

SCHEME OF ARRANGEMENT

BETWEEN

LESHA INDUSTRIES LIMITED

AND

ASHNISHA ALLOYS PRIVATE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTION 391 AND 394 OF THE COMPANIES ACT, 1956

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### PART I - GENERAL

#### 1. GENERAL

Lesha Industries Limited ("the Demerged Company") is a company incorporated under the provisions of the Companies Act, 1956 having its registered office at 7<sup>th</sup> Floor, Ashoka Chambers, Mithakhali Six Roads, Ahmedabad - 380 006. The Demerged Company is engaged, inter-alia, in the business of Trading of Steel, Shares & Stock, Toys, Information Technology (IT) and Investments.

Ashnisha Alloys Private Limited ("the Resulting Company") is a company incorporated under the provisions of the Companies Act, 1956 having its registered office at 7<sup>th</sup> Floor, Ashoka Chambers, Opposite H.C.G. Hospital, Mithakhali Six Roads, Mithakhali, Ahmedabad - 380 006, Gujarat. Resulting Company is incorporated to engage, inter alia, in the business of trading of steel.

2. This Scheme of Arrangement provides for the demerger of Trading and Investment Business of the Demerged Company and vesting the same into the Resulting Company

#### DEFINITIONS

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

- 2.1 "Act" means the Companies Act, 1956 or any statutory modification or re-enactment thereof;



- 2.2 "Appointed Date" means 1<sup>st</sup> day of January, 2016.
- 2.3 "Demerged Company" means Lesha Industries Limited, a company incorporated under the provisions of the Act having its registered office at 7<sup>th</sup> Floor, Ashoka Chambers, Mithakhali Six Roads, Ahmedabad - 380 006;
- 2.4 "Demerged Undertaking" means Trading and Investment Business of the Demerged Company, on a going concern basis, comprising, *inter alia*, the assets and liabilities relating thereto and which shall mean and include as on Effective Date (without limitation):
- (i) all assets wherever situate, whether movable or immovable, tangible or intangible, including all buildings, offices, investments, interest, capital work-in-progress, furniture, fixtures, office equipment, appliances, accessories, etc. pertaining to Trading and Investment Business of the Demerged Company;
  - (ii) all permits, rights (including rights under any contracts, government contracts, memorandum of understanding, etc.), entitlements, licenses, permissions, approvals, consents, tenancies in relation to the office and/or residential properties for the employees, offices and depots, patents, copyrights, all other intellectual property rights, investments and/or interest (whether vested, contingent or otherwise) in projects undertaken by Trading and Investment Business of the Demerged Company, either solely or jointly with other parties, cash balances, benefit of any deposits, financial assets, benefits of any bank guarantees issued in relation to Trading and Investment business of the Demerged Company, deferred tax benefits, privileges, all other claims, rights and benefits, licenses, power and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to Trading and Investment Business of the Demerged Company;



- (iii) all earnest moneys, advances and/or security deposits paid by the Demerged Company in connection with or relating to Trading and Investment Business of the Demerged Company;
  - (iv) all necessary records, files, papers, engineering and process information, computer programmes, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to Trading and Investment Business of the Demerged Company;
  - (v) employees of the Demerged Company engaged in work related to Trading and Investment Business of the Demerged Company; and
  - (vii) all liabilities (including contingent liabilities, the Transferred Liabilities (as defined hereafter) and the inter-divisional liability which would become an inter- corporate liability related to Trading and Investment Business of the Demerged Company.
- 2.5 "Demerger" shall mean the transfer by way of demerger of the Demerged Undertaking of the Demerged Company and vesting the same into the Resulting Company;
- 2.6 "Effective Date" shall have the meaning ascribed to it in Clause 20.2;
- 2.7 "Record Date" means the date to be fixed by the Board of Directors or a Committee thereof of the Demerged Company for the purpose of determining the eligibility of the shareholders of equity shares of the Demerged Company to whom the equity shares of the Resulting Company as well as the new equity shares of the Demerged Company shall be issued and allotted in terms of Clause 15.1 and Clause 16.1 hereof respectively;
- 2.8 "Remaining Business" means all the business, assets and liabilities of the Demerged Company other than the Demerged Undertaking;



- 2.9 "Resulting Company" means Ashnisha Alloys Private Limited, a company incorporated under the provisions of the Act having its registered office at 7<sup>th</sup> Floor, Ashoka Chambers, Opposite H.C.G. Hospital, Mithakhali Six Roads, Mithakhali, Ahmedabad - 380 006, Gujarat.
- 2.10 "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Arrangement in its present form submitted to the High Court of Judicature at Gujarat or with any modification(s) made under Clause 19 of this Scheme or with such other modifications / amendments as the High Court of Judicature at Gujarat may direct;
- 2.11 "Transferred Liabilities" shall have the meaning ascribed to it in Clause 6 thereof;
- 2.12 "Valuation Report" means the valuation report of Shri Naimish K. Shah & Co., Chartered Accountants, Ahmedabad.

### 3. SHARE CAPITAL

- 3.1 The share capital of the Demerged Company as on 31<sup>st</sup> March, 2015 was as follows:

PARTICULARS	AMOUNT (RS.)
<b>Authorized Capital</b>	
<i>Equity Shares</i>	
1,90,00,000 equity shares of Rs. 10/- each	19,00,00,000
<i>Total</i>	19,00,00,000
<b>Issued, Subscribed and Paid-up Capital</b>	
<i>Equity Shares</i>	
94,33,638 Equity shares of Rs. 10/- each	9,43,36,380
<i>Total</i>	9,43,36,380

There is no change in the Share Capital of the Demerged Company since 31<sup>st</sup> March, 2015.





- 3.2 The share capital of the Resulting Company as on 31<sup>st</sup> March, 2015 was as follows:

PARTICULARS	AMOUNT (RS.)
<b>Authorized Capital</b>	
<i>Equity Shares</i>	
10,000 equity shares of Rs. 10/- each	1,00,000
<i>Total</i>	<b>1,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
<i>Equity Shares</i>	
10,000 equity shares of Rs. 10/- each	1,00,000
<i>Total</i>	<b>1,00,000</b>

## PART II - DEMERGER OF THE DEMERGED UNDERTAKING

### 4. TRANSFER OF DEMERGED UNDERTAKING

Upon the coming into effect of this Scheme but with effect from the Appointed Date the Demerged Undertaking of the Demerged Company, (including all the assets and debts, out standings, credits, liabilities, duties and obligations whatsoever relating thereto) shall, subject to the provisions of this Clause in relation to the mode of vesting and pursuant to Section 394(2) of the Act and without any further act or deed, be transferred to and vested in or be deemed to have been demerged from, transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date.

This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961.

### 5. ASSETS

- 5.1. The assets of the Demerged Undertaking of the Demerged Company shall stand transferred and vested in the Resulting Company in the following manner:-



- 5.1.1. In respect of such of the assets of the Demerged Undertaking of the Demerged Company as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery, the same shall be so transferred by the Demerged Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Resulting Company as an integral part of the Resulting Company.
- 5.1.2. In respect of such of the assets belonging to the Demerged Undertaking of the Demerged Company other than those referred to in Clause 5.1.1 above, the same shall be transferred to and vested in and be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 394 of the Act.
- 5.2. The transfer and vesting of the De-merged Undertaking of the De-Merged Company as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to De-merged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the De-merged Undertaking.

## 6. LIABILITIES

With effect from the Effective Date, all outstanding liabilities and obligations (collectively the "Transferred Liabilities") of Demerged Undertaking to the extent they are outstanding on the Effective Date shall be deemed to, without any further act or deed have been transferred to the Resulting Company and to the extent they are outstanding on the Effective Date and shall become the liabilities and obligations of the Resulting Company which shall meet, discharge and satisfy the same.

## 7. LEGAL PROCEEDINGS

7.1 From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ["Proceedings"] by or against the Demerged Company related to



the Demerged Undertaking as identified by both the parties on the Appointed Date under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company after the Effective Date, to the extent legally permissible. To the extent, such Proceedings cannot be taken over by the Resulting Company; the Proceedings shall be pursued by the Demerged Company as per the instructions of and entirely at the costs and expenses of the Resulting Company.

7.2 If the Proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 7.1 above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company

## 8. CONTRACTS, LICENSES, APPROVALS & PERMITS

8.1 With effect from the Effective Date and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking of the Demerged Company to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.

8.2 Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Demerged Undertaking of the Demerged Company with the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give effect to the above provisions. The Demerged Company will, if necessary, also





be a party to the above. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such acts for the Demerged Company or compliances referred to above on the part of the Demerged Company to be carried out or performed.

8.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that with effect from the Effective Date, all consents, permissions, licenses, certificates, authorities given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking of the Demerged Company shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company.

## 9. EMPLOYEES

In relation to the employees of the Demerged Company, with effect from the Effective Date:

9.1 All the employees of the Demerged Company who are part of the Demerged Undertaking of the Demerged Company shall stand transferred to the Resulting Company on the same terms and conditions on which they are engaged by the Demerged Company, (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits) without any interruption in service as a result of transfer of the Demerged Undertaking of the Demerged Company to the Resulting Company.

9.2 The Resulting Company agrees that the services of all such employees (as mentioned in Clause 9.a. above) with the Demerged Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Demerged Company.



9.3 The existing provident fund, superannuation fund and gratuity fund, if any, of which the aforesaid employees of the Demerged Company, being transferred under Clause 9.a. above to the Resulting Company, are members or beneficiaries along with all accumulated contributions therein till the Effective Date, shall, with the approval of the concerned authorities, be transferred to and continued without any break, to be administered by the Resulting Company for the benefit of such employees on the same terms and conditions. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said employees of the Demerged Company, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of such employees or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the funds and the investments and contributions pertaining to the concerned employees shall be transferred to the funds created by the Resulting Company.

## 10. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking of the Demerged Company as per this Scheme and the continuance of the Proceedings by or against the Resulting Company under Clause 7.2 hereof shall not affect any transaction or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts deeds and/or things done and executed by and on behalf of the Resulting Company.

## 11. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 11.1. With effect from the Appointed Date and up to and including the Effective Date, the Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking of the Demerged Company for and on account of and in trust for the Resulting Company.



- 11.2. All profits accruing to the Demerged Company or losses including tax losses, arising or incurred by the Demerged Company in relation to the Demerged Undertaking of the Demerged Company for the period commencing from the Appointed Date to the Effective Date shall, for all purposes, be treated as the profits or losses, as the case may be, of the Resulting Company.
- 11.3. The Demerged Company hereby confirm that they have, and shall continue up to the Effective Date, to preserve and carry on the Demerged Undertaking of the Demerged Company with due diligence, prudence and that it will not, without the prior consultation with the Resulting Company, alienate, charge or otherwise deal with or dispose of the Demerged Undertaking of the Demerged Company or any part thereof or recruit any new employees (in each case except in the ordinary course of business) or conclude settlements with unions or employees or undertake substantial expansion of the Demerged Undertaking of the Demerged Company, other than expansions which have already commenced prior to the Appointed Date.

## 12. REMAINING BUSINESS

The Remaining Business of the Demerged Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed respectively by the Demerged Company up to and subsequent to the coming in to effect of the Scheme.

## 13. CONVERSION OF RESULTING COMPANY IN TO A PUBLIC COMPANY

After this Scheme is approved by the Bombay Stock Exchange (BSE) and/or Securities & Exchange Board of India (SEBI) or after receiving the observations from BSE or SEBI on the Scheme under Regulation 37 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, but before coming into effect of this Scheme, the Resulting Company shall be converted in to a Public Company and the Resulting Company shall adopt a new set of the Article of Association as may be acceptable or approved by the Bombay Stock Exchange.

## 14. REORGANISATION OF SHARE CAPITAL OF THE RESULTING



## COMPANY

Upon coming into effect of this Scheme, the entire issued, subscribed and paid up share capital of Rs. 1,00,000 of the Resulting Company shall be cancelled, and shareholders holding 10,000 equity shares of Rs. 10/- each of the Resulting Company on the effective date shall not be issued or allotted any new shares by the Resulting Company or by the Demerged Company against such shares upon such cancellation.

The aforesaid cancellation of the entire paid up share capital of the Resulting Company forms an integral part of this Scheme; and under the accepted principle of single window clearances. The approval accorded by the Equity Shareholders of the Resulting Company, at the court convened meeting for approving this Scheme, shall be deemed to be the approval envisaged under the provisions of Section 100 and all other applicable provisions of the Act and no separate procedure shall be required to be followed for the said purpose. The Order of the Honorable High Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act. In view of the same, the Resulting Companies shall not be required to separately comply with Sec. 100 or any other provisions of the Act and shall not be required to add "And Reduced" after its name.

### 15. CONSIDERATION - ISSUE OF SHARES UPON DEMERGER

Upon coming into effect of this Scheme,

15.1 In consideration of the transfer of the Demerged Undertaking of the Demerged Company by the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall issue and allot 30,18,764 new Equity Shares of Rs. 10/- each to the shareholders of the Demerged Company whose names appear in the Register of Members of the Demerged Company in the ratio of 8 (Eight) new Equity Share of the





Resulting Company for every 25 (Twenty Five) Equity Shares held by them in the Demerged Company on the Record Date.

15.2 The new Equity Shares to be issued and allotted to the shareholders of the Demerged Company pursuant to Clause 15.1 shall have rights attached thereto as follows:

15.2.1 The new Equity Shares to be issued and allotted pursuant to Clause 15.1 hereof shall in all respects, rank *pari-passu* with the new Equity Shares of the Resulting Company to be allotted consequent upon reorganization of share capital of the Demerged Company pursuant to Clause 16.1 hereof;

15.2.2 The New Equity Shares to be issued and allotted in terms of Clause 15.1 hereof shall be subject to the applicable provisions of the Memorandum and Articles of Association of the Resulting Company;

15.3 No fractional certificates, entitlements or credits shall be issued or given by the Resulting Company in respect of the fractional entitlements, if any, to which the shareholders of the Demerged Company are entitled to on the issue and allotment of new equity shares by the Resulting Company in terms of Clause 15.1 of this Scheme. The Board of Directors of the Resulting Company shall instead, round off such fractional entitlement to nearest full digit, and accordingly issue new shares to the shareholders of the Demerged Company.

15.4 The new equity shares of the Resulting Company issued in terms of Clause 15.1 of this Scheme shall subject to the execution of the listing agreement, necessary compliances and payment of the appropriate fee, shall; under the provisions of Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957; be listed and/or admitted to trading on the Bombay Stock Exchange Limited







such member with the new equity shares of the Resulting Company. The physical share certificates representing the equity shares of the Demerged Company shall, automatically and irrevocably, stand cancelled upon the issue of new equity by the Resulting Company in dematerialised form.

15.7 Each of the members of the Demerged Company holding shares of the Company in dematerialised form shall have the option, exercisable by notice in writing by them to the Resulting Company on or before the Record Date, to receive, the new equity shares of the Resulting Company either in certificate form or in dematerialised form, in lieu of their existing shares in the Demerged Company in accordance with the terms hereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the shares of the Resulting Company shall be issued to such members in dematerialised form as per the records maintained by the National Securities Depository Limited and/or Central Depository Services (India) Limited on the Record Date.

#### 16. REORGANISATION OF SHARE CAPITAL OF THE DEMERGED COMPANY

16.1 Upon coming into effect of this Scheme, the issued, subscribed and paid up capital of the Demerged Company shall stand reduced from Rs. 9,43,36,380/- (divided into 94,33,638 equity shares of Rs. 10/- each) to Rs. 1,13,20,370/- (divided into 11,32,037 equity shares of Re. 10/- each) by cancelling 83,01,601 shares of Rs. 10/- each aggregating to share capital of Rs. 8,30,16,010/- held by the shareholders of the Demerged Company. Accordingly, the shareholders of the Demerged Company whose names appear on the Register of Members of the Demerged Company on the Record Date shall be issued 3 (Three) new equity shares of the Demerged Company for every 25 (Twenty Five) equity shares held by them in the Demerged Company on such date.



- 16.2 The aforesaid reduction forms an integral part of this Scheme; and under the accepted principle of single window clearances, the approval accorded by the Equity Shareholders of the Resulting Company, at the court convened meeting for approving this Scheme, shall be deemed to be the approval envisaged under the provisions of Section 100 and all other applicable provisions of the Act and no separate procedure shall be required to be followed for the said purpose. The Order of the Hon'ble High Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act. In view of the same, the Resulting Companies shall not be required to separately comply with Sec. 100 or any other provisions of the Act and shall not be required to add "And Reduced" after its name.
- 16.3 The new Equity Shares to be issued and allotted to the shareholders of the Demerged Company pursuant to Clause 16.1 shall have rights attached thereto as follows:
- 16.3.1 The new Equity Shares to be issued and allotted pursuant to Clause 16.1 hereof shall have the same rights as are attached to the existing Equity Shares of the Demerged Company in all respects, and shall rank *pari-passu* with the Equity Shares to be issued and allotted by the Resulting Company to the shareholders of the Demerged Company under Clause 15.1 hereof;
- 16.3.2 The New Equity Shares to be issued and allotted in terms of Clause 16.1 hereof shall be subject to the applicable provisions of the Memorandum and Articles of Association of the Demerged Company;
- 16.4 No fractional certificates, entitlements or credits shall be issued or given by the Demerged Company in respect of the fractional entitlements, if any, to which the shareholders of the Demerged



Company are entitled to on the issue and allotment of new equity shares by the Demerged Company in terms of Clause 16.1 of this Scheme. The Board of Directors of the Demerged Company shall instead, round off such fractional entitlement to nearest full digit, and accordingly issue new shares to the shareholders of the Demerged Company.

16.5 The new equity shares of the Demerged Company issued and allotted in terms of Clause 16.1 shall subject to the execution of the listing agreement, necessary compliances and payment of the appropriate fee, shall be listed and/or admitted to trading on the Bombay Stock Exchange Limited where the shares of the Demerged Company are listed and/or admitted to trading. The Demerged Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchange.

16.6 The New Equity Shares allotted by the Demerged Company pursuant to Clause 16.1 of this Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchange and to the extent required shall be subject to such Lock in period as may be prescribed by the designated stock exchange .

16.7 In so far as the issue of new equity shares by the Demerged Company pursuant to Clause 16.1 hereof is concerned, each of the shareholders of the Demerged Company holding shares in physical form shall have the option, exercisable by notice in writing, along with original physical shares certificate, by them to the Demerged Company on or before the Record Date, to receive, the new equity shares of the Demerged Company either in certificate form or in dematerialised form, in lieu of their existing shares in the Demerged Company in accordance with the terms hereof. In the event that such notice has not been





received by the Demerged Company in respect of any of the shareholders of the Demerged Company, the shares of the Demerged Company shall be issued to such members in physical form on surrender of original Physical Share Certificates. Those of the shareholders of the Demerged Company who exercise the option to receive the shares in dematerialised form shall be required to have an account with a depository participant and shall provide full details thereof and such other confirmations as may be required in the notice provided by such non promoter shareholder to the Demerged Company. It is only thereupon that the Demerged Company shall issue and directly credit the demat/dematerialised securities account of such shareholders with the new equity shares of the Demerged Company. The existing physical share certificates representing the equity shares of the Demerged Company shall, automatically and irrevocably, stand cancelled upon the issue of new equity by the Demerged Company in dematerialised form.

16.8 Each of the shareholders of the Demerged Company holding shares of the Company in dematerialised form shall have the option, exercisable by notice in writing by them to the Demerged Company on or before the Record Date, to receive, the new equity shares of the Demerged Company either in certificate form or in dematerialised form, in lieu of their existing shares in the Demerged Company in accordance with the terms hereof. In the event that such notice has not been received by the Demerged Company in respect of any of the shareholders of the Demerged Company, the new shares of the Demerged Company shall be issued to such shareholders in dematerialised form as per the records maintained by the National Securities Depository Limited and/or Central Depository Services (India) Limited on the Record Date.

## 17. ACCOUNTING TREATMENT



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- 17.1. Upon demerger and transfer of the Demerged Undertaking of the Demerged Company and vesting the same into the Resulting Company pursuant to this Scheme, the following accounting treatment shall be given in the books of the Resulting Company:
- 17.1.1 The Resulting Company shall debit a sum of Rs. 1,00,000/- to Share Capital Account being the cancellation of its entire paid up share capital consequent upon reorganization of its share capital pursuant to Clause 14 of this Scheme; and credit an equivalent amount to Securities Premium Account.
- 17.1.2 The Resulting Company shall record the assets of the Demerged Undertaking of the Demerged Company 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 the business of the day immediately preceding the Appointed Date.
- 17.1.3 The Resulting Company shall record the liabilities of the Demerged Undertaking of the Demerged Company 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 the business of the day immediately preceding the Appointed Date.
- 17.1.4 The Resulting Company shall credit a sum of Rs. 3,01,87,640 /- to Share Capital Account towards the Equity Shares allotted by the Resulting Company to the shareholders of the Demerged Company in terms of Clause 15.1 of this Scheme.
- 17.1.5 The difference between (i) the amount credited to share capital as per clause 17.1.4 hereinabove and (ii) the excess of the value of the assets as provided in clause 17.1.2 hereinabove over the value of liabilities as provided in clause 17.1.3 hereinabove, shall be debited by the Resulting Company to Securities Premium Account.

17.2 Upon demerger and transfer of the Demerged Undertaking of



the Demerged Company and vesting the same into the Resulting Company and upon re-organisation of the share capital of the Demerged Company pursuant to the Scheme, the following accounting treatment shall be given in the books of the Demerged Company:

17.2.1 The Demerged Company shall exclude the value of assets and liabilities of the Demerged Undertaking transferred and vested into the Resulting Company pursuant to this Scheme at their respective book values as appearing in the books of the Demerged Company at the close of the business of the day immediately preceding the Appointed Date.

17.2.2 The Demerged Company shall debit Rs. 8,30,16,010/- to its Share Capital Account being the aggregate face value of the Equity Shares to be reduced by the Demerged Company pursuant to Clause 16.1 of this Scheme.

17.2.3 The difference between (i) The amount debited to Share Capital Account in accordance with Clause 17.2.2 hereinabove and (ii) the assets over the liabilities of the Demerged Undertaking of the Demerged Company as per Clause 17.2.1 hereinabove shall be credited to Securities Premium Account.

17.3 The transfer of the assets and liabilities of the Demerged Undertaking of the Demerged Company pursuant to this Scheme shall be accounted for in accordance with the Accounting Standard AS - 14 and other applicable accounting standards prescribed under the Act and as per the generally accepted accounting practices.

## 18 APPLICATIONS TO THE HIGH COURT

The Demerged Company and the Resulting Company shall, with all reasonable dispatch, make applications to the High Court of Judicature at Gujarat, under whose jurisdiction the registered offices of these companies are situated, for sanctioning this Scheme under Sections 391 to 394 of the Act for an order or orders thereof for carrying this Scheme into effect.

## 19 MODIFICATIONS/AMENDMENTS TO THE SCHEME



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- 19.1 Notwithstanding anything to the contrary contained in this Scheme, the Demerged Company and the Resulting Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications / amendments (i) to the Scheme (including but not limited to the terms and conditions thereof) or (ii) to any conditions or limitations that the court or any other authority may deem fit to direct or impose; or (iii) which may otherwise be considered necessary, desirable or appropriate by them.
- 19.2 The Demerged Company and the Resulting Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- 19.3 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate of the Resulting Company may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

## 20 SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

20.1 The Scheme is conditional upon and subject to:

20.1.1 Approval of the Scheme by the requisite majority of the respective members and such class of persons of the Demerged Company and the Resulting Company as may be directed by the Hon'ble High Court of Judicature at Gujarat;

20.1.2 Sanctions and Orders under the provisions of Sections 391 to 394 of the Act being obtained by the Demerged Company and the Resulting Company from the Hon'ble High Court of Judicature at Gujarat;



- 20.1.3 All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.
- 20.2 This Scheme, although to come into operation with effect from the Appointed Date, shall not become effective until the last of the following dates, namely:
- 20.2.1 That on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in Clause 20.1 shall be obtained or passed; or
- 20.2.2 That on which all necessary certified copies of orders under Sections 391 to 394 of the Act shall be duly filed with the appropriate Registrar of Companies.

The last of such dates shall be the "Effective Date" for the purpose of this Scheme.

## 21 COSTS

All costs, charges and expenses including stamp duty and registration fee of any, document, instrument or Court's order including this Scheme or in relation to or in connection with negotiations leading up to the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme shall be borne and paid by the Resulting Company.

## 22 REVOCATION OF THE SCHEME

In the event of any of the said sanctions and approvals referred to in Clause 20 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Hon'ble High Court of Judicature at Gujarat and/or order or orders not being passed as aforesaid before 31<sup>st</sup> March, 2017 or such other date as may be mutually agreed upon by the respective Boards of Directors of the Demerged Company and the Resulting Company who are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* between the Demerged Company and the Resulting Company or their





respective shareholders or creditors or employees or any other person 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. Further, the Boards of Directors of the Demerged Company and the Resulting Company shall be entitled to revoke, cancel and declare the Scheme of no effect if such boards are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/any of the companies.

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*Shalin A. Shah*  
