

ANNEXURE 2

SCHEME OF ARRANGEMENT

BETWEEN

PIONEER EMBROIDERIES LIMITED
("PEL" OR "DEMERGED COMPANY")

AND

PIONEER REALTY LIMITED
("PRL" OR "RESULTING COMPANY")

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013
AND OTHER APPLICABLE PROVISIONS OF COMPANIES ACT, RULES AND REGULATIONS
THEREUNDER

1. PREAMBLE

1.1 This Scheme of Arrangement (Demerger) (hereinafter defined as "the Scheme"), presented under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 ("Act") and other applicable provisions of Companies Act, rules and regulations thereunder as applicable from time to time, provides for Demerger of the Demerged Undertaking (hereinafter defined) of Pioneer Embroideries Limited into Pioneer Realty Private Limited with effect from the Appointed Date (hereinafter defined). In addition, this Scheme of Arrangement also provides for various other matters consequential or otherwise integrally connected herewith.

1.2 The Scheme is divided into the following parts:

- (i) Part I deals with Definitions, Interpretations and Share Capital
- (ii) Part II deals with Demerger of the Demerged Undertaking of the Demerged Company and Vesting the same with the Resulting Company
- (iii) Part III deal with General Terms and Conditions and other matters consequential and integrally connected thereto

2. DESCRIPTION OF COMPANIES

2.1 Pioneer Embroideries Limited (the "PEL" or "Demerged Company") was incorporated as a public limited company, vide Certificate of Incorporation dated 25th October, 1991 under the Companies Act, 1956 in Maharashtra. PEL has obtained Certificate of



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DIRECTOR



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Commencement of Business dated 30th March, 1993. The Corporate Identity Number of the Demerged Company is L17291MH1991PLC063752 and having its Registered Office situated at Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6 Dalia Industrial Estate, off. New Link Road, Andheri (W), Mumbai-400058, Maharashtra. The shares of Demerged Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The shares of Demerged Company are listed on Calcutta Stock Exchange Limited (CSE) but the Demerged Company has already made application for delisting of its shares from CSE, since 2007 to which no revert is being received and hence it is deemed to be an approval of the exchange that the shares of Demerged Company are delisted from CSE and process needs to be carried out by the CSE. The business of the Demerged Company comprises of following which are undertaken mainly at the facilities mentioned below:

- i. Embroidery & Bobbin Lace (ELD), known as "ELD Business" comprising of manufacturing, exporting and retailing of embroidery fabric, laces and apparels:
 - Sarigam: 1637,1639, 1638, G.I.D.C. Sarigam, Dist. Valsad, Gujarat – 396 155
 - Naroli: Primer Industrial Estate, Survey No.678/1/2, Village Naroli, Silvassa, (U.T.)-396 203
- ii. Specialized Polyester Filament Yarn (SPFY) comprising manufacturing and exporting of value-added Specialized Polyester Filament Yarn: Village-Kheri, Trilokpur Road, Kala-Amb, Dist Sirmour, Himachal Pradesh -173 030, known as "Remaining Business" or "SPFY Business"

2.2 Pioneer Realty Limited (the "PRL" or "Resulting Company") is a Public Limited Company incorporated under the Companies Act, 1956 on 29th March, 2007 in Maharashtra. PRL has obtained its Certificate for Commencement of Business dated 23rd May, 2007. The Corporate Identity Number of the Resulting Company is U70101MH2007PLC169361. Registered Office of PRL is situated at Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6 Dalia Industrial Estate, off. New Link Road, Andheri (W), Mumbai-400058 Maharashtra. PRL is a 100% subsidiary of PEL and is formed with an objective of carrying out real estate related activities with own or leased property. It does not have significant operations and had no revenue since last 3 years. It also intends to carry on ELD Business and hence it has modified its Main Object Clause vide revised certificate of incorporation dated 1st August, 2022.

3. RATIONALE & PURPOSE OF THE SCHEME

3.1 The Demerged Company is evaluating the development of ELD Business and SPFY Business owned by it in a dissimilar manner as both have a separate requirements/nature of funding, working capital cycle, pricing policies, manpower, managerial expertise, focus and skill sets, market intelligence and sourcing capabilities, and is exploring opportunity to leverage its unique strengths to raise funds accordingly.



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3.2 Post demerger, both the companies would be focused on individual businesses as pure-play entities. The ELD Business owns "Hakoba" through its subsidiary, a brand of repute in the B2C space, while the SPFY business has a strong B2B brand "Silkolite", both of which can now get more directed attention for growth.

3.3 For the purpose of further expansion of ELD Business and SPFY, management is exploring options to attract willing investors, strategic partners, financial institution and bankers. Therefore, both the businesses shall not have any linkages with each other. Further, management can utilize the funds availed by securing the assets for that particular business activities.

3.4 Thus, through this Scheme, the Demerged Company is unlocking the value and creating liquidity avenues for the shareholders of the Demerged Company from both the businesses as post the implementation of the Scheme, the Shareholders would be owning shares of both the companies as the shares of Resulting Company are also proposed to be listed on BSE and NSE.

3.5 With this objective in mind and intent of realigning the business operations of Demerged Company, enable the management and Board of Directors of Demerged Company & Resulting Company chart out independent strategies for their respective commercial operations in order to maximize value creation for their respective stakeholders and enhance focus of management for the respective businesses, it is proposed to transfer and vest ELD Business Undertaking in the Resulting Company through the Scheme (hereinafter defined), resulting into remaining business and assets including SPFY shall be held and owned by PEL ("Demerger").

3.6 Pursuant to this Scheme, all the shareholders of Demerged Company will get shares in Resulting Company and there would be no change in the economic interest for any of the shareholders of Demerged Company pre- and post- implementation of the Scheme as the existing shareholding in the Demerged Company would be split in both the Demerged and Resulting Companies.

3.7 The transfer and vesting shall achieve the following benefits for the Demerged Company and the Resulting Company:

- a. The Demerger will enable better and more efficient management, control and running of the ELD and SPFY activity individually;
- b. The Demerger will enable both Demerged Company and Resulting Company to achieve and fulfill their objectives more efficiently and offer opportunities to the management of both the companies to pursue growth and expansion opportunity;
- c. The realigned structure will enable the management to attract investors / partners in both the business in sync with respective objectives and goals;
- d. The Scheme shall be beneficial for the interest of the Companies, their shareholders, creditors and employees.



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- e. Enhancing operational efficiencies, ensuring synergies through pooling of the financial, managerial, and technical resources, personnel capabilities, skills, expertise and technologies; and
- f. Enhancing shareholder value by creating leaner and focused organizations

3.8 Accordingly, upon the Scheme becoming effective, there will not be any adverse effect on the Shareholders of the Demerged Company. The Scheme will not, in any manner be prejudicial to the interest of the concerned shareholders, creditors, employee or key managerial personnel or any stakeholder or general public at large.

3.9 In view of the above rationale, the Board recommended a Scheme of Arrangement whereby the ELD Business Undertaking of Demerged Company will be demerged into Resulting Company as a going concern with effect from the Appointed Date (hereinafter defined). Accordingly, the Board of Directors of Demerged Company and Resulting Company have decided to make requisite applications and/or petitions before the Tribunal (hereinafter defined) as the case may be, as applicable under Sections 230 to 232 read with Section 66 of the Act (hereinafter defined) and other applicable provisions for the sanction of this Scheme.

3.10 Thus, with the aforesaid objectives, it is proposed to demerge the Demerged Undertaking into the Resulting Company.

4. **TREATMENT OF THE SCHEME FOR THE PURPOSE OF THE INCOME TAX ACT, 1961:**

This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any of the terms or provisions of this Scheme is/are found or interpreted to be inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961 at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with the provisions of Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

PART I

DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL

5. DEFINITIONS

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

- 5.1. "Act" shall mean reference to the Companies Act, 2013 and the rules, regulations, circulars and notifications issued thereunder, as amended from time to time and to the extent in force;
- 5.2. "Applicable Law" means any statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or



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instructions having the force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force in India;

- 5.3. "Appointed Date" shall mean the opening of the business hours as on 1st April, 2022 or such other date as may be decided by the National Company Law Tribunal or any other appropriate authority as may be applicable;
- 5.4. "Appropriate Authority" or "Governmental Authority" means and includes any applicable Central, State or Local Government, legislative body, regulatory or administrative authority, including Registrar of Companies (ROC), Regional Director (RD), Official Liquidators (OL), National Company Law Tribunal (NCLT), National Company Law Appellate Tribunal (NCLAT), Income Tax Authority (ITA), Securities and Exchange Board of India (SEBI), Stock Exchanges, Reserve Bank of India (RBI), any Industrial corporation, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction;
- 5.5. "Board of Directors" or "Board" means the Board of Directors of each of the Companies under the Scheme as the context may require and shall include a committee of Directors or any person authorized by Board or such Committee of Directors for the purposes of matters pertaining to this Scheme and or any other matter relating thereto;
- 5.6. "BSE" means BSE Limited;
- 5.7. "Book Value" shall mean the value(s) of assets and liabilities of the Demerged Undertaking, as appearing in the books of accounts of the Demerged Company at the close of business as on the day immediately preceding the Appointed Date;
- 5.8. "Demerged Company" or "PEL" means Pioneer Embroideries Limited, a company governed under the Companies Act, 2013 and having CIN L17291MH1991PLC063752 with registered Office situated at Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6 Dalia Industrial Estate, off. New Link Road, Andheri (W), Mumbai-400058, Maharashtra;
- 5.9. "Demerged Undertaking" shall mean the ELD Business of PEL. Without prejudice and limitation to the generality of the above, the Demerged Undertaking shall mean and include:
- a. all assets (whether movable or immovable, real or personal corporeal or incorporeal, present or future, contingent or definite, tangible or intangible) including plant and machinery, furniture, fixtures, equipment's, accessories, vehicles, leasehold assets, investments in relation to the Business Undertaking, letters of intent, registrations, settlements, rights, credits, title, interest, benefits, advantages, sundry debtors, deposits, provisions, advances, receivables, funds, leases, licenses, tenancy rights, premises, hire purchase and



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lease arrangements, benefits of agreements, contracts and arrangements, powers, authorities, industrial and other licenses registrations, quotas, permits, government and other grants, capital and other subsidy received or receivable, allotments, approvals, consents, privileges, liberties, advantages, easements, and all the rights, titles, interests, goodwill, benefit entitlements and advantages, contingent rights or benefit belonging to or in the ownership, power, possession or the control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Demerged Company with respect to Textile Business as on the Appointed Date;

- b. Investments in shares, debentures and other securities, if any, held by the Demerged Company pertaining to the ELD Business;
- c. Assets other than those referred to in above sub-clauses (a & b) being general in nature, if any, allocated to the ELD Business in the manner as may be decided by the Board of Directors of the Demerged Company;
- d. all present secured or unsecured, asserted or unasserted debts, duties, obligations, guarantees, assurances, liabilities including contingent liabilities, in respect of ELD Business Undertaking and also including all other debts, liabilities, duties and obligations of the Demerged Company relating to the ELD Business which may accrue or arise after the Appointed Date but which is related to the period up to the day immediately preceding the Appointed Date;
- e. the specific loans and borrowing raised, incurred and utilized solely for the activities and operations of the Demerged Company in relation to the ELD Business;
- f. liabilities other than those referred above being the amounts of general or multipurpose borrowings, if any, of the Demerged Company as allocated to the ELD Business in the same proportion in which the book value of the assets transferred under this Clause bears to the total book value of the assets of the Demerged Company immediately before the Appointed Date of the Scheme as may be determined by the Board of Directors of the Demerged Company;
- g. all employees of the Demerged Company employed in and / or relatable to the ELD Business as on the Effective Date;
- h. all deposits and balances with Government, Semi-Government, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to the ELD Business;
- i. all advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company pertaining to the ELD Business;



- j. all contracts, agreements, understanding in connection with or pertaining to or relating to the ELD Business;
- k. all intellectual property rights, including trademarks, trade names and the goodwill associated therewith, patents, patent rights, copyrights, service marks, domain names and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how, or any applications for the above, assignments and grants in respect thereof of the Demerged Company in relation to the ELD Business as on the Appointed Date;
- l. tax loss including unabsorbed depreciation or surplus in the provision for taxation / duties / levies account including but not limited to VAT Credit, CENVAT credit, GST Input Tax Credit, custom duty refund / duty drawback and all EPCG Authorisations/Advance Authorisations and related Annual Average Exports Obligation (AEO) whether issued individually for the Demerged Undertaking or in the name of the Demerged Company as on the date immediately preceding the Appointed Date pertaining to Demerged Undertaking;
- m. cash, bank balance and deposits of the Demerged Company with banks, government, semi-government, local and other authorities and bodies with respect to the ELD Business;
- n. all books, records, files, papers, information, software, computer programs along with their licenses, drawings, manual, data, catalogues, quotations, sales and advertising materials, list of present and former clients, and any other record whether in physical or electronic form, in connection with or relating to the ELD Business of the Demerged Company as on the Appointed date; and
- o. all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature initiated by or against the Demerged Company in connection with the ELD Business.

It is clarified that Demerged Undertaking of the Demerged Company shall not include any employees, assets, liabilities, rights and obligations belonging to and forming part of the "Remaining Business Undertaking". Further, any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be mutually decided by the Board of Directors of the Demerged Company and the Resulting Company.

5.10. "Eligible Member" means each Equity shareholder of the Demerged Company whose name is recorded in the register of members as members of the Demerged Company on the Record date;

5.11. "Effective Date" means the opening hours of the day on which the last of approvals/conditions specified in Clause 24 of this Scheme are obtained or complied with. Any references in this Scheme to the date of "coming into effect of



this Scheme” or “effectiveness of this Scheme” or “Scheme taking effect” or “upon the scheme becoming effective” shall mean the Effective Date;

- 5.12. “IT Act” shall mean the Income Tax Act, 1961, rules and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof for the time being in force;
- 5.13. “National Company Law Tribunal” or “NCLT” or “Tribunal” means the National Company Law Tribunal, Mumbai Bench;
- 5.14. “NSE” means the National Stock Exchange of India Limited;
- 5.15. “Record Date” means the date to be fixed by the Board of Directors of the Resulting Company in consultation with the Board of Directors of the Demerged Company for the purpose of determining the shareholders of the Demerged Company who shall be entitled to receive Consideration under Clause 11, pursuant to the Scheme.
- 5.16. “Remaining Business” means all assets, liabilities, businesses, activities & operations of the Demerged Company other than those comprised in the Demerged Undertaking;
- 5.17. “Resulting Company” or “PRL” means Pioneer Realty Limited, having CIN U70101MH2007PLC169361. Registered Office of PRL is situated at Unit 101B, 1st Floor, Abhishek Premises, Plot No.C5-6 Dalia Industrial Estate, off. New Link Road, Andheri (W), Mumbai-400058 Maharashtra;
- 5.18. “ROC” means Registrar of Companies, Mumbai;
- 5.19. “RD” means Regional Director, Mumbai, Maharashtra;
- 5.20. “Scheme” or “The Scheme” or “This Scheme” or “Scheme of Arrangement” means this Composite Scheme of Arrangement in its present form as submitted in accordance with the provisions of Sections 230 to 232 read with section 66 of the Act or with any modification(s), if any, made under Clause 23 of the Scheme or with such other modification/amendments as the NCLT or any other Governmental Authority may direct;
- 5.21. “SEBI” means Securities Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992, as amended from time to time;
- 5.22. “SEBI Circular” shall mean circulars issued by SEBI being Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 and any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;



5.23. "Stock Exchanges" means BSE and NSE or any of them as may be applicable.

The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Income Tax Act, 1961 and other applicable laws, rules, regulations, byelaws, as the case may be, including any statutory modification or re-enactment thereof, from time to time

6. DATE OF TAKING EFFECT AND OPERATIVE DATE

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

7. SHARE CAPITAL

7.1. The share capital of the Demerged Company as on 31st March 2022 and as on the Appointed Date is as under:

Particulars	(Amount in Rs.)
<u>Authorized Share Capital</u>	
5,00,00,000 Equity Shares of 10/- each	50,00,00,000
Total	50,00,00,000
<u>Issued, Subscribed and Paid up Share Capital</u>	
2,65,90,942 Equity Shares of 10/- each.	26,59,09,420
Total	26,59,09,420

Subsequent to the Appointed Date and till the date of approval of this Scheme by the Board of Directors of the Demerged Company, there has been no change in the Authorised, Issued, Subscribed and Paid-up capital of Demerged Company.

7.2. The share capital of the Resulting Company as on 31st March 2022 and as on the Appointed Date is as under:

Particulars	(Amount in Rs.)
<u>Authorized Share Capital</u>	
50,00,000 Equity Shares of 10/- each.	5,00,00,000
Total	5,00,00,000
<u>Issued, Subscribed and Paid up Share Capital</u>	
50,000 Equity Shares of 10/- each.	500,000
Total	500,000



Subsequent to the Appointed Date and till the date of approval of this Scheme by the Board of Directors of the Resulting Company, there has been no change in the Authorised, Issued, Subscribed and Paid-up capital of the Resulting Company.

As on the Appointed Date and as on date, the Demerged Company holds 100% of Equity Share Capital of the Resulting Company.



PART II

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

8. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

- 8.1 Upon coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the Demerged Undertaking of Demerged Company as defined in Clause 5.9 of this Scheme, shall pursuant to Sections 230 to 232 of the Act and other relevant provision of the Act and the order of the NCLT sanctioning the Scheme, without any further act, instrument or deed, be and stand demerged from the Demerged Company and transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company on a going concern basis, in accordance with Section 2(19AA) of the Income-tax Act, 1961, so as to vest in the Resulting Company, all the estates, properties, assets, rights, claims, titles, interests and authorities pertaining to Demerged Undertaking, pursuant to Sections 230 and 232 of the Act and any other relevant provisions of the Act and the order of the NCLT sanctioning the Scheme, subject however, to subsisting charges and pledges, if any. The value of the assets pertaining to the Demerged Undertaking being transferred to and vesting with the Resulting Company in accordance with this Scheme on the basis of the Book Value as set out in the balance sheet of the Demerged Company as on the close of 31st March 2022;
- 8.2 Without prejudice to the provisions of Clause 8.1, assets and properties of Demerged Company relating to the Demerged Undertaking, upon the coming into effect of this Scheme and with effect from the Appointed Date, under the provisions of Sections 230 to 232 of the Act, without any further act or deed or instrument or conveyance for the same shall deemed to be transferred to the Resulting Company and shall become the assets and properties of the Resulting Company. The order of the NCLT shall for all purposes be treated as the instrument conveying such properties and assets to Resulting Company. It is however clarified that the same shall be subject to payment of applicable stamp duty on this composite Scheme
- 8.3 In respect of assets such as intangible assets, actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities, bodies and customers, the Demerged Company shall if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the NCLT or such other competent authority having sanctioned this Scheme under Section 232 of the Act, the relevant debt, loan, advance or other asset, be paid or made good or held on account of the Demerged Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same stands transferred to Resulting Company.



- 8.4 All immovable properties, if any, (including land, building and any other immovable property) of Demerged Undertaking of the Demerged Company whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall automatically stand vested in the Resulting Company without the requirement of execution of any further documents for registering the name of the Resulting Company as the owner thereof and the regulatory authorities, including Sub-registrar of Assurances, Talati, Tehsildar, Municipality, etc. may rely on the Scheme along with the order passed by NCLT, to make necessary mutation entries and changes in the land or revenue records to reflect the name of the Resulting Company as the owner of the immovable properties. For the purpose of clarification, all the immovable properties including leasehold rights forming part of Demerged Undertaking shall automatically stand vested in Resulting Company without the requirement of execution of any further documents for registering the name of the Resulting Company as the owner thereof and the regulatory authorities, including Sub-registrar, Talati, Tehsildar, Municipality, etc. may rely on the Scheme along with the order passed by NCLT, to make necessary mutation entries and changes in the land or revenue records to reflect the name of Resulting Company as the owner of the immovable properties reserving the right of the Resulting Company, only for the purpose of effecting the transfer of properties in revenue records or with sub-registrar or any other authorities, the Resulting Company may enter into any separate transfer deed or any other deed in light of and as may be appropriate as per the state laws where the immovable property of the Demerged Undertaking is situated. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties. The Demerged Company shall take all steps as may be necessary to ensure that lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Resulting Company. The Stamp duty if any paid in the state where the registered office of the Resulting Company is situated shall be considered for set off, if any, in any other states where the immovable property of the Demerged Undertaking is situated for the statutory compliance and payment of stamp duty in that other state;
- 8.5 In respect of the assets of the Demerged Undertaking which are movable in nature and/or otherwise capable of transfer by manual or constructive delivery or by paying over and/or by endorsement and delivery, the same shall be so transferred by the Demerged Company, without requiring any deed or instrument of conveyance for transfer of the same and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking transferred to the Resulting Company.
- 8.6 If any asset relating to Demerged Undertaking (including but not limited to any estate, rights, title, interest in or authorities relating to such asset) which the Demerged Company owns, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall, (i) hold such asset in trust for the sole benefit of the Resulting Company till the same is transferred and shall hold and deal with the same in accordance with the reasonable instructions as may be given



by the Resulting Company in that regard; and (ii) make reasonable efforts to transfer such asset to the Resulting Company (along with any benefits attached thereto) within the earliest possible period pursuant to the Scheme becoming effective.

- 8.7 All patents, patent rights applications, trademarks, trade names, knowhow, content, software, manuals, copyrights, service marks, domain names and other industrial properties and rights of any nature whatsoever and licenses assignments, grants in respect thereof, privileges, liberties, easements, contract advantages, benefits, goodwill, quota rights, permits, approvals, authorizations, right to use and avail of telephones, telexes, facsimile and other communication facilities, connections, equipment and installations, utilities, electricity and electronic devices and all other services of every kind, nature and descriptions whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements including but not limited to indemnities / guarantees given by the Demerged Company in relation to the Demerged Undertaking, deposits, advances, recoverable and receivables whether from government, semi-government, government and other grants, capital and other subsidy received or receivable, local authorities or any other customs etc., benefits of any agreement to sell of immovable properties sold or purchased by the Demerged Company in relation to the Demerged Undertaking, and all other rights, interests, claims and powers of every kind, nature and description of and arising to them, cash and bank balances, all earnest monies and/ or deposits including security deposits paid by them, the entire business and benefits and advantages of whatsoever nature and where-so-ever situated 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 the Demerged Company and relating to the Demerged Undertaking, stand transferred to and vested in and/ or be deemed to be and stand transferred to and vested in the Resulting Company pursuant to the provisions of Section 232 of the Act so as to become as and from the Appointed Date, the estate, assets, right, title and interests of the Resulting Company.
- 8.8 Upon the coming into effect of this Scheme and with effect from the Appointed Date, any statutory licenses, permissions or approvals or consents or no-objections received and held by the Demerged Company required to carry on operations of the Demerged Undertaking shall stand transferred to and vested in the Resulting Company by virtue of order of NCLT sanctioning the Scheme, and without any further act or deed shall be appropriately mutated by the statutory authorities concerned therewith in favor of the Resulting Company. The benefit of all statutory and regulatory permissions, approvals and consents, registration or other licenses, and consents shall vest in and become available to the Resulting Company pursuant to the Scheme.
- 8.9 Upon coming into the effect of this Scheme and with effect from the Appointed Date, all income, expenses, debts, liabilities, obligations, including, without limitation, all secured and unsecured debts, sundry creditors, contingent liabilities, duties, obligations and undertakings of the Demerged Company, in relation to the Demerged Undertaking, of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for its business activities and



operations, shall, pursuant to the sanction of this Scheme by the NCLT, as the case may be, and under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to and vested in the Resulting Company and shall be assumed by Resulting Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Appointed Date, the income, expenses, liabilities, debts, duties and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company, and the Resulting Company shall meet, discharge and satisfy the liabilities and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this clause.

- 8.10 In so far as the assets comprised in the Demerged Undertaking of the Demerged Company are concerned, the transfer and vesting of the Demerged Undertaking, as aforesaid, shall be subject to the existing charges, hypothecation, mortgages and/or encumbrances, if any, over the assets or any part thereof, provided however that such charges, hypothecation, mortgages and/or encumbrances shall be confined only to the assets of the Demerged Undertaking or part thereof on or over which they are subsisting upon transfer to and vesting of such assets in the Resulting Company and no such charges, hypothecation, mortgages and/or encumbrances shall extend to over or apply to any other asset(s) of the Resulting Company. Any reference to any security documents or arrangements (to which the Demerged Company is a party) to any assets of the Demerged Company shall be so construed to the end and intent that such security shall not extend nor be deemed to extend, to any other asset(s) of the Resulting Company unless specifically agreed to by the Resulting Company subject to the consents and approval of the existing secured creditors of the Resulting Company, if any. Similarly, the Resulting Company shall not be required to create any additional security over the assets of the Demerged Undertaking acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/to be availed by the Resulting Company and the charges, mortgages, hypothecation and/or encumbrances in respect of the such indebtedness of the Resulting Company shall not extend nor be deemed to extend or apply to the assets of the Demerged Undertaking so acquired by the Resulting Company. However, the Demerged Company and the Resulting Company may provide the Corporate Guarantee for each other and also continue to provide a collateral security of the assets which are already provided as a security for and on behalf of the Demerged Company as a whole and such asset, pursuant to the Scheme may either belong to the Demerged Company or the Resulting Company, as may be mutually agreed between the Demerged Company and the Resulting Company.
- 8.11 It is clarified that the transfer of the Demerged Undertaking to the Resulting Company shall not affect the subsisting charges, hypothecations, mortgages and/or encumbrances over the assets retained by the Demerged Company or any part



thereof and such charges, hypothecation, mortgages and/or encumbrances shall continue to be applicable in respect of such assets including providing corporate guarantee for the Resulting Company.

- 8.12 All taxes (including income tax, sales tax, excise duty, service tax, CGST, IGST, SGST, GST Compensation Cess, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including without limitation, sales tax, excise duty, custom duty, income tax, CGST, IGST, SGST, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits from activities of the Demerged Undertaking after the 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.
- 8.13 All EPCG Authorisations/Advance Authorisations and related Annual Average Exports Obligation (AEO) whether issued individually or in the name of the Demerged Company in respect of the operations and/or export/import obligations of the Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the EPCG Authorisations/Advance Authorisations and related AEO in relation to the Demerged Undertaking, being available to or applied by the Demerged Company to be considered by the respective Companies for EPCG Authorisation requirement fulfillment post Demerger Scheme being effective wherever such Authorisation have been issue as a combined AEO and the authorisation and balances pertaining to the Demerged Undertaking after the Appointed Date, shall be deemed to be of the Resulting Company, and shall, in all proceedings, be dealt with accordingly.
- 8.14 As per the provisions of Section 72A(4) and all other applicable provisions of the IT Act, all the accumulated tax losses and unabsorbed depreciation of the Demerged Company shall be:
- Where such loss or unabsorbed depreciation is directly relatable to the Demerged Undertaking transferred to the Resulting Company, be allowed to be carried forward and set-off in the hands of Resulting Company
 - Where such loss or unabsorbed depreciation is not directly relatable to the Demerged Undertaking transferred to the Resulting Company, be apportioned between the Demerged and the Resulting Company in the same proportion in which the assets of the undertaking have been retained by the Demerged Company and transferred to the Resulting Company, and be allowed to be carried forward and set-off in the hands of the Demerged Company and the Resulting Company as the case may be.
- 8.15 Without prejudice to the above provisions, with effect from the Appointed Date, all inter-party transactions between or amongst the Demerged Company and the Resulting Company, inso far as it relates to the Demerged Undertaking, shall be considered as intra-party transactions for all purposes.



9. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 9.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, insurance policies, indemnities, guarantees, arrangements and other instruments, whether pertaining to immovable properties or otherwise of whatsoever nature relating to Demerged Undertaking and to which the Demerged Company are a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favor of, as the case may be, the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or there under.
- 9.2 Without prejudice to the transfer and vesting of Demerged Undertaking to and in the Resulting Company, the Resulting Company may, at any time after this Scheme becomes effective, if so required or becomes necessary, enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novation's with or in favor of any party to any agreements, contracts, arrangements, understandings, bonds, engagements, deeds and instruments relating to Demerged Undertaking. The Resulting Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of this Scheme.
- 9.3 For the avoidance of doubt, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licences, consents, registrations, approvals, municipal permissions, insurance policies, connections for water, electricity and drainage, sanctions, obligations/benefits arising out of bank guarantees given with respect to any appeals with the relevant authorities, privileges, easements and advantages, facilities, rights, powers and interests (whether vested or contingent), relating to Demerged Undertaking shall stand transferred to and vested in or shall be deemed to be transferred to and vested in the Resulting Company as if the same were originally given or issued to or executed in favor of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company.
- 9.4 It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to Demerged Undertaking, which the Demerged Company owns or to which the Demerged Company is a party and which cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever



nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do till such time as the transfer is affected.

9.5 In pursuance of the Scheme, the Demerged Company and the Resulting Company shall agree to execute suitable agreements, deeds, affidavits, consent letters, power of attorney, applications and other documents and enter into such arrangements as may be required for giving effect to this Scheme.

10. LEGAL, TAXATION AND OTHER PROCEEDINGS

10.1 Upon coming into effect of this Scheme, all legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending and/or arising at or after the Appointed Date and relating to the Demerged Undertaking of the Demerged Company shall be continued and/or enforced by or against the Demerged Company until the Effective Date. As and from the Effective Date, the said legal, taxation and other proceedings shall be continued and/or enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and/or enforced by or against the Demerged Company. The Resulting Company shall be impleaded as a party to such proceedings and shall prosecute or defend such proceedings at its own right, cost and in co-operation with the Demerged Company.

10.2 After the Appointed Date till the Effective Date, if any proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 10.1 above, it shall defend the same at the cost of the Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

10.3 After the Effective Date, if any proceedings are taken or continued against the Demerged Company in respect of Demerged Undertaking carried on by the Resulting Company, the Resulting Company shall defend the same at its own cost; and, in respect of Demerged Undertaking carried on by the Resulting Company after the Effective Date, the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities, costs and obligations incurred by the Demerged Company, if any, in respect thereof.

10.4 The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 10.1 above, transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of the Demerged Company, after the Effective Date. In the event that the Demerged Company is required to be joined as a necessary party in any such proceedings, the Demerged Company shall be added as a necessary party to enable the Resulting Company to prosecute/defend such proceedings and the Resulting Company shall reimburse and indemnify the Demerged Company against all costs, liabilities and obligations incurred by the Demerged Company, if any, in respect thereof.



11. ISSUE OF SHARES BY THE RESULTING COMPANY

- 11.1 The provision of this Clause 11 of the Scheme shall operate notwithstanding anything contrary in this Scheme or in any other Instrument, deed or writing.
- 11.2 Upon the coming into effect of the Scheme and in consideration of the transfer & vesting of Demerged Undertaking of the Demerged Company in the Resulting Company in terms of the Scheme, the Resulting Company shall, without any further application, act, instrument or deed, issue and allot to "Equity Shareholders of PEL", whose names appear in the register of members and records of the depository as member of the Demerged Company, on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, *4 (Four) Equity Share of Rs.10/- (Rupees Ten) each fully paid up of the Resulting Company for every 10 (Ten) Equity Share of Rs.10/- (Rupees Ten) each fully paid up held in Demerged Company such that the shareholding in the Resulting Company on such issuance of shares is the mirror image of the shareholding in the Demerged Company ("New Equity Shares")*.
- 11.3 The New Equity Shares to be issued and allotted as provided in Clause 11.2 above shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank pari passu with the existing equity shares of the Resulting Company after the Record Date including with respect to dividend, bonus entitlement, voting rights and other corporate benefits.
- 11.4 The issue and allotment of Resulting Company New Equity Shares, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such Other Applicable Law(s) as may be applicable were duly complied with, It is clarified that the approval of the members and creditors of the Resulting Company and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of Resulting Company New Equity Shares.
- 11.5 The Equity Shares to be issued pursuant to Clause 11.2 above shall be issued in dematerialized form by the Resulting Company, provided that the shareholders of the Resulting Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event any shareholder has not provided the requisite details relating to his/hers/its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue Equity Shares in physical form to such shareholder or shareholders. Notwithstanding the above, if as per Applicable Laws, the Resulting Company is not permitted to issue and allot the new equity shares in physical form and it has still not received the demat account details of such shareholders of the Demerged Company, the Resulting Company shall issue and allot such shares in lieu of the new equity share



entitlement of such shareholders, into a Demat Suspense account, which shall be operated by one of the directors of the Resulting Company, duly authorised in this regard, who shall upon receipt of appropriate evidence from such shareholders regarding their entitlements, will transfer from such Demat Suspense account into the individual demat account of such claimant shareholders, such number of shares as may be required in terms of this Scheme.

11.6 The Equity Shares issued and/ or allotted pursuant to Clause 11.2, in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act shall, pending settlement of dispute by order of court or otherwise, be also held in abeyance by the Resulting Company.

11.7 The new Equity Shares issued pursuant to Clause 11.2, which the Resulting Company is unable to allot due to Applicable Laws (including, without limitation, the failure to receive approvals of an Appropriate Authority as required under Applicable Law) or any regulations or otherwise shall, pending allotment, be held in abeyance by Resulting Company and shall be dealt with in the manner as may be permissible under the Applicable Law and deemed fit by the Board of the Resulting Company. If the above cannot be effected for any reason, the Resulting Company shall ensure that this does not delay implementation of the Scheme; and shall, take all such appropriate actions as may be necessary under Applicable Laws. The Resulting Company and / or the Depository shall enter into such further documents and take such further actions as may be necessary or appropriate in this regard and to enable actions contemplated therein.

11.8 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of the Demerged Company, the Board of the Demerged Company shall be empowered prior to or even subsequent to the Record Date, to effectuate such transfers in the Demerged Company as if such changes in registered holders were operative as on the Record Date, in order to remove any difficulties arising to the transferors of the shares in relation to the shares issued by the Resulting Company after this Scheme comes into effect. The Board of the Demerged Company shall be empowered to remove such difficulties that may arise in the course of implementation of this Scheme and registration of new shareholders in the Resulting Company on account of difficulties faced in the transition period.

11.9 The issue and allotment of the New Equity Shares in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under Section 62 of the Act and any other applicable provisions of the Act have been complied with.

11.10 The Resulting Company shall apply for listing of its New Equity Shares issued in terms of Clause 11.2 above on both BSE and NSE, which have nationwide terminal, in terms of and in compliance with the SEBI Circular. The New Equity Shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system until listing/trading permission is given by the designated stock exchange (BSE Limited).



- 11.11 There shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the listing, which may affect the basis on which approval is received from the Stock Exchanges.
- 11.12 The New Equity Shares to be issued in lieu of the shares of the Demerged Company held in the unclaimed suspense account, if any, shall be issued to a new unclaimed suspense account created for shareholders of the Resulting Company.
- 11.13 If any equity shares of the Demerged Company held by the equity shareholders of the Demerged Company as on the Record Date are under any statutory lock-in, the equity shares issued and allotted by the Resulting Company to such equity shareholders shall also be locked-in for the remainder of the lock-in period as per Applicable Laws.
- 11.14 Upon the Scheme becoming effective, the Equity Share Capital of the Resulting Company as held by the Demerged Company shall get cancelled and the Share Capital of the Resulting Company shall be reduced to that extent.
- 11.15 For the purpose of the allotment of the Resulting Company New Equity Shares pursuant to this Scheme, in case any shareholders holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of a share of the Resulting Company, the Resulting Company shall not issue fractional shares to such shareholder but shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated shares to one of the Directors as trustee (nominated by the Resulting Company in that behalf, who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of allotment of shares of Resulting Company New Equity Shares, post allotment, as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee. It is clarified that any such distribution shall take place only on the sale of all the shares of the Resulting Company pertaining to the fractional entitlements.
- 11.16 The approval of this Scheme by the shareholders of the Companies under Sections 230 to 232 read with section 66 of the Companies Act, 2013 shall be deemed to have the approval under Sections 13, 14, 61 and other applicable provisions of the Companies Act, 2013 and any other consents and approvals required in this regard.
- 11.17 Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance with the provisions of Section 62 and Section 42 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of shares pursuant to Clause 11.2 by the Resulting Company as provided in this Scheme.



11.18 The Resulting Company shall and to the extent required, increase its Authorized Share Capital to facilitate the issue and allotment of shares pursuant to Clause 11.2 as the case may be under this Scheme.

11.19 The Board of Directors of the Resulting Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Resulting Company on account of difficulties faced in the transaction period.

12. CANCELLATION OF SHARES OF THE RESULTING COMPANY HELD BY THE DEMERGED COMPANY

12.1 Upon the Scheme becoming effective and upon allotment of New Equity Shares by the Resulting Company, 50,000 Equity Shares of Rs. 10/- each of the Resulting Company held by the Demerged Company, forming part of the Demerged Undertaking, shall without any application or deed, stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity share capital of the Resulting Company to that effect shall stand cancelled and reduced without any payments to the Demerged Company ("Resulting Company Cancelled Shares"). This cancellation shall amount to reduction of the capital of the Resulting Company to this limited extent;

12.2 There will be an automatic reduction of capital of the Resulting Company pursuant to this Scheme which shall be given effect as an integral part of the Scheme under section 230 to 232 of the Act and the consent given to the Scheme by the shareholders and the creditors of the Resulting Company shall be deemed to be their consent, as required under Section 66 of the Act to such reduction of capital of the Resulting Company and the Resulting Company shall not be required to convene any separate meeting for the purpose. The order of the NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act. Notwithstanding the reduction of subscribed and paid-up equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as a suffix to its name;

12.3 On effecting the reduction of the share capital as stated in Clause 12.1 above, the share certificates in respect of the Resulting Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled;

12.4 On the Effective Date, the Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares;

13. REDUCTION OF SHARE CAPITAL OF THE DEMERGED COMPANY

13.1 Upon the Scheme becoming effective and as consequence to the demerger of the Demerged Undertaking as envisaged in the said the Scheme and upon the issuance of shares by the Resulting Company to the Shareholders of the Demerged Company in terms of Clause 11.2 above, the pre-demerger share capital of the Demerged Company shall stand reduced as per clause 13.2 of the Scheme, which shall be regarded as



reduction of share capital of the Demerged Company, pursuant to section 66 of the Act as also any other applicable provisions of the Act.

- 13.2 Upon the Scheme becoming effective and upon allotment of New Equity Shares by the Resulting Company, the existing paid-up equity share capital of the Demerged Company shall be reduced by reducing the number of shares such that the shareholders in the Demerged Company whose names appear in the register of members and records of the depository as member of the Demerged Company, on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title as the case may be, shall be such that the shareholding in the Demerged Company on such reduction of shares shall be reduced to 6 (Six) Equity Share of Rs.10/- (Rupees Ten) each fully paid up of the Demerged Company for every 10 (Ten) Equity Share of Rs.10/- (Rupees Ten) each fully paid up held in Demerged Company and balance shares i.e. 4 (four) Equity Shares of Rs. 10/- each shall stand cancelled, extinguished and annulled on and from the Effective Date and the paid up equity share capital of the Demerged Company to that effect shall stand cancelled and reduced without any further act or deed ("Demerged Company Cancelled Shares") and without any payment towards the same. This cancellation shall amount to reduction of the capital of the Demerged Company to this limited extent. The Directors shall be eligible to take all the steps to effectuate such reduction in compliance with the Applicable Laws and as may be applicable and relevant for the Demerged Company;
- 13.3 The proposed reduction is to keep the shareholding in both the Companies relevant to the worth of both the Undertakings of the Demerged Company. The reduction of capital of the Demerged Company pursuant to this Scheme shall be given effect as an integral part of the Scheme under section 230 to 232 of the Act and the consent given to the Scheme by the shareholders and the creditors of the Demerged Company shall be deemed to be their consent, as required under Section 66 of the Act to such reduction of capital of the Demerged Company and the Demerged Company shall not be required to convene any separate meeting for the purpose. The order of the NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act. Notwithstanding the reduction of subscribed and paid-up equity share capital of the Demerged Company, the Demerged Company shall not be required to add "And Reduced" as a suffix to its name;
- 13.4 On effecting the reduction of the share capital as stated in Clause 13.2 above, the effect shall be given in a dematerialized form for all the shares which are held in the demat account. However, those shareholders who hold the shares in the physical form, the share certificates in respect of the Demerged Company Cancelled Shares held by their respective holders shall also be deemed to have been cancelled and new share certificates can be issued to such shareholders, subject to the approval of the Appropriate Authorities and as allowed under the Applicable Laws. All the Process and permissions as mentioned under Clauses 11.4 to 11.8 of the Scheme as applicable to the Resulting Company, shall be applicable to the Demerged Company;



- 13.5 On the Effective Date, the Demerged Company shall debit its share capital account in its books of account with the aggregate face value of the Demerged Company cancelled Shares;
- 13.6 The shares of the Demerged Company are already listed on the BSE and NSE and resultant reduced shares would continue to be listed on the said exchanges, which have nationwide terminal, in terms of and in compliance with the SEBI Regulations. The Demerged Company will arrange to for continuation of trading in the shares of the listed Demerged Company by taking relevant actions with the designated stock exchange.
- 13.7 There shall be no change in the shareholding pattern of the Demerged Company between the Record Date and the listing, which may affect the basis on which approval is received from the Stock Exchanges.
- 13.8 For the purpose of the reduction of Share Capital as mentioned in Clause 13.2 above pursuant to this Scheme, in case any shareholders holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of a share of the Resulting Company, the Demerged Company shall not credit fractional shares to such shareholder but shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated shares to one of the Directors as trustee (nominated by the Demerged Company in that behalf, who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of allotment of new equity Shares by the Demerged Company, as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses Incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee. It is clarified that any such distribution shall take place only on the sale of all the shares of the Demerged Company pertaining to the fractional entitlements.
- 13.9 The approval of this Scheme by the shareholders of the Companies under Sections 230 to 232 read with section 66 of the Companies Act, 2013 shall be deemed to have the approval under Sections 13, 14, 61 and other applicable provisions of the Companies Act, 2013 and any other consents and approvals required in this regard.

14. ACCOUNTING TREATMENT

14.1 ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

Upon this Scheme coming into effect on the Effective Date, and with effect from the Appointed Date, the Demerged Company shall account for the Demerger and vesting of the Demerged Undertaking with the Resulting Company in its books of accounts in accordance with the Indian Accounting Standards (Ind-AS) prescribed under Section



133 of the Act, as notified under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time and other generally accepted accounting principles in India as under:

- i. the Demerged Company shall reduce the book values of assets, including investment in the shares of Resulting Company and liabilities of the Demerged Undertaking along with balance in Other Equity (Securities Premium Account, share based payment account and Retained Earnings) as at the close of business on the day immediately preceding the Appointed Date in its books of accounts;
- ii. loans and advances and other dues outstanding as on the Appointed Date between the Demerged Company pertaining to the Demerged Undertaking and the Resulting Company will stand cancelled and there shall be no further obligation/ outstanding in that behalf;
- iii. Upon the Scheme becoming effective as an integral part of the Scheme and in pursuant to clause 13 of the Scheme the equity share capital of the Demerged Company be reduced by reducing the number of equity shares from 2,65,90,942 Equity Shares to 1,59,54,565 Equity Shares of Rs. 10/- each. The value of such equity share capital as reduced shall be adjusted against the difference between the book value of assets pertaining to the Demerged Undertaking and the book value of liabilities and balance in Other Equity (Securities Premium Account, share based payment account and Retained Earnings) pertaining to the Demerged Undertaking transferred to the Resulting Company and as mentioned in Clause 11.14 of the Scheme;
- iv. the Demerged Company shall make an adjustment equal to the book values of the Demerged Undertaking as per Clause (i) above and after adjusting the cancellation and reduction as mentioned in Clause (ii) to (vi) above, remaining if any, shall be adjusted against the Retained Earnings account of the Demerged Company; and
- v. Till the time demerger effective and approved by the NCLT, the Resulting Company will be considered as a wholly owned subsidiary of the Demerged Company and thus consolidated financial statement from incorporation till the date the Scheme becomes effective will be prepared by the Demerged Company.

14.2 ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

On effectiveness of the Scheme and with effect from the Appointed Date, since the transaction involves entities which are under common control before and after the transaction, the Resulting Company shall account for the transfer and vesting of the Demerged Undertaking as per the 'Pooling of interests' in its books of account in accordance with Appendix C 'Business combinations of entities under common control' of the Indian Accounting Standards (Ind AS) 103 for Business Combination prescribed under Section 133 of the Companies Act, 2013, as notified under the



Companies (Indian Accounting Standards) Rules, 2015 and other applicable accounting standards prescribed under the Act and shall be recorded as under:

- i. The Resulting Company shall record the Assets and Liabilities along with balance in Other Equity (Securities Premium Account, share based payment account and Retained Earnings) as appearing in the books of the Demerged Company at the close of business on the day immediately preceding the Appointed Date of the Demerged Undertaking vested in it as on the Appointed Date pursuant to this Scheme, at their respective book values as appearing in the books of the Demerged Company;
- ii. The shareholding (represented by equity shares) of the Demerged company in the Resulting Company as on the Appointed Date will get cancelled against investment in shares of the Resulting Company held by Demerged Company, being transferred as a part of Demerged Undertaking,;
- iii. The Identity of the all the Reserves (Securities Premium Account, share based payment account, Retained Earnings or reserves of any other nature) pertaining to the Demerged Undertaking of the Demerged Company shall be preserved and shall appear in the financial statements of the Resulting Company in the same form and manner, in which they appeared in the financial statements of the Demerged Company;
- iv. The Resulting Company shall issue and allot its shares to the shareholders of the Demerged Company in accordance with Clause 11.2 of Part II of this Scheme. With respect to the Shares issued by the Resulting Company, the share capital account of the Resulting Company would be credited with the aggregate face value of the shares issued by it;
- v. The loans and advances or payables or receivables or any other investment or arrangement of any kind, held inter se, if any, between the Demerged Company and the Resulting Company shall stand cancelled, to the extent it belongs to the Demerged Undertaking;
- vi. The surplus/deficit, if any between the book value of Assets, Liabilities, reserves as reduced by the face value of the shares issued by the Resulting Company and after considering the cancellation of inter-company balances in accordance with **Clause v** above, if any, shall be recorded as capital reserve within "Other Equity" of the Resulting Company; and
- vii. In case of any difference in the accounting policies between the Demerged Company and the Resulting Company, the impact, if any of the same will be quantified and adjusted in the "Other Equity" 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.

15. DIVIDEND



- 15.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only consistent with the past practice, or in the ordinary course.
- 15.2 Upon the Scheme becoming effective, on and from the Appointed Date, the profits of the Demerged Undertaking shall belong to and be the profits of the Resulting Company and will be available to Resulting Company for being disposed of in any manner as it thinks fit.
- 15.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of Demerged Company and Resulting Company respectively, subject to such approval of the shareholders, as may be required.

16. STAFF, WORKMEN AND EMPLOYEES

- 16.1 On the Scheme becoming effective, all staff, workmen and employees of the Demerged Company, in relation to Demerged Undertaking, as on the Effective Date shall be deemed to have become staff, workmen and employees of the Resulting Company without any break or interruption in their services, on same terms and conditions of their employment with the Demerged Company. The Resulting Company further agrees that for the purpose of payment of any retirement benefit/compensation, such immediate uninterrupted past service with the Demerged Company, as the case may be, shall also be taken into account.
- 16.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Demerged Company, in relation to Demerged Undertaking, or all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Demerged Company in relation to such Fund or Funds shall become those of the Resulting Company. It is clarified that the Resulting Company shall carry out such steps as may be necessary to register the employees of the Demerged Company, in relation to Demerged Undertaking, with its existing exempt Gratuity trust and exempt Provident Fund trust or Employee's Provident Fund Organization or any other government provident fund, as per the provisions of applicable regulations and the same shall be binding on all employees. It is clarified that the services of the staff, workmen and employees of the Demerged Company, in relation to Demerged Undertaking, will be treated as having been continuous for the purpose of the said Fund or Funds.



16.3 Employee Stock Options:

- i. Upon coming into effect of the Scheme and in consideration for the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company, the Demerged Company shall take necessary steps to modify the PEL ESOP 2018 in a manner considered appropriate, in order to enable the continuance of the employee stock options in the hands of the employees of the Demerged Company, subject to the approval of the Stock Exchanges and the relevant regulatory authorities, if required under Applicable Law;
- ii. The employee stock options granted by the Demerged company under the PEL ESOP 2018 shall be restructured by the Board of the Demerged Company in such a manner that the employees on exercise of such employee stock options will be entitled to the same benefit in terms of value of equity shares of the Demerged Company as they would have received on exercise of the employee stock option prior to the demerger;
- iii. The existing exercise price of the stock options granted by the Demerged company under the PEL ESOP 2018, shall be modified and the Board of the Demerged Company shall determine the exercise price consequent to the demerger; and
- iv. The Board of the Demerged Company and the Resulting Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this clause 16.3, if required. Approval granted to the Scheme by the shareholders of the Demerged Company shall also be deemed to be approval granted to any modifications made to the PEL ESOP 2018 of the Demerged Company

17. TAX CREDIT AND TAX TREATMENT

- 17.1 The benefit of any tax credits whether central, state or local, availed by the Demerged Company, in relation to Demerged Undertaking, and the obligations, if any, for payment of the tax on any assets of the Demerged Company on their erection and/or installation, etc., shall be deemed to have been availed by the Resulting Company or as the case may be, deemed to be the obligations of the Resulting Company.
- 17.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable / receivable by the Demerged Company, in relation to Demerged Undertaking, including all or any refunds / credit / MAT credit / GST input credit and any claims relating thereto shall be treated as asset / liability or refunds / credit / claims, as the case may be, of the Resulting Company. The Resulting Company and Demerged Company shall settle the receivables and payables, if any arising due to the Scheme at any future date as and when realized.
- 17.3 The Resulting Company and the Demerged Company are expressly permitted to revise their tax returns including tax deducted at source certificates/returns and to claim refunds, advance tax credits, excise and service tax credits, unutilized input tax credit of



CGST, IGST, SGST, GST Compensation Cess, set off, etc. on the basis of the accounts of the Demerged Company, in relation to Demerged Undertaking, as vested with the Resulting Company upon coming into effect of this scheme and its right to make such revisions in the related tax returns and related certificates, as applicable, and the rights to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

18. CONDUCT OF BUSINESS UNTILL EFFECTIVE DATE

18.1 With effect from the Appointed Date and up to and including the Effective Date, the Demerged Company shall carry on the business of Demerged Undertaking with reasonable diligence in the ordinary course of business. The Demerged Company shall not, without the prior written consent of the Board of Directors of the Resulting Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage, encumber or otherwise deal with, or dispose-off, any of the assets of Demerged Undertaking or any part thereof.

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

18.2.1 The Demerged Company, in relation to Demerged Undertaking, shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions for and on account of, and in trust for, the Resulting Company;

18.2.2 All profits and income accruing or arising to the Demerged Company, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), in relation to Demerged Undertaking, for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure (including taxes), as the case may be, the Resulting Company;

18.2.3 Any rights, powers, authorities or privileges exercised by the Demerged Company, in relation to Demerged Undertaking, shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Demerged Company, in relation to Demerged Undertaking, shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company;

18.2.4 All taxes (including, without limitation, income tax, wealth tax, sales tax, excise duty, customs duty, IGST, SGST, GST Compensation Cess, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of Demerged Undertaking and all EPCG Authorisations/Advance Authorisations and related Annual Average Exports Obligation (AEO) whether issued individually for the Demerged Undertaking or in the name of the Demerged



Company before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, wealth tax, sales tax, excise duty, customs duty, IGST, SGST, GST Compensation Cess, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of Demerged Undertaking or EPCG or Advanced authorisations and related AEO after the Appointed Date, the same shall be deemed to be the corresponding item paid by or pertaining to the Resulting Company and, shall, in all proceedings, be dealt with accordingly; and

18.2.5 The Demerged Company shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees of Demerged Undertaking, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation without the prior written consent of the Board of Directors of the Resulting Company.

18.3 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Resulting Company may be required to carry on the business of Demerged Undertaking.

19. REMAINING BUSINESSES OF THE DEMERGED COMPANY

19.1 The Remaining Businesses of the Demerged Company and all the assets, liabilities and obligations other than Demerged Undertaking shall continue to belong to and be vested in and be managed by the Demerged Company.

19.2 All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Businesses of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Remaining Businesses of the Demerged Company) shall be continued and enforced by or against the Demerged Company after the Effective Date.

19.3 If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 19.2 above, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost and risk of the Demerged Company, and the Demerged Company shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof. In respect of such defense, the Demerged Company shall extend full and timely cooperation, including providing requisite information, personnel and the like, so as to enable the Resulting Company to defend the same.

19.4 With effect from the Appointed Date and upto and including the Effective Date:



19.4.1 The Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business of the Demerged Company for and on its own behalf;

19.4.2 All profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business of the Demerged Company shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and

19.4.3 All assets and properties acquired by the Demerged Company in relation to the Remaining Business of the Demerged Company on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

20. SAVINGS OF CONCLUDED TRANSACTIONS

20.1 The transfer of properties and liabilities under Clause 8 above and the continuance of the proceedings by or against the Resulting Company under Clause 10 above shall not affect any transaction or proceedings already concluded by the Demerged Company to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of the Resulting Company.

PART III GENERAL TERMS & CONDITIONS

21. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

21.1 AMENDMENT TO AUTHORIZED SHARE CAPITAL OF THE RESULTING COMPANY

- i. For issuance of the equity shares as mentioned in Clause 11.2 of the Scheme, the Authorized Share Capital of the Resulting Company as mentioned in clause V of the Memorandum of Association of the Resulting Company shall be increased by Rs. 10,00,00,000/- (Rupees Ten Crores Only) and the aggregate authorized share capital of the Resulting Company shall stand increased to Rs. 15,00,00,000/- (Rupees Fifteen Crores Only).
- ii. Clause V of the Memorandum of Association of the Resulting Company relating to Authorized Share Capital shall respectively, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Section 13, 14, 61 and Section 232 of the Act and other applicable provisions of the Act, as the case may be.

Clause V of Memorandum of Association of the Resulting Company

- a) *The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000/- (Rupees One Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each.*



b) *The minimum Paid-up Share Capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lakhs Only.)*

- iii. Upon the Scheme becoming effective, the Resulting Company shall carry out such other formalities as required under the appropriate law, including amendment to the Articles of Association as may be required.
- iv. The members' resolution approving the Scheme shall be deemed to be the approval of increase in the Authorized Share Capital of the Resulting Company under Section 61 of the Act and other applicable provisions of the Act. Accordingly, upon sanction of this Scheme and from the date of this Scheme becoming effective, the Authorized Share Capital of the Resulting Company shall stand increased without any further act, instrument or deed on the part of the Resulting Company subject to payment of stamp duty and payment of fees payable to Registrar of Companies, for the increase in Authorized Share Capital of the Resulting Company.

21.2 CHANGE OF NAME CLAUSE:

- i. Upon the Scheme becoming effective, the name of the Resulting Company be changed to "Pioneer Embroideries Limited" which is reflective of the activities of the Resulting Company. As a part of the process, post the Effective Date of the Scheme, the Demerged Company shall surrender its existing name by adopting the new name as may be decided by the Board of Directors of PEL and simultaneously the existing name of the Demerged company be made available to the Resulting Company, for the Resulting Company to be named as "Pioneer Embroideries Limited". In no circumstances, the existing name of the Demerged Company be made available to any other person, entity or company other than the Resulting Company.
- ii. The members' resolution approving the Scheme shall be deemed to be the approval of change of name of the Resulting Company as well as the Demerged Company under Section 13 of the Act and other applicable provisions of the Act. Accordingly, upon sanction of this Scheme and from the date of this Scheme becoming effective, the Demerged Company shall adopt the new name and the Resulting Company shall be named as "Pioneer Embroideries Limited" without any further act, instrument or deed on the part of the Demerged Company and the Resulting Company subject to compliance with the requirements of Registrar of Companies.

21.3 The Resulting Company and the Demerged Company undertakes to comply with filings and relevant applicable provisions of the Act, pursuant to this Scheme becoming effective.

22. APPLICATION/PETITION TO THE TRIBUNAL AND APPROVALS

22.1 The Demerged Company and the Resulting Company, with all reasonable dispatch, make necessary applications/petitions to the NCLT under Sections 230 to 232 of the Act and/or other applicable provisions of the Act to the NCLT or such other Appropriate Authority, where the registered offices of the Demerged Company and the Resulting Company are situated, for seeking order for dispensing with or convening, holding and



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DIRECTOR



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conducting of meeting of the respective classes of the shareholders and/or creditors of the Demerged Company and the Resulting Company as may be directed by the NCLT or such other appropriate authority.

- 22.2 On the Scheme being agreed to by the requisite majorities of the shareholders and / or creditors of the Demerged Company and the Resulting Company or such requirement being dispensed with as directed by NCLT or such other appropriate authority, Demerged Company and Resulting Company shall, with all reasonable dispatch, apply to the NCLT for sanctioning the Scheme under Sections 230 to 232 of the Act, and for such other order or orders, as the said NCLT or such other appropriate authority may deem fit for carrying this Scheme into effect.
- 22.3 It is hereby clarified that filing of the Scheme to the NCLT and to any authorities for their respective approvals is without prejudice to all rights, interest, titles and defenses that the companies have or may have under or pursuant to all applicable laws.
- 22.4 The Demerged Company and the Resulting Company shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.
- 22.5 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Resulting Company may require to own and operate the Demerged Undertaking to be transferred to it under this Scheme.

23. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

- 23.1 The Demerged Company and the Resulting Company, by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications / amendments to the Scheme or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Demerged Company and the Resulting Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. In case, post approval of the Scheme by the NCLT, there is any confusion in interpreting any clause of this Scheme, otherwise, Board of Directors of the Demerged Company and the Resulting Company will have complete power to take the most sensible interpretation so as to render the Scheme operational.
- 23.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Board of Directors of the Demerged Company and the



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Resulting Company may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

24. CONDITIONALITY OF THE SCHEME

24.1 The Scheme is and shall be conditional upon and subject to:

24.1.1 Obtaining no-objection /observation letter from the BSE and NSE, where the Equity shares of the Demerged Company are listed, in relation to the Scheme under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015;

24.1.2 Approval of the Scheme by requisite majority of each class of Shareholders and Creditors of the Demerged Company and the Resulting Company and such classes of persons of the said Companies, if any, as applicable or as may be required under the Act and/or as may be directed by the Tribunal;

24.1.3 Compliance with the other provisions of the SEBI Circular, including seeking approval of the Shareholders of the Demerged Company through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders of the Demerged Company are more than the votes cast by the public shareholders against it as required by the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts Regulation Rules, 1957;

24.1.4 The Scheme being sanctioned by the NCLT under Sections 230 to 232 of the Act; and

24.1.5 Certified or authenticated copy of the final Order of the NCLT, sanctioning this Scheme under the provisions of Sections 230 to 232 of the Act, being filed with the Registrar of Companies, either by way of filing the required e-forms with Ministry of Corporate Affairs portal or otherwise.

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

24.3 On the approval of this Scheme by the Shareholders of the Demerged Company and the Resulting Company and such other classes of Persons of the said Companies, if any, pursuant to Clause 24.1.2 such Shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the Demerger and capital reduction set out in this Scheme, related matters and this Scheme itself.



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25. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the NCLT or such other competent authority and/or Order or Orders not being passed as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person and save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights, liabilities or obligations which have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

26. MISCELLANEOUS:

- 26.1. In the event of non-fulfillment of any or all obligations under the Scheme by any company towards the other company, inter-se or to third parties and non-performance of which will put the other company under any obligation, then such company will indemnify the other company in respect of all costs/interests, etc.
- 26.2. On the approval of the Scheme by the members of the Demerged Company and the Resulting Company pursuant to Section 230 to 232 of the Act, it shall be deemed that the said members have also accorded all relevant consents under other provisions of the Act to the extent the same may be considered applicable for the purpose of this Scheme.
- 26.3. The mutation of the title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of the Resulting Company in respect of the immovable properties vested in it. Any inchoate title or possessory title of the Demerged Company or its predecessor companies shall be deemed to be the title of the Resulting Company.
- 26.4. It is the intention of the Parties that any Part of the Scheme, as may be mutually decided by the Board of each of Parties, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected by such alteration.
- 26.5. The Demerged Company and the Resulting Company shall be at liberty to withdraw this Scheme through its board of directors in case any conditions or alteration imposed by any of the Tribunal or any other authority is unacceptable to them or.
- 26.6. Without prejudice to the provisions of forgoing clauses and upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall execute such instruments or documents or do all such acts or deeds as may be



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DIRECTOR



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required to give full effect for the transfer of the Demerged Undertaking to the Resulting Company

27. COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses including stamp duty and registration fee of any deed, document, instrument and/or Order passed by the NCLT including this Scheme or in relation to or in connection with negotiations leading up to the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme, if any (save as expressly otherwise agreed) of the Demerged Company and the Resulting Company shall be borne by the Demerged Company except for the stamp duty cost which would be borne by the Resulting Company or in the manner as may be mutually agreed to between the Board of Directors or persons authorised by the Board of Directors of the Demerged Company and the Resulting Company.



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