFER OF ASSETS

3.2.1 Without prejudice to the generality of Clause 3.1 above, upon coming into effect of this Scheme and with effect from the Demerger Appointed date:

- a) All the assets and properties comprised in the Retail Business Undertaking of Demerged Company/Transferor Company, of whatsoever nature and wheresoever situated, whether or not recorded in the books of the Demerged Company/Transferor Company, including assets and properties acquired on or after the Demerger Appointed Date, shall, under the provisions of this Scheme, Section 230 to 232 and all other applicable provisions, if any, of the Act and Section 2 (19AA) of the Income Tax Act, 1961, without any further act or deed, be and stand transferred to and vested in the Resulting Company or be deemed to be transferred to and vested in the Resulting Company on a going concern basis so as to become, the assets and properties of the Resulting Company.
- b) Without prejudice to Clause 3.2.1 (a) above, in respect of such assets and properties pertaining to the Retail Business Undertaking of Demerged Company/Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Demerged Company/Transferor Company and shall, upon such transfer, become the assets and properties of



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the Resulting Company as an integral part of the Retail Business Undertaking, without requiring any separate deed or instrument or conveyance for the same.

- c) In respect of movables other than those dealt with in Clause 3.2.1 (b) above, assets and liabilities including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any government, quasi-government, local or other authority or body or with any company or other person, the same shall on and from the Demerger Appointed Date stand transferred to and vested in the Resulting Company without any notice or other intimation to the debtors (although the Transferee Company may, without being obliged, and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Transferee Company).
- d) All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of
- e) by the Retail Business Undertaking of Demerged Company/Transferor Company and all rights and benefits that have accrued or which may accrue to the Demerged Company, whether before or after the Demerger Appointed Date, shall, under the provisions of this Scheme, Section 230 to 232 and all other applicable provisions, if any, of the Act and Section 2 (19AA) of the Income Tax Act, 1961, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Resulting Company so as to become a and from the Demerger Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions.
- f) All immoveable property, whether or not included in the books of the Demerged Company/Transferor Company, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Retail Business Undertaking shall stand transferred to and be vested in the Resulting Company, without any act or deed to be done or executed by the Demerged Company/Transferor Company and/or the Resulting Company.



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3.2.2 Insofar as the assets comprised in the Retail BusinessUndertaking of Demerged Company/Transferor Company are concerned, the security or charge over such assets relating to any loans, debentures or borrowing or guarantee of the Demerged Company/Transferor Company whether or not in connection with the Retail BusinessUndertaking, shall without any further act or deed be transferred along with Retail BusinessUndertaking to the Resulting Company.

3.2.3 Where the Demerged Company/Transferor Company is entitled to various benefits under incentive schemes and policies in relation to the Retail BusinessUndertaking and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies shall be transferred to and vest in the Resulting Company and all benefits, entitlements and incentives of any nature whatsoever shall be claimed by the Resulting Company and these shall relate back to the Demerger Appointed Date as if the Resulting Company was originally entitled to all benefits under such incentive scheme and/or policies, subject to continued compliance by the Resulting Company of all the terms and conditions subject to which the benefits under the incentive schemes were made available to the Demerged Company/Transferor Company.

### 3.3 TRANSFER OF LIABILITIES

3.3.1. Without prejudice to the generality of Clause 3.1 above, upon coming into effect of this Scheme and with effect from the Demerger Appointed Date:

- a) All the loans raised and utilized, and all liabilities, duties and obligations incurred or undertaken by the Demerged Company/Transferor Company in relation to the activities or operations of the Retail BusinessUndertaking acquired on or after the Demerger Appointed Date shall, to the extent they are outstanding on the Effective Date, under the provisions of this Scheme, Section 230 to 232 and all other applicable provisions, if any, of the Act and Section 2 (19AA) of the Income Tax Act, 1961, shall, without any further act or deed, be and stand transferred and vested to or deemed to have been transferred and vested to the Resulting Company and shall become the loans, liabilities, duties and obligations of the Resulting Company, on the same terms and conditions, which shall undertake to meet, discharge and satisfy the same.
- b) Without prejudice to the provisions of Clause 3.3.1 (a) above, all general and multipurpose borrowings including fund-based and non-fund based limits sanctioned by the lenders to the Demerged Company/Transferor Company relating to the Retail BusinessUndertaking of Demerged Company/Transferor Company will be allocated and transferred to the Resulting Company.
- c) All the liabilities which arise out of the activities or operations of the Retail BusinessUndertaking shall be transferred to the Resulting Company.



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- d) All specific loans and borrowings incurred and utilised solely for the activities and operations of the Retail Business Undertaking shall be transferred to the Resulting Company.
- e) Where any of the liabilities and obligations of the Demerged Company/Transferor Company relating to the Retail Business Undertaking as on the Demerger Appointed Date is deemed to be transferred to the Resulting Company, have been discharged by the Demerged Company/Transferor Company after the Demerger Appointed Date but before the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company and the Resulting Company shall promptly upon demand by the Demerged Company/Transferor Company make good and pay the same to the Demerged Company/Transferor Company.

### 3.4 ENCUMBRANCES

- 3.4.1 The transfer and vesting of the assets comprised in the Retail Business Undertaking of the Demerged Company/Transferor Company to and in the Resulting Company shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- 3.4.2 All the existing securities, mortgages, charges, encumbrances or liens ("**Encumbrances**"), if any, as on the Demerger Appointed Date and created by the Demerged Company/Transferor Company after the Demerger Appointed Date over the assets comprised in the Retail Business Undertaking or any part thereof transferred to the Resulting Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Demerged Company/Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to and vested in the Resulting Company, and such Encumbrances shall not relate or attach to any of the other assets of the Resulting Company provided however that no Encumbrances shall have been created by the Demerged Company/Transferor Company over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Resulting Company.
- 3.4.3 The existing Encumbrances over the assets and properties of the Resulting Company or any part thereof which relate to the liabilities and obligations of the Resulting Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Retail Business Undertaking of Demerged Company/Transferor Company transferred to and vested in the Resulting Company by virtue of this Scheme.
- 3.4.4 Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to it in terms of the Scheme.



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3.4.5 It is expressly provided that, no other term or condition of the liabilities transferred to the Resulting Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

3.4.6 The provisions of this Clause 3.4 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

### 3.5 CONTRACTS, DEEDS, ETC

3.5.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments, of whatsoever nature, to which the Demerged Company/Transferor Company is a party or to the benefit of which the Demerged Company/Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, so far as it relates to Retail BusinessUndertaking, shall continue in full force and effect by, for or against or in favour of, as the case may be, the Resulting Company and may be enforced as fully and effectually as if instead of the Demerged Company/Transferor Company, the Resulting Company had been a party or beneficiary or obligee or obligor thereto or thereunder.

3.5.2 Subject to the other provisions of this Scheme, all lawful agreements, arrangement, bonds, contracts, deeds and other instruments of whatsoever nature relating to the Retail BusinessUndertaking of Demerged Company/Transferor Company and to which Demerged Company/Transferor Company is a party to or to the benefit of which it may be eligible and which are subsisting or operative or having effect, shall till the Effective Date, be in full force and effect and may be enforced as fully and effectually, as if the Scheme had not been made and thereafter, shall be in full force and effect against or in favor of Resulting Company, as the case may be, and may be enforced as fully and effectually as if, instead of Demerged Company/Transferor Company, Resulting Company had been a party or beneficiary thereto, subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed to between Resulting Company and other parties thereto. Resulting Company shall enter and/or issue and/or execute deeds, writings or confirmations or enter into any arrangement, confirmations or novation in order to give formal effect to the provisions of this Clause3.5, if so required or if it becomes necessary.

3.5.3 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Retail BusinessUndertaking of Demerged Company/Transferor Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect



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of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company/Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company/Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company/Transferor Company to be carried out or performed.

3.5.4 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, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company/Transferor Company to the extent related to Retail BusinessUndertaking shall without any further act or deed, stand transferred to the Resulting Company, as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the 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 the Resulting Company. The Resulting Company shall receive relevant approvals from the Appropriate Authorities as may be necessary in this behalf.

### 3.6 LEGAL PROCEEDINGS

3.6.1. On and from the Demerger Appointed Date, all suits, actions, claims and legal proceedings, if any, by or against the Demerged Company/Transferor Company in respect of Retail BusinessUndertaking pending and/or arising on or before the Effective Date shall be continued and/or enforced as desired by the Resulting Company and on and from the Effective Date, shall be continued and/or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Resulting Company.

3.6.2. All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitration, execution proceedings, revisions, writ petitions, if any) by or against Demerged Company/Transferor Company in respect of Retail BusinessUndertaking shall not abate, be discontinued or be in any way prejudicially affected by reasons of this Scheme or the transfer of the Retail BusinessUndertaking or of anything contained in this Scheme, but the said proceedings, shall till the Effective Date be continued, prosecuted and enforced by or against Demerged Company as if this Scheme had not been made and thereafter be continued, prosecuted and enforced by or



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against Resulting Company in the same manner and to the same extent as they would or might have been continued, prosecuted, enforced by or against Demerged Company if this Scheme had not been made. Resulting Company shall take steps to have the abovementioned proceedings continued in its name.

### 3.7 EMPLOYEES

#### 3.7.1. Upon coming into effect of this Scheme:

- a) The permanent employees of the Demerged Company/Transferor Company to the Retail BusinessUndertaking who are in employment as on the Effective Date shall become the permanent employees of the Resulting Company with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favourable than those on which they are engaged or employed by the Demerged Company/Transferor Company. It is clarified that the employees of the Demerged Company/Transferor Company relating to the Retail BusinessUndertaking who become employees of the Resulting Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Resulting Company (including the benefits of or under any Employee Stock Option Schemes applicable to or covering all or any of the employees of the Resulting Company), unless otherwise determined by the Resulting Company. The Resulting Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Demerged Company/Transferor Company relating to the Retail BusinessUndertaking with any union/employee of the Demerged Company/Transferor Company.
- b) The existing provident fund, gratuity fund, pension and/or superannuation fund or trusts or retirement funds or benefits created by the Demerged Company/Transferor Company or any other special funds created or existing for the benefit of the concerned employees of Retail BusinessUndertaking ("Funds") and the investment made out of such Funds shall, at an appropriate stage, be transferred to the Resulting Company to be held for the benefit of the concerned employees. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Demerged Company/Transferor Company or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund with respect to any such Funds, the Resulting Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute therein, until such time as the Resulting Company creates its own funds into which the Funds and the investments and contributions pertaining to the employees of



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the Demerged Company/Transferor Company shall be transferred to such funds of the Resulting Company.

- 3.7.2. With effect from the first of the dates of filing of this Scheme with the Tribunal and up to and including the Effective Date the Demerged Company/Transferor Company shall not vary or modify the terms and conditions of employment of any of its employees relating to Retail Business Undertaking, except with the prior written consent of the Resulting Company.
- 3.7.3. It is clarified that the services of all transferred staff, workmen and employees of the Demerged Company/Transferor Company in connection with its Retail Business Undertaking, to the Resulting Company, will be treated as having been continuous for the purpose of the aforesaid employee benefits and/or liabilities. For the purpose of payment of any retrenchment compensation, gratuity, and/or other terminal benefits, and/or any other liability pertaining to staff, workmen and employees, the past services of such staff, workmen and employees with the Demerged Company/Transferor Company shall also be taken into account by the Resulting Company, who shall pay the same as and when payable.

### 3.8 CONDUCT OF BUSINESS

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

- a) The Demerged Company/Transferor Company shall carry on and be deemed to have carried on its business and activities relating to the Retail Business Undertaking and shall stand possessed of all its assets and properties referred to above, in trust for the Resulting Company and shall account for the same to the Resulting Company. The Demerged Company shall hold the said assets with utmost prudence until the Effective Date.
- b) All profits or incomes accruing or arising to the Demerged Company/Transferor Company and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profit and income) by the Demerged Company/Transferor Company relating to the Retail Business Undertaking shall, for all purposes, be treated and be deemed to be and accrued as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Resulting Company.
- c) Any of the rights, powers, authorities and privileges attached or related or pertaining to Retail Business Undertaking and exercised by or available to the Demerged Company/Transferor Company shall be deemed to have been exercised by the Demerged Company/Transferor Company for and on behalf of and as agent for the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Retail Business Undertaking that have been undertaken or discharged by the Demerged



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Company/Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Resulting Company.

- d) All taxes (including Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, Value Added Tax ("VAT"), Goods and Services Tax ("GST"), etc.) paid or payable by the Demerged Company/Transferor Company in respect of the operations or activities or the profits of the business of Retail BusinessUndertaking before the Demerger Appointed Date, shall be on account of the Demerged Company/Transferor Company and insofar as it relates to the tax payment (including Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, VAT, GST, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company/Transferor Company in respect of the profits or activities or operation of its Retail BusinessUndertaking after the Demerger Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- e) On the Scheme becoming effective, the Resulting Company shall be entitled to file/revise its Income Tax Returns, Tax Deducted at Source ("TDS") Returns and other statutory returns, if required and shall have the right to claim refunds, depreciation benefits etc., if any, as also the Income Tax Returns filed by the Demerged Company/Transferor Company in respect of Retail BusinessUndertaking so far as is necessitated on account of the Scheme becoming effective from the Demerger Appointed Date under the Scheme.
- f) On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company/Transferor Company, in relation to or in connection with the Retail BusinessUndertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Company/Transferor Company, in the name of the Demerged Company/Transferor Company 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/Transferor Company, in relation to or in connection with the Retail BusinessUndertaking, 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.

### 3.9 RIGHTS OF SHAREHOLDERS

The shareholders of Demerged Company/Transferor Company and Resulting Company shall, save as otherwise, provided under this Scheme, continue to enjoy their existing rights under their respective Articles of Association, including the right to receive dividends, from the respective



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company of which they are members till the Effective Date. It is clarified that it is an enabling clause and not an obligation on the Demerged Company/Transferor Company and/or Resulting Company to pay any dividend.

### 3.10 PLACE OF VESTING

The vesting of the Retail BusinessUndertaking of Demerged Company/Transferor Company shall by virtue of the provisions of this Scheme and the effect of the provisions of Section 230 to 232 of the Act, take place at the registered office of Resulting Company.

### 3.11 APPLICABILITY OF PROVISIONS OF INCOME TAX ACT, 1961 AND OTHER TAX LAWS

- 3.11.1. This Clause3.11 has been drawn up to comply with the conditions relating to demerger as specified under Section 2(19AA) and other relevant provisions of the Income Tax Act, 1961. If any term or provision of the Scheme is found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary, to comply with Section 2(19AA) and other relevant provisions of the Income Tax Act, 1961.
- 3.11.2. It is further provided that upon the Scheme coming into effect, all taxes payable by the Demerged Company/Transferor Company in relation to Retail BusinessUndertaking and all or any refunds and claims, from the Demerger Appointed Date shall, for all purposes, be treated as the tax liabilities or refunds and claims, as the case may be of the Resulting Company. Accordingly, upon the Scheme becoming effective, the Demerged Company and Resulting Company are also expressly permitted to revise their respective Income Tax Returns, TDS Returns, Service Tax Returns, GST Returns, Fringe Benefits Tax Returns, Sales Tax Returns, Excise and Central Value Added Tax ("CENVAT") Returns and other tax/statutory returns and to claim refunds, advance tax and withholding tax credits, benefits of credit for Minimum Alternative Tax ("MAT") and carry forward of accumulated depreciation and losses, etc. pursuant to the provisions of this Scheme.
- 3.11.3. On and from the Demerger Appointed Date, if any certificate for TDS or any other tax credit certificate relating to the Retail BusinessUndertaking of the Demerged Company/Transferor Company is received in the name of the Demerged Company/Transferor Company, it shall be deemed to have been received in the name of the Resulting Company, which alone shall be entitled to claim credit for such tax deducted or paid.



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- 3.11.4. All taxes (including Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, VAT, GST, etc.) paid or payable by Demerged Company/Transferor Company in relation to Retail BusinessUndertaking before the Demerger Appointed Date, shall be on account of the Demerged Company/Transferor Company and, in so far as it relates to the tax payment (including Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, VAT, GST, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by Demerged Company/Transferor Company after the Demerger Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company and shall in all proceedings be dealt accordingly. This is notwithstanding that challans or tax payment certificates are in the name of the Demerged Company/Transferor Company and not in the name of the Resulting Company.
- 3.11.5. Any Tax Laws allocable or related to the Retail BusinessUndertaking of Demerged Company/Transferor Company, to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Demerger Appointed Date, shall be transferred to Resulting Company.
- 3.11.6. All tax assessment proceedings/appeals of whatsoever nature by or against the Demerged Company/Transferor Company so far as it relates to Retail BusinessUndertaking pending and/or arising at the Demerger Appointed Date and relating to the Demerged Company shall be continued and/or enforced until the Effective Date by the Demerged Company. In the event of the Demerged Company/Transferor Company failing to continue or enforce the proceedings/appeal, the same may be continued or enforced by the Resulting Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued or enforced by the Demerged Company/Transferor Company.
- 3.11.7. Any refund, under Tax Laws, due to Demerged Company/Transferor Company in relation to Retail BusinessUndertaking consequent to the assessment made to the Demerged Company/Transferor Company and for which no credit is taken in the account as on the date immediately preceding the Demerger Appointed Date shall also belong to and be received by the Resulting Company upon this Scheme becoming effective.
- 3.11.8. Upon the Scheme becoming effective, the Resulting Company and Demerged Company/Transferor Company, are expressly permitted to revise their financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961 (including for MAT purposes and tax benefits), service tax law, GST, and other tax laws, and to claim refunds and/or credits for taxes paid, and to claim tax benefits under the Income Tax Act, 1961 which includes but is not limited to the amount disallowed in the hands of the Demerged Company under Section



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43B or 40(a) of the Income Tax Act, 1961 for the financial years prior to the Demerger Appointed Date shall be eligible to be claimed by the Resulting Company on fulfillment of the conditions as laid down in Sections 43B or 40(a) of the Income Tax Act, 1961 etc. and other Tax Laws and for matters incidental thereto, if required to give effect to the provisions of this Scheme.

3.11.9. Without prejudice to the generality of the above, all benefits, entitlements, incentives, losses, credits (including Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, VAT, GST registrations, etc.) to which the Demerged Company/Transferor Company in relation to Retail BusinessUndertaking is entitled to in terms of Applicable Laws, shall be available to and vest in the Resulting Company, upon the Scheme coming into effect.

### 3.12 SAVING OF CONCLUDED TRANSACTIONS

3.12.1. Subject to the terms of this Scheme, the transfer and vesting of the Retail BusinessUndertaking under Part II of this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company and the Resulting Company on or before the Demerger Appointed Date or concluded after the Demerger Appointed Date till the Effective Date, 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/Transferor Company in relation to Retail BusinessUndertaking as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

3.12.2. Without prejudice to the provisions of the foregoing, and upon the effectiveness of this Part II of this Scheme, the Demerged Company/Transferor Company and 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 authority or person to give effect to the Scheme.

### 3.13 CONSIDERATION

3.13.1. Upon the coming into effect of this Scheme and in consideration for the demerger by way of transfer and vesting of the Retail BusinessUndertaking of Demerged Company/Transferor Company to the Resulting Company, Resulting Company shall issue its equity shares to the equity shareholders of Demerged Company/Transferor Company, holding fully paid up equity shares of Demerged Company/Transferor Company and whose name appear in the Register of Members of Demerged Company/Transferor Company on the Demerger Record Date, or to such of their heirs, executors, administrators or the successor-in-title, issue and allot shares in the following modes, at their option viz.:

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46 (FortySix) fully paid-up equity share of Rs. 10/- (Rupees ten) only each of Resulting Company for every 1 (one) fully paid-up equity share of Rs. 100/- (Rupees hundred) only each held in Demerged Company.

- 3.13.2. The issue and allotment of shares by the Resulting Company to the shareholders of the Demerged Company/Transferor Company as provided in this Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of Resulting Company or its shareholders and as if the procedure laid down under Section 62 of the Act and other provisions of the Act, as may be applicable, and such other statutes and regulations as may be applicable were duly complied with.
- 3.13.3. The new shares of Resulting Company shall be issued in dematerialised form to shareholders who hold equity shares of Demerged Company/Transferor Company as on Demerger Record Date provided all details relating to their accounts with the depository participants are available with the Resulting Company.
- 3.13.4. The new shares to be issued and allotted in terms hereof will be subject to Memorandum and Articles of Association of Resulting Company.
- 3.13.5. No shareholder of Demerged Company/Transferor Company shall be allotted any fractional shares in the Resulting Company. Any fraction arising on issue of equity shares as above will be rounded off, or as the case may be, truncated, to the nearest integer.
- 3.13.6. Upon the Scheme coming into effect, all shares which the Demerged Company/Transferor Company holds in the Resulting Company or *inter-se* between each other shall get cancelled without any further application, act or deed. The cancellation would be in accordance with provisions of Section 66 of the Act and the order of the Tribunal sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction, if any.

#### 3.14 REMAINING BUSINESS OF THE DEMERGED COMPANY

- 3.14.1. The Remaining Business of the Demerged Company/Transferor Company shall continue with the Demerged Company/Transferor Company.
- 3.14.2. The Remaining Business of the Demerged Company/Transferor Company and all the assets, liabilities and obligations (contractual or otherwise) pertaining thereto shall continue to belong to, be vested in and be managed by the Demerged Company/Transferor Company.
- 3.14.3. All legal, taxation or other proceedings whether civil or criminal before any Appropriate Authority, by or against the Demerged Company/Transferor Company under any statute, whether pending on the Demerger Appointed Date or which may be instituted at any time thereafter, and in each case, relating to the Remaining Business of the Demerged Company/Transferor Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged



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Company/Transferor Company) shall be continued and enforced by or against the Demerged Company/Transferor Company after the Effective Date.

3.14.4. If any proceedings are made against the Resulting Company in respect of such proceedings as referred to in Clause 3.14.3 above, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company/Transferor Company and at the cost of the Demerged Company/Transferor Company.

3.14.5. With effect from the Demerger Appointed Date:

- a) The Demerged Company/Transferor Company shall carry on and shall be deemed to have been carrying on all activities relating to the Remaining Business for and on its own behalf.
- b) All profits accruing to the Demerged Company/Transferor Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company/Transferor Company.

### 3.15 ACCOUNTING TREATMENT

#### 3.15.1. Accounting Treatment in the Books of the Resulting Company

- a) The Resulting Company shall account for the demerger of the Retail Business Undertaking of the Demerged Company/Transferor Company in its books of account with effect from the Demerger Appointed Date.
- b) Upon the Scheme becoming effective, the Resulting Company shall record all the assets and liabilities of the Retail Business Undertaking of the Demerged Company/Transferor Company transferred to the Resulting Company pursuant to this Scheme at their respective book values thereof as appearing in the books of account of the Demerged Company/Transferor Company, on the close of business on Demerger Appointed Date.
- c) Resulting Company shall credit the aggregate face value/ nominal value of new shares issued by it to the shareholders of Demerged Company/Transferor Company to the Share Capital Account in its books of accounts. The excess, if any, of the fair value of the equity shares over the face value of the shares issued shall be credited to Securities Premium Account.
- d) The difference between the net assets (i.e. aggregate of the book value of all assets over liabilities) vested in the Resulting Company pursuant to this Part II of the Scheme and recorded in the books of account of the Resulting Company and consideration paid by the Resulting Company and recorded as above, in case it is positive, be recorded as Capital Reserve in the books of the



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Resulting Company and in case it is deficit, the same would be debited as Goodwill in the books of account of the Resulting Company

- e) Investment by Demerged Company/ Transferor Company in Resulting Company, if any, being integral part of Retail Business Undertaking, shall stand cancelled without any further application, act or deed, in accordance with provisions of Section 66 of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction
- f) In case of any difference in accounting policy between either of the Demerged Company/Transferor Company and the Resulting Company, the impact of the same till the Demerger Appointed Date, will be quantified and adjusted in the accumulated balance of Statement of Profit and Loss Account of the Resulting Company to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.
- g) The Resulting Company shall record in its books of account, all transactions of the Retail Business Undertaking of the Demerged Company in respect of assets, liabilities, income and expenses, from Demerger Appointed Date to the Effective Date.

### 3.15.2. Accounting Treatment in the books of the Demerged Company/Transferor Company

- a) The Demerged Company/Transferor Company shall reduce from its books, the book value of assets and liabilities along with relatable provisions, if any, demerged as part of the Retail Business Undertaking to Resulting Company, pursuant to the Scheme.
- b) The loss on demerger arising pursuant to the net assets (assets less liabilities) of the Retail Business Undertaking of the Demerged Company/Transferor Company transferred to the Resulting Company shall be adjusted with the Capital Reserve/ Securities Premium/ Profit & Loss A/c of the Demerged Company as on Demerger Appointed Date in accordance with applicable accounting standard. The utilization of the Securities Premium Account/ Capital Reserves/ Profit & Loss A/c shall be in accordance with provisions of Sections 66 of the Act and the order of the Tribunal sanctioning the Scheme shall be deemed to be the order also the order under Section 66 of the Act for the purpose of confirming utilization of the Securities Premium Account or Capital Reserves Account or Profit & Loss Account, as may be applicable.



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PART III

AMALGAMATION OF REMAINING BUSINESS OF DEMERGED COMPANY/TRANSFEROR COMPANY WITH  
TRANSFeree COMPANY

4. AMALGAMATION OF REMAINING BUSINESS OF DEMERGED COMPANY/TRANSFEROR  
COMPANY WITH TRANSFeree COMPANY

4.1. GENERALLY

Upon the coming into effect of Part II and Part III of this Scheme and with effect from the Amalgamation Appointed Date, the Remaining Business of the Demerged Company/Transferor Company (including all assets, liabilities, estates, properties, investments, rights, claims, titles, employees, contracts, arrangements, approvals, permits, licenses, records, interests and authorities including accretions and appurtenances, thereto) shall stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company under the provisions of this Scheme, Section 230 to 232 and all other applicable provisions, if any, of the Act and Section 2 (1B) of the Income Tax Act, 1961, on a going concern basis, without any further act, deed, matter or thing by virtue of and in the manner provided in this Scheme.

4.2. TRANSFER OF ASSETS

4.2.1. Without prejudice to the generality of Clause 4.1 above, upon coming into effect of this Scheme and with effect from the Amalgamation Appointed Date:

- a) All the assets and properties comprised in the Remaining Business of the Demerged Company/Transferor Company, of whatsoever nature and wheresoever situated, whether or not recorded in the books of the Demerged Company/Transferor Company, including assets and properties acquired on or after the Amalgamation Appointed Date, shall, under the provisions of this Scheme, Section 230 to 232 and all other applicable provisions, if any, of the Act and Section 2 (1B) of the Income Tax Act, 1961, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company on a going concern basis, so as to become, the assets and properties of the Transferee Company.
- b) Without prejudice to the Clause 4.2.1 (a) above, in respect of such assets and properties pertaining to the Remaining Business of the Demerged Company/Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Demerged Company/Transferor Company and shall, upon such transfer, become the assets and properties of



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the Transferee Company as an integral part of the Undertaking(s), without requiring any separate deed or instrument or conveyance for the same.

- 4.2.2. In respect of movables other than those dealt with in Clause 4.2.1 (b) above, assets and liabilities including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any government, quasi-government, local or other authority or body or with any company or other person, the same shall on and from the Amalgamation Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferee Company may, without being obliged, and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Transferee Company).
- 4.2.3. All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, 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 or which may accrue to the Demerged Company/TransferorCompany in connection with its Remaining Business whether before or after the Amalgamation Appointed Date, shall, under the provisions of this Scheme, Section 230 to 232 and all other applicable provisions, if any, of the Act and Section 2 (1B) of the Income Tax Act, 1961, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Amalgamation Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.
- 4.2.4. All immovable property, whether or not included in the books of the Demerged Company/TransferorCompany in connection with its Remaining Business, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) shall stand transferred to and be vested in the Transferee Company, without any act or deed to be done or executed by the Demerged Company/TransferorCompany and/or the Transferee Company.

#### 4.3. TRANSFER OF LIABILITIES



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4.3.1. Without prejudice to the generality of Clause 4.1 above, upon coming into effect of this Scheme and with effect from the Amalgamation Appointed Date:

- a) All the loans raised and utilized, and all liabilities, duties and obligations incurred or undertaken by the Demerged Company/Transferor Company in relation to the activities or operations or otherwise in connection with its Remaining Business acquired on or after the Amalgamation Appointed Date shall, to the extent they are outstanding on the Effective Date, under the provisions of this Scheme, Section 230 to 232 and all other applicable provisions, if any, of the Act and Section 2 (1B) of the Income Tax Act, 1961, without any further act or deed, be and stand transferred and vested to or deemed to have been transferred and vested to the Transferee Company and shall become the loans, liabilities, duties and obligations of the Transferee Company, on same terms and conditions, which shall undertake to meet, discharge and satisfy the same.
- b) Where any of the liabilities and obligations of the Demerged Company/Transferor Company in connection with its Remaining Business as on the Amalgamation Appointed Date is deemed to be transferred to the Transferee Company, have been discharged by the Demerged Company/Transferor Company after the Amalgamation Appointed Date and prior to the effective date such discharge shall be deemed to have been for and on account of the Transferee Company.
- c) Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferee Company and the Demerged Company/Transferor Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any Party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Amalgamation Appointed Date.

#### 4.4. ENCUMBRANCES

- 4.4.1. The transfer and vesting of the assets comprised in the Remaining Business of the Demerged Company/Transferor Company to and in the Transferee Company shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- 4.4.2. All the existing securities, mortgages, charges, encumbrances or liens ("Encumbrances"), if any, as on the Amalgamation Appointed Date and created by the Demerged Company/Transferor Company after the Amalgamation Appointed Date, over the assets comprised in its Remaining Business or any part thereof transferred to the Transferee Company by virtue of

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this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Demerged Company/Transferor Company in connection its Remaining Business, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to and vested in the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no Encumbrances shall have been created by the Demerged Company/Transferor Company over its assets in connection with its Remaining Business after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.

- 4.4.3. The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties in connection with the Remaining Business of the Demerged Company/Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.
- 4.4.4. Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to it in terms of the Scheme.
- 4.4.5. It is expressly provided that, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 4.4.6. The provisions of this Clause 4.4 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.
- 4.5. **CONTRACTS, DEEDS, ETC**
- 4.5.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments, of whatsoever nature to which the Demerged Company/Transferor Company is a party or to the benefit of which the Demerged Company/Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date shall continue in full force and effect by, for or against or in favour of, as the case may be, so far as it relates to Remaining Business of the Demerged Company/Transferor Company, the Transferee Company and may be



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enforced as fully and effectually as if, instead of the Demerged Company/Transferor Company the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder.

4.5.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking(s) of Remaining Business of the Demerged Company/Transferor Company occur by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Remaining Business of the Demerged Company/Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Remaining Business of the Demerged Company/Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Remaining Business of the Demerged Company/Transferor Company to be carried out or performed.

4.5.3. 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, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Remaining Business of the Demerged Company/Transferor Company shall without any further act or deed, stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee 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 the Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Governmental authorities as may be necessary in this behalf.

#### 4.6. LEGAL PROCEEDINGS

4.6.1. On and from the Amalgamation Appointed Date, all suits, actions, claims and legal proceedings, if any by or against the Demerged Company/Transferor Company in connection with its Remaining Business pending and/or arising on or before the Effective Date shall be continued and/or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company.



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4.6.2. All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitration, execution proceedings, revisions, writ petitions, if any) by or against the Demerged Company/Transferor Company in connection with its Remaining Business shall not abate, be discontinued or be in any way prejudicially affected by reasons of this Scheme or the transfer of the Remaining Business of the Demerged Company/Transferor Company or of anything contained in this Scheme, but the said proceedings, shall till the Effective Date be continued, prosecuted and enforced by or against the Demerged Company/Transferor Company as if this Scheme had not been made and thereafter be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted, enforced by or against Demerged Company/Transferor Company if this Scheme had not been made. Transferee Company shall take steps to have the abovementioned proceedings continued in its name

4.7. **EMPLOYEES**

4.7.1. Upon coming into effect of this Scheme:

- a) The permanent employees of the Demerged Company/Transferor Company in connection with its Remaining Business who are in employment as on the Effective Date shall become the employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favourable than those on which they are engaged or employed by the Demerged Company/Transferor Company. It is clarified that the employees of the Demerged Company/Transferor Company in connection with its Remaining Business who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company (including the benefits of or under any Employee Stock Option Schemes applicable to or covering all or any of the employees of the Transferee Company), unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Demerged Company/Transferor Company with any union/employee of the Demerged Company/Transferor Company in connection with its Remaining Business.
- b) The existing provident fund, gratuity fund, pension and/or superannuation fund or trusts or retirement funds or benefits created in relation to the Remaining Business of the Demerged Company/Transferor Company or any other special funds created or existing for the benefit of the concerned employees of the Demerged Company/Transferor Company in connection with its Remaining Business ("Funds") and the investment made out of such Funds shall, at an appropriate



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stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Demerged Company/Transferor Company in connection with its Remaining Business or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute therein, until such time as the Transferee Company creates its own funds into which the Funds and the investments and contributions pertaining to the employees of the Demerged Company/Transferor Company in connection with its Remaining shall be transferred to such funds of the Transferee Company.

4.7.2. With effect from the first of the dates of filing of this Scheme with the Tribunal and up to and including the Effective Date the Demerged Company/Transferor Company shall not vary or modify the terms and conditions of employment of any of its employees in connection with its Remaining Business except with the prior written consent of the Transferee Company.

4.7.3. It is clarified that the services of all transferred staff, workmen and employees of the Demerged Company/Transferor Company in connection with its Remaining Business will be treated as having been continuous for the purpose of the aforesaid employee benefits and/or liabilities. For the purpose of payment of any retrenchment compensation, gratuity, and/or other terminal benefits, and/or any other liability pertaining to staff, workmen and employees, the past services of such staff, workmen and employees with the Demerged Company/Transferor Company shall also be taken into account by the Transferee Company, who shall pay the same as and when payable.

#### 4.8. CONDUCT OF BUSINESS

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

(a) The Demerged Company/Transferor Company shall carry on and be deemed to have carried on its business and activities in relation its Remaining Business and shall stand possessed of all its assets and properties referred to above, in trust for the Transferee Company and shall account for the same to the Transferee Company. The Demerged Company/Transferor Company shall hold the said assets with utmost prudence until the Effective Date.

(b) All profits or incomes accruing or arising out of the Remaining Business of the Demerged Company/Transferor Company and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profit and income) in relation to the Remaining Business of the Demerged Company/Transferor Company shall, for all purposes, be treated and



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be deemed to be and accrued as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Transferee Company.

- (c) Any of the rights, powers, authorities and privileges attached or related or pertaining to Remaining Business of the Demerged Company/Transferor Company and exercised by or available to the Demerged Company/Transferor Company shall be deemed to have been exercised by the Demerged Company/Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Remaining Business of the Demerged Company/Transferor Company that have been undertaken or discharged by the Demerged Company/Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.
- (d) All taxes (including Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, VAT, GST, etc.) paid or payable by the Demerged Company/Transferor Company in respect of the operations and/or the profits of its Remaining Business of the before the Amalgamation Appointed Date which shall be on account of the Demerged Company/Transferor Company and, insofar as it relates to the tax payment (including Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, VAT, GST, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company/Transferor Company in respect of the profits or activities or operation of its Remaining Business after the Amalgamation Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 4.8.2. On the Scheme becoming effective, the Transferee Company shall be entitled to file/revise its Income Tax Returns, TDS Returns and other statutory returns, if required and shall have the right to claim refunds, depreciation benefits etc., if any, as also the Income Tax Returns filed by the Demerged Company/Transferor Company in relation to its Remaining Business so far as is necessitated on account of the Scheme becoming effective from the Amalgamation Appointed Date under the Scheme.
- 4.8.3. Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Demerged Company/Transferor Company shall be deemed to have been exercised by the Demerged Company/Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Remaining Business of the Demerged Company/Transferor Company that have been undertaken or discharged by the Demerged Company/Transferor Company shall



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be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.

- 4.9. On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company/Transferor Company in relation to its Remaining Business have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Demerged Company/Transferor Company in relation to its Remaining Business, in the name of the Demerged Company/Transferor Company for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company/Transferor Company in relation to its Remaining Business, after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.

#### 4.10. RIGHTS OF SHAREHOLDERS

The shareholders of Demerged Company/Transferor Company and Transferee Company shall, save as otherwise provided under this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective company of which they are members till the Effective Date. It is clarified that it is an enabling clause and not an obligation on the Demerged Company/Transferor Company and Resulting Company to pay any dividend.

#### 4.11. PLACE OF VESTING

The vesting of the Remaining Business of the Demerged Company/Transferor Company shall by virtue of the provisions of this Scheme and the effect of the provisions of Section 230 to 232 of the Act, take place at the registered office of Transferee Company.

#### 4.12. APPLICABILITY OF PROVISIONS OF INCOME TAX ACT, 1961 AND OTHER TAX LAWS

- 4.12.1. This Clause 4.11 of the Scheme has been drawn up to comply with the conditions relating to demerger as specified under Section 2(1B) and other relevant provisions of the Income Tax Act, 1961. If any term or provision of the Scheme is found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary, to comply with Section 2(1B) and other relevant provisions of the Income Tax Act, 1961.



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- 4.12.2. It is further provided that upon the Scheme coming into effect, all taxes payable by the Demerged Company/Transferor Company in relation to the Remaining Business of the Demerged Company/Transferor Company and all or any refunds and claims, from the Amalgamation Appointed Date shall, for all purposes, be treated as the tax liabilities or refunds and claims, as the case may be of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Demerged Company/Transferor Company and Transferee Company are also expressly permitted to revise their respective Income Tax Returns, TDS Returns, Service Tax Returns, GST Returns, Fringe Benefits Tax Returns, Sales Tax Returns, Excise and CENVAT Returns and other tax/statutory returns and to claim refunds, advance tax and withholding tax credits, benefits of credit for MAT and carry forward of accumulated depreciation and losses, etc. pursuant to the provisions of this Scheme.
- 4.12.3. On and from the Amalgamation Appointed Date, if any certificate for TDS or any other tax credit certificate to the Transferor in relation to the Remaining Business of the Demerged Company/Transferor Company is received in the name of the Demerged Company/Transferor Company, it shall be deemed to have been received by the Transferee Company, which alone shall be entitled to claim credit for such tax deducted or paid.
- 4.12.4. All taxes (including Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, VAT, GST, etc.) paid or payable by Demerged Company/Transferor Company in relation to the Remaining Business of the Demerged Company/Transferor Company before the Amalgamation Appointed Date, shall be on account of the Transferee Company and, in so far as it relates to the tax payment (including Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, VAT, GST, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by Demerged Company/Transferor Company after the Amalgamation Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall in all proceedings be dealt accordingly. This is notwithstanding that challans or tax payment certificates are in the name of the Demerged Company/Transferor Company and not in the name of the Transferee Company.
- 4.12.5. Any tax liabilities under the Tax Laws allocable or related to the business of the Demerged Company/Transferor Company in relation to the Remaining Business of the Demerged Company/Transferor Company, to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Amalgamation Appointed Date, shall be transferred to Transferee Company.
- 4.12.6. All tax assessment proceedings/appeals of whatsoever nature by or against the Demerged Company/Transferor Company in relation to the Remaining Business of the Demerged Company/Transferor Company pending and/or arising at the Amalgamation Appointed Date and



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relating to the Remaining Business of Demerged Company/Transferor Company shall be continued and/or enforced until the Effective Date by the Demerged Company/Transferor Company. In the event of the Demerged Company/Transferor Company failing to continue or enforce the proceedings/appeal, the same may be continued or enforced by the Transferee Company at the cost of the Demerged Company/Transferor Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued or enforced by the Demerged Company/Transferor Company.

- 4.12.7. Any refund, under the Tax Laws due to Demerged Company/Transferor Company in relation to the Remaining Business of the Demerged Company/Transferor Company consequent to the assessment made to the Demerged Company/Transferor Company and for which no credit is taken in the account as on the date immediately preceding the Amalgamation Appointed Date shall also belong to and be received by the Transferee Company upon this Scheme becoming effective.
- 4.12.8. Upon the Scheme becoming effective, the Transferee Company and Demerged Company/Transferor Company are expressly permitted to revise their financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961 (including for MAT purposes and tax benefits), service tax law, GST, and other tax laws, and to claim refunds and/or credits for taxes paid, and to claim tax benefits under the Income Tax Act, 1961 which includes but is not limited to the amount disallowed in the hands of the Demerged Company/Transferor Company under Section 43B or 40(a) of the Income Tax Act, 1961 for the financial years prior to the Amalgamation Appointed Date shall be eligible to be claimed by the Transferee Company on fulfillment of the conditions as laid down in Sections 43B or 40(a) of the Income Tax Act, 1961 etc. and other Tax Laws and for matters incidental thereto, if required to give effect to the provisions of this Scheme.
- 4.12.9. Without prejudice to the generality of the above, all benefits, entitlements, incentives, losses, credits (including Income Tax, Sales Tax, Excise Duty, Customs Duty, Service Tax, VAT, GST, etc. registrations etc.) to which the Demerged Company/Transferor Company is entitled to, in relation to the Remaining Business of the Demerged Company/Transferor Company, in terms of Applicable Laws, shall be available to and vest in the Transferee Company, upon the Scheme coming into effect.

#### 4.13. SAVING OF CONCLUDED TRANSACTIONS

- 4.13.1. Subject to the terms of this Scheme, the transfer and vesting of the Remaining Business of the Demerged Company/Transferor Company to and in the Transferee Company under Part III of this Scheme shall not affect any transactions or proceedings already concluded by the Demerged



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Company/Transferor Company in connection with its Remaining Business on or before the Amalgamation Appointed Date or concluded after the Amalgamation Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company/Transferor Company in connection with its Remaining Business as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

4.13.2. Without prejudice to the provisions of the foregoing, and upon the effectiveness of Part III of this Scheme, the Demerged Company/Transferor Company and the Transferee Company shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee 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 authority or person to give effect to the Scheme.

#### 4.14. ACCOUNTING TREATMENT

4.14.1. Upon the coming into effect of this Scheme and with effect from Appointed date for amalgamation, the Transferee Company shall account for the Remaining Business of the Demerged Company/Transferor Company with the Transferee Company in accordance with Pooling of Interest Method in accordance with Appendix C of Ind AS 103 notified under the provisions of the Act, read with relevant rules framed thereunder and other applicable accounting standards prescribed under the Act.

4.14.2. The Transferee Company shall record the assets, liabilities and reserves relating to the Remaining Business of the Demerged Company/Transferor Company vested as a going concern in it pursuant to this Scheme, at their respective carrying amounts.

4.14.3. The Transferee Company shall credit the aggregate face value/ nominal value of shares issued by it to the Shareholders of Demerged Company/Transferor Company pursuant to Clause 4.15 of this Scheme to the Share Capital Account in its books of accounts.

4.14.4. The identity of the reserves of the Demerged Company/Transferor Company if any, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appeared in the financial statements of the Demerged Company/Transferor Company.

4.14.5. Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits balances or other obligations as between the Demerged Company/Transferor



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Company in relation to its Remaining Business and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for reduction of any assets or liabilities, as the case may be. Further no interest shall be provided on loans and advances or any outstanding loans and advances, if any, after Amalgamation Appointed Date. All inter party transactions in relation to the Remaining Business of the Demerged Company/Transferor Company and the Transferee Company shall be treated as intra party transactions for all purposes and inter-company balances shall stand cancelled.

- 4.14.6. The shares held by Transferor Company in Transferee Company or vice versa shall stand cancelled and difference, if any, would be adjusted against the reserves of Transferee Company.
- 4.14.7. The difference, if any, between the amount recorded as share capital issued plus any additional consideration and the amount of share capital of the Demerged Company/ Transferor Company shall be transferred to capital reserve and should be presented separately from other capital reserves.
- 4.14.8. In case of any difference in accounting policy between the Transferor and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail and the difference till Appointed Date for Amalgamation would be quantified and adjusted in the reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 4.14.9. The difference, being excess/ deficit arising pursuant to the Scheme shall be accounted for based on the accounting prescribed under the Ind-AS 103.

#### 4.15. CONSIDERATION

- 4.15.1. Upon the coming into effect of this Scheme and in consideration of the amalgamation by way of transfer and vesting of the Remaining Business of the Demerged Company/Transferor Company in Part III of this Scheme, Transferee Company shall, to the equity shareholders of Demerged Company/Transferor Company, holding fully paid up equity shares of Demerged Company/Transferor Company and whose name appear in the Register of Members of Demerged Company/Transferor Company on the Amalgamation Record Date, or to such of their heirs, executors, administrators or the successor-in-title, issue and allot shares in the following modes, at their option viz.:

*34(ThirtyFour) fully paid-up equity share of Rs. 10/- (Rupees ten) only each of Transferee Company for every 1 (One) fully paid-up equity shares of Rs. 100/- (Rupees Hundred) only each held in Demerged Company/Transferor Company.*



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- 4.15.2. Upon the Scheme coming into effect, all shares which the Demerged Company/Transferor Company holds in the Transferee Company or *inter-se* between each other shall get cancelled without any further application, act or deed. The cancellation would be in accordance with provisions of Section 66 of the Act and the order of the Tribunal sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction, if any.
- 4.15.3. No shareholder of Demerged Company/Transferor Company shall be allotted any fractional shares in the Transferee Company. Any fraction arising on issue of equity shares as above will be rounded off, or as the case may be, truncated, to the nearest integer.
- 4.15.4. The said shares of the Transferee Company to be issued to respective shareholder of Demerged Company/Transferor Company shall rank *pari passu* in all respects, with the existing shares in the Transferee Company from Amalgamation Appointed Date. Such shares in the Transferee Company, to be issued to the shareholders of Demerged Company/Transferor Company, will for all purposes, save as otherwise, be deemed to have been held by each such member from Amalgamation Appointed Date.
- 4.15.5. The equity shares being issued and allotted by the Transferee Company to the shareholders of the Transferor Company in accordance with Clause 4.15.1 above shall be listed on all the stock exchanges on which equity shares of the Transferee Company are listed on the record date.
- 4.15.6. It is clarified that the Transferee Company, for the purpose of issuing the aforesaid shares to the shareholders of the Transferor Company shall not be required to pass a separate Special Resolution under section 62 of the Companies Act, 2013 or any other provisions of the Act, and on the shareholders of the Transferee Company giving their consent to the Scheme, it shall be deemed that the shareholders of the Transferee Company have given their consent to issue aforesaid shares to the shareholders of the Transferor Company as required under Section 62 of the Companies Act, 2013.
- 4.15.7. The equity shares allotted by the Transferee Company pursuant to the Scheme shall remain frozen in the depositories system till listing/ trading permission is given by the Stock Exchanges and shall be listed and admitted to trading on the relevant Stock Exchange(s) in India, where the existing equity shares of the Transferee Company are listed and admitted to trading.
- 4.15.8. All shares shall be issued in dematerialised form to those equity shareholders who hold shares of the Demerged Company/Transferor Company post all details relating to their accounts with the depository participants are available with the Transferee Company.



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4.15.9. The new shares to be issued and allotted in terms hereof will be subject to Memorandum and Articles of Association of Transferee Company.

**4.16. Dissolution**

4.16.1. Upon the coming into effect of the Scheme, LWAPL ("being the Demerged/ Transferor Company") shall stand dissolved without winding up.

**PART IV**

**GENERAL TERMS AND CONDITIONS**

**5. GENERAL TERMS AND CONDITIONS**

**5.1. Date of Taking Effect and Implementation of this Scheme**

5.1.1. Part II read with Part I and IV of this Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal, shall become effective from Demerger Appointed Date but shall be operative from the Effective Date.

5.1.2. Part III read with Part I and Part IV of this Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal, shall become effective from Amalgamation Appointed Date but shall be operative from the Effective Date.

**5.2. Applications/Petitions to Tribunal for Sanctioning Scheme**

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 for convening and holding of meetings of their respective shareholders and creditors, as applicable, to be called, held and conducted in such manner as the Tribunal may direct and to consider and if thought fit to approve, with or without modification, this Scheme; and shall apply for such approvals as may be required under Applicable Law and for dissolution of the Demerged Company/Transferor Company without being wound up.

**5.3. Joint Application by the Parties**

The Parties shall, jointly with all reasonable dispatch, make applications/petitions under Section 230 to 232 and other applicable provisions of the Act to the Tribunal for sanctioning of this Scheme and for appropriate orders under the applicable provisions of the Act for carrying this Scheme into effect. It is hereby clarified that submissions of the Scheme to the Tribunal and to any authorities for their respective approvals is without prejudice to all rights, interest, titles and defenses that the Parties have or may have under or pursuant to all Applicable Law. The Parties shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.



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#### 5.4. Change of Authorised Share Capital of the Transferee Company

- 5.4.1. Upon the Scheme becoming effective, the authorised share capital of the Demerged Company/Transferor shall be consolidated with that of the Transferee Company and the fee paid by the Demerged Company/Transferor on its authorised capital shall be set off against any fees payable by the Transferee Company on its authorised share capital subsequent to the amalgamation.

Consequently, subject to the above Clauses:

Clause V of the Memorandum of Association of the Transferee Company shall be replaced by the following clause:

*"The Authorised Equity Share Capital of the Company is Rs. 15,50,00,000 (Rupees fifteen crores fifty lakhs) only divided into 1,55,00,000 equity shares of Rs. 10/- each (Rupees ten) only with the right, privilege and conditions attaching thereto as provided for in the Articles of Association of the Company and with power to increase or reduce the capital provided in Articles of Association."*

- 5.4.2. It is clarified that the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14, Section 61 and Section 64 or any other applicable provisions of the Act, would be required to be separately passed by the Transferee Company.
- 5.4.3. The Transferee Company may consolidate and divide all or any of its share capital sub-divide its existing share capital, convert all or any of its authorised share capital for the purposes of issuance of equity shares.

#### 5.5. Change of Authorised Share Capital of the Resulting Company

- 5.5.1. Upon the Scheme becoming effective, the authorised share capital of the Resulting Company shall be increased to facilitate issuance of shares to the shareholders of the Demerged Company/Transferor Company.

The authorised share capital of the Resulting Company will automatically stand increased to that effect by simply filing the requisite forms with the Appropriate Authority and no separate act, procedure or instrument or deed or payment of any stamp duty and registration fees shall be required to be followed under the Act.

Consequently, subject to the above Clauses:



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Clause V of the Memorandum of Association of the Resulting Company shall be replaced by the following clause:

*"The Authorised Equity Share Capital of the Company is Rs. 5,00,00,000 (Rupees Fifty Crores) only divided into 50,00,000 (Fifty Lakh) equity shares of Rs. 10/- each (Rupees ten) only with the right, privilege and conditions attaching thereto as provided for in the Articles of Association of the Company and with power to increase or reduce the capital provided in Articles of Association."*

- 5.5.2. It is clarified that the consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14, Section 61 and Section 64 or any other applicable provisions of the Act, would be required to be separately passed by the Resulting Company.
- 5.5.3. The Resulting Company may consolidate and divide all or any of its share capital sub-divide its existing share capital, convert all or any of its authorised share capital for the purposes of issuance of equity shares.

#### 5.6. Modifications to the Scheme

- 5.6.1. The Scheme shall be subject to such modifications as the Tribunal while sanctioning the same may direct and which the Board of the respective Parties may consent and agree to. The Parties may in their full and absolute discretion, make and/or assent to any alteration, or modification to this Scheme, including but not limited to those which the Tribunal and/or any other authority may deem fit, approve or propose.
- 5.6.2. In the event that any conditions proposed by the Tribunal are found unacceptable for any reason whatsoever by the respective Parties, then the respective Parties shall be entitled to withdraw the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the Parties or any of them.

#### 5.7. Scheme Conditional on Approval/Sanctions

- 5.7.1. The Scheme is conditional upon and subject to:
- a) the approval of the Scheme by requisite majority of the respective classes of members and creditors of the respective Parties, as may be directed by the Tribunal, on application made for directions under Section 232 of the Act. In so far as approval of shareholders of LPPL, as aforesaid, is concerned, it is clarified that in terms of paragraphs 1(A)(9)(a) and 1(A)(9)(b) of Annexure 1 of SEBI Circular dated 10<sup>th</sup> March 2017 (including any modification or revisions thereof), the Scheme shall be acted upon only if the votes cast by the public shareholder of LPPL through e-voting in favour of the Scheme are more than the numbers of votes, if any, cast by them against it.



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- b) the sanction of the Tribunal being obtained under Section 230 and 232 of the Act in favour of the respective Parties and the necessary order(s) under Section 232 of the Act, being obtained;
- c) any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and appropriate, by the respective Boards of the Parties being obtained and granted in respect of any of the matters for which such sanction or approval is required; and
- d) certified true copies of the order of the Tribunal sanctioning this Scheme being filed with the RoC.

**5.8. Effect of Non-Receipt of Approvals/Sanctions**

In the event of any of the said sanctions and approvals referred not being obtained and/or the Scheme not being sanctioned by the Tribunal and/or the order(s) not being passed, the Scheme shall become null and void and shall stand revoked, cancelled and be of no effect, 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 may otherwise arise in law.

**5.9. Effect of Non Fulfillment of any Obligation**

In the event of non-fulfillment of any or all the obligations under the Scheme, by any Party, the non-performance of which will put another Party or Parties under any obligation, then such defaulting Party will indemnify all costs/interest, etc. to the other Party, subject to a specific provision if any to the contrary under the Scheme.

**5.10. Costs and Expenses**

All costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) of the Parties, respectively in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/or incidental to the completion of this Scheme shall be borne and paid by the Transferee Company and the Resulting Company. The Transferee Company and the Resulting Company shall be eligible for deduction of expenditure incurred as per Section 35DD of the Income Tax Act, 1961.




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Schedule I

(Retail Business Undertaking)

Particulars	Showroom Business As on 31.3.18
<b>I. EQUITY AND LIABILITIES</b>	
(1) <b>Shareholders' funds</b>	2,78,58,484
(2) <b>Non-current liabilities</b>	0
(3) <b>Current liabilities</b>	0
(a) Trade payables	1,81,76,700
(i) Others	66,662
(b) Other current liabilities	1,82,43,362
<b>TOTAL</b>	<b>4,61,01,846</b>
<b>II. ASSETS</b>	
(1) <b>Non-current assets</b>	
(a) Property , Plant & Equipment	7,36,939
(b) Investments	51,39,100
(c) Long-term loans and advances	12,90,000
	71,66,039
(2) <b>Current assets</b>	
(a) Inventories	1,85,85,821
(b) Trade receivables	1,98,95,471
(c) Cash and cash equivalents	4,29,393
(d) Short-term loans and advances	25,122
	3,89,35,807
<b>TOTAL</b>	<b>4,61,01,846</b>

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