

5

**COMPOSITE SCHEME OF ARRANGEMENT
IN THE NATURE OF DE-MERGER AND TRANSFER OF
DE-MERGED UNDERTAKING
AND
CONSEQUENTIAL RESTRUCTURE OF SHARE CAPITAL
BETWEEN
ARVIND LIMITED
AND
ARVIND INFRASTRUCTURE LIMITED
AND THEIR RESPECTIVE MEMBERS AND CREDITORS
UNDER SECTIONS 391 TO 394 READ WITH
SECTIONS 78 AND 100 TO 103
OF THE COMPANIES ACT, 1956**

This Scheme of Arrangement provides for the demerger of the De-merged Undertaking viz. Real Estate Undertaking (as defined hereinafter) of Arvind Limited, Public Limited Company incorporated under The Indian Companies Act, 1913 as a going concern into Arvind Infrastructure Limited, incorporated under the Companies Act, 1956, a Wholly Owned Subsidiary Company of Arvind Limited, as well as the Restructure of Share Capital of both the companies pursuant to the provisions of Sections 391 to 394 read with Sections 78 and 100 to 103 and other relevant provisions of the Companies Act, 1956.

PREAMBLE

A. Description of Companies:

1. "The Demerged Company or Transferor Company":-

Arvind Limited, is a flagship company of the Lalbhai Group, engaged in the business spanning across entire value chain of textiles. The shares of the company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. It was originally incorporated for manufacturing and marketing of



textile products. However, it has grown and diversified in several distinct business activities through different undertakings, broadly in four categories namely:

- (1) Textile Business Division related to activities of Denim Manufacturing, Yarn Manufacturing, Apparels, Marketing through EBO stores etc.
- (2) Engineering Business Division related to activities of water, waste water and solid waste management, and turnkey projects ("Other Manufacturing Management Business");
- (3) Investment Business Undertaking related to Textile Business and Investments in Joint Ventures related to Textile Business and Investment in Engineering Business division (Textile and Engineering Infrastructure Undertaking) and
- (4) Real Estate Undertaking- Infrastructure and Construction business that includes investments in shares and other securities of Real Estate division and , Land, other movable and immoveable properties, inventories, receivables, Loans and advances and liabilities of the Real Estate division ("**Real Estate Undertaking**").

The above business activities are either carried out by Transferor Company directly and / or through Transferor Company's subsidiaries.

2. "The Resulting Company or Transferee Company" :-

Arvind Infrastructure Limited is an unlisted company incorporated under the Companies Act, 1956. It is currently a wholly owned subsidiary of the Transferor Company and is carrying on the business of Real Estate Development, Construction and Infrastructure activities .



7

B. Rationale for the Scheme of Arrangement:

It has been realised by the Board of Directors of the De-merged/ Transferor Company that the Company has several commercial activities distinct and diverse from each other. In order to ensure sustainable long term growth, profitability, market share and continuous customer service it requires focussed management attention, different set of skill and resources to meet competitive, regulatory environment and to mitigate risk. . With this objective in mind, it is proposed to transfer and vest the Real Estate Undertaking in the Resulting/Transferee Company. It is envisaged that the said proposal shall be in the larger interest of the shareholders, creditors and employees of the Transferor Company and help to achieve effective future growth of the Transferee Company. It is further envisaged to bring specific benefits as follows:

- the demerger will enable Transferor Company to focus and enhance its residue core business operations by streamlining operations and cutting costs; ensure better and more efficient management control.
- the demerger will enable investors to separately hold investments which best suit their investment strategies and risk profiles; and
- As the activities of De-merged Undertaking and that of the Transferor Company are interrelated in nature, de-merger shall help to reorganise the De-merged Undertaking by consolidation and integration of its' operations with the activities of the Transferee Company as a part of group restructuring.
- The Transferee Company would have a larger net worth base, and greater borrowing capacity, which would provide it a competitive edge over others, especially in view of the increasing competition.

With the aforesaid objectives, it is proposed to demerge the Real Estate Undertaking of the Transferor Company to the Transferee Company.



C. Operation of the Scheme:

- (a) Real Estate Undertaking of the de-merged company is proposed to be demerged, pursuant to the applicable provisions of the Companies Act, 1956, and/or any other applicable laws and be transferred to the Transferee Company for achieving the above mentioned objectives
- (b) The Transferor Company will continue its interests in the Remaining Undertaking as is presently being carried out but with greater focus, to the growth opportunities, and the regulatory requirements, risks, etc. specific to its business.
- (c) The Transferee Company shall issue and allot shares to all the shareholders of the De-merged Company as consideration for the transfer of the said undertaking in proportion to their shareholding in Transferor Company so as to result in the mirror image of the existing shareholding pattern. As a consequence, the Transferee Company shall cease to be a Wholly Owned Subsidiary of the Transferor Company.
- (d) Various other matters consequential or otherwise integrally connected herewith, including the reorganization of the capital in form of the utilization of Securities Premium Account of the Transferor Company and cancellation of the existing share capital of the Transferee Company shall form integral part of the scheme.
- (e) The demerger of the Real Estate Undertaking in accordance with this Scheme shall take effect from the Appointed Date and shall be in accordance with Section 2(19AA) of the Income Tax Act, 1961.
- (f) The scheme shall be in compliance with the applicable SEBI guidelines including particularly the recent circulars being CIR/CFD/DIL/5/2013 dated February 4, 2013 and Circular CIR/CFD/DIL/8/2013 dated May 21, 2013; and other applicable provisions of RBI guidelines as well as FEMA regulations.



D. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

1. PART A which deals with definitions & share capital.
2. PART B which deals with demerger of Real Estate Undertaking of the Transferor Company to the Transferee Company.
3. PART C which deals with Restructure of Share Capital in form of Utilisation of Securities Premium Account of the Transferor Company and Restructure of Share Capital in form of Utilisation of Securities Premium Account and the cancellation of existing share capital of the Transferee Company.
4. PART D which deals with General terms and conditions.

PART- A

1. DEFINITIONS:

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meaning given hereunder: -

- (a) "**Act**" means the Companies Act, 1956 as may be applicable, including any statutory modifications, re-enactments or amendments thereof and shall include the relevant and corresponding sections under Companies Act, 2013, as and when the same are made applicable before the effective date of the Scheme.
- (b) "**Appointed Date**" means 1st April 2015 or such other date as may be approved by the High Court of Gujarat at Ahmedabad.
- (c) "**Applicable Laws**" means any statute, notification, bye-laws, rules, regulations, guidelines, Common law, policy code, directives, ordinance, schemes, notices, orders or instructions, laws enacted or issued or sanctioned by any appropriate authority in India including any modifications or re-enactment thereof for the time being in force.



- 10
- (d) **"Court" or "High Court"**, means Hon'ble High Court of Gujarat at Ahmedabad, as applicable, and shall include the National Company Law Tribunal, if applicable in case of Transferee Company.
- (e) **"De-merged Company" or "Transferor Company"** means Arvind Limited incorporated under the Indian Companies Act, 1913 and having its Registered Office at Naroda Road, Ahmedabad, 380025 in the state of Gujarat.
- (f) **"Real Estate Undertaking or Demerged Undertaking"** shall mean Real Estate Undertaking of the Transferor Company and shall include;
- a) All the assets and properties as on the Appointed Date (hereinafter referred to as "the said assets") pertaining to the Real Estate Undertaking;
 - b) All the debts, liabilities, duties and obligations including contingent liabilities pertaining to the Real Estate Undertaking;
 - c) Without prejudice to the generality of above, the Real Estate Undertaking shall include rights over land, buildings, the movable properties covering plant and machinery if any, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance, bills of exchange, letter of intents, loans and advances, investments but other than those forming part of Remaining Undertaking, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may



11

be required, goodwill, other intangibles, permits, authorizations, trademarks, trade names, labels, brands, patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including labels, designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc., unutilized deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilized deposits or credits, benefits of any unutilized MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Real Estate Undertaking.

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Real Estate Undertaking or whether it arises out of the activities or operations of Real Estate Undertaking shall be decided by mutual agreement



12

between the Board of Directors of Transferor Company and Transferee Company .

- (g) **"Effective Date"** means the last of the dates on which the sanctions / approvals or orders as specified in Clause No. 19 of this Scheme has been obtained and / or filed by the Transferor Company and the Transferee Company with the Registrar of Companies, Gujarat and other Governmental Authorities.
- (h) **"Governmental Authority"** means any applicable Central, State or local Government, statutory, regulatory, departmental or public body or authority of relevant jurisdiction, legislative body or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof including Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies, Regional Directors, Foreign Investment Promotion Board , Reserve Bank of India, or arbitration or arbitral body having jurisdiction, Courts and other government and India in each case.
- (i) **"Remaining Undertaking"** means all the businesses and activities of the Transferor Company other than the De-merged Undertaking.
- (j) **"Scheme"** means this Composite Scheme of Arrangement in the nature of De-merger and Restructure of Share Capital in its present form including any modifications or amendments thereto, approved or imposed or directed by the Hon'ble High Court of Gujarat at Ahmedabad or any other Governmental Authority and High Court and with all the Schedules appended thereto.
- (k) **"Resulting Company" or "Transferee Company"** means Arvind Infrastructure Limited, a company incorporated under the



Companies Act, 1956, having its registered office at Naroda Road, Ahmedabad - 380025 in the state of Gujarat.

- (l) **“Record Date”** means the date that Board of Directors of the Transferor and the Transferee Company shall determine which shall be later than the Effective Date, for issue and allotment of shares by the Transferee Company to the members of the Transferor Company.
- (m) **“Stock Options Scheme”** means the Arvind Stock Option plan of the Demerged Company which was approved by Shareholders of the Demerged Company vide a Special resolution dated 23.10.2007.

All terms and words 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 Companies Act, 1956, and other applicable laws, rules, regulations, bye-laws as the case may be or any statutory modifications or re-enactment thereof from time to time.

2. SHARE CAPITAL

- A. The Share Capital of the Transferor Company as per the audited Balance Sheet as on March 31, 2014 is as under:

Authorised	Amount Rs. In crores
56,50,00,000 Equity Shares of Rs.10/- each	565.00
1,00,00,000 10% Preference Shares of Rs. 100/- each	100.00
Total	665.00
Issued Subscribed & Paid Up	
25,81,77,289 Equity Shares of Rs.10/- each fully paid up	258.17
Total	258.17



Subsequent to the aforesaid date, Transferor Company has issued and allotted 33,340 equity shares of Rs.10/- each and hence Issued and Subscribed Capital has increased to 25,82,09,729 equity shares of Rs.10/- each.

B. The Share Capital of the Transferee Company as per the Audited Balance Sheet as on March 31, 2014 is as under:

Authorised Share Capital:	Amount Rs. in Crores
1,50,00,000 Shares of Rs.10/-each	15.00
Total	15.00

Issued, Subscribed & Paid-up Share Capital: Amount Rs. in Crores

1,00,50,000 Equity Shares of Rs. 10/- each	10.05
Total	10.05

Subsequent to the aforesaid date, both Authorised Share Capital as well as the Issued, Subscribed and Paid up share capital of the Company has undergone several changes viz. sub-division of Equity shares from 1 (One) share of Rs. 10/- to 10 shares of Re. 1/- each, Increase of Authorised Capital etc. Hence the Capital structure as on date stands as under:

Authorised Share Capital:	Amount Rs. in Crores
27,00,00,000 Equity Shares of Re.1/-each	27.00
Total	27.00

Issued, Subscribed & Paid-up Share Capital: Amount Rs. in Crores

10,05,00,000 Equity Shares of Re. 1/- each	10.05
Total	10.05



The Transferor Company presently holds 100% of the Issued, Subscribed and Paid Up Equity capital of the Transferee Company, and hence the Transferee Company is the Wholly Owned Subsidiary of the Transferor Company

PART-B

3. DEMERGER, TRANSFER AND VESTING OF DE-MERGED UNDERTAKING:

- (a) On and with effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws and in relation to the mode of transfer and vesting, the De-merged Undertaking of the Transferor Company shall without any further act, instrument or deed, be and the same shall stand transferred to and / or vested in or be deemed to have been and stand transferred to or vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, rights, authorizations, titles and interests and authorities including accretions and appurtenances thereto such as dividends, or other benefits receivable, that of the Transferee Company.

- (b) With effect from the Appointed Date, and subject to the provisions of this Scheme, all the Liabilities (including the contingent liabilities) of the said De-merged Undertaking of the Transferor Company shall stand transferred or deemed to have been transferred without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws so as to become as and from the Appointed Date, the debts, liabilities (including contingent liabilities), duties and obligations of the Transferee Company



and further that it shall not be necessary to obtain consent of any third party or other person who is a party to the contract or arrangements by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.

- (c) With effect from the Appointed Date, and subject to the provisions of this Scheme, all the Assets (both the tangible and the intangible assets) of the said De-merged Undertaking of the Transferor Company shall stand transferred or deemed to have been transferred without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws so as to become as and from the Appointed Date, the assets of the Transferee Company.
- (d) With effect from the Appointed date, all taxes paid, taxes refund due or receivable, carried forward losses, depreciation, capital losses, pending balances of amortizations etc. including application for rectification, appeals filed with tax authorities of the De-merged Undertaking of the Transferor Company shall also, pursuant to Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company, so as to become as from the Appointed Date the direct taxes paid, direct taxes refund due or receivable, (whether as per Books or as per Income Tax) of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person, in order to give effect to the provision of this Sub-Clause.



- (e) All the employees of the De-merged Undertaking shall, without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and the Applicable Laws, become as and from the Appointed Date, the employees of the Transferee Company and further that it shall not be necessary to obtain consent of any person, in order to give effect to the provisions of this Clause.

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

- (g) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, approvals, certificates, clearances, authorities, leases, tenancy, assignments, allotments, powers of attorney given by, claims,



powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and tenancies, and other intangible rights, hire purchase contracts and assets, lending contracts, employment contracts, distribution contracts, clearing and forwarding agency contracts, benefit of any security arrangements, reversions, permits, quotas, entitlements, registrations, licences (industrial or otherwise), registrations under the applicable laws, municipal/local permissions, etc. issued to or executed in favour of the Transferor Company shall stand transferred to the extent it relates to and pertains to the De-merged Undertaking, to the Transferee Company in which the De-merged Undertaking shall vest by way of the demerger hereunder, 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 make applications to and obtain relevant approvals, etc. from the concerned authorities and / or parties as may be necessary in this behalf and the Transferor Company shall cooperate and provide the required support wherever required.

- (h) It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the De-merged Undertaking, which the Transferor Company owns or to which the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason



whatsoever, the Transferor Company shall hold such assets etc. in trust for the benefit of the Transferee Company to which the De-merged Undertaking is being transferred in terms of this Scheme, in so far as it is permissible so to do, till such time as the transfer is effected and till such time the Transferee Company shall be entitled to utilise, operate, avail the same for the De-merged Undertaking's activities without any consideration.

(i) Where any of the debts, liabilities (including contingent liabilities), loans raised and used, liabilities and obligations incurred, duties and obligations of De-merged Undertaking of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by De-merged Undertaking of the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

(j) All loans raised and used and all liabilities and obligations incurred by the Transferor Company for the operations of De-merged Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company in which the De-merged Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.



- (k) Without prejudice to clause (a) above, it is expressly provided that in respect of such assets belonging to and specific to the De-merged Undertaking of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company, and shall become the property of the Transferee Company in pursuance of the provisions of Section 394 and other applicable provisions of the said Act.
- (l) The demerger and the transfer and vesting of the assets comprised in the De-merged Undertaking to and in the Resulting Company under this clause shall be subject to the mortgages and charges, if any.
- (m) The Transferee Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the High Court of Gujarat, Ahmedabad, having sanctioned the Scheme, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Transferee Company to recover or realise the same is in substitution of the right of the Transferor Company.
- (n) Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, the Transferor Company and the Transferee Company shall execute such instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and / or modification(s) of charge, with the relevant regulatory authority and Governmental Authorities to give formal effect to the above provisions, if required.



- (o) Upon the coming into effect of this Scheme, the Transferor Company alone shall be liable to perform all obligations in respect of the liabilities as on the Appointed Date, which have not been transferred to Transferee Company in terms of the Scheme, and the Transferor Company alone shall have all obligations in respect of such liabilities, and the Transferor Company shall indemnify the Transferee Company in relation to any claim, at any time, against the Transferee Company in respect of the liabilities which have been retained by the Transferor Company.

- (p) Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities (including contingent liabilities) from the Appointed Date, which have been incurred by the Transferor Company for and on behalf of the Transferee Company and in relation to the De-merged Undertaking in terms of the Scheme, and the Transferor Company shall not have any obligation in respect of such liabilities and the Transferee Company shall indemnify the Transferor Company in relation to any claim, at any time, against the Transferor Company in respect of such liabilities.

- (q) It is expressly provided that no other term or condition of the liabilities not transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

- (r) Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the clause 3 shall operate, 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 stand modified and / or superseded by the foregoing provisions with effect from the Appointed Date or such other date as is specified herein above, as the case may be.

4. CONTRACTS, DEEDS AND OTHER INSTRUMENTS:

Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature in relation to the De-merged Undertaking to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall continue in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which the Transferor Company will, if necessary, also be a party in order to give formal effect to this clause, if so required or become necessary.

5. LEGAL PROCEEDINGS:

(a) Upon coming into effect of this Scheme, all suits, claims, actions and/or proceedings by or against the Transferor Company, pertaining to the De-merged Undertaking of the Transferor Company, arising after the Appointed Date but before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising by or against the Transferee Company.



(b) The Transferee Company will undertake to have all legal, judicial or other proceedings initiated and /or to be initiated after the Effective Date by or against the De-merged Undertaking of the Transferor Company referred to in sub-clause (a) above transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferor Company and the Transferee Company shall make relevant applications in that behalf and the Transferor Company and the Transferee Company shall co-operate with each other in respect of any such legal and other proceedings.

(c) Upon coming into effect of this Scheme, all suits, claims, actions and/or proceedings by or against the De-merged Undertaking of the Transferor Company pending on or pertaining to the period prior to the Appointed Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising by or against the Transferee Company.

6. OPERATIVE DATE OF THE SCHEME:

This Scheme though effective from the Appointed Date shall be operative from the Effective Date.

7. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY AND TRANSFEE COMPANY TILL EFFECTIVE DATE:

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

(a) The Transferor Company shall carry on and shall be deemed to have carried on all the business and activities of the De-merged Undertaking as hitherto and shall be deemed to have held and stood possessed of the undertaking on account of, and for the benefit of and in trust for the Transferee Company.



- (b) All the profits or income accruing or arising to the De-merged Undertaking of the Transferor Company or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by the De-merged Undertaking of the Transferor Company shall, for all purposes be treated and be deemed to be accrued as the profits or income or incurred as the expenditure or losses or taxes of the Transferee Company, as the case may be.
- (c) The Transferor Company shall carry on its business and activities of the De-merged Undertaking with reasonable diligence and business prudence.
- (d) The Transferor Company shall not vary the terms and conditions and employment of permanent employees of the De-merged Undertaking except in the ordinary course of business or with prior written approval of the Transferee Company.
- (e) The Transferor Company shall not, without prior written consent of the Transferee Company, take any major policy decisions in respect of management of the De-merged Undertaking except in the ordinary course of business.
- (f) The Transferor Company and the Transferee Company shall co-operate with each other for smooth transfer of the De-merged Undertaking from the Transferor Company to the Transferee Company and any director of the Transferor Company and any director of the Transferee Company shall be empowered to give effect to the scheme in all aspects as may be necessary or expedient including settling any question or difficulties arising in relation to the Scheme in such manner as they deem fit to attain the objectives of this Scheme and their decision in this regard shall be final and binding.



It is hereby agreed and clarified that whenever under this Scheme, the approval of the Transferor Company is required to be obtained, it shall be the approval of any one of the directors of the Transferor Company and whenever under this Scheme, the approval of the Transferee Company is required to be obtained, it shall be the approval of any one of the directors of the Transferee Company.

8. CONSIDERATION BY THE TRANSFEE COMPANY:

8.1 Upon this Scheme becoming effective, Resulting/ Transferee Company shall without any further application or deed, issue and allot Shares at par, credited as fully paid-up, to the extent indicated below to the shareholders of Transferor Company, holding shares in Transferor Company and whose name appear in the Register of Members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the respective Board of Directors in the following proportion:

1 (One) fully paid up Equity Share of Re. 10/- each of Resulting Company shall be issued and allotted for every 10 (Ten) fully paid up Equity Shares of Rs. 10/- each held in Transferor Company.

The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank pari passu in all respects with the then existing equity shares of the Resulting Company.

8.2 No fractional certificate(s) shall be issued by the Resulting Company in respect of any fractions which the members of the Demerged Company may be entitled to on issue and allotment of the new equity shares as aforesaid by the Company. The Board of Directors of the Resulting Company shall instead,



consolidate all such fractional entitlements and allot new equity shares in lieu thereof to a Director or an officer of the Resulting Company or such other person(s) as the Board of Directors of the Resulting Company shall appoint in this regard who shall hold the new equity shares in trust on behalf of the members entitled to such fractional entitlements with express understanding that such director or officer or person(s) shall sell the same in market at such time(s) (not later than 6 months upon coming into effect of this Scheme) at such price(s) and to such person(s) as it/ he/ they may deem fit, and pay to the Resulting Company the net sale proceeds thereof. Thereupon the Resulting Company shall distribute the net sale proceeds, after deduction of applicable taxes/ duties/ levies, if any, to the members entitled in proportion to their respective fractional entitlements. In case the number of such shares to be allotted to the Director/officer by virtue of consolidation of fractional entitlements is a fraction, one additional equity share will be issued in the Resulting Company to such Director/officer.

8.3 Shares to be issued by Resulting Company pursuant to Clause 8.1 in respect of any equity shares held by shareholder of Transferor Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by Resulting Company.

8.4 In so far as the issue of equity shares pursuant to Clause 8.1 is concerned, the same shall be issued and allotted in dematerialized form to those equity shareholders who hold equity shares in Transferor Company in dematerialized form, in to the account with the Depository Participant in which the



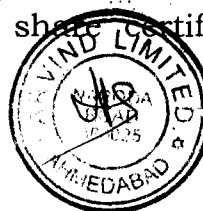
equity shares of Transferor Company are held or such other account with the Depository Participant as is intimated by the equity shareholders to Resulting Company before the Record Date. All those equity shareholders of Transferor Company who hold equity shares of Transferor Company in physical form shall also have the option to receive the shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Resulting Company before the Record Date. In the event that Resulting Company has received notice from any equity shareholder of Transferor Company that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her/its account with a Depository Participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of Resulting Company, then Resulting Company shall issue equity shares of Resulting Company, in accordance with the Transferor Company Share Entitlement Ratio, as the case may be, in physical form to such equity Shareholder.

- 8.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Transferor Company, the board of directors or any committee thereof of Transferor Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in Transferor Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transfer of the share in Transferor Company and in relation to the shares issued by Resulting Company after the effectiveness of this Scheme. The board of directors of Transferor Company and Resulting



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

- 8.6 The Resulting/Transferee Company shall endeavor to ensure that the equity shares issued by it in terms of Clause 8.1 of this Scheme, subject to applicable regulations, and subject to requisite compliances be listed and admitted to trading on the National Stock Exchange and Bombay Stock Exchange, where the equity shares of Transferor Company are listed and are admitted to trading. The shares allotted by the Transferee Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the National Stock Exchange and Bombay Stock Exchange.
- 8.7 Approval of this Scheme by the shareholders of Resulting Company shall be deemed to be the due compliance of the provisions of Section 81(1A) of the Companies Act, 1956 or Section 62 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Resulting Company to the equity shareholders of Transferor Company, as provided in this Scheme.
- 8.8 Upon Scheme being effective and upon the issuance and allotment of the equity shares by the Transferee Company in accordance with the Clause 8.1, the existing issued and paid up equity share capital of the Transferee Company, comprising of 10,05,00,000 equity shares of Re. 1/- each, aggregating to Rs.10,05,00,000/, as held by the de-merged company and its nominees shall be cancelled. The shares certificates held by



nominees shall be cancelled. The share certificates held by Transferor Company and its nominees representing the equity shares in the Transferee Company shall be deemed to be cancelled and non-est and not tradable from and after such cancellation. This will result in reduction of share capital (as provided in detail in clause 14 herein below).

8.9 The Resulting Company shall, if and to the extent required to, apply for and obtain any approvals from the concerned regulatory authorities including the Reserve Bank of India, for the issue and allotment of new equity shares by the Resulting Company to the equity shareholders of the Transferor Company. The Resulting Company shall comply with the relevant and applicable rules and regulations including provisions of FEMA to enable it to issue shares pursuant to this Scheme.

9. ACCOUNTING TREATMENT

(A) Accounting treatment in the books of the De-merged/Transferor Company:

9.1 Upon scheme being effective, the respective book values of the assets and liabilities of the de-merged undertaking shall be adjusted in the books of accounts of the de-merged company in compliance with the applicable Accounting standards.

9.2 Upon the scheme being effective, the difference between the book value of assets and liabilities of the De-merged Undertaking, transferred pursuant to the Scheme shall be adjusted in the books of Transferor Company against its Securities Premium Account as provided in detail in clause 14 hereinbelow.



9.3 Upon the scheme being effective and upon cancellation of shares held by the De-merged Company in the Resulting/Transferee Company, such amount of investment by the Transferor Company in the cancelled share capital of Transferee Company shall be written off as provided in clause 14 hereinbelow.

(B) Accounting treatment in the Books of the Resulting/Transferee Company:

- 9.4 Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Transferee Company shall record the assets and liabilities transferred to and vested in them pursuant to this Scheme, at the book values of the respective assets and liabilities as recorded in the books of account of the Transferor Company as on the Appointed Date. The same shall be in compliance with the applicable Accounting standards. The Transferee Company may also decide to record the assets and liabilities transferred to and vested in them at fair value if advised by the Auditors and if it is in compliance with applicable accounting standards.
- 9.5 The Transferee Company shall credit its Share Capital Account with the aggregate face value of the equity shares issued to the shareholders of Transferor Company pursuant to Clause 8.1 of this Scheme.
- 9.6 Upon Scheme being effective, and upon the issue and allotment of the new shares of the Transferee Company to the shareholders of the De-merged Company, the existing shares of the Transferee Company as held by the De-merged Company and its nominees shall stand cancelled simultaneously (as provided vide clause 14 herein below).



9.7 The amount of difference in the net value of assets transferred pursuant to the Scheme and the amount of consideration as issued pursuant to clause 8.1 of the Scheme, netted by existing share capital cancelled in terms of clause 9.6 hereinabove of the scheme, shall be adjusted against Securities Premium account.

10. EMPLOYEES:

10.1 On the Scheme taking effect as aforesaid, all employees of the Transferor Company, engaged in or in relation to the Real Estate Undertaking shall be engaged by the Transferee Company, without any interruption of service and on such terms and conditions, as are no less favourable than those on which they are currently engaged by Transferor Company.

10.2 With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of Transferor Company, the Transferee Company shall, upon this Scheme becoming effective and with effect from the Appointed Date, stand substituted for Transferor Company for all purposes whatsoever, including with regard to the obligation to make contributions to the said funds and schemes, in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by Transferor Company for such employees of the Real Estate Undertaking shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity



fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by the Transferee Company to the existing funds maintained by Transferor Company.

10.3 The Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to the permanent employees engaged in or in relation to the Real Estate Undertaking, the past services of such employees with Transferor Company shall also be taken into account and agrees and undertakes to pay the same as and when payable.

11. SAVING OF CONCLUDED TRANSACTIONS:-

The transfer of the De-merged Undertaking above and the continuance of proceedings by or against the Transferor Company pertaining to De-merged Undertaking or the Transferee Company above shall not affect any transaction or proceedings already concluded in Transferor Company, in relation to the De-merged Undertaking on or after the Appointed Date till the Effective Date, if any, to the end and intent that the Transferee Company accept and adopt all acts, deeds and things done and executed by Transferor Company, in relation to the De-merged Undertaking in respect thereto as done and executed on their behalf.

12. TAX CREDIT/DUTIES/CESS ETC.

If the Transferor Company is entitled to any benefits under Incentive Schemes and Policies relating to the De-merged Undertaking, it is declared that the benefits under all such



Incentive Schemes and Policies shall be transferred to and vested in the Transferee Company.

Upon this Scheme being effective, both the Transferor Company and the Transferee Company, if required, are expressly permitted to revise and file their respective income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

13. REMAINING UNDERTAKING:

The Remaining Undertaking of the De-merged/ Transferor Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company.

PART - C

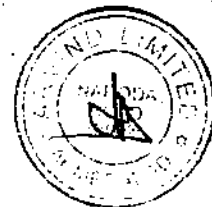
14. RESTRUCTURE OF SHARE CAPITAL

A. RESTRUCTURE OF SHARE CAPITAL OF THE DE-MERGED /TRANSFEROR COMPANY

14.1 Upon the scheme being effective, the amount of difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be adjusted against the Securities Premium Account, as envisaged vide clause 9.2 hereinabove.



- 14.2 Upon the scheme being effective, and upon the issue of shares by the Transferee Company to the shareholders of the De-merged/Transferor Company, and upon cancellation of the shares of the Transferee Company as held by the De-merged Company, the amount of such investment in the books of the de-merged company shall be written off against the Securities Premium Account, as envisaged vide clause 9.3 hereinabove.
- 14.3 The above referred adjustment against the Securities Premium Account of the De-merged Company shall not exceed Rs.100.05 Crores save and except an adjustment as may be required to be made due to any increase or decrease in the net assets value of Demerged Undertaking to be transferred on Appointed Date. This restructure amounts to reduction of capital under Section 78 read with Sections 100 to 103 of the Act. However, the same is consequential in nature and is proposed to be effected as an integral part of the Scheme. The approval of the members of the De-merged/Transferor Company to the proposed Scheme shall be deemed to be their approval under the provisions of Section 78 and 100 and all other applicable provisions of the Act and the Transferor Company shall not be required to undertake any separate procedure for the same. 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 Transferor Company shall not be required to separately comply with Section 100 or any other provisions of Act.
- 14.4 Further, since the above restructure involving the utilization of Securities Premium Account of the company is only



deemed reduction under Section 78 read with Section 100 of the Act and there is no actual Reduction of Issued, Subscribed and Paid up Share Capital of the company, the Transferor Company shall not be required to add the suffix "and reduced" to its name.

B. RESTRUCTURE OF SHARE CAPITAL OF THE RESULTING /TRANSFeree COMPANY

14.5 Upon Scheme being effective, the Authorised Share Capital of the Transferee Company shall be restructured by consolidation of 10 shares of Re. 1/- each into 1 (one) share of Rs. 10/- each. Hence the same shall stand as Rs.27,00,00,000/- consisting of 2,70,00,000 shares of Rs. 10/- each. Clause V of the Memorandum of Association shall be accordingly amended.

14.6 Upon Scheme being effective, and upon the issue and allotment of the new shares of the Transferee Company to the shareholders of the De-merged Company, the existing shares of the Transferee Company as held by the De-merged Company and its nominees shall stand cancelled simultaneously, as envisaged vide clause 9.6 hereinabove. This will result in reduction of the issued, subscribed and paid up capital of the Transfercc Company to the extent of Rs. 10,05,00,000/-.

14.7 However, considering the issue of new shares to the shareholders of the De-merged company as envisaged under clause 8.1 hereinabove, there will not be any net reduction of the share capital.



- 14.8 The aforesaid restructure of capital viz. Consolidation of Equity Shares of Re.1/- to that of Rs. 10/- each; Cancellation of the shares held by the De-merged Company and upon issue and allotment of new shares resultant increase of share capital etc. is consequential in nature and is proposed to be effected as an integral part of the Scheme. The approval of the members of the Transferee Company to the proposed Scheme shall be deemed to be their approval under the provisions of Section 16, 100 and all other applicable provisions of the Companies Act, 1956 or the applicable provisions of the Companies Act, 2013 and the Transferee Company shall not be required to undertake any separate procedure for the same. Since there is no net reduction of the share capital, the Transferee Company shall not be required to separately comply with Section 100 or any other provisions of Act. Further, since there is no actual Reduction of Issued, Subscribed and Paid up Share Capital of the company, the Transferee Company shall not be required to add the suffix "and reduced" to its name.
- 14.9 The above referred adjustment as in Clause 9.7 against the Securities Premium Account of the Transferee Company amounts to reduction of capital under Section 78 read with Sections 100 to 103 of the Act. However, the same is consequential in nature and is proposed to be effected as an integral part of the Scheme. The approval of the members of the Transferee Company to the proposed Scheme shall be deemed to be their approval under the provisions of Section 78 and 100 and all other applicable provisions of the Act and the Transferee Company shall not be required to undertake any separate procedure for the same. 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 Transferee Company shall not be required to separately comply with Section 100 or any other provisions of Act.

PART-D

GENERAL TERMS AND CONDITIONS

15. APPLICATIONS TO THE HIGH COURT:

The Transferor Company and the Transferee Company shall make all applications/petitions under Sections 391 to 394 read with sections 78 and 100 to 103 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws to the High Court of Gujarat and the Governmental Authority, as applicable, for sanctioning of this Scheme for carrying this Scheme into effect and obtain all approvals as may be required under law.

16. ESOPs BY THE TRANSFEREE COMPANY:

The Transferee Company has given certain ESOPs to eligible persons and will continue to be a ESOPs even after the Company is listed under the Scheme subject to compliance with SEBI guidelines if applicable.

17. MODIFICATIONS, AMENDMENTS TO THE SCHEME:

The Transferor Company (by its Directors) and the Transferee Company (by its Directors) may in their full and absolute discretion assent from time to time on behalf of all persons concerned to any modifications or amendments or addition to this Scheme or to any conditions or limitations which the Hon'ble High Court of Gujarat at Ahmedabad or any authorities under the Law may deem fit to



approve of or impose and / or to resolve any doubt or difficulties (including ascertainment of assets and liabilities of De-merged Undertaking) that may arise for carrying out this Scheme and to do and execute all such acts, deeds, matters and things as may be necessary, desirable or proper for carrying the Scheme into effect.

For the purpose of giving effect of this Scheme or to any modifications or amendments, thereof, any of the Directors of the Transferor Company and any of the Directors of the Transferee Company may give and are authorised to give all such directions that are necessary or are desirable including directions for settling any doubts or difficulties that may arise.

Further any of the Directors of the Transferor Company and any of the Directors of the Transferee Company shall be entitled to modify any of the terms of this Scheme in future to settle any of the difficulties or to implement the provisions of this Scheme smoothly and hassle free manner, if such need arises and for all purposes the Effective Date for such subsequent modified scheme shall be the same as specified in this Scheme.

18. SEVERABILITY

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

19. SCHEME CONDITIONAL UPON APPROVALS/SANCTIONS:

This Scheme is specifically conditional upon and subject to:

- (a) The Scheme being approved by the requisite majority of the



respective members and such class of persons of the Demerged Company in compliance with guidelines issued by Securities and Exchange Board of India and in particular vide Circular CIR/CFD/DIL/5/2013 dated February 4, 2013 and Circular CIR/CFD/DIL/8/2013 dated May 21, 2013;

- (b) The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of Demerged Company and Resulting Company as may be directed by the High Court;
- (c) The sanctions of the Hon'ble High Court of Gujarat at Ahmedabad being obtained under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 or any other Governmental Authorities if so required on behalf of the Transferor Company and the Transferee Company.
- (d) The certified copies of the High Court orders referred to in this Scheme being filed with the Registrar of Companies, Ahmedabad, Gujarat, as applicable.
- (e) The requisite consent, approval or permission of the Government Authority or any other statutory authority, which by law may be necessary for the implementation of this scheme.

20. EFFECTIVE DATE OF THE SCHEME:

This Scheme although to come into operation from the Appointed Date shall not come into effect until the last date viz.:



- (a) The date on which the last of all the consents, approvals, permissions resolutions sanctions and/or orders as are hereinabove referred to have been obtained or passed; and
- (b) The date on which all necessary certified copies of the order under sections 391 and 394 of the Companies Act, 1956 are duly filed with the Registrar of Companies, Ahmedabad, Gujarat and such date shall be referred to as Effective Date for the purpose of the Scheme All other compliances relating to filing and stamp duty etc. , if applicable shall be done on or after the Effective Date subject to Clause 21. However the Effective Date shall not be affected by any of the modifications that might be required to be made as provided under clause 17 and the Effective Date for such modified scheme shall be the same as mentioned in the above paragraphs.

It is the intention and understanding of the parties hereto that the economic effect of the Scheme shall take effect from the Appointed Date despite the Scheme becoming effective from Effective Date under the relevant laws.

21. EFFECT OF NON-RECEIPT OF APPROVAL/SANCTION:

In the event of any of the said sanctions and/or approvals referred to in the preceding Clause No. 19 above not being obtained and/or the Scheme not being sanctioned by the Hon'ble High Court or any other Governmental Authorities and/or the Order(s) not being passed or sanctions not being granted as aforesaid, the Board of the Directors of the Transferor Company and the Transferee company are hereby empowered and authorised, this Scheme shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto as is contemplated



hereunder or as to any right, obligation and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in this Scheme and or otherwise arise as per Law.

22. EXPENSES CONNECTED WITH THE SCHEME:

All costs, charges and expenses, including any taxes and duties of the Transferor Company and the Transferee Company respectively in relation to or in connection with or incidental to this Scheme and of carrying out and completing the terms of this Scheme shall be borne and paid by the Transferor Company.

