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**SCHEME OF ARRANGEMENT**

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

**BETWEEN**

**ZUARI INVESTMENTS LIMITED**  
(Demerged Company)

**AND**

**ZUARI FINSERV PRIVATE LIMITED**  
(formerly known as Horizonview Developers Private Limited)  
(Resulting Company)

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

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## SCHEME OF ARRANGEMENT

### PREAMBLE

This scheme of arrangement provides for (i) demerger of Demerged Undertaking (*as defined hereinafter*) of Zuari Investments Limited (“ZIL” or “Demerged Company”) and vesting thereof in Zuari Finserv Private Limited (formerly known as Horizonview Developers Private Limited) (“ZFPL” or “Resulting Company”), (ii) consequent reduction of issued, subscribed and paid up equity share capital of the Demerged Company pursuant to demerger and (iii) reorganization of authorised share capital of the Demerged Company, by way of reclassification of entire preference shares, forming part of the authorized share capital of the Demerged Company, into equity shares; pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the 2013 Act (as hereinafter defined), in terms of this scheme, as existing in its present form or with such modification(s) as may be made in terms of this Scheme (hereinafter referred to as the “Scheme”).

### A. Description of Companies

#### 1.1 Zuari Investments Limited (CIN: U65993GA1995PLC001942) (“Demerged Company” or “ZIL”)

- (a) **Incorporation:** Zuari Investments Limited was incorporated on 9 October 1995 as a public company under the 1956 Act (as hereinafter defined).
- (b) **Registered Office and e-mail address:** The registered office of ZIL is situated at Jai Kissan Bhawan, Zuarinagar, Goa- 403726 and its e-mail address is cs@adventz.zuarimoney.com.
- (c) **Business:** ZIL is mainly engaged in the business of investments and financial services, stock broking, depository services, registrar & share transfer agent, distribution of mutual fund products and direct sale agent for real estate and mortgages and indirectly also in insurance brokerage and commodity trading.
- (d) **Main Objects:** The objects for which ZIL has been established are set out in its Memorandum of Association. The main objects as appearing in Clause III A of its Memorandum of Association are as follows:  
*“1. To carry on business as an investment company and to acquire and hold and otherwise deal in shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company and debentures, debentures stocks, bonds, obligations and securities issued or guaranteed by any government, sovereign, ruler, commissioner, public body or authority supreme, municipal, local or otherwise, whether in India or abroad.*  
*2. To acquire any such shares, stocks, debentures, debenture stock, bonds, obligations or securities by original subscription, tender, purchase, exchange or otherwise and to subscribe for the same, either conditionally or otherwise and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof.*  
*3. To invest in and otherwise deal in gold, silver and other precious metals and all articles and merchandise of all kinds either ready or for forward delivery.*  
*3 (a). To carry on business of Merchant Banking and portfolio management and to act as Stock Brokers, Depository Participant, Custodian, Registrars/Share Transfer Agents, underwriters, sub-underwriters, agents and brokers and to manage funds of investors by investment in various avenues and to pass on the benefits of portfolio investments to the*



*investors and to provide complete range of personal financial services like investment planning, tax planning.”*

(e) ZIL is not listed on any stock exchange.

1.2 **Zuari Finserv Private Limited (CIN: U45400GA2013PTC007383) (“Resulting Company” or “ZFPL”)**

(a) **Incorporation:** The Resulting Company was incorporated under the name of Horizonview Developers Private Limited on 14 December 2013, as a private company under the 1956 Act. Pursuant to the change in object clause of the Resulting Company, the name was changed from “Horizonview Developers Private Limited” to its present name, i.e. “Zuari Finserv Private Limited” on 4 April 2017.

(b) **Registered Office and e-mail address:** The registered office of ZFPL is situated at Jai Kissan Bhawan, Zuarinagar, Goa- 403726 and its e-mail address is cs@adventz.zuarimoney.com.

(c) **Business:** ZFPL is authorized and intends to mainly undertake the business of investments and financial services e.g. stock broking, depository services, merchant banking, portfolio management, registrar and share transfer agent, distribution of mutual fund products, direct sale agent for real estate and mortgages and indirectly also engage in insurance brokerage and commodity trading business etc.

(d) **Main Objects:** The objects for which ZFPL has been established are set out in its Memorandum of Association. The main objects as appearing in Clause III A of its Memorandum of Association are as under:

*“1. To carry on business as an investment company and to acquire and hold and otherwise deal in shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company and debentures, debentures stocks, bonds, obligations and securities issued or guaranteed by any government, sovereign, ruler, commissioner, public body or authority supreme, municipal, local or otherwise, whether in India or abroad.*

*2. To acquire any such shares, stocks, debentures, debenture stock, bonds, obligations or securities by original subscription, tender, purchase, exchange or otherwise and to subscribe for the same, either conditionally or otherwise and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof.*

*3. To invest in and otherwise deal in gold, silver and other precious metals and all articles and merchandise of all kinds either ready or for forward delivery.*

*4. To carry on business of Merchant Banking and portfolio management and to act as Stock Brokers, Depository Participant, Custodian, Registrars/Share Transfer Agents, Mutual Fund Distributors, Direct Sale Associates, Dealers, underwriters, sub-underwriters, agents and brokers and to manage funds of investors by investment in various avenues and to pass on the benefits of portfolio investments to the investors and to provide complete range of personal financial services like investment planning, tax planning.*

*5. To act as Broker/ Member, specified by Stock Exchange for any or all types of Securities and to become a Broker/Member of any or any or all Stock Exchanges to enter into forward contracts, hedging contracts, to carry on business of dealing in any Security market, sale and purchase of future/options/derivatives, whether traded on*



*any exchange or otherwise and any other incidental activities related thereto, for itself or for clients, all over India or elsewhere outside India."*

- (e) ZFPL is not listed on any stock exchange.

## **B. Purpose, Rationale and Benefits of the Scheme**

The rationale for the Scheme is, inter alia, as follows:

1. ZIL is engaged in diversified businesses, out of which its undertaking engaged in service oriented businesses is having good growth potential. Accordingly, the Scheme envisages, inter alia, demerger of such undertaking from ZIL, into ZFPL. The segregation of such undertaking and demerging it into ZFPL will lead to concentrated and focused management attention to the businesses being undertaken by the Demerged Undertaking and integrated approach towards such service oriented businesses thus assisting in their faster growth and development in ZFPL;
2. The demerger and transfer of undertaking engaged in service oriented businesses from ZIL to ZFPL in terms of the Scheme will enable ZFPL to concentrate all its energies, resources and attention entirely to such businesses which would result in operational synergies and enable synchronized planning and better coordination and cohesiveness in their working and assist in standardization of its business processes;
3. The Scheme will enable ZIL and ZFPL to better realise their latent business and growth potential by paying focused attention to their respective businesses and giving greater attention to their respective expansion and development plans thus improving their overall business capability and profitability and enhancing the shareholder's value and benefiting all their respective stakeholders;
4. The demerger of the Demerged Undertaking into ZFPL in terms of the Scheme will enhance the brand value of ZFPL, thus leading to enhanced group brand value;

## **C. Salient features of the Scheme**

The salient features of the Scheme are as follows:

- (i) Demerger of the Demerged Undertaking of the Demerged Company and transfer and vesting of the same into the Resulting Company;
- (ii) Reduction of issued, subscribed and paid up share capital of the Demerged Company; and
- (iii) Reorganization of authorised share capital of the Demerged Company by way of reclassification of preference share capital, forming part of the authorized share capital of the Demerged Company into equity shares;

as integral parts of the Scheme.

## **D. Parts of the Scheme**



The Scheme is divided into following parts:

- Part I : Definitions and Interpretations
- Part II : Capital Structure
- Part III : Demerger of Demerged Undertaking of the Demerged Company and vesting thereof into the Resulting Company and consequent reduction of the issued, subscribed and paid up equity share capital of the Demerged Company pursuant to such demerger; and
- Part IV : Reorganization of authorised share capital of the Demerged Company
- Part V : General terms and conditions



## PART I

### DEFINITIONS AND INTERPRETATIONS

#### 1.1. Definitions

The expressions, which are used in this Scheme and not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the 1956 Act or 2013 Act (as hereinafter defined), the Income Tax Act, 1961, and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

In addition to the words and expressions defined elsewhere in this Scheme, unless contrary or repugnant to the subject, context or meaning thereof, the following words and expressions shall have the meanings as set out hereunder:

- (a) **"1956 Act"** means the Companies Act, 1956, including the rules and regulations made thereunder, (including any alterations, modifications, amendments made thereto and/or any re-enactment thereof) as applicable and for the time being in force and reference to sections/provisions of the 1956 Act shall be deemed to include reference to corresponding sections/relevant provisions of the 2013 Act;
- (b) **"2013 Act"** means the Companies Act, 2013, including the rules and regulations made thereunder, (including any alterations, modifications, amendments made thereto and/or any re-enactment thereof) as applicable and for the time being in force;
- (c) **"Appointed Date"** means 1 April 2016 or such other date as the Hon'ble NCLT (*as defined hereinafter*) may direct, which shall be the date with effect from which this Scheme shall be deemed to have become operative and with effect from which date the Demerged Undertaking of the Demerged Company (as hereinafter defined) shall get demerged from it and shall stand vested in the Resulting Company and the reduction of the issued, subscribed and paid up share capital of the Demerged Company shall take effect and the reorganization of authorised share capital of Demerged Company by way of reclassification of entire preference shares, forming part of the authorized share capital of the Demerged Company, into equity shares shall take effect, upon the order sanctioning this Scheme becoming effective;
- (d) **"Articles of Association"** in relation to the Demerged Company and the Resulting Company, as the case may be, means the articles of association of such company;
- (e) **"Board"** in relation to the Demerged Company and the Resulting Company, as the case may be, means the board of directors of the respective companies for the time being and shall include a committee of directors thereof;
- (f) **"Demerged Company"** or **"ZIL"** means Zuari Investments Limited (Corporate Identification No. U65993GA1995PLC001942) incorporated under the provisions of the 1956 Act and having its registered office at Jai Kissan Bhawan, Zuarinagar, Goa- 403726;
- (g) **"Demerged Undertaking"** means the entire undertaking of the Demerged Company, inter alia, engaged in the business of stock broking, depository participant, real estate brokers, distribution of mutual fund products, mortgage brokers and registrars / share transfer agents, along with entire investments held by it in Zuari Insurance Brokers



Limited and Zuari Commodity Trading Limited, its wholly owned subsidiaries engaged in the business of Insurance Broking and Commodity Trading respectively and shall include the following:

- (i) all assets of the Demerged Company in relation to the Demerged Undertaking, wherever situated, as are movable in nature, whether present, future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal, including without limitation capital work in progress including any capital expenditure on projects pending commencement of operations and project expenditure incurred, furniture, fixtures, appliances, accessories, office equipment, communication facilities, installations, vehicles, utilities, current assets, actionable claims, earnest monies, security deposits and sundry debtors, inter corporate deposits, financial assets and accrued benefits thereto, insurance claims recoverable, prepaid expenses, outstanding loans and advances recoverable in cash or in kind or for value to be received (including capital advances), provisions, receivables, funds, cheques, bills of exchange and other negotiable instruments, cash and bank balances and deposits including accrued interests thereon with Governmental Authority, other authorities, bodies, customers and other persons, benefits of any bank guarantees, performance guarantees, corporate guarantees, letters of credit and tax related assets (including MAT credit, service tax input credit, CENVAT credit, value added tax, sales tax, entry tax or any other tax credits or set-offs and all tax incentives, benefits, exemptions, deductions and refunds) ("**Demerged Undertaking Movable Assets**");
- (ii) all immovable properties (i.e., land together with the buildings and structures standing thereon or under construction), whether freehold, leasehold, on leave and license basis or otherwise, of the Demerged Company in relation to the Demerged Undertaking including any tenancies in relation to office space, godowns, warehouses, guest houses and residential premises including those provided to / occupied by the Demerged Undertaking Transferred Employees (as defined hereinafter) and documents of title, rights and easements in relation thereto and all plant and machineries constructed on or embedded or attached to any such immovable properties and all rights, covenants, continuing rights, title, benefits and interests in connection with the said immovable properties ("**Demerged Undertaking Immovable Properties**");
- (iii) investments of the Demerged Company in relation to the Demerged Undertaking including in the form of shares, scrips, stocks, bonds, debentures, debenture stock, units or pass through certificates and other securities and instruments, including all rights, interest and entitlement in relation thereto and rights and options exercised and application or subscription made for or in relation thereto and in particular relating to Zuari Insurance Brokers Limited and Zuari Commodity Trading Limited, its wholly owned subsidiaries ("**Demerged Undertaking Investments**");
- (iv) all licenses, registrations, permissions, clearances, authorizations, approvals, consents, no-objections, municipal permissions, allotments, permits, quotas and exemptions of the Demerged Company in relation to the Demerged Undertaking, including all rights, benefits, privileges, powers, facilities, entitlements flowing therefrom, including any pending application in relation thereto ("**Demerged Undertaking Licenses**");



- (v) all grants, subsidies, concessions, incentives, benefits and entitlements etc. under any statute, rules or regulations or any incentive or other schemes or policies or order or notification, including under customs, central excise, service tax, VAT, sales tax, entry tax or any other indirect tax laws and income tax laws and all other direct or indirect tax benefits, exemptions, deductions, credits, payments, deferrals, to the extent statutorily or otherwise available to the Demerged Company in relation to the Demerged Undertaking, along with associated obligations (**“Demerged Undertaking Incentives, Benefits, Concessions and Entitlements”**);
- (vi) all contracts, agreements, memorandum of understanding, bids, expressions of interest, letters of intent, letters of commitments, letters of understanding, hire purchase, deferred payment and other arrangements, undertakings, deeds, bonds, investments and interest in the projects undertaken by the Demerged Company in relation to the Demerged Undertaking, including insurance covers and other instruments of whatsoever nature and description, whether written, oral or otherwise, pertaining to the Demerged Undertaking, to which the Demerged Company is a party, or to the benefit of which the Demerged Company may be eligible (**“Demerged Undertaking Contracts”**);
- (vii) all intellectual property rights of the Demerged Company in relation to the Demerged Undertaking, including pending applications, computer programs, software (whether embedded in hardware or in any other form), source codes, parameterization and scripts, registrations, goodwill, logos, trade names, trademarks, service marks, copyrights, moral rights, patents, technical know-how, trade secrets, domain names, e-mail IDs, development rights, finished and ongoing research and development programs and all such rights of whatsoever description and nature, whether or not registered, owned or licensed, including any form of intellectual property which is under development / in progress (**“Demerged Undertaking Intellectual Property”**);
- (viii) all employees of the Demerged Company, whether permanent or temporary, engaged in or in relation to the Demerged Undertaking as on the Effective Date and whose services are transferred to the Resulting Company (**“Demerged Undertaking Transferred Employees”**) and contributions, made towards any provident fund, pension funds, superannuation funds, gratuity fund, employees state insurance, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such Demerged Undertaking Transferred Employees (**“Demerged Undertaking Funds”**), together with such of the investments made by these Funds and income/interest accrued thereon, which are referable to such Demerged Undertaking Transferred Employees;
- (ix) all loans, debts, borrowings, obligations, duties, forward contract liability, cash credits, bills discounted, deferred payments and other dues and liabilities (including present, future and contingent liabilities) pertaining to or arising out of activities or operations of the Demerged Undertaking of the Demerged Company, including obligations relating to guarantees in respect of borrowings and other liabilities and obligations (**“Demerged Undertaking Transferred Liabilities and Obligations”**);
- (x) all civil, criminal, revenue, taxation or other legal proceedings or show-cause notice, enquiries or investigations of whatsoever nature (including those before





any Governmental Authority) that pertain to Demerged Undertaking of the Demerged Company, initiated by or against the Demerged Company, or to which the Demerged Company is otherwise a party, whether pending as on the Appointed Date or instituted at any time thereafter ("**Demerged Undertaking Proceedings**");

- (xi) all rates, taxes, duties, cess related liabilities and assets (including advance tax, self-assessment tax, tax deducted at source, MAT and other credits under income tax law, service tax input credit, CENVAT credit, value added tax, sales tax, entry tax or any other tax credits under any indirect tax law and availability, carry forward, deferral, set off, and / or adjustment of losses, incentives, entitlements, benefits, exemptions, depreciations and deductions under any direct or indirect tax laws etc.), including refunds along with interest due thereon, credits and claims relating thereto of the Demerged Company that are allocable, referable or related to the Demerged Company's Demerged Undertaking ("**Demerged Undertaking Tax Liabilities and Assets**"); and
- (xii) all books, records, files, papers, software, technical, engineering and process information, charts, programs, design, drawings, databases, catalogues, quotations, advertising materials, lists of present and former customers / credit / suppliers contractors and sub-contractors etc., and all other books and records, whether in physical or electronic form, of the Demerged Company, in relation to the Demerged Undertaking ("**Demerged Undertaking Books and Records**").



- (h) **“Effective Date”** shall mean the last of the dates on which a certified copy of the NCLT Sanction Order, is filed by the Demerged Company and the Resulting Company respectively, with the concerned Registrar of Companies having jurisdiction over them in terms of Section 232(5) of the 2013 Act and with effect from which date, the order sanctioning the Scheme shall become effective;
- (i) **“Governmental Authority”** means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or committee or any court, tribunal, board, bureau, instrumentality, judicial or quasi-judicial or arbitral body having jurisdiction over the territory of India;
- (j) **“Memorandum of Association”** in relation to the Demerged Company and the Resulting Company, as the case may be, means memorandum of association of such company;
- (k) **“NCLT”** means the Mumbai bench of the National Company Law Tribunal;
- (l) **“NCLT Sanction Order”** means the order of the NCLT sanctioning the Scheme under Sections 230 to 232 and other applicable provisions of the 2013 Act, including any alteration, modification, amendment made thereto and supplementary orders/directions in relation thereto;
- (m) **“Record Date”** shall be the date to be fixed by the Board of the Demerged Company or the Resulting Company, as the case may be, for the purpose of determining the equity shareholders of the Demerged Company, as applicable, who would be entitled to be issued their respective equity shares pursuant to the demerger respectively, in terms of the Scheme;
- (n) **“Resulting Company”** or **“ZFPL”** means Zuari Finserv Private Limited, formerly known as Horizonview Developers Private Limited, (Corporate Identification No. U45400GA2013PTC007383) which was incorporated under the provisions of the 1956 Act and having its registered office at Jai Kissan Bhawan, Zuarinagar, Goa- 403726;
- (o) **“Scheme”, “the Scheme”, “this Scheme”** means this scheme of arrangement between the Demerged Company and the Resulting Company and their respective shareholders and creditors involving (i) demerger of the Demerged Undertaking of the Demerged Company and vesting thereof into the Resulting Company, (ii) consequent reduction of issued, subscribed and paid up equity share capital of the Demerged Company pursuant to demerger and (iii) reorganization of authorised share capital of the Demerged Company by way of reclassification of entire preference shares, forming part of the authorized share capital of the Demerged Company into equity shares, pursuant to Sections 230 to 232 and other applicable provisions of the 2013 Act, in terms of this Scheme, as existing in its present form or with any modification(s) in terms of this Scheme;
- (p) **“ZGL”** means Zuari Global Limited (CIN: L65921GA1967PLC000157), a company incorporated under the provisions of the 1956 Act, listed at BSE Limited and National Stock Exchange of India Limited and having its registered office at Jai Kissan Bhawan, Zuarinagar, Goa- 403726, being the parent company of both, the Demerged Company and the Resulting Company.



## 1.2 Interpretations

1.2.1 In this Scheme, unless the context otherwise requires:

- (a) references in this Scheme to **“upon this Scheme becoming effective”** or **“upon the Scheme taking effect”** or **“effectiveness of this Scheme”** or **“upon the order of the NCLT sanctioning the Scheme becoming effective”** and such similar phrases shall mean the Effective Date of the Scheme;
- (b) references to the singular includes a reference to plural and vice versa and reference to any gender includes a reference to all other genders;
- (c) reference to persons shall include individuals, bodies corporate (wherever incorporated or un-incorporated), associations and partnerships;
- (d) headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- (e) references to a paragraph or Schedule shall be deemed to be a reference to a paragraph or Schedule of this Scheme;
- (f) reference to the words ‘hereof’, ‘herein’ and ‘hereby’ and derivatives or similar words refer to this entire Scheme;
- (g) references to the words “including”, “*inter alia*” or any similar expression, shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and
- (h) any reference to any statute or statutory provision shall include:
  - (i) all subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment; and
  - (ii) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the filing of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the matters contemplated under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.



PART II

CAPITAL STRUCTURE

2.1. The share capital of the Demerged Company as on 1 February 2017 is as under:

<b>Authorised Share Capital</b>	<b>Amount (Rs.)</b>
6,00,00,000 equity shares of Rs. 10 each	60,00,00,000
3,20,00,000 preference shares of Rs 10 each	32,00,00,000
<b>Total</b>	<b>92,00,00,000</b>
<b>Issued, Subscribed and Paid up Share Capital</b>	<b>Amount (Rs.)</b>
3,74,45,790 equity shares of Rs. 10/- each	37,44,57,900
<b>Total</b>	<b>37,44,57,900</b>

Subsequent to the aforesaid date, there has been no change in the authorized, issued, subscribed and paid-up equity share capital of the Demerged Company.

2.2. The share capital of the Resulting Company as on 1 February 2017 is as under:

<b>Authorised Share Capital</b>	<b>Amount (Rs.)</b>
10,000 equity Shares of Rs. 10/- each	1,00,000
<b>Total</b>	<b>1,00,000</b>
<b>Issued, Subscribed and Paid up Share Capital</b>	<b>Amount (Rs.)</b>
10,000 equity Shares of Rs. 10/- each	1,00,000
<b>Total</b>	<b>1,00,000</b>

Subsequent to the aforesaid date, there has been no change in the authorized, issued, subscribed and paid-up equity share capital of the Resulting Company.



## PART III

### DEMERGER OF DEMERGED UNDERTAKING OF ZIL AND VESTING THEREOF INTO ZFPL

#### 3.1 Transfer & Vesting of Demerged Undertaking of the Demerged Company

Upon the NCLT Sanction Order becoming effective, the Demerged Undertaking of the Demerged Company shall, pursuant to the NCLT Sanction Order and subject to the provisions of paragraph 3.2 hereof in relation to the mode of vesting, without any further deed or act and in accordance with Sections 230 to 232 of the 2013 Act, Section 2(19AA) of the Income Tax Act, 1961, and all other applicable provisions of law, on and from the Appointed Date, be transferred to and vested in and be deemed to have been transferred to and vested in ZFPL as a going concern by way of demerger so as to become the undertaking of ZFPL.

3.2 Without prejudice to the generality of the foregoing and to the extent applicable, unless otherwise stated herein, upon the NCLT Sanction Order becoming effective, on and from the Appointed Date:

#### 3.2.1 Demerged Undertaking Assets

- (a) Such of the assets pertaining to the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession, payment or by endorsement and delivery, the same shall stand transferred to and be vested in the Resulting Company and shall become the property of the Resulting Company. The vesting pursuant to this paragraph shall be deemed to have occurred by physical or constructive delivery or by endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly, without requiring execution of any deed or instrument of conveyance for the same.
- (b) Such of the assets pertaining to the Demerged Undertaking as are or represent Demerged Undertaking Investments, registered and / or held in any form by or beneficial interest wherein is owned by the Demerged Company, the same shall stand transferred / transmitted to and be vested in and / or be deemed to have been transferred / transmitted to and vested in the Resulting Company, together with all rights, benefits and interest therein or attached thereto, without any further act or deed and thereupon the Demerged Company shall cease to be the registered and / or the beneficial owner of such Investments. The Demerged Company shall be deemed to be holding such Investments for and on behalf of and in trust for and for the benefit of the Resulting Company and all profits or dividends and other rights or benefits accruing / paid / distributed on such Investments and all taxes thereon, or losses arising or expenses incurred relating to such Investments, shall, for all intent and purposes, be treated as the profits, dividends, rights, benefits, taxes, losses or expenses, as the case may be, of the Resulting Company .
- (c) Such of the Demerged Undertaking Movable Assets belonging to the Demerged Company in relation to the Demerged Undertaking other than those specified in paragraph 3.2.1 (a) and 3.2.1 (b) hereof, including sundry debtors, outstanding loans and advances recoverable in cash or in kind or value to be received, bank balances and deposits, the same shall (notwithstanding whether there is any specific provision for transfer of credits, assets or refunds under the applicable laws, wherever applicable), without any further act, instrument or deed by the Demerged Company or the need for any endorsements, stand transferred from the Demerged Undertaking of the Demerged



Company, to and in favour of the Resulting Company. Any security, lien, encumbrance or charge created over any assets in relation to the loans, debentures or borrowings or any other amounts due to the Demerged Undertaking of the Demerged Company, shall, without any further act or deed, stand transferred to the benefit of the Resulting Company and the Resulting Company will have all the rights of the Demerged Company to enforce such security, lien, encumbrance or charge, by virtue of this Scheme.

- (d) All Demerged Undertaking Immovable Properties and all rights, title, interest, covenants and easements etc. in connection with such Demerged Undertaking Immovable Properties, shall stand transferred to and be vested in and be deemed to have been transferred to and vested in the Resulting Company, without any further act or deed done/executed or being required to be done / executed by the Demerged Company, the Resulting Company shall be entitled to avail, exercise and enjoy all rights and privileges attached to the Demerged Undertaking Immovable Properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in relation to or as applicable to such Demerged Undertaking Immovable Properties.

### **3.2.2 Demerged Undertaking Licenses**

All Demerged Undertaking Licenses shall stand transferred to and be vested in the Resulting Company, without any further act or deed done by the Demerged Company and be in full force and effect in favour of the Resulting Company, as if the same were originally given to, issued to or executed in favour of the Resulting Company and, the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company.

### **3.2.3 Demerged Undertaking Incentives, Benefits, Concessions and Entitlements**

All Demerged Undertaking Incentives, Benefits, Concessions and Entitlements under any statute, rule, regulation, scheme, policy, order or notification that the Demerged Company is entitled to, shall, to the extent statutorily available and along with associated obligations, stand transferred to and be available to the Resulting Company as if the Resulting Company was originally entitled to the same.

### **3.2.4 Demerged Undertaking Contracts**

- (a) All Demerged Undertaking Contracts which are subsisting or having effect immediately before the Effective Date, shall stand transferred to and vested in the Resulting Company and be in full force and effect in favour of the Resulting Company without any further act or deed and may be enforced by or against it as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- (b) All guarantees provided by any bank in favour of the Demerged Company in relation to its Demerged Undertaking, outstanding as on the Effective Date, shall vest in the Resulting Company and shall enure to the benefit of the Resulting Company and all guarantees issued by the bankers of the Demerged Company in relation to its Demerged Undertaking at the request of the Demerged Company, favouring any third party shall be deemed to have been issued at the request of the Resulting Company and continue in favour of such third party till its maturity or earlier termination.



### 3.2.5 Demerged Undertaking Intellectual Property

All the Demerged Undertaking Intellectual Property shall stand transferred to and be vested in the Resulting Company and be in full force and effect in favour of the Resulting Company and may be enforced by or against it as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.

### 3.2.6 Demerged Undertaking Transferred Employees

- (a) All the Demerged Undertaking Transferred Employees shall be deemed to have become the employees of the Resulting Company, and shall stand transferred to and be deemed to have been transferred to the Resulting Company without any interruption of service and on terms and conditions no less favourable to them than those on which they were engaged by the Demerged Company at the time of such transfer, including in relation to the level of remuneration and contractual and statutory benefit, incentive plans, terminal benefits, gratuity plans, provident plans and any other retirement benefits to which they are entitled as on the Effective Date.
- (b) the Resulting Company shall take into account the period of employment of all the Demerged Undertaking Transferred Employees with the Demerged Company prior to their transfer, for the purposes of determining their eligibility and entitlement to the benefits to which they may be eligible and entitled, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans and other retirement benefits and accordingly, all such benefits shall be reckoned from their respective date of appointment in the Demerged Company. The Resulting Company shall pay to Demerged Undertaking Transferred Employees all such benefits to which they are entitled, as and when it becomes due and payable under the applicable laws.

For avoidance of doubt, in relation to those Demerged Undertaking Transferred Employees for whom the Demerged Company is making contributions to the Government provident fund, the Resulting Company shall stand substituted for the Demerged Company for all purposes whatsoever, including in relation to the obligation to make contributions to such funds in accordance with the provisions of such funds, bye-laws, etc. in respect of the Demerged Undertaking Transferred Employees.

- (c) All contributions made by the Demerged Company on behalf of the Demerged Undertaking Transferred Employees and all contributions made by the Demerged Undertaking Transferred Employees including the interests arising on such contributions, to the Demerged Undertaking Funds and standing to the credit of such Demerged Undertaking Transferred Employees' account with such Demerged Undertaking Funds, shall, upon this Scheme becoming effective, be transferred to the funds maintained by the Resulting Company along with such of the investments made by such Demerged Undertaking Funds which are referable and allocable to the Demerged Undertaking Transferred Employees and the Resulting Company shall stand substituted for the Demerged Company with regard to the obligation to make the said contributions.
- (d) The contributions made by the Demerged Company under applicable law in connection with the Demerged Undertaking Transferred Employees, to the Demerged Undertaking Funds, for the period after the Appointed Date shall be deemed to be contributions made by the Resulting Company.



- (e) The Resulting Company shall continue to abide by the agreement(s) and settlement(s) entered into by the Demerged Company, with Demerged Undertaking Transferred Employees, in terms of such agreement(s) and settlement(s) as subsisting on the date of transfer and as on the Effective Date, in relation to the Demerged Undertaking Transferred Employees.

### 3.2.7 Demerged Undertaking Transferred Liabilities and Obligations

- (a) All Demerged Undertaking Transferred Liabilities and Obligations shall, to the extent they are outstanding as on the Effective Date, without any further act, instrument or deed, stand transferred to and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations, etc., as the case may be, of the Resulting Company and shall be exercised by or against the Resulting Company, as if it had incurred such Demerged Undertaking Transferred Liabilities and Obligations.
- (b) The Resulting Company alone shall be liable to meet, discharge and satisfy the Demerged Undertaking Transferred Liabilities and Obligations as the borrower / creditor in respect thereof.
- (c) This Scheme shall not operate to enlarge or extend the security for any of the Demerged Undertaking Transferred Liabilities and Obligations and the Resulting Company shall not be obliged to create any further or additional security after the Effective Date, unless otherwise agreed to by the Resulting Company with such secured creditors and subject to the consent and approval of the existing secured creditors of the Resulting Company. Further, this Scheme shall not operate to enlarge or extend the security for any loan, deposit, credit or other facility availed by the Resulting Company, in as much as such security shall not extend to any of the assets forming part of the Demerged Undertaking.
- (d) In so far as the existing security in respect of the Demerged Undertaking Transferred Liabilities and Obligations is concerned, such security shall, without any further act, instrument or deed, be modified and shall be extended to and shall operate only over the assets forming part of the Demerged Undertaking, which have been charged and secured and subsisting as on the Effective Date, in respect of the Demerged Undertaking Transferred Liabilities and Obligations. Provided that if any of the assets forming part of the Demerged Undertaking have not been charged or secured in respect of the Demerged Undertaking Transferred Liabilities and Obligations, such assets shall remain unencumbered and the existing security referred to above shall not be extended to and shall not operate over such assets.
- (e) 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 Demerged Undertaking Transferred Liabilities and Obligations have arisen in order to give effect to the provisions of this paragraph.
- (f) It is expressly provided that, save as mentioned in this paragraph 3.2.7, no other term or condition of the Demerged Undertaking Transferred Liabilities and Obligations is modified by virtue of this Scheme, except to the extent that such amendment is required by necessary implication.





### **3.2.8 Demerged Undertaking Proceedings**

All Demerged Undertaking Proceedings transferred from the Demerged Undertaking of the Demerged Company to the Resulting Company pursuant to the Scheme, shall not abate or be discontinued or in any way be prejudicially affected by reason of the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company or by anything contained in this Scheme. All such Demerged Undertaking Proceedings shall continue uninterrupted by or against the Resulting Company and consequently, any prosecution by or against the Resulting Company shall be enforced in the same manner and to the same extent as it would or might have been continued, prosecuted or enforced by or against the Demerged Company, as if no such demerger or transfer had taken place. The Resulting Company shall take necessary action to have such Demerged Undertaking Proceedings relating to or connected with the Demerged Undertaking of the Demerged Company subsisting on the Effective Date, whether initiated by or against the said Demerged Undertaking of the Demerged Company, transferred in the name of the Resulting Company as soon as possible, and have the same continued, prosecuted and enforced by or against the Resulting Company. Consequently, the Resulting Company shall be liable to pay or secure all amounts including interest, penalties, damages, etc., arising from such Demerged Undertaking Proceedings for which the Demerged Company may have been liable to pay or secure in respect of any liability or obligation relating to the Demerged Undertaking of the Demerged Company for the period from the Appointed Date up to the Effective Date including any costs incurred by the Demerged Company in respect of such Demerged Undertaking Proceedings started by or against it relating to the period from the Appointed Date up to the Effective Date, upon submission of necessary evidence by the Demerged Company to the Resulting Company in respect of the same.

### **3.2.9 Demerged Undertaking Tax Liabilities and Assets**

All Demerged Undertaking Tax Liabilities and Assets that are allocable, referable or related to the Demerged Undertaking of the Demerged Company, shall, for all intent and purposes, become and be treated as and deemed to be the Tax Liability and Assets of the Resulting Company.

### **3.2.10 Demerged Undertaking Books and Records**

All Demerged Undertaking Books and Records, to the extent possible and permitted under applicable laws, be handed over by them to and shall become the property of the Resulting Company.

## **3.3 Conduct of Business of Demerged Undertaking**

3.3.1 With effect from the Appointed Date and upto the Effective Date:

- (a) The Demerged Company shall carry on the businesses of the Demerged Undertaking with reasonable diligence and commercial prudence and (except as otherwise approved by the Resulting Company) in the same manner as it had been doing hitherto;
- (b) The Demerged Company shall carry on and shall be deemed to have carried on all its respective business activities and shall hold and stand possessed of and be entitled to and shall be deemed to have held and stood possessed of and entitled to all the respective Demerged Undertaking Movable Assets, Demerged Undertaking Immovable Properties, Demerged Undertaking Investments, Demerged Undertaking Licenses,



Demerged Undertaking Incentives, Benefits, Concessions and Entitlements, Demerged Undertaking Contracts, Demerged Undertaking Intellectual Property, including all rights, title, interest in any of the aforesaid and all orders, decisions, authorisations etc., for and on account of and in trust for the Resulting Company;

- (c) All the Demerged Undertaking Transferred Liabilities and Obligations including duties and commitments attached, related or pertaining to the Demerged Undertaking of the Demerged Company shall be undertaken, fulfilled and met and shall be deemed to have been undertaken, fulfilled and met for and on account of and in trust for the Resulting Company; and
  - (d) All the profits and incomes accruing or arising to the Demerged Undertaking of the Demerged Company and all expenditure or losses arising or incurred by the Demerged Company shall, for all purposes, be treated and be deemed to be the profits and incomes or expenditures and losses, as the case may be, of the Resulting Company.
- 3.3.2 All Demerged Undertaking Movable Assets and Demerged Undertaking Immovable Properties acquired, leased or licensed, Demerged Undertaking Investments made, Demerged Undertaking Licenses obtained, Demerged Undertaking Incentives, Benefits, Concessions and Entitlements granted / availed or became eligible for or entitled to, Demerged Undertaking Contracts entered into, Demerged Undertaking Intellectual Property developed or registered or applications made thereto, Demerged Undertaking Transferred Liabilities and Obligations incurred and Demerged Undertaking Proceedings initiated or made party to, between the Appointed Date and till the Effective Date by the Demerged Company shall be deemed to have been done for and on behalf of the Resulting Company and be transferred to and vested in the Resulting Company. For avoidance of doubt, where any of the Demerged Undertaking Transferred Liabilities and Obligations as on the Appointed Date (deemed to have been transferred to the Resulting Company) have been discharged by the Demerged Company on or after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been for and on behalf of the Resulting Company for all intent and purposes and under all applicable laws. With effect from the Effective Date, the Resulting Company shall carry on and shall be authorised to carry on the business as is attributable to the Demerged Undertaking of the Demerged Company and till such time as the name of accountholder in the respective bank accounts of the Demerged Company opened / allocated with respect to the Demerged Undertaking is substituted by the bank in the name of the Resulting Company, pending such substitution, the Resulting Company shall be entitled to operate such bank accounts of the Demerged Undertaking of the Demerged Company, in its name as successor of Demerged Undertaking of the Demerged Company or as may otherwise be permissible, in so far as may be necessary.
- 3.3.3 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the demerger and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company occurs by virtue of Part III of this Scheme itself, the Resulting Company may, at any time after the Effective Date, in accordance with the provisions hereof, if so required under applicable law or otherwise, give notice in such form, as may be required or as it may deem fit and proper or enter into or execute deeds (including deeds of adherence), confirmations, novations, declarations or other writings or documents as may be necessary and carry out and perform all such formalities and compliances, for and on behalf of the Demerged Undertaking of the Demerged Company, including, with or in favour of and required by (i) any party to any Demerged Undertaking Contract to which the Demerged Company is a party; or (ii) any Governmental Authority or non-government authority, in



order to give formal effect to the provisions of this Scheme. Provided however, that execution of any confirmation or novation or other writings or arrangements shall in no event postpone the giving effect to this Scheme from the Effective Date.

- 3.3.4 To the extent possible, pending sanction of this Scheme, the Demerged Company or the Resulting Company shall be entitled to apply to the relevant Governmental Authorities and other third parties concerned, as may be necessary under any law or contract for transfer or modification of such consents, approvals and sanctions which the Resulting Company may require to own and carry on the business of the Demerged Undertaking of the Demerged Company with effect from the Effective Date.
- 3.3.5 For the purpose of giving effect to the NCLT Sanction Order, the Resulting Company shall, upon the Scheme becoming effective, be entitled to get the record of the change in the legal right(s) standing in the name of the Demerged Company in relation to the of the Demerged Undertaking, in its favour in accordance with such order and the provisions of Sections 230 to 232 of the 2013 Act.

#### **3.4 Saving of Concluded Transactions**

The demerger and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company under Part III of the Scheme, shall not affect any transaction or Demerged Undertaking Proceedings already completed or Demerged Undertaking Transferred Liabilities and Obligations incurred by the Demerged Company, either prior to or on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company shall accept and adopt all acts, deeds and things done and executed by or on behalf of the Demerged Undertaking of the Demerged Company in respect thereto as acts, deeds and things done and executed by and on behalf of itself.



### **3.5 Issuance of Shares by the Resulting Company**

- 3.5.1 Upon the Scheme becoming effective and in consideration of the demerger of the Demerged Undertaking and the transfer and vesting thereof in the Resulting Company pursuant to provisions of this Scheme, the Resulting Company shall, without any further application, act, payment, consent, instrument or deed, issue and allot 1,79,88,426 (One Crore Seventy Nine Lakh Eighty Eight Thousand Four Hundred And Twenty Six only) fully paid up equity shares of the Resulting Company of face value of Rs. 10 (Rupees Ten) each to ZGL who is holding the entire beneficial interest in the share capital of the Demerged Company, in accordance with the terms of the Scheme.
- 3.5.2 Resurgent India Limited, independent valuer, have issued a report dated 24.01.2017, on the consideration for demerger based on which the consideration for demerger has been approved/ decided by the respective Boards of the Demerged Company and the Resulting Company.
- 3.5.3 The equity shares to be issued and allotted by the Resulting Company in terms of paragraph 3.5.1 above shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Resulting Company and shall rank *pari passu* in all respects with the existing equity shares of the Resulting Company. It is hereby clarified that the new equity shares allotted by the Resulting Company to ZGL, the shareholder of the Demerged Company, pursuant to this Scheme shall not be entitled to any dividend declared, distributed by the Resulting Company before the Effective Date.
- 3.5.4 In the event that the Resulting Company restructures its equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the consideration mentioned in paragraph 3.5.1 above shall be adjusted appropriately, taking into account the effect of any such corporate actions.
- 3.5.5 The issue and allotment of equity shares by the Resulting Company to ZGL as provided in this Scheme as an integral part thereof, shall be deemed to have been carried out without any further act or deed by the Resulting Company as if the procedure laid down under applicable provisions of the 2013 Act was duly complied with.

### **3.6 Increase in Authorised Share Capital of the Resulting Company**

- 3.6.1 In terms of Clause 3.5.1 of the Scheme, upon the Scheme becoming effective, and in consideration of the demerger of the Demerged Undertaking and the transfer and vesting thereof into the Resulting Company, the Resulting Company shall issue and allot fully paid up equity shares to the equity shareholder of the Demerged Company, as on the Record Date in terms of the Scheme. To accommodate such issue and allotment of equity shares by the Resulting Company, which would result in increase in its paid up equity share capital, the authorized equity share capital of the Resulting Company shall be adequately enhanced by transferring from the authorized share capital of the Demerged Company, an amount of Rs 25,00,00,000/-(Rupees Twenty Five Crores only) to the authorized equity share capital of the Resulting Company as an integral part of the Scheme, and consequently, upon the Scheme becoming effective, the authorized equity share capital of the Resulting Company as set out in Clause 2.2 of the Scheme hereinabove shall stand enhanced to Rs 25,01,00,000/-(Rupees Twenty Five Crores One Lakh only) divided into 2,50,10,000 (Two Crores Fifty Lakhs Ten Thousands only) equity shares of face value of Rs 10/-(Rupees Ten) each, without any further act, instrument or deed by the Resulting Company and without any liability for payment of additional fee or stamp duty in respect thereof since the stamp duty and fee stands already



paid by the Demerged Company on the said authorized equity share capital so transferred, the benefit of which shall accordingly stand transferred in favour of the Resulting Company pursuant to Scheme becoming effective.

- 3.6.2 Subsequent to enhancement of authorized share capital of the Resulting Company as contemplated herein, existing clause V of the Memorandum of Association of the Resulting Company (pertaining to authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13, 61 and 232 and other applicable provisions of the 2013 Act as the case may be and be replaced by the following clause:

*“The Authorised Share Capital of the Company is Rs. 25,01,00,000 (Rupees Twenty Five Crores One Lakh only) divided into 2,50,10,000 (Two Crores Fifty Lakhs Ten Thousands only) equity shares of Rs. 10/- (Rupees Ten only) each.”*



3.6.3 It is hereby clarified that for the purposes of Clauses 3.6.1 and 3.6.2 above, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment and increase in the authorized share capital of the Resulting Company, and no further resolutions or actions under Sections 13 or 61 of the 2013 Act would be required to be separately passed or taken. However, the Resulting Company shall file the requisite documents with the relevant Registrar of Companies, which has jurisdiction over the Resulting Company, for such increase of its authorised share capital, as aforesaid.

### **3.7. Reduction of Issued, Subscribed and Paid up Share Capital of the Demerged Company**

3.7.1 As a result of the demerger of the Demerged Undertaking of the Demerged Company and vesting of the same into the Resulting Company, to that extent, the issued, subscribed and paid up share capital of the Demerged Company will no longer be represented by the assets of Demerged Undertaking of the Demerged Company. Accordingly, as an integral part of the Scheme, and, upon the coming into effect of the Scheme, with effect from the Appointed Date, the issued, subscribed and paid up equity share capital of the Demerged Company shall stand reduced from Rs. 37,44,57,900/- (Rupees Thirty Seven Crores Forty Four Lakhs Fifty Seven Thousands Nine Hundred only) divided into 3,74,45,790 (Three Crore Seventy Four Lakh Forty Five Thousand Seven Hundred and Ninety) equity shares of face value of Rs. 10/- (Rupees Ten) each to Rs. 19,45,73,640/- (Rupees Nineteen Crore Forty Five Lakh Seventy Three Thousand Six Hundred Forty only) divided into 1,94,57,364 (One Crore Ninety Four Lakh Fifty Seven Thousand Three Hundred Sixty Four only) equity shares of face value of Rs. 10/- (Rupees Ten) each by cancelling and extinguishing paid up equity share capital of the Demerged Company amounting to Rs. 17,98,84,260/- (Rupees Seventeen Crore Ninety Eight Lakh Eighty Four Thousand Two Hundred Sixty only) comprising of 1,79,88,426 (One Crore Seventy Nine Lakh Eighty Eight Thousand Four Hundred Twenty Six only) equity shares of face value of Rs. 10/- (Rupees Ten) each, which is no longer represented by remaining assets of the Demerged Company.

3.7.2 The reduction in the issued, subscribed and paid up equity share capital of the Demerged Company, as aforesaid, shall be effected as an integral part of the Scheme as a consequence of demerger of the Demerged Undertaking of the Demerged Company. Since the said reduction would not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, no provisions of Section 66 of 2013 Act shall be applicable/required to be complied in respect of such reduction of share capital.

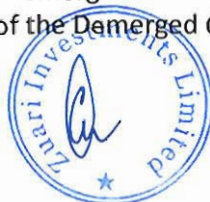
3.7.3 It is hereby clarified that for the purposes of Clauses 3.7.1 above, the consent of the shareholders, and creditors of the Demerged Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above reduction of the issued, subscribed and paid up equity share capital of the Demerged Company, and no further resolution and/or action under any other provisions of the 2013 Act, would be required to be separately passed or taken.

### **3.8. Accounting Treatment**

#### **3.8.1 Accounting Treatment in the books of the Demerged Company**

Upon the Scheme becoming effective, with effect from the Appointed Date:

(a) Accounting for the demerger of Demerged Undertaking, and treatment of reserves, if any, in the Financial Statements of the Demerged Company shall be as per the generally



adopted accounting practice.

- (b) The assets and liabilities of the Demerged Company pertaining to the Demerged Undertaking being transferred to and vested to the the Resulting Company pursuant to this Scheme shall be eliminated at values appearing in the books of the Demerged Company at their respective carrying amounts at the close of the business of the day immediately preceding the Appointed Date.
- (c) The excess of the values of the assets over the value of liabilities which have been transferred pursuant to the Scheme shall be appropriated against the balance in general reserves account and where there remains any outstanding balance, after appropriation from the aforesaid reserves, will be further adjusted against the profit and loss account of the Demerged Company or the treatment will be given as per the applicable law in force on the Effective date of the Scheme.
- (d) The excess of the value of liabilities over the value of assets which have been transferred pursuant to the Scheme shall be credited to general reserve or any other reserve as per the law in force on the Effective date of the Scheme.
- (e) Notwithstanding anything mentioned in above paragraphs, the board of directors of the Demerged Company are authorised to account for any of the above mentioned transactions balances in accordance with the applicable accounting standards and generally accepted accounting principles.

### **3.8.2 Accounting Treatment in the books of the Resulting Company**

Upon the Scheme becoming effective, with effect from the Appointed Date:

- (a) The Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same values at which they were appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Appointed Date.
- (b) The Resulting Company shall credit its share capital in its books of account with the aggregate face value of the new equity shares issued to the shareholders of the Demerged Company pursuant to this Scheme.
- (c) The excess or deficit, if any, remaining after recording the aforesaid entries shall be debited by the Resulting Company to goodwill or credited to Capital Reserve account, as the case may be.
- (d) Notwithstanding anything mentioned above, the Board of Directors of the Resulting Company are authorised to account for any of the above mentioned transactions balances in accordance with the applicable accounting standards and generally accepted accounting principles.



## PART IV

### REORGANISATION OF AUTHORISED SHARE CAPITAL OF DEMERGED COMPANY

- 4.1 Upon the Scheme becoming effective, without any further act, instrument or deed the 3,20,00,000 (Three Crore Twenty Lakh) preference shares of Rs 10 (Rupees Ten) each forming part of the existing authorised share capital of the Demerged Company shall be reclassified into 3,20,00,000 (Three Crore Twenty Lakh) equity shares of Rs. 10 (Rupees Ten) each.
- 4.2 Consequent to reclassification of preference share capital of ZIL in to equity in terms of the aforesaid clause and after taking into consideration the effect of transfer of a part of authorised share capital of the Demerged Company to the Resulting Company in terms of para 3.7 above, the existing clause V of the Memorandum of Association of Demerged Company (pertaining to authorized share capital) shall, accordingly, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13 and 61 of the 2013 Act and Section 232 and other applicable provisions of the 2013 Act, and be replaced by the following clause:
- “The Authorised Share Capital of the Company is Rs. 67,00,00,000/- (Rupees Sixty Seven Crore only) divided into 6,70,00,000/- (Six Crore Seventy Lakh only) equity shares of Rs. 10/- (Rupees Ten -) each aggregating to Rs.67,00,00,000/- (Rupees Sixty Seven Crore only) with rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special right, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify and amalgamate or abrogate any such right, privilege, conditions in such manner as may be permitted by the 2013 Act or provided by the Articles of Association of the Company for the time being.”*
- 4.2 No additional stamp duty and any additional fee shall be payable to any regulatory authorities in relation to such increase in the authorised share capital of the Demerged Company. The Demerged Company shall file the requisite documentation with the relevant Registrar of Companies, which has jurisdiction over the Demerged Company, effecting the above reclassification and reorganization of the authorized share capital of Demerged Company.
- 4.3 It is hereby clarified that for the purposes of the above reorganization of authorized share capital and amendment of the capital clause of the memorandum of association of the Demerged Company in accordance with paragraphs 4.1 and 4.2 above, approval of the Scheme by the board of directors and shareholders of the respective companies and sanction by the NCLT shall be deemed to be sufficient and that no further approval or resolution under any applicable provisions of the 2013 Act would be required to be separately passed.





## PART V

### GENERAL TERMS AND CONDITIONS

#### 5.1. Applications to the NCLT

The Demerged Company and the Resulting Company shall make, as applicable, joint or separate applications / petitions under Sections 230 to 232 and other applicable provisions of the 2013 Act to the NCLT, as necessary, *inter alia*, to seek orders for dispensing with or for convening, holding or conducting of the meetings of their respective shareholders and creditors, sanctioning of this Scheme and for consequent actions and further applications / petitions under Sections 230 to 232 and other applicable provisions of the 2013 Act including for sanction / confirmation / clarification of the Scheme or connected therewith, as necessary.

#### 5.2. Revision of accounts and tax filings, modification of charge

5.2.1 Upon this Scheme becoming effective and from the Appointed Date, the Demerged Company and the Resulting Company are expressly permitted to revise and file their respective income tax returns and other statutory returns, including tax deducted at source returns, service tax returns, excise tax returns, sales tax and value added tax returns, as may be required / applicable and expressly reserved the right to make such revision in their returns and to claim refunds or credits etc. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have lapsed.

5.2.2 Filing of the certified copy of the NCLT Sanction Order with the relevant Registrar of Companies shall be deemed to be sufficient for creating or modifying the charges in favour of the secured creditors, of the Demerged Company and the Resulting Company, as required as per the provisions of this Scheme.

#### 5.3. Tax neutrality

5.3.1 The demerger in accordance with this Scheme shall be pursuant to and in compliance with:

- (a) the provisions of Section 2(1B) of the Income Tax Act, 1961; and
- (b) the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961, or any modification or re-enactment thereof.

5.3.2 If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will, however, not affect other parts of this Scheme.

#### 5.4. Modifications and Amendments to the Scheme

5.4.1 Notwithstanding anything to the contrary contained in this Scheme, the Demerged Company and the Resulting Company (acting through their respective Board of Directors or a committee thereof or their authorised representative(s)) may make or assent, from time to time, to any modifications, amendments, clarifications or confirmations to this Scheme,



which they deem necessary and expedient or beneficial to the interests of the stakeholders and / or as may be approved or imposed or directed by the respective shareholders and / or creditors and / or by the NCLT.

5.4.2 The Demerged Company and the Resulting Company (acting through their respective Board of Directors or a committee thereof or their authorised representative(s)) shall be authorised to take all such steps and give such directions, as may be necessary, desirable or proper, to resolve any doubts, difficulties or questions that may arise in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, whether by reason of any directive or orders of the NCLT or any other authorities or otherwise, howsoever arising out of or under or by virtue of this Scheme or any matter concerned or connected therewith and to do and execute all acts, deeds, matters and things necessary for giving effect to this Scheme.

5.4.3 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the authorised representative of the Demerged Company and the Resulting Company may give and are hereby authorised to determine and give all such directions as are necessary 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.

5.5. **Non Receipt of Sanctions or Approval**

5.5.1 Notwithstanding anything to the contrary contained herein, the non-receipt of any sanctions or approvals for transfer of a particular asset or liability forming part of either of the Demerged Company and the Resulting Company pursuant to this Scheme, and the non-receipt of any sanctions or approvals for transfer of a particular asset or liability forming part of either of the Demerged Company to the Resulting Company pursuant to this Scheme, shall not affect the effectiveness of this Scheme, if the Board of Directors of the Demerged Company and the Resulting Company so decide.

5.6. **Conditionality of the Scheme**

5.6.1 This Scheme is conditional upon and subject to the following:

- (a) this Scheme being sanctioned by the NCLT;
- (b) approval of concerned regulators, if and as required under the applicable regulations, for demerger of Demerged Undertaking of the Demerged Company to the Resulting Company; and
- (c) certified copies of the NCLT Sanction Order being filed by the Demerged Company and the Resulting Company, with the concerned Registrar of Companies.

5.7. Upon this Scheme becoming effective, the following shall be deemed to have occurred on the Appointed Date and become effective and operative only in the sequence and in the order mentioned hereunder:

5.7.1 Demerger of the Demerged Undertaking of the Demerged Company and transfer and vesting thereof in the Resulting Company;



- 5.7.2 Reduction of issued, subscribed and paid up equity share capital of the Demerged Company; and
- 5.7.3 Reclassification of entire preference shares, forming part of the authorized share capital of the Demerged Company into equity shares.

5.8. **Revocation and withdrawal of this Scheme**

The Board of Directors of the Demerged Company and the Resulting Company shall be entitled to revoke, cancel, withdraw and declare this Scheme to be of no effect at any stage, but before the Effective date, and where applicable re-file, at any stage in case (a) this Scheme is not approved by the NCLT or if any other consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not received or delayed; (b) any condition or modification imposed by the NCLT and / or any other authority is not acceptable; (c) the coming into effect of this Scheme in terms of the provisions hereof or filing of the drawn up order(s) with any Governmental Authority could have adverse implication on either of the Demerged Company and the Resulting Company; or (d) for any other reason whatsoever, and do all such acts, deeds and things as they may deem necessary and desirable in connection therewith and incidental thereto. On revocation, cancellation or withdrawal, this Scheme shall stand revoked, cancelled or withdrawn 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, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs, unless otherwise mutually agreed.

5.9. **Severability**

If any part of this Scheme is held invalid, ruled illegal by any NCLT of competent jurisdiction, or becomes unenforceable for any reason, whether under present or future laws, then it is the intention of the Demerged Company and the Resulting Company that such part of the Scheme shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part of the Scheme shall cause this Scheme to become materially adverse to either the Demerged Company and the Resulting Company, in which case the Demerged Company and the Resulting Company shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part of the Scheme.

5.10. **Mutation of property**

Upon the Scheme coming into effect and with effect from the Appointed Date, the title to the immovable properties of the Demerged Undertaking shall be deemed to have been mutated and recognised as that of the Resulting Company and the mere filing of the certified true copy of the Court Sanction Order with the appropriate Registrar or Sub-registrar of Assurances or with the relevant Government agencies shall suffice as record of continuing title of the immovable properties of the Demerged Undertaking with the Resulting Company, pursuant to the Scheme becoming effective and shall constitute a deemed mutation and substitution thereof.



A handwritten signature in blue ink, consisting of a stylized, cursive name.

5.11. **Dividend**

5.11.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders, as may be decided by their respective Board of Directors, in respect of the accounting period prior to the Effective Date.

5.11.2 It is clarified that the aforesaid provisions in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any shareholder of either of the Demerged Company and the Resulting Company to demand or claim any dividends, which subject to the provisions of the 2013 Act and/or 1956 Act, as applicable), shall be entirely at the discretion of the Board of Directors of the Demerged Company and the Resulting Company, as the case may be, subject to such approval of the respective shareholders, as may be required.

5.12. **Costs and expenses**

All costs, expenses, charges, taxes, fees and all other expenses, including stamp duty and registration charges, arising out of or incurred in carrying out and implementing the terms of this Scheme and the incidentals thereto shall be borne and paid by the Demerged Company.

