

SCHEME OF DEMERGER
OF
COMMODITY ONLINE (INDIA) LTD
WITH
CELEBRUS COMMODITIES LTD
AND
THEIR RESPECTIVE SHAREHOLDERS

(UNDER SECTION 230 TO 232 OF THE COMPANIES ACT, 2013)

PREAMBLE

A. DESCRIPTION OF COMPANIES AND BACKGROUND

I. Commodity Online India Limited (CIN: U74999KL2006PLC020045), a company incorporated under the Companies Act, 1956 and subsisting under the Companies Act, 2013, having its registered office at 27/540, III Floor, EAK Towers, Main Avenue, Panampilly Nagar. Kochi- 682036, Kerala, India (hereinafter referred to as the “**Demerged Company**” or “**Transferor Company**”). The main object of the company as per the Memorandum of Association is to carry on the business of developing and maintaining portals and online/electronic auction centers on commodities, to impart information/news on commodities through all modes and to carry on the business of broking services in capital market and commodity market with membership in approved stock exchanges and commodity exchanges, mutual fund distribution, insurance products distribution, distribution of any other financial products, intermediation of approved financial products, portfolio management services, broking in currency futures, trading in approved futures market segments and the related services to them.

II. Celebrus Commodities Limited (CIN: U67190KL2009PLC024798), a company incorporated under the Companies Act, 1956 and subsisting under the Companies Act, 2013, having its registered office at 27/540, III Floor, EAK Towers, Main Avenue, Panampilly Nagar. Kochi -682036, Kerala, India, (hereinafter referred to as the “**Resulting Company**” or “**Transferee Company**”). The main object of the Company as per the Memorandum of Association is to carry on the business of brokerage services in commodity futures market with membership in approved commodity exchanges, and related services in the commodity segment.

This Scheme of Arrangement (*as defined hereinafter*) is presented for the vesting of the demerged business of the Transferor Company (*as defined hereinafter*) as a going concern to and in the Transferee Company (*as defined hereinafter*), a wholly owned subsidiary company of the Transferor Company, pursuant to the provisions of

Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and other applicable provisions of Companies Act, 1956.

B. RATIONALE FOR THE SCHEME

The Demerged Company, by itself and through its subsidiaries, is engaged in the following business:

- a) Developing and maintaining portals and online/electronic auction centers on commodities, to impart information/ news on commodities through all modes;
- b) Broking services in capital market and commodity market with membership in approved stock exchanges and commodity exchanges, and broking in currency futures;
- c) Mutual Fund distribution, insurance products distribution and distribution of any other financial products;
- d) Intermediation of approved financial products, portfolio management services, trading in approved future market segments and related services to the above mentioned services.

The Resulting Company is one of the wholly owned subsidiaries of the Demerged Company. The Demerged Company intends to be amalgamated with another company named Acumen Capital Market (India) Limited. In the Interim, the Resulting Company is faced with Show Cause Notice from the Enforcement Department of the Securities and Exchange Board of India. The Board of Directors of Acumen Capital Market (India) Limited is diffident in accepting such liability. Thus, with a view to amalgamate with Acumen Capital Market (India) Limited, the Board of Directors (defined herein) of the Demerged Company proposes to re-organize and segregate, by way of this Scheme, its business, Demerged Undertaking and investments in relation to the demerged business in the Resulting Company pursuant to the provisions of Section 230 to 232 and other relevant provisions of the Companies Act, 2013.

The Scheme does not have any adverse effect on any of the shareholders or creditors or employees of the Demerged Company.

C. PARTS OF THE SCHEME

This Scheme of Demerger is divided into the following Parts:

- i.** **Part A** deals with definitions of the terms used in the Scheme of Demerger and sets out the share capital of the Transferor Company and the Transferee Company;
- ii.** **Part B** deals with the demerger and hiving-off of the Demerged Undertaking of Demerged Company on a going concern and transfer to and vesting into the Resulting Company;
- iii.** **Part C** deals with the reduction and reorganization of the share capital;
- iv.** **Part D** deals with general terms and conditions applicable to this Scheme of Demerger and other matters consequential and integrally connected thereto.

PART - A

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS:

In this Scheme unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- 1.1 **"Act" or "The Act"** means the Companies Act, 2013 and Rules and Regulations made there under and shall include any statutory modification, re-enactment or amendment thereto from time to time.
- 1.2 **"Applicable Law(s)"** means any statute, law, ordinance, rule, regulation, press note, notification, circular, order, writ, injunction, directive, judgment or decree issued by any governmental authority and/or any other authority exercising jurisdiction over the Companies.

- 1.3 **"Appointed Date"** means the 31.03.2019 or such other date as may be fixed or approved by the National Company Law Tribunal at Kochi.
- 1.4 **"Board of Directors"** or **"Board"** means the board of directors or the managers (wherever applicable) of the Demerged Company or the board of directors of the Resulting Company or both, as the case maybe, and shall include any duly constituted committee or authorized official(s) thereof.
- 1.5 **"Commodity Online India Limited"** or **"Transferor Company"** or **"Demerged Company"** (CIN: U74999KL2006PLC020045) is a company incorporated under the Companies Act, 1956 and subsisting under the Companies Act, 2013, having its registered office at 27/540, III Floor, EAK Towers, Main Avenue, Panampilly Nagar. Kochi- 682036, Kerala, India.
- 1.6 **"Companies"** means the Transferor Company and the Transferee Company.
- 1.7 **"Demerger"** means **"Demerger"** means transfer of the Demerged Business (defined in the Scheme) of the Transferor Company to the Transferee Company, and consequent issue of equity shares by the Transferee Company to the shareholders of the Transferor Company as set out in the Scheme.
- 1.8 **"Demerged Undertaking"** means the whole of the undertaking and business carried on by Celebrus Commodities Limited, wholly owned subsidiary of the Demerged Company, before this Scheme of Demerger, as a going concern, including (without limitation):
- I All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) [including but not limited to (if any asset to be specified)] of the Transferor Company relating to the business carried on by the Resulting Company of the erstwhile un-demerged company as on the Appointed date;
 - II All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Company, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized in relation to the business carried on by

the Resulting Company in the erstwhile un-demerged company; (in case of a specific business/unit, replace this with the same)

- III All agreements, rights, contracts, entitlements, permits, licenses, approvals, authorizations, concessions, consents, quota rights, engagements, arrangements, authorities, allotments, security arrangements (to the extent provided herein), benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the business activities and operations of the Transferor Company in relation to the business carried on by the Resulting Company prior to this scheme of demerger;
- IV All records, files, papers, computer programs, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the business activities and operations of the Resulting Company in the erstwhile un-demerged company ;
- V Without prejudice to the generality of sub-clause (I) and (II) above, the Demerged Undertaking of the Demerged Company shall include all the Company's reserves and the authorized share capital, movable and immovable properties including investments, claims, powers, authorities, allotments, approvals, consents, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, club memberships, advantages, leasehold rights, brands, tenancy rights, other intangibles, industrial and other licenses, permits, authorizations, quota rights, trade marks, patents and other industrial and intellectual properties including, know-how, domain names, import quotas, telephones, telex, facsimile and other communication facilities and equipment, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of whatsoever nature and wheresoever situate, belonging to or in the ownership, power or possession or control of the Demerged Company in relation to the business carried on by the Resulting Company in the erstwhile un-demerged company as on the Appointed Date and thereafter.

VI All benefits and privileges including (without limitation) all tax credits, refunds, reimbursements, claims, exemptions, benefits under taxation laws or any other duty or tax or cess or imposts under central or state law including advance taxes, tax deducted at source, right to carry forward and set-off unabsorbed losses, if any and depreciation, deductions, and benefits under the IT Act, 1961, as well as benefits of all agreements, arrangements, deposits, advances, recoverables and receivables whether from government, semi-government, local authorities or any other customers, etc. and all other rights, interests, claims and powers of any kind, nature and description of and arising to Transferor Company in relation to the business carried on by the Resulting Company prior to this Scheme of Demerger and cash and bank balances, all earnest moneys and/or deposits including Security deposits paid by the Transferor Company with relation to the business carried on by the Resulting Company in the erstwhile un-demerged Company.

VII All permanent employees engaged by the Resulting Company as a subsidiary to the Demerged Company as on the Effective Date.

- 1.9 **"Effective Date"** means the last of the dates on which the certified or authenticated copies of the orders of the National Company Law Tribunal sanctioning the Scheme are filed with the respective Registrar of Company by the Transferor Company and by the Transferee Company. Any references in this Scheme to the date of **"upon the scheme being effective"** or **"effectiveness of this Scheme"** or **"Scheme taking effect"** shall mean the Effective Date.
- 1.10 **"Government Authority"** or **"Appropriate Authority"** means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India including but not limited to Securities and Exchange of India, Stock Exchanges, Registrar of Companies, Competition Commission of India, National Company Law Tribunal , and the NCLT.
- 1.11 **"IT Act"** means the Income Tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force.

- 1.12 **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- 1.13 **“NCLT”** means the bench of the National Company Law Tribunal at Kochi and shall include, if applicable, such other forum or authority as may be vested with the powers of the NCLT under the Act.
- 1.14 **“Net Assets”** means the net balance arrived at after reducing aggregate value of all the liabilities including secured and unsecured borrowings, trade payables and provisions, other than shareholders' funds, from the aggregate value of all the assets including net block of fixed assets, in relation to demerged business excluding revaluation reserves, investments, trade receivables and other current assets
- 1.15 **“Registrar of Companies”** or **“Registrar”** means the Registrar of Companies, Kochi, India and the Registrar or its equivalent of such other Government Authority who has oversight on the Company from a corporate law perspective.
- 1.16 **“Record Date”** means the date to be fixed by the Boards of Directors of the Transferor Company and the Transferee Company for the purpose of issue of shares of the Transferee Company to the shareholders of the Transferor Company.
- 1.17 **“Scheme”** or **“The Scheme”** means this Scheme of Demerger in its present form, submitted to the National Company Law Tribunal or any other Appropriate Authority in the Relevant Jurisdiction or with any modification made approved or imposed or directed by the National Company Law Tribunal or any other Appropriate Authority.
- 1.18 **“Tribunal”** means the National Company Law Tribunal, Kochi Bench, constituted under Section 419 (1) of Companies Act, 2013 and other applicable provisions of the Act.
- 1.19 All capitalized terms not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations and bye-laws, as the case may be, or any statutory amendment(s), modifications or re-enactment thereof from time to time.

2. SHARE CAPITAL

Transferor Company:

2.1. Commodity Online (India) Limited (Transferor Company)

The share capital of Commodity Online (India) Limited as on 31st March, 2019 was as follows:

PARTICULARS	AMOUNT (Rs)
Authorised Share Capital:	
90,00,000 Equity Shares of Rs.10 each	9,00,00,000
Issued, Subscribed and Fully Paid up Share Capital:	
81,23,616 Equity Shares of Rs.10 each, fully paid-up	8,12,36,160
Total	8,12,36,160

Subsequent to the above Balance Sheet date there is no change in the Capital Structure of Transferor Company.

Transferee Company:

2.2. Celebrus Commodities Limited (Transferee Company)

The share capital of Celebrus Commodities Limited as on 31st March, 2019 was as follows:

PARTICULARS	AMOUNT (Rs)
Authorised Share Capital:	
60,00,000 Equity Shares of Rs.10 each	6,00,00,000
Issued, Subscribed and Fully Paid up Share Capital:	
22,00,000 Equity Shares of Rs.10 each, fully paid-up	2,20,00,000
Total	2,20,00,000

The entire share capital of the Resulting Company as on 31.03.2019 is held by the Demerged Company and hence Resulting Company is a wholly-owned subsidiary of the Demerged Company.

Subsequent to the above Balance Sheet date there is no change in the Capital structure of the Transferee Company.

PART B

DEMERGER AND DIVING-OFF OF THE DEMERGED UNDERTAKING OF THE DEMERGED COMPANY & TRANSFER AND VESTING INTO THE RESULTING COMPANY

3. DEMERGER, TRANSFER AND VESTING OF DEMERGED UNDERTAKING

3.1 With effect from the appointed date i.e. 31.03.2019 or such other date as maybe fixed or approved by the NCLT at Kochi:

Subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the entire business relating to the Demerged Undertaking of the Demerged Company, including all debts, liabilities, losses, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Demerged Company of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) of the Demerged Company comprising, amongst others, all investments, receivables, actionable claims, furniture and fixtures, office equipment, telephones, telex, facsimile and other communication facilities and business licenses, permits, deposits, authorizations, approvals, lease, tenancy rights, permissions, incentives, if any, and all other rights, know-how, trade secret, patents, trademarks, service mark, other intellectual property rights, registrations, title, interest, contracts including but not limited to contracts entered into with customers, vendors and service providers, consents, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals shall, without any further act, instrument or deed be and the same shall stand transferred to and vested in and/or deemed to be transferred to and vested in the Resulting Company as a going concern free from all encumbrances, but subject to the subsisting charges as mentioned hereinafter and agreed to be created, pursuant to the provisions of Section 230 to 232 and other relevant provisions of the Act, and pursuant to the orders of the NCLT sanctioning this scheme, form part of the Demerged Undertaking of the Resulting Company.

3.2 **Transfer of Assets:**

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

3.2.1.1 All the assets and properties comprised in the Demerged Undertaking of whatsoever nature and wheresoever situated, shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Resulting Company or be deemed to be transferred to and vested in the Resulting Company as a going concern so as to become the assets and properties of the Resulting Company.

3.2.1.2 Without prejudice to the provisions of Clause 3.2.1.1 above, in respect of such of the assets and properties of the Demerged Undertaking as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Demerged Company and shall, upon such transfer, become the assets and properties of the Resulting Company as an integral part of the Demerged Undertaking, without requiring any separate deed or instrument or conveyance for the same.

3.2.1.3 In respect of movables other than those dealt with in Clause 3.2.1.2 above including sundry debts, receivables, bills, credits, loans and advances of the Demerged Undertaking, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Resulting Company.

3.2.1.4 All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Demerged Company in relation to the Demerged Undertaking and all rights and benefits that have accrued or which may accrue to the Demerged Company in relation to the Demerged Undertaking, whether

before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 of and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Resulting Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions.

- 3.2.2 The Demerged Company shall, if so required, also give notice in such form as it may deem fit and proper to the debtors, that pursuant to the sanction of this Scheme by NCLT, Kochi Bench under and in accordance with Sections 230 and 232 and all other applicable provisions, if any, of the Act, the said debtors should pay to the Resulting Company the debt, loan or advance or make the same on account of the Demerged Company and the right of the Demerged Company to recover or realize the same stands extinguished.
- 3.2.3 All the property, assets and liabilities of the Demerged Undertaking shall be transferred by the Demerged Company to the Resulting Company at the values appearing in the books of account of the Demerged Company at the close of business of the day immediately preceding the Demerger Appointed Date.
- 3.2.4 All assets and properties of the Transferor Company relating to the Demerged Undertaking as on the Appointed Date, whether or not included in the books of the respective Transferor Company, and all assets and properties which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme.

3.3 Transfer of Liabilities:

- 3.3.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Demerged Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized for its Demerged business activities and operations (herein referred to as the "**Liabilities**"), shall, pursuant to the sanction of this Scheme by the NCLT under and in accordance with 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, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Companies on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further 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.
- 3.3.2 All debts, liabilities, duties and obligations of the Demerged Undertaking as on the Appointed Date, whether or not provided in the books of the respective Transferor Company, and all debts and loans raised and duties, liabilities and obligations incurred or which arise or accrue to the Demerged Undertaking of the Transferor Company on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.
- 3.3.3 Where any such debts, loans raised, liabilities, duties and obligations of the Demerged Undertaking of the Transferor Company as on the Appointed Date have been discharged

or satisfied by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.

- 3.3.4 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company.

3.4 Encumbrances

- 3.4.1 The transfer and vesting of the assets comprised in the Demerged Undertaking to and in the Transferee Company under Clauses 3.1 and 3.2 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- 3.4.2 All the existing securities, mortgages, charges, encumbrances or liens (the "**Encumbrances**"), if any, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the assets comprised in the Demerged Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no Encumbrances shall have been created by the Transferor Company over its assets after the Appointed Date without the consent of the Transferee Company as provided for in this Scheme.

3.4.3 The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Demerged Undertaking transferred to and vested in the Transferee Company by virtue of this Scheme.

3.4.4 Any reference in any security documents or arrangements (to which the Transferor Company are a party) to the Transferor Company in relation to the Demerged Undertaking and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme.

Without prejudice to the foregoing provisions, the Transferor Company and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the Registrar of Company to give formal effect to the above provisions, if required.

3.4.5 Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.

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

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

3.5 Inter-se Transactions:

Without prejudice to the provisions of Clauses 3.1 to 3.4, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.

- 3.6 The Demerger of Demerged undertaking of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(19AA) of the Income-tax Act, 1961.

4. REMAINING UNDERTAKING

- 4.1 The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.
- 4.2 All legal, taxation or other proceedings by or against the Demerged Company under any statute, whether pending on the Demerger Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Undertaking (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Undertaking) shall be continued and enforced by or against the Demerged Company (or successor thereof). The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company (or successor thereof).
- 4.3 With effect from the Demerger Appointed Date and up to and including the Effective Date, the Demerged Company:
- (a) Shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Undertaking for and on its own behalf;
 - (b) 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 Undertaking shall, for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Demerged Company (or successor thereof).

5. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 5.1 Subject to the other provisions of this Scheme, all contracts, deeds, agreements, licenses, permits, registrations, approvals and other instruments, if any, of whatsoever nature, relating to the Demerged Undertaking to which the Transferor Company are a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licenses, permits, registrations, approvals and other instruments.
- 5.2 The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novation, relating to the Demerged Undertaking to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, the Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.
- 5.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company relating to the business of Demerged Undertaking shall without any further act or deed, stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

- 5.4 All agreements relating to the business of Demerged Undertaking entered into by the Transferor Company with their respective bankers, distributors, stockists, agents, etc, if any, shall continue to be in full force and effect and may be enforced by or against the Transferee Company.

6. LEGAL PROCEEDINGS

- 6.1 If any suit, appeal or other proceedings of whatever nature by or against the Transferor Company relating to the business of Demerged Undertaking are pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the Demerger or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.
- 6.2 In case of any litigations suits, recovery proceedings which are to be initiated or may be initiated with respect to the business activities of the Demerged Undertaking against the Transferor Company after the Appointed Date, the Transferee Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Transferee Company. The Transferee Company undertakes to continue to abide by the agreement/settlement if any entered into by the Transferor Company with any of its employees, which is in force as on the Effective Date.

7. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY TILL EFFECTIVE DATE

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

- 7.1 The Transferor Company shall be deemed to have been carrying on and shall carry on their respective business and activities relating to the Demerged Undertaking and shall be deemed to have held and stood possessed and shall hold and stand possessed of all of their respective assets for and on account of and in trust for the Transferee Company. The

Transferor Company hereby undertake to hold their said respective assets with utmost prudence until the Effective Date;

- 7.2 The Transferor Company shall carry on their business and activities relating to the Demerged Undertaking with reasonable diligence, business prudence and shall not expect in the ordinary course of business or without the prior written consent of the Board of Directors of the Transferee Company or unless specifically permitted in the scheme alienate, charge, mortgage, encumber or otherwise deal with or dispose of their respective Demerged Undertaking or any part thereof;
- 7.3 The profits or income accruing or arising to the Transferor Company with respect to the business of Demerged Undertaking or expenditure or losses arising or incurred or suffered by the Transferor Company with respect to the business of Demerged Undertaking shall for all purposes be treated and deemed to be and accrue as the income or profits or losses or expenditure as the case may be of Transferee Company;
- 7.4 Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company relating to the Demerged Undertaking shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company;
- 7.5 The Transferor Company shall not vary the terms and conditions of employment of any of their respective employees except in the ordinary course of business with or without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Company in relation to the Demerged Undertaking as the case may be, prior to the Appointed Date;
- 7.6 The Transferor Company shall not take, enter into, perform or undertake, as applicable any material decision(s) in relation to its business and operations relating to the Demerged Undertaking other than decisions already taken prior to approval of the Scheme by the respective Board of Directors, any agreement or transaction, or such other matters as the Transferee Company may notify from time to time save and except in the

case of ordinary course of business or specifically permitted by this Scheme or with the consent of the Board of Directors of the Transferee Company;

- 7.7 Transferee Company shall be entitled, pending the sanction of this Scheme, to apply to the Central/State Government, and all other agencies, departments, and authorities concentrated as are necessary under any law or rules, for such consents, approvals and sanctions which Transferee Company may require, to own and operate the Demerged Undertaking.

8. TREATMENT OF TAXES PAID BY THE TRANSFEROR COMPANY

- 8.1 All taxes, levies, CESS, etc. (whether direct or indirect) in relation to the Demerged Undertaking that might have been paid by the Transferor Company (whether before or after the Appointed Date) during the period when the demerger has not become effective for any tax liability that arises after the Appointed Date shall be deemed to be tax paid by the Transferee Company and credit in respect thereof shall be given to the Transferee Company accordingly.

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

- 9.1 This Scheme has been drawn up to comply with and come within the definition and conditions relating to “Demerger” as specified under Section 2(19AA), Section 47 and such other provisions, as may be applicable, of the Income Tax Act, 1961.
- 9.2 If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section of the Income Tax Act, 1961, at a later date, including resulting from an amendment of any Applicable Law(s) or for any other reason whatsoever, the Scheme shall stand modified/amended to the extent determined necessary to comply and come within the definition and conditions relating to “Demerger” as specified in the Income Tax Act, 1961. In such an event, the clauses which are inconsistent shall be read down or if the need arises be deemed to be deleted

and such modification/reading down or deemed deletion shall however not affect the other parts of the Scheme.

- 9.3 Any refund under the tax laws received by or due to the Transferor Company in relation to the Demerged Undertaking consequent to any assessments made on the Transferor Company subsequent to the Appointed Date pertaining to the demerged business transferred and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

10. TRANSFER OF STAFF, WORKMEN AND EMPLOYEES

10.1 On the Scheme finally taking effect as hereinafter provided:-

- (a) All the employees of the Transferor Company working in the Demerged Undertaking on the Effective Date shall become the employees of the Transferee Company without any break or interruption in service and on the same terms and conditions on which they are engaged as on the Effective Date. Services of all such employees with the Transferor Company as the case maybe, upto the Effective Date shall be taken in to account for the purposes of all retirement benefits to which they may be eligible in Transferee Company on the Effective Date.
- (b) The services of such employees shall not be treated as having been broken or interrupted for the purposes of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments by the Transferor Company as the case maybe.
- (c) It is provided that as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund created or existing for the benefit of such Staff, Workmen and other employees of The Transferor Company are concerned, upon this Scheme becoming finally effective, the Transferee Company shall stand substituted for the Transferor Company for all the purposes whatsoever relate to the administration or operation of such Scheme or funds or in relation to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or

funds according to the terms provided in the respective trust deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations respectively of the Transferor Company in relation to such scheme of funds shall become those of the Transferee Company. It is clarified that the services of the staff, workmen and other employees of the Transferor Company will be treated as having been continuous for the purpose of the aforesaid scheme, funds or provisions.

PART C

REDUCTION AND REORGANISATION OF CAPITAL

11. REDUCTION OF CAPITAL

- 11.1. Simultaneously with the issue and allotment of the new equity shares by the Resulting Company, all the equity shares issued by the Resulting Company to the Demerged Company shall stand cancelled, extinguished and annulled on and from the Effective Date which shall be regarded as reduction of share capital. The order of the NCLT sanctioning the scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.
- 11.2. The consent of the shareholders of the Resulting Company to this scheme shall be deemed to be the consent of its shareholders for the purposes of effecting the above reduction, if any, under section 66 of the Act, and no further resolution under Section 66 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

12. REORGANISATION OF CAPITAL

- 12.1 The provisions of this Section shall operate notwithstanding anything to the contrary in any other instrument, deed or writing
- 12.2 In consideration of the provisions of Part B of this Scheme and as an integral part of this Scheme, the share capital of the Resulting Company and the Demerged Company shall be restructured and reorganized in the manner set out in the following clauses.

- 12.3 Upon effectiveness of this Scheme, pursuant to the Demerger, the issued, subscribed and paid up equity share capital of the Demerged Company shall be reduced and the shareholding of the shareholders of the Demerged Company shall be reduced proportionately.
- 12.4 The reduction of capital of the Demerged Company pursuant to the Scheme shall be given effect as an integral part of the Scheme and the consent given to the Scheme by the shareholders and the creditors of the Demerged Company shall be deemed to be their consent under the provisions of Section 66 and all other applicable provisions 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 that purpose. The order of the Honorable NCLT sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act.
- 12.5 In case any member's holding in the Demerged Company is such that the member becomes entitled to a fraction of an equity share of the Demerged Company or of the Resulting Company, neither the Demerged Company nor the Resulting Company shall issue fractional share certificates to such members but shall consolidate such fractions and issue consolidated equity shares to separate trustees nominated respectively by the Demerged Company and the Resulting Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same, in proportion to their respective fractional entitlements in Demerged Company and Resulting Company.
- 12.6 The equity shares of the Resulting Company issued and allotted in terms of Clause 23 above shall rank *pari passu* in all respects with the existing equity shares of the Resulting Company. The equity shares of the Demerged Company and the Resulting Company to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of the Demerged Company and the Resulting Company respectively.
- 12.7 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors, or any committee thereof, of the Demerged Company shall be empowered in appropriate cases, even subsequent to the Record Date, as the case may be, to effectuate such a

transfer in the Demerged Company, as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the Demerged Company or Resulting Company, as the case may be, in respect of such shares.

- 12.8 Unless otherwise determined by the Board of Directors, or any committee thereof, of the Demerged Company and the Board of Directors, or any committee thereof, of the Resulting Company, allotment of shares in terms of this Scheme shall be done within 90 days from the Effective Date.

PART D

GENERAL TERMS AND CONDITIONS

13. ACCOUNTING TREATMENT IN THE BOOKS OF DEMERGED COMPANY AND RESULTING COMPANY

- 13.1 The Transferee Company shall follow the requirements of Indian Accounting Standards (IndAS) 103 and other applicable Indian Accounting standards, in terms of Section 133 of the Companies Act, 2013 for the purpose of accounting for the demerger.
- 13.2 The difference between the book value of the assets (net of diminution/depreciation, if any) and the book value of the liabilities of the Demerged Company that is transferred to the Resulting Company pursuant to the Scheme and such amount of diminution/depreciation, if any, to the extent considered appropriate by the Board of Directors of the Demerged Company in the value of assets of the Demerged Company would be first debited to the Share Capital Account of the Demerged Company to the extent of the amount of reduction in the paid-up share capital of the Demerged Company pursuant to the Scheme, thereafter the balance shall be debited to the Share Premium Account in accordance with the provisions of Section 66 of the Act.
- 13.3 The Resulting Company shall, record the assets and liabilities (difference between the assets and liabilities hereinafter referred to as “**Net Assets**”) vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Demerged Company, at the close of business of the day immediately preceding the Demerger Appointed Date.

14. CONDITIONALITY OF THE SCHEME

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

- (i) The requisite consents, approvals or permissions of any Appropriate Authority (ies), which by law may be necessary for the implementation of this Scheme;
- (ii) The approval by the requisite majority of the shareholders and/or creditors (as may be required and/or to the extent not dispensed with by the Appropriate Authority (ies) of the Transferor Company and the Transferee Company, as required under Applicable Law(s).
- (iii) Approval by the National Company Law Tribunal;
- (iv) The certified copy of the order of the National Company Law Tribunal sanctioning the Scheme being filed with the Registrar of Companies by the Transferee Company and the Transferor Company;
- (v) Compliance by the Transferor Company and the Transferee Company of all the necessary and applicable provisions of its Applicable Law.
- (vi) Compliance with such other conditions as may be imposed by the National Company Law Tribunal or other Government Authority.

15. APPLICATION TO THE NATIONAL COMPANY LAW TRIBUNAL

The Transferee Company and the Transferor Company shall, with all reasonable despatch, make and file applications/petitions jointly under Sections 230 to 232 of the Act to the National Company Law Tribunal, Kochi, for sanctioning the Scheme.

16. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Transferee Company and the Transferor Company by their respective Board of Directors, shareholders or any person(s) or committee authorised/appointed by them, may carry out or assent to any modifications/amendments to the Scheme or to any conditions or limitations that the National Company Law Tribunal or any other Government Authority may deem fit to direct or impose or which may otherwise be considered

necessary, desirable or appropriate by them (i.e., the Board of Directors or Shareholders or the person(s)/ committee).

The Transferee Company and the Transferor Company by their respective Board of Directors or shareholders, as applicable, any person(s) or committee authorized /appointed by them, 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 Government Authority or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. The Transferee Company and the Transferor Company shall be at liberty to withdraw from this Scheme, in case of any condition or alteration imposed by the National Company Law Tribunal or any other authority.

17. EFFECT OF NON-RECEIPT OF APPROVALS

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

18. COSTS, CHARGES AND EXPENSES

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

19. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme, although operative from the Appointed Date, shall take effect finally upon and from the date on which the last of the aforesaid sanctions or approvals or Orders shall have been obtained, and such date shall be the Effective Date for the purposes of the Scheme.

20. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Demerged Undertaking of the Transferor Company under Clause 3 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded between the Appointed Date and the Effective Date (both days inclusive), to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

21. MISCELLANEOUS

In case any doubt or difference or issue shall arise among the Transferor Company and the Transferee Company or any of their shareholders, creditors, employees and/or persons entitled to or claiming any right to any shares in the Transferor Company or the Transferee Company, as to the construction of this Scheme or as to any account, valuation or apportionment to be taken or made in connection herewith or as to any other aspects contained in or relating to or arising out of this Scheme, the same shall be amicably settled between the Board of Directors of the Transferor Company and the Board of Directors of the Transferee Company and the decision arrived at therein shall be final and binding on all concerned. If any part of this Scheme hereof is invalid, ruled illegal by any National Company Law Tribunal of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Transferor Company and the Transferee Company that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the

deletion of such part shall cause this Scheme to become materially adverse to any party to the Scheme, in which case the parties to the Scheme shall attempt to bring about a modification in the Scheme, as will best preserve for the parties to the Scheme, the benefits and obligations of the Scheme.