

SCHEME OF ARRANGEMENT

BETWEEN

ARVIND LIMITED

AND

ARVIND ADVANCED MATERIALS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

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



A. PREAMBLE

This scheme of arrangement between (i) Arvind Limited ("Transferor Company") (as *defined hereinafter*) and its shareholders and creditors; and (ii) Arvind Advanced Materials Limited ("Transferee Company") (as *defined hereinafter*) and its shareholders and creditors ("Scheme") provides for transfer and vesting of the Advanced Materials Undertaking (as *defined hereinafter*) from Transferor Company to Transferee Company as a *going concern* on Slump Sale (as *defined hereinafter*) basis with effect from Appointed Date (as defined hereinafter), under Sections 230 to 232 and other applicable provisions of the Act (as *defined hereinafter*). This Scheme also provides for various other matters consequent, incidental, supplemental and / or otherwise integrally connected thereto.

B. BACKGROUND OF THE COMPANIES

- (i) Arvind Limited, the ("Transferor Company") is a public listed company incorporated on 1st June 1931, under the provisions of the Indian Companies Act, 1913 in the name and style of The Arvind Mills Limited under the corporate identity number L17119GJ1931PLC000093, having its registered office situated at Naroda Road, Ahmedabad – 380025, in the state of Gujarat. The name of the company was changed to Arvind Limited with effect from 15th April 2008. Over a period of time, the structure of the company has undergone several changes under several Schemes of Arrangements. The Transferor Company is engaged, inter alia, in businesses spanning the entire value chain of textiles either directly or through its subsidiaries and joint ventures with other entities. The equity shares of the Transferor Company are listed on BSE Limited and the National Stock Exchange of India Limited. The Transferor Company was originally incorporated for manufacturing and marketing of textile products. However, it has grown and diversified in several distinct business activities through different undertakings/subsidiaries. The present main business segments of the Transferor Company includes (i) Textiles business comprising of manufacturing and supply of woven, denim and garment products and (ii) Advanced Materials business comprising of manufacturing and supply of products relating to human protection, industrial and composites etc.

- (ii) Arvind Advanced Materials Limited, the ("Transferee Company") is a public company incorporated on 24th November, 2015 under the provisions of the Companies Act, 2013 in the name and style of Arvind True Blue Limited. The name of the company was changed to Arvind Polymer Textiles Limited with effect from 11th April, 2023 and was further changed to Arvind Advanced Materials Limited with effect from 7th December 2023 under the



corporate identity number U52100GJ2015PLC085165, having its registered office situated at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad- 380025 in the state of Gujarat. The Transferee Company is engaged, inter alia, in the business of manufacturing and supply of advanced materials. The Transferee Company is wholly owned subsidiary company of the Transferor Company.

C. RATIONAL OF THE SCHEME

The present arrangement would inter alia, result in the following main benefits for the abovementioned companies:

- (i) Consolidation of advanced materials business undertaken by the Transferor Company and its wholly owned subsidiary into single entity.
- (ii) Focused management and leadership attention for the Advanced Materials Business.
- (iii) Emergence of the Transferee Company as a predominantly advanced materials focused company, attracting investors and providing better flexibility in accessing capital, focused strategy and specialization for sustained growth.
- (iii) Value Creation for stakeholders
- (iv) Streamlining operating structure
- (v) Greater efficiencies in operations with optimum utilization of resources, increased cost saving are expected to flow from focused operational efforts, rationalization, standardization and simplification of business process and optimum utilization of resources.

In view of the aforesaid advantages, the Board of Directors of both the Companies have considered and proposed Scheme of Arrangement under the provisions of Section 230 to Section 232 of the Companies Act, 2013.

The present Scheme of Arrangement is proposed for the transfer and vesting of the Advanced Materials Undertaking of the Transferor Company to the Transferee Company as a going concern, on Slump Sale basis in accordance with Section 2(42C) of the Income Tax Act 1961.

The Scheme is in the interest of the Transferor Company, the Transferee Company and their respective stakeholders.



1. DEFINITIONS

1.1 In this Scheme, (i) capitalised terms defined by inclusion in quotations and/ or parenthesis shall have the meanings so ascribed; and (ii) the following expressions shall have the meanings ascribed hereunder:

- (i) **"Act"** means the Companies Act, 2013 and rules and regulations made there under as may be applicable, including any statutory modification, re-enactments or amendments thereof;
- (ii) **"Advanced Materials Undertaking"** means all the advanced materials business comprising of all business units/plants situated at various locations in and around Ahmedabad and Gandhinagar in the state of Gujarat, assets, properties, and liabilities of whatsoever nature and kind, and wherever situated, including reserves/retained earnings relating to the said undertaking, of the Transferor Company, in relation to and pertaining to the advanced materials business to be transferred to the Transferee Company and shall include without limitation;
 - a) all assets and liabilities of the Transferor Company pertaining to the advanced materials business;
 - b) without prejudice to the generality of the provisions of (a) above, the Advanced Materials Undertaking shall include;
 - i. all properties and assets of the Transferor Company, including all movable or immovable, investments, freehold, leasehold or licensed, tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, security deposits, capital work in progress, easementary rights, rights of way associated with developing such infrastructure and every associated right, plant and machinery, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits, provisions, advances, recoverables, receivables, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, security deposits, or other entitlements, funds, powers, authorities, licences, registrations, quotas, allotments, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill; benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed



by the Transferor Company with respect to the advanced materials business;

- ii. all contracts, agreements, schemes, arrangements and any other instruments for the purpose of carrying on the business of the advanced materials business;
- iii. all tax credits, refunds, reimbursements, claims, concessions, exemptions, benefits under Tax Laws including sales tax deferrals and minimum alternate tax paid under section 1151A / 115JB of the Income Tax Act, advance taxes, tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, deferred tax assets, minimum alternate tax credit, goods and service tax credit, deductions and benefits under the Income Tax Act with respect to the advanced materials business; and
- iv. all debts, borrowings and liabilities, whether present, future or contingent or deferred tax liabilities, whether secured or unsecured of the Advanced Materials Undertaking including but not limited to all other debts, duties, obligations and liabilities pertaining to the advanced materials business.
- c) all permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents and other intellectual property rights of the Transferor Company pertaining to the advanced materials business, whether registered or unregistered and powers of every kind, nature and description whatsoever, whether from the government bodies or otherwise, pertaining to or relating to the advanced materials business;
- d) entire experience, credentials, past record and market share of the Transferor Company pertaining to the advanced materials business;
- e) all books, records, files, papers, engineering and process information, computer programs, software licenses (whether proprietary or otherwise), 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 the advanced materials business; and



- f) all employees / workers of the Transferor Company engaged in the advanced materials business;

Any question that may arise as to whether a specific asset (tangible or intangible) or liability or employee pertains or does not pertain to the Advanced Materials Undertaking shall be decided mutually by the Boards of the Transferor Company and the Transferee Company,

- (iii) **"Applicable Law" or "Law"** means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Transferor and Transferee Companies; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Transferor and Transferee Companies as may be in force from time to time;
- (iv) **"Appointed Date"** means 1st April 2024 or any other date as approved by Tribunal;
- (v) **"Appropriate Authority"** means:
- (a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, tribunal, central bank, commission or other authority thereof;
- (b) any governmental, quasi-governmental or private body or agency lawfully exercising or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, Tax, importing, exporting or other governmental or quasi- governmental authority including without limitation, SEBI, and the Tribunal; and
- (c) any stock exchange.
- (vi) **"Board"** in relation to the Transferor Company and the Transferee Company as the case may be means board of directors of the respective company, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for



matters pertaining to this Scheme or any other matter relating thereto.

- (vii) "**Committee of Directors**" means any committee as constituted by the Board of Directors.
- (viii) "**Effective Date**" means the day on which last of the conditions specified in Clause 15 (Conditions Precedent) of this Scheme are complied with or otherwise duly waived and necessary orders, approvals and consents referred to therein have been obtained;

Reference in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "effect of this Scheme" or "upon the Scheme becoming effective" shall mean the Effective Date;

- (ix) "**Encumbrances**" means any mortgage, charge, pledge, lien, hypothecation, assignment, escrow arrangement, trust arrangement, title retention or other arrangement of any kind having the effect of conferring security or interest or right of any nature whatsoever on the assets of the Company.
- (x) "**Income Tax Act**" means Income Tax Act 1961.
- (xi) "**Permits**" means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under the Applicable Law;
- (xii) "**Person**" means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;
- (xiii) "**Remaining Undertaking**" means all of the businesses, units, divisions, undertaking, and assets and liabilities of Transferor Company other than the Advanced Materials Undertaking;
- (xiv) "**ROC**" means the relevant jurisdictional Registrar of Companies having jurisdiction over the Transferor Company and the Transferee Company, as the case may be.
- (xv) "**Scheme**" or "**this Scheme**" means this scheme of arrangement as modified from time to time.
- (xvi) "**SEBI**" means the Securities and Exchange Board of India.



- (xvii) "**SEBI Circular**" means the circular issued by the SEBI, being SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, and any amendments thereof, modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (xviii) "**SEBI LODR Regulations**" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any amendments thereof;
- (xix) "**Slump Sale**" means the sale of an undertaking on a *going concern* basis as defined under Section 2(42C) of the Income Tax Act and "as-is where-is" basis, for a lump sum consideration without values being assigned to the individual assets and liabilities;
- (xx) "**Stock Exchanges**" means BSE Limited and National Stock Exchange of India Limited, collectively;
- (xxi) "**Tax Laws**" means all Applicable Laws dealing with Taxes including but not limited to income- tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, excise duty, customs duty or any other levy of similar nature;
- (xxii) "**Taxation**" or "**Tax**" or "**Taxes**" means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and service or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and service tax or otherwise or attributable directly or primarily to Resulting Company and Demerged Companies, as the case may be, or any other Person and all penalties, charges, costs and interest relating thereto;
- (xxiii) "**Tribunal**" means the relevant bench of the National Company Law Tribunal having jurisdiction over the Transferor Company and the Transferee Company;
- (xxiv) "**Transferee Company**: means Arvind Advanced Materials Limited (Formerly known as Arvind Polymer Textiles Limited), a company incorporated under the provisions of the Companies Act, 2013, having Corporate Identity Number U52100GJ2015PLC085165 and its registered office at Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad – 380025, Gujarat, India.



(xxv) "**Transferor Company:** means Arvind Limited, a company incorporated under the provisions of the Indian Companies Act, 1913, having Corporate Identity Number L17119GJ1931PLC000093 and its registered office at Naroda Road, Ahmedabad – 380025, Gujarat, India.

1.2 In this Scheme, unless the context otherwise requires:

1.2.1 words denoting the singular shall include the plural and vice versa and references *to any gender includes the other gender*;

1.2.2 headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are for information and convenience only and shall be ignored in construing the same; and

1.2.3 the words "include" and "including" are to be construed without limitation.

2. SHARE CAPITAL

2.1 Share Capital of the Transferor Company as on 31st March, 2024 was as follows:

Particulars	Rupees
Authorised Share Capital	
57,45,00,000 equity shares Rs. 10/- each 1,00,00,000 preference shares of Rs. 100/- each	674,50,00,000
Total	674,50,00,000
Issued, Subscribed and Paid Up Share Capital	
26,16,30,474 equity shares Rs. 10/- each	261,63,04,740
Total	261,63,04,740



Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferor Company till the date of approval of the Scheme by the Board of the Transferor Company.



- 2.2 Share Capital of the Transferee Company as on 31st March, 2024 was as follows:

Particulars	Rupees
Authorised Share Capital	
1,09,25,000 equity shares of Rs. 10/- each 8,19,00,000 preference shares of Rs. 10/- each	92,82,50,000
Total	92,82,50,000
Issued, Subscribed and Paid Up Share Capital	
11,429 equity shares of Rs. 10/- each	1,14,290
Total	1,14,290

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Transferee Company till the date of approval of the Scheme by the Board of the Transferor Company.

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme set out herein in its present form or with any modification(s) made as per Clause 15 of this Scheme, shall become effective from the Appointed Date but shall be operative from the Effective Date.

4. TRANSFER AND VESTING OF THE ADVANCED MATERIALS UNDERTAKING

- 4.1 With effect from the Appointed Date and upon this Scheme coming into effect, the Advanced Materials Undertaking shall pursuant to Sections 230 to 232 of the Act, without any further act, instrument or deed, be transferred from the Transferor Company to and be vested in or be deemed to have been transferred to and vested in the Transferee Company as a *going concern* on Slump Sale basis so as to become an undertaking of the Transferee Company on and from the Appointed Date.



- 4.2 In respect of such assets and properties including plant and machinery (including but not limited to all intangible assets) forming part of the Advanced Materials Undertaking which are movable in nature or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred from the Transferor Company to the Transferee Company upon coming into effect of this



Scheme and shall, *ipso facto* and without any other or further order to this effect, become the assets and properties of the Transferee Company without requiring any deed or instrument of conveyance for transfer of the same.

- 4.3 With respect to the assets of the Advanced Materials Undertaking other than those referred to in Clause 4.2 above and Clause 4.4 below, including all rights and interests in the agreements (including agreements for lease or license of the properties), sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, balances & deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Transferor Company, the same shall, without any further act, instrument or deed, be transferred to and/ or be deemed to be transferred to the Transferee Company, with effect from the Appointed Date by operation of law as transmission in favour of the Transferee Company.
- 4.4 With regard to assets such as leases or licenses of the properties, the Transferee Company will enter into novation agreements, if it is so required.
- 4.5 In respect of the occupancy, lease and usage rights of the land and building, the same shall stand transferred to the Transferee Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Transferor Company and/ or the Transferee Company. The occupancy and usage rights of the land and building are hereby transferred in favour of the Transferee Company by the Transferor Company as an integral part of the Scheme. This transfer shall also be subject to terms and conditions of lease agreements stipulated by Government for the lease. For this purpose, if required, the Transferor and Transferee Companies shall register the true copy of the order of the Tribunal approving the Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such land and building and shall also execute and register, as required, such other documents which may be necessary in this regard and no separate instrument including the one which creates the occupancy and usage rights in the land and building will be required to be registered separately.
- 4.6 Upon effectiveness of this Scheme, liabilities forming part of the Advanced Materials Undertaking, as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Transferee Company and the Transferee Company shall meet, discharge and satisfy the same. In so far as indirect Tax liabilities are concerned, in particular, any liability with respect to the goods and services tax, value added tax, purchase tax,



sales tax or any other duty or tax in relation to the Advanced Materials Undertaking, shall be treated as liabilities of the Transferee Company.

- 4.7 In so far as assets comprised in the Advanced Materials Undertaking are concerned, the security by way of existing charges, mortgages or other encumbrances, if any, over or in respect of any such assets relating to any loans or borrowings of the Transferor Company which are not transferred to the Transferee Company shall, without any further act, deed or instrument, be and stand released and discharged from the same and such assets shall no longer be available as security in relation to those loans or borrowings of the Transferor Company.
- 4.8 In respect of unutilized input credits of goods and services tax of the Transferor Company, the portion which will be attributed to the Advanced Materials Undertaking and be transferred to the Transferee Company shall be determined by the Board of the Transferor Company in accordance with Applicable Law.
- 4.9 Upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/ or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. It is further clarified that the Transferee Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of the unpaid liabilities transferred to it as part of the Advanced Materials Undertaking to the extent not claimed by the Transferor Company, as and when the same are paid subsequent to the Appointed Date.
- 4.10 Subject to Clause 4 and any other provisions of the Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Advanced Materials Undertaking, the Transferor Company shall, if so required by the Transferee Company, issue notices in such form as Transferor and Transferee Companies may mutually agree stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of the Transferee Company, as the Person entitled thereto, to the end and intent that the right of the Transferor Company to recover or realise the same stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.11 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Transferor Company, in relation to or in connection with the Advanced Materials Undertaking, shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.



- 4.12 Without prejudice to the foregoing provisions of this Clause 4 and upon the effectiveness of this Scheme, the Transferor Company and the Transferee Company may execute any and all instruments or documents and do all such acts, things and deeds as may be required, including filing of necessary particulars and/or modification(s) of charges(s), with the concerned ROC of filing of necessary applications, notices, intimations, or letters with any Appropriate Authority or Person to give effect to the Scheme.
- 4.13 Permits, including the benefits attached thereto, pertaining to the Advanced Materials Undertaking shall be transferred to the Transferee Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company to carry on the operations pertaining to the Advanced Materials Undertaking without any hindrance, whatsoever.
- 4.14 On coming into effect of this Scheme, without any further act or deed and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, engagements, arrangements and other instruments (including all tenancies, leases, licences and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature in relation to the Advanced Materials Undertaking (other than those taken for the Transferor Company as a whole or without reference to specific assets pertaining to the Advanced Materials Undertaking) to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, or under which the Transferor Company has any obligations to discharge and which are subsisting or having effect shall, without any further act, instrument or deed, continue in full force and effect in favour of, by, for or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder.
- 4.15 Any assets acquired by the Transferor Company after the Appointed Date but prior to the Effective Date pertaining to the Advanced Materials Undertaking shall upon the coming into effect of this Scheme also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Transferee Company upon the coming into effect of this Scheme.



4.16 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in relation to or in connection with the Advanced Materials Undertaking, and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in relation to or in connection with the Advanced Materials Undertaking of the Transferor Company, in the name of the Transferor Company in so far as may be necessary until the transfer of rights and obligations of the Advanced Materials Undertaking to the Transferee Company under this Scheme have been formally given effect to under such contracts and/ or transactions.

4.17 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Advanced Materials Undertaking occurs by virtue of this Scheme, 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 Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, 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 effect to the provisions of this Scheme.

5. EMPLOYEES

5.1 With effect from the Effective Date, the Transferee Company undertakes to engage, without any interruption in service, all employees of the Transferor Company, engaged in or in relation to the Advanced Materials Undertaking, on the terms and conditions to be decided by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company with any of the aforesaid employees or union representing them. The Transferee Company agrees that the services of all such employees with the Transferor Company prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

5.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing gratuity fund, or any other fund(s), of which they are members, as the case may be, will be transferred respectively to such gratuity fund and or other fund(s) nominated by the Transferee Company and/ or such new gratuity fund, or any other fund to be established by the Transferee Company in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities. Pending the transfer as aforesaid, the dues of the said employees may be continued to be deposited in the existing gratuity fund, or other



fund(s) respectively of the Transferor Company, as may be decided between the Transferor and Transferee Companies.

5.3 In so far as provident fund is concerned, the balances standing to the credit of the said employees in the existing provident fund of the Transferor Company may be retained in such provident fund and such provident fund may be continued for the benefit of: (a) the said employees who are transferred to the Transferee Company, as aforesaid; and (b) other employees of the Transferor Company. In relation to the employees being transferred, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions thereof. The rules of such existing provident fund trust shall stand amended accordingly. The employees of the Transferor Company engaged in or in relation to the Advanced Materials Undertaking who are transferred to the Transferee Company, as aforesaid, shall be deemed to constitute a separate class of employees of the Transferee Company for the purpose of compliance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952.

5.4 Any question that may arise as to whether any employee belongs to or does not belong to Advanced Materials Undertaking shall be decided by the Committee of Directors or Board of Directors of the Transferor Company and the Transferee Company respectively.

6. LEGAL PROCEEDINGS

6.1 Upon coming into effect of. this Scheme, all demands, claims, show cause notices, suits, actions, administrative proceedings, tribunals proceedings, legal and other dispute resolution proceedings of whatsoever nature (except proceedings under the Income Tax Act) by or against the Transferor Company pending and /or arising on or before the Appointed Date or which may be instituted at any time thereafter and in each case relating to the Advanced Materials undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Transferee Company with effect from the Appointed Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. The Transferee Company shall be substituted in place of the Transferor Company or added as party to such proceedings and shall prosecute or defend all such proceedings at its own cost, in cooperation with the Transferor Company and the liability of the Transferor Company shall stand nullified. The Transferor Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Advanced Materials Undertaking.



- 6.2 the Transferee Company undertakes to have all legal and other proceedings (except proceedings under the Income Tax Act) initiated by or against the Transferor Company referred to in Clause 6.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of the Transferor Company on priority. Both the Transferor and Transferee Companies shall make relevant applications and take all steps as may be required in this regard.
- 6.3 It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company and pertaining to the Advanced Materials Undertaking shall be instituted, or as the case may be, continued, by or against, the Transferee Company after the coming into effect of the Scheme.
- 6.4 Notwithstanding anything contained hereinabove, if at any time after the Effective Date, the Transferor Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority (except proceedings under the Income Tax Act), in each case in relation to the Advanced Materials Undertaking, the Transferor Company shall, in view of the transfer and vesting of the Advanced Materials Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Transferor Company with the Transferee Company. However, if the Transferor Company is unable to replace the Transferee Company replaced in its place in such proceedings, the Transferor Company shall defend the same or deal with such demand in accordance with the advice of the Transferee Company and at the cost of the Transferee Company and the latter shall reimburse the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.
- 6.5 Any proceedings, of whatsoever nature by or against the Transferor Company pending and/ or arising after Appointed Date but before the Effective Date and relating to the Advanced Materials Undertaking it shall have the same transferred in the name of Transferee ,Company. If such transfer is not possible for any reason whatsoever, then the Transferor Company shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the latter shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.



7. CONSIDERATION

- 7.1 In consideration for the proposed transfer and vesting of the Advanced Materials Undertaking, the Transferee Company shall pay to the Transferor Company a lump sum cash consideration of Rs. 90.36 crores detailed as under:
- 7.2 The consideration for the transfer of the Advanced Materials Undertaking, as mentioned in Clause 7.1 above, shall be payable by the Transferee Company to the Transferor Company, in one or more tranches, with or without interest within a period of six months from the Effective Date.
- 7.3 Further, the Transferor and Transferee Companies may agree that for the whole or part of the consideration, (i) the Transferee Company may issue to the Transferor Company one or more debt securities carrying such interest / return and on such terms and conditions to be mutually agreed between the Transferor and Transferee Company; and (ii) the Transferee Company may convert it into an interest-bearing loan on terms and conditions to be mutually agreed between the Transferor and Transferee Company.
- 7.4 The aforesaid amount payable by way of cash consideration is after accounting adjustments or intercompany transactions including reserves/retained earnings of the Transferor Company relating to Advanced Materials Undertaking.

8. ACCOUNTING TREATMENT

8.1 ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEROR COMPANY

Notwithstanding anything to the contrary contained herein, the Transferor Company shall account for the transfer of the Advanced Materials Undertaking in its books of accounts on the Appointed Date in accordance with the accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and the generally accepted accounting principles in India



Upon the Scheme becoming effective, the Transferor Company will reduce the carrying value of all the assets and liabilities of the Advanced Materials Undertaking, as appearing in the books of account of the Transferor Company, being transferred to and vested in the Transferee Company, from the respective carrying value of assets and liabilities of the Transferor Company



- The difference, if any, between the carrying value of the assets and liabilities of the Advanced Materials Undertaking transferred to the Transferee Company and the consideration received/receivable will be adjusted against Retained earnings under the head "Other Equity".

8.2 ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEREE COMPANY

Since the transaction involves entities which are under common control before and after Slump Sale, the Transferee Company shall account for the transfer and vesting of Advanced Materials Undertaking (which qualifies as 'Business' as per the definition mentioned in IND AS 103) as per the 'Pooling of interest method' in its books of accounts in accordance with Appendix C 'Business combinations of entities under common control' of the IND AS 103 'Business Combinations' prescribed under Section 133 of the Act as enumerated below:

- a) All identifiable assets and the liabilities acquired, including reserves/retained earnings related to the Advanced Materials Undertaking, shall be recorded at their respective carrying values as appearing in the books of accounts of the Transferee Company as on Appointed Date;
- (b) The identity of the reserves transferred by the Transferor Company relating to the Advanced Materials Undertaking, as mentioned in (a) above, shall be preserved and shall appear in the books of accounts of the Transferee Company in the same manner and form, in which they appeared in the books of accounts of the Transferor Company.
- (c) The balance, if any, between the consideration provided under clause 7 above and aggregate effect of clause (a) and (b) above shall be adjusted to the Capital reserve.
- (d) Accordingly, the reserves mentioned in clause (b) and (c) above which are available for distribution as dividend earlier would also be available for distribution as dividend after Scheme becoming effective by the Transferee Company.
- (e) Expenses incurred for implementation of the Scheme and for the transfer of Advanced Materials Undertaking shall be adjusted to the reserves and surplus account of the Transferee Company.



9. REMAINING UNDERTAKING

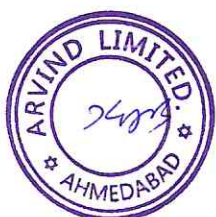
- 9.1 The Remaining Undertaking shall continue to belong to and be owned and managed by the Transferor Company. The Transferor Company shall continue to be liable to perform and discharge all its liabilities and obligations in relating to the Remaining Undertaking and the Transferee Company shall not have any liability or obligations in relation to the Remaining Undertaking.
- 9.2 If the Transferee Company is in receipt of any demand, claim, and notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Remaining Undertaking, the Transferee Company shall take all such steps in the proceedings before the Appropriate Authority to substitute the Transferee Company with the Transferor Company. However, if the Transferee Company is unable to get the Transferor Company so substituted in such proceedings, it shall defend the same or deal with such demand in accordance with the advice of the Transferor Company and at the cost of the Transferor Company and the latter shall reimburse the Transferee Company, against all liabilities and obligations incurred by or against the Transferee Company, in respect thereof.

10. BUSINESS UNTIL EFFECTIVE DATE

With effect from the date when the Board of the Transferor Company approves this Scheme and up to and including the Effective Date, the Transferor Company shall carry on the business pertaining to the Advanced Materials Undertaking in the ordinary course consistent with past practice.

11. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, on and after the Effective Date, until any property, asset, license, Permit, contract, agreement and rights and benefits arising therefrom pertaining to the Advanced Materials Undertaking is transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority or otherwise, in favour of the Transferee Company, the Transferee Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, Permit, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, Permit, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities, the Transferor Company will continue to hold the property and/ or the asset, license, Permit, contract or agreement and rights and benefits arising therefrom in trust for and on behalf of the Transferee Company.



12. FACILITATION PROVISIONS

Upon the Scheme being effective, the Transferor and Transferee Companies shall enter into agreements as may be mutually agreed, *inter alia*, in relation to use of land, office space, brand, infrastructure facilities, information technology services, security personnel, legal, administrative and other services, etc. on such terms and conditions as may be mutually agreed between them.

13. APPLICATIONS/PETITIONS TO THE TRIBUNAL

The Transferor and Transferee Companies shall make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

14. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

- 14.1 The Board of the Transferor and Transferee Companies acting jointly may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board of the Transferor and Transferee Companies may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.
- 14.2 In case, post approval of the Scheme by the Tribunal, there is any confusion or ambiguity in interpreting any clause of this Scheme, or otherwise, the Board of Directors of the Transferor Company and the Transferee Company will have complete power to take the most sensible interpretation so as to render the Scheme operational.
- 14.3 For the purposes of giving effect to this Scheme, the Board of Directors of the Transferor Company and the Transferee Company may jointly give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.

15. CONDITIONS PRECEDENTS

- 15.1 Unless otherwise decided (or waived) by the relevant Transferor and Transferee Companies, the Scheme is conditional upon and subject to the following conditions precedent:

- 15.1.1 Obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the SEBI LODR Regulations;



- 15.1.2 Approval of the Scheme by the requisite majority of shareholders (including through e-voting) and creditors of the Transferor Company and Shareholders and Creditors of Transferee Company, as applicable or as may be required under the Act and as may be directed by the Tribunal.
- 15.1.3 the sanctions and orders of the Tribunal, under Sections 230 to 232 of the Act being obtained by the Transferor and Transferee Companies; and
- 15.1.4 the certified copy of the orders of the Tribunal being filed with the ROC by the Transferor and Transferee Companies.
- 15.2 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that Transferor and Transferee Companies may have under or pursuant to all Applicable Laws.

16. WITHDRAWAL OF THE SCHEME

- 16.1 The Board of the Transferor Company and the Transferee Company, acting jointly, shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.
- 16.2 In the event of withdrawal of the Scheme under Clause 16.1 above, no rights and liabilities whatsoever shall accrue to or be incurred by *inter se* the Transferor and Transferee Companies or their respective shareholders or creditors or employees or any other Person.

17. COSTS AND EXPENSES

All costs, charges and expenses payable in relation to or in connection with this Scheme and incidental to the completion of the transfer and vesting of the Advanced Materials Undertaking in the Transferee Company in pursuance of this Scheme including stamp duty on the order(s) of the Tribunal, if any, to the extent applicable and payable shall be borne by the Transferee Company.

