



**AARTI
INDUSTRIES
LIMITED**

Ref. No.: AIL/B-38/2019/403
June 29, 2019

To,
Listing/Compliance Department
BSE LTD.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

BSE CODE : 524208

To,
Listing/Compliance Department
**National Stock Exchange of
India Limited**
“Exchange Plaza”, Plot No. C/1,
G Block Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051.
NSE CODE : AARTIIND

Dear Sir/Madam,

Sub: Updates/Snopsis of Record Date for Demerger

In continuation to earlier communication dated June 21, 2019, enclosed please find herewith Revised (clear copy) Order along with the Composite Scheme of Arrangement between Aarti Industries Limited and Arti Surfactants Limited and Nascent Chemical Industries Limited and their Respective Shareholders for:

- (a) **Part A:** The demerger of the home and personal care undertaking (“**Home and Personal Care Undertaking**”) of Aarti Industries Limited (“**AIL**” or “**Demerged Company A**”) into Arti Surfactants Limited (“**ASL**” or “**Resulting Company A**”) and subsequent listing of securities of ASL on the BSE Limited and National Stock Exchange of India Limited; and
- (b) **Part B:** The demerger of the manufacturing undertaking (“**Manufacturing Undertaking**”) of Nascent Chemical Industries Limited (“**Nascent**” or “**Demerged Company B**”) into AIL (“**Resultant Company B**”) (“**Scheme**”).

In accordance with paragraph no. 1.7 read with paragraph no. 37 of the aforesaid scheme, the same became effective on June 24, 2019 upon submission of Form INC-28 (SRN: H67719161) with Registrar of Companies.

The Company has fixed July 4, 2019 as the Record Date to determine the members of ‘**Aarti Industries Limited**’, to whom Equity Shares or Redeemable Preference Shares of ‘**Arti Surfactants Limited**’ to be allotted pursuant to part ‘C’ of the Scheme, summary of which as under:

www.aarti-industries.com | CIN: L24110GJ1984PLC007301

Admin. Office : 71, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (W), Mumbai - 400080, INDIA.

T : 022-67976666, **F :** 022-2565 3234 | **E :** info@aarti-industries.com

Regd. Office : Plot No. 801, 801/23, IIIrd Phase, GIDC Vapi-396195, Dist- Valsad. INDIA. **T :** 0260-2400366.





**AARTI
INDUSTRIES
LIMITED**

For every 10 equity shares of ₹ 5/- each, fully paid-up held in AIL, the holders of such equity shares shall have the option to subscribe to the following ("**Share Entitlement Ratio A**"):

- (a) 1 (One) equity share of ₹ 10/- each, fully paid up of the ASL; or
- (b) 1 (One) Redeemable Preference Share of ₹ 10/- each, fully paid up of the ASL.

Note: Default option being the equity shares.

The Company shall be approaching soon to the Shareholders (as registered on Record Date) inviting their preference. It is further to clarify that shares of resultant company A (i.e. **Arti Surfactants Limited**) shall be listed on the BSE Limited and the National Stock Exchange of India Limited.

Please take the same on your record.

Thanking you,

Yours faithfully,

FOR AARTI INDUSTRIES LIMITED




RAJ SARRAF

COMPANY SECRETARY

ICSI M. NO. A15526

Encl.: as above.

www.aarti-industries.com | CIN: L24110GJ1984PLC007301

Admin. Office : 71, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (W), Mumbai - 400080, INDIA.

T : 022-67976666, F : 022-2565 3234 | E : info@aarti-industries.com

Regd. Office : Plot No. 801, 801/23, IIIrd Phase, GIDC Vapi-396195, Dist- Valsad. INDIA. T : 0260-2400366.

**NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
AHMEDABAD**

CP(CAA) No. 17/2019 in
CA(CAA) No. 153/NCLT/AHM/2018

Coram: **Hon'ble Ms. MANORAMA KUMARI, MEMBER JUDICIAL**

**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF AHMEDABAD BENCH
OF THE NATIONAL COMPANY LAW TRIBUNAL ON 10.06.2019**

Name of the Company: Aarti Industries Ltd.
Arti Surfactants Ltd.
Nascent Chemical Industries Ltd.

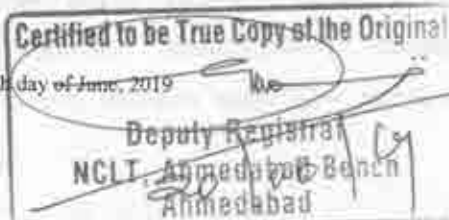
Section of the Companies Act: Section 230-232 of the Companies Act, 2013

S.NO.	NAME (CAPITAL LETTERS)	DESIGNATION	REPRESENTATION	SIGNATURE
1.	Arjun R. Sheth	Adv. & Solicitor	Applicants	<i>[Signature]</i>
2.	Anuja Desai	Adv.	"	"

ORDER

The petitioner is represented through learned counsels.

~~The parties are represented through their respective learned counsels.~~
The Order is pronounced in the open court, vide separate sheet.



[Signature]
**MANORAMA KUMARI
(MEMBER JUDICIAL)**

**NATIONAL COMPANY LAW TRIBUNAL,
AHMEDABAD BENCH**

C.P.(CAA) No. 17 of 2019 in
C.A.(CAA) No. 153/NCLT/AHM/2018

In the matter of:

AARTI INDUSTRIES LIMITED,
a company incorporated under
the Companies Act, 1956
having its registered office at
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi,
Gujarat – 396195

Petitioner Company No. 1/AIL/
Demerged Company A/ Resultant
Company B

ARTI SURFACTANTS LIMITED,
a company incorporated under
the Companies Act, 2013
having its registered office at
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi
Gujarat – 396195

.....Petitioner Company No. 2/ASL/
Resultant Company A

NASCENT CHEMICAL INDUSTRIES LIMITED,
a company incorporated under
the Companies Act, 1956
having its registered office at
9/1827, First Floor, City Plaza Bldg.,
Opp. Chapir Lane,
Lalgate,
Surat
Gujarat – 395003

..... Petitioner Company No. 3/NASCENT/
Demerged Company B

Order delivered on 10th June, 2019

Coram: Hon'ble Ms. Manorama Kumari, Member (Judicial)

Appearance: Mr. Arjun Sheth, advocate and solicitor and Ms. Anuja Saraiya, advocate for the Applicant Companies

ORDER



1. This joint Petition is filed under Section 230 and 232 of the Companies Act, 2013, read with Companies (Compromise, Arrangements and Amalgamation) Rules, 2016 along with other relevant provisions of the

Chenai

Companies Act, 2013 seeking sanction of this Tribunal to a demerger embodied in the Scheme of Arrangement between Aarti Industries Limited ("Petitioner Company No. 1/AIL/Demerger Company A/Resultant Company B"), Arti Surfactants Limited ("Petitioner Company No. 2/ASL/Resultant Company A") and Nascent Chemical Industries Limited ("Petitioner Company No. 3/Nascent/Demerged Company B") and their shareholders. The demerger being of the undertakings (i) Home and Personal Care Undertaking of Aarti Industries Limited being transferred to Arti Surfactants Limited and (ii) Manufacturing Undertaking of Nascent Chemical Industries Limited being transferred to Aarti Industries Limited.

2. It is stated that Petitioner Company No. 1 is a Public Limited Company incorporated under the provisions of Companies Act, 1956, listed with the BSE Limited and the National Stock Exchange of India Limited. The total issued, subscribed and paid up share capital of the Petitioner Company No. 1 as on 31st March 2018 is Rs. 40,65,00,000/-. The Board of Directors of the Petitioner Company No. 1 approved the Scheme of Arrangement in the nature of demerger by passing Board Resolution in its meeting held on 28.06.2018.
3. It is stated that Petitioner Company No. 2 is a Public Limited Company incorporated on June 18, 2018 under the provisions of Companies Act, 2013 with the total issued, subscribed and paid up share capital of Rs. 5,00,000/-. The Board of Directors of the Petitioner Company No. 2 approved the Scheme of Arrangement in the nature of demerger by passing Board Resolution in its meeting held on 28.06.2018.
4. It is stated that Petitioner Company No. 3 is a Public Limited Company incorporated under the provisions of Companies Act, 1956. The total issued, subscribed and paid up share capital of the Petitioner Company No. 3 as on 31st March 2018 is Rs. 60,00,000/-. The Board of Directors of the Petitioner Company No. 3 approved the Scheme of Arrangement in the nature of demerger by passing Board Resolution in its meeting held on 28.06.2018.



The said Petitioner Companies filed before this Tribunal joint application being CA(CAA) 153 of 2018. By order dated 04th January 2019, meetings of

Equity Shareholders of Arti Surfactants Limited and Nascent Chemical Industries Limited, i.e. Petitioner Company No. 2 and 3 were dispensed with in view of the consent affidavits submitted by all the Equity shareholders of the Petitioner Company No. 2 and 3. It was further held that since Petitioner Company No. 2 has no Secured Creditors and Unsecured Creditors, this Tribunal felt that there was no requirement to convene and hold the meeting of Secured Creditors and Unsecured Creditors of the Petitioner Company No. 2. Similarly, it was also felt in the case of Petitioner Company No. 3, that there is no requirement to convene and hold the meeting of Secured Creditors since Petitioner Company No. 3 has no Secured Creditors.

6. That vide order dated 04th January 2019 of this Tribunal, the meetings of Equity Shareholders, Secured Creditors and Unsecured Creditors of Petitioner Company No. 1 were directed to be convened and held. Similarly, meeting of Unsecured Creditors of the Petitioner Company No. 3 were also directed to be convened and held.
7. Pursuant to the order passed by this Tribunal, notices were sent to all the Equity Shareholders of Petitioner Company No. 1 vide e-mail and/or courier; the notices were also served upon the Secured Creditors and Unsecured Creditors of the Petitioner Company No. 1 individually on 05th January 2019 and to Unsecured Creditors of the Petitioner Company No. 3 by courier on 08th January 2019 together with a copy of the Scheme of Arrangement and the Explanatory Statement as well as other required disclosures. The notice of convening and holding of the aforesaid meetings were published in English daily "Business Standard" and Gujarati daily "Gujarat Samachar" dated 08th January 2019; notices were also sent to statutory authorities under section 230(5) of Companies Act, 2013 i.e. concerned Income Tax Authority, Regional Director, North Western Region and Registrar of Companies between 08th January 2019 to 14th January 2019.
8. In pursuance of the directions contained in Order dated 4th January, 2019 passed by this, the meetings of (i) the Equity Shareholders of the Petitioner Company No.1 was held on 8th February, 2019 where the requisite quorum was present and the Scheme was approved by 99.95% of the Equity Shareholders without modifications, (ii) the Secured Creditors of the



Handwritten signature

Petitioner Company No.1 was held on 8th February, 2019 where the requisite quorum was present and the Scheme was approved unanimously by the Secured Creditors without modifications, (iii) the Unsecured Creditors of the Petitioner Company No.1 was held on 8th February, 2019 where the requisite quorum was present and the Scheme was approved by all the Unsecured Creditors who attended the meeting and voted in favor of the Scheme without modifications, and (iv) the Unsecured Creditors of the Petitioner Company No. 3 was held on 11th February, 2019 where the requisite quorum was present and the Scheme was approved unanimously by the Unsecured Creditors without modifications. The Chairman appointed for the aforesaid meetings filed the affidavits verifying his report dated 14th February, 2019 and the same are annexed with the application and marked as **Annexure "S1", "S2", "S3" and "T" to the Petition.**

9. The present petition was admitted on 4th March 2019 and the date of hearing was fixed as 2nd April, 2019. Directions were issued to publish Notice of hearing of the Petition in the newspapers viz. English daily, Business Standard and Gujarati Daily, Gujarat Samachar and the same were published on 16th March 2019. The notices, as directed by this Tribunal, were also sent to Regional Director – North Western Region, Registrar of Companies, respective Income Tax Authorities and Official Liquidator for all Petitioner Companies between 22nd March, 2019 to 26th March 2019. Affidavit of service of notice of hearing upon the aforesaid statutory authorities and publication of notice of hearing in the newspapers was filed with this Tribunal on 01st April, 2019 and the same has been placed on record. Further in compliance to the directions of order dated 2nd April, 2019 notices were also served to the Security Exchange Board of India and the Reserve Bank of India on 22nd April, 2019.

10. The representation of the Regional Director was received on 21st February, 2019. The Petitioner Companies through their separate affidavits dated 26th March 2019 filed their response to the observations made by the Regional Director in its representation. It is submitted in the affidavit that:



Chavan

- i. Para 2(a) to 2(c) of the Report of the Regional Director deal with the factual aspects of the Scheme i.e. service of notice of the Scheme, the proposed exchange ratio as recommended by the Independent Chartered Accountants, rationale of the Scheme etc. and therefore the same does not require any response.
- ii. With regard to Para 2(d) of the Report of the Regional Director, the Petitioner Company No.1 undertakes that Petitioner Company No. 1 shall comply with and abide by the provisions of the circulars issued by the Securities and Exchange Board of India dated 04.02.2013, 21.05.2013 and 10.03.2017 and the letters issued by the BSE Limited and the National Stock Exchange of India Limited dated 3rd December 2018 for providing in-principle approval to the Scheme.
- iii. With regard to Para 2(e) of the Report of the Regional Director, it is submitted that the name of the Petitioner Company No.2 has been proposed to be changed post the effectiveness of the Scheme so that the Petitioner Company No.2 can adopt the name of the Group. It is further submitted that in connection with the proposed name change of the Petitioner Company No.2, provisions of Section 13 of the Companies Act, 2013, the name guidelines and other applicable provisions of the Companies Act, 2013 (including payment of the applicable fees, stamp duty and charges) for the alternation of name shall be complied with by Petitioner Company No. 2.
- iv. With regard to Para 2(f) of the Report of the Regional Director, the Petitioner Company No. 1 undertakes and submits that the Petitioner Company No. 1 has complied with and shall continue to comply with the provisions of the Foreign Exchange Management Act, 1999 and the regulations made there under and the guidelines issued by the Reserve Bank of India in connection with the shares previously issued and proposed to be issued by the Petitioner Company No. 1 to the foreign corporate bodies.
- v. With regard to Para 2(f) of the Report of the Regional Director, It is submitted that the intent of the provisions relating to the fractional entitlement of the shares as set out in Clause 12.4 and 28.4 of the Scheme is that the economic value in the fractional shareholding is acknowledged and the same should be paid to the shareholders.



Signature

However, given that it is not possible to issue shares in fractions, it is proposed that the fractional shares shall be consolidated and sold in the market (given that the shares of the Petitioner Company No.1 are listed) and thereafter the sale proceeds shall be distributed in proportion to the respective fractional entitlement of the relevant shareholders. In this regard, it is humbly submitted that the Petitioner Company No.1 shall ensure that the rights of the shareholders are not affected in any manner through the operation of the aforesaid clauses of the Scheme.

- vi. With regard to Para 2(g) of the Report of the Regional Director, it is submitted that the Petitioner Company No. 3 has complied with provisions of Section 134(3)(f) of the Companies Act, 2013 and the Board of Directors has adequately commented on qualification of the Statutory Auditor (pertaining to not providing gratuity in the balance sheet for the financial year 2017-2018) in their report appended to the financial statement of the Petitioner Company No. 3 for the year 2017-18. It is submitted that the liability of the gratuity is not material considering the size and volume of the business of the Petitioner Company No. 3 and the decision to provide the same on payment basis has refrained the Petitioner Company No. 3 from providing the gratuity as on the Balance Sheet date.
- vii. With regard to Para 2(h) of the Report of the Regional Director, it is hereby submitted that the Petitioner Companies shall comply with the requirements prescribed under Section 2(19AA) of the Income Tax Act, 1961 in connection with the demergers proposed under the Scheme.
- viii. With regard to Para 2(i) of the Report of the Regional Director, Petitioner Company No. 1 submits and undertakes that the Petitioner Company No. 1 shall pay the requisite fees to the Regional Director for preparing the Report and representing the Central Government.
- ix. With regard to Para 2(j) of the Report of the Regional Director which deals with the factual aspects i.e. it refers to the report received from the office of Registrar of Companies dated 05.02.2019 which states that there are no complaints pending against the petitioner companies



Uttam

and there is no compliant against the proposed demergers. Therefore, the same does not require any response.

11. As far as the response of the Petitioner Companies to the observations of the Regional Director are concerned, though this Tribunal is satisfied with the response of the Petitioner Companies, however, this Tribunal is of the considered view that Petitioner Company No. 3 has not complied with the requirements of Section 129(1) of the Companies Act, 2013 which state that financial statements of the Company shall give a true and fair view of the state of affairs of the company or companies, comply with the accounting standards notified under section 133 and shall be in the form or forms as may be provided for different class or classes of companies in Schedule III.

As per Accounting Standard 15,

- (i) every Company shall have Gratuity Liability to be accounted for and on accrual basis.
- (ii) Gratuity made on cash basis is not in conformity with Accounting Standard 15 (AS-15) (Revised 2005), which requires that Gratuity Liability to be accounted for and on accrual basis.
- (iii) The auditors of the Company in their Audit Report provide their opinion regarding non-compliance for Gratuity Liability as required by Accounting Standard 15 (AS-15) relating to Employees' Benefits.

12. The Petitioner Company No. 3 has not complied with the said provision of the Companies Act, as deliberated in the preceding para for the financial year 2017-18. The Petitioner Company No. 3 is hereby directed to approach Registrar of Companies for compounding of offence, if any, as discussed hereinabove.

13. As a result, the petition being CP(CAA) No. 17 of 2019 is hereby allowed. The Scheme which is at Annexure I to the petition is hereby sanctioned and it is declared to be binding on the Petitioner Companies, their shareholders and all concerned under the Scheme.



The amount towards legal fees/expenses incurred by the office of the Regional Director in respect of the petitioner companies is quantified as Rs.

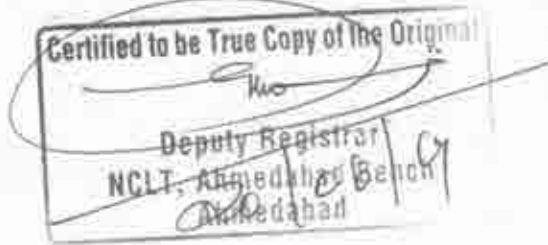
cdh

37,500/- which shall be paid by the Petitioner Company No. 1 to the office of the Regional Director.

15. Filing and issuance of drawn up order is hereby dispensed with. All concerned authorities to act on a copy of this order along with the Scheme duly authenticated by the Registrar of this Tribunal. The Registrar of this Tribunal shall issue the authenticated copy of this order along with Scheme immediately.
16. The Company Petition is disposed of accordingly.

Manor
Ms. Manorama Kumari
Member (Judicial)

LCT



Date of pronouncement of Order: 10/06/19
Date on which application for Certified Copy was made: 20/06/19
Date on which Certified Copy was ready: 20/06/19
Date on which Certified Copy delivered: 20/06/19

6/6
20/06/19

2

Scheme of Arrangement

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

AARTI INDUSTRIES LIMITED

AND

ARTI SURFACTANTS LIMITED

AND

NASCENT CHEMICAL INDUSTRIES LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

(UNDER SECTIONS 230-232 & READ WITH OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013)



Certified to be True Copy of the Original

Deputy Registrar
NCLT, Ahmedabad Bench
Ahmedabad

PART A – GENERAL

1. Description of the Parties

- 1.1 Aarti Industries Limited ("AIL") is a listed company incorporated on 28 September, 1984 under the provisions of the Companies Act, 1956 (Company Registration Number: 007301 and Corporate Identification Number: L24110GJ1984PLC007301), having its registered office situated at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi, Gujarat, 396195. The main object of AIL is as follows:

"To carry on the business of manufacturers, producers, processors, buyers, sellers, importers, exporters and/or otherwise dealers in fine chemicals, industrial and pure chemicals, organic and inorganic chemicals and allied products, perfumes, flavours, pure drug solvents, dyes and drug intermediates, cosmetics, insecticides, pesticides, heavy chemicals, alkalies, acids, chemical, industrial preparations, chemicals for plastic, pigment, varnishes, paints, alcohols, dyes and colours, agrochemicals, petrochemicals, makers and dealers in preparatory formulations and articles of the above nature and of chemicals".

AIL is engaged in the business of manufacture and sale of specialty chemicals and intermediates for chemical and allied industries. The details of the authorised, issued, subscribed and paid-up share capital of AIL have been set out below in the Scheme. The equity shares of AIL are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

- 1.2 Nascent Chemical Industries Limited ("Nascent") is an unlisted public company incorporated on 4 May 1966 under the Companies Act, 1956 (Company Registration Number: 013490 and Corporate Identification Number: U24100MH1966PLC013490), having registered office at 909, Raheja Centre, Nariman Point Mumbai - 400021. The main object of Nascent is as follows:

"To carry on the business of manufacturers of and dealers in agricultural chemicals, insecticides, fumigants, weedicides, pesticides, coloring materials, pigments and lakes, paints varnishes, lacquers, finishes, dyes, perfume and flavoring chemicals, rubber chemicals, plastic and resinous materials, elastomers, plasticizers, surface active agents, tanning agents coating resins, solvents, marine chemicals, synthetic fibers, fertilizers and all types of industrial chemicals, acid, alkalis, hormones trace elements."

Nascent is engaged in the business of manufacturing and trading of specialty chemicals. The details of the authorised, issued, subscribed and paid-up share capital of Nascent have been set out below in the Scheme. AIL owns 50.49% of Nascent through Aarti Corporate Services Limited, a wholly owned subsidiary of AIL.



- 1.3 Arti Surfactants Limited ("ASL") is an unlisted public company incorporated on June 18, 2018 under the Companies Act 2013 (Company Registration Number: 102891 and Corporate Identification Number: U24100GJ2018PLC102891), having registered office at 801, 801/23 Phase III, GIDC Estate, Vapi, Dist. Valsad, Gujarat 396195. The main object of ASL is as follows:

"To carry on the business of manufacturers, producers, processors, buyers, sellers, importers, exporters and/or otherwise dealers in surfactant and speciality chemicals and allied chemicals like fine chemicals, industrial and pure chemicals, organic and inorganic chemicals and allied products, perfumes, flavors, pure drug solvents, dyes and drug intermediates, cosmetics, insecticides, pesticides, heavy chemicals, alkalies, acids, chemical, industrial preparations, chemicals for plastic, pigment, varnishes, paints, alcohols, dyes and colours, agrochemicals, petrochemicals and chemical preparations required by different industries such as sugar tanning, textiles, metallurgical and process industries, proofing materials, disinfectants, oils, cotton, detergents, wetting out agents, soap, tallow, gums, varnishes, synthetics, resins, catalytic agents, petro-chemicals and other petroleum products and articles and compounds, makers and dealers in preparatory formulations and articles of the above nature and of chemicals."

ASL has been newly incorporated by AIL for the proposed demerger and absorption of the Home and Personal Care Undertaking in the manner set out under this Scheme. The details of the authorised, issued, subscribed and paid-up share capital of ASL have been set out below in the Scheme.

2. Objective of the Scheme

- 2.1 This composite scheme of arrangement ("Scheme") is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder, which provides for:
- (a) the demerger of the Home and Personal Care Undertaking (as hereinafter defined) of AIL (hereinafter also referred to as the "Demerged Company A") into ASL (hereinafter also referred to as the "Resultant Company A") and the subsequent listing of New Securities (as hereinafter defined) of the Resultant Company A on the BSE and the NSE; and
 - (b) the demerger of the Manufacturing Undertaking (as hereinafter defined) of Nascent (hereinafter also referred to as the "Demerged Company B") into AIL (hereinafter also referred as the "Resultant Company B").



- 2.2 Upon the demerger of the Home and Personal Care Undertaking of Demerged Company A into Resultant Company A, pursuant to this Scheme becoming effective on the Effective Date, the Resultant Company A will issue New Securities to the shareholders of the Demerged Company A in accordance with the Share Entitlement Ratio A (as hereinafter defined).
- 2.3 Upon demerger of the Manufacturing Undertaking of Demerged Company B into Resultant Company B, pursuant to this Scheme becoming effective on the Effective Date, Resultant Company B will issue and allot New Equity Shares (as hereinafter defined) to the Remaining Shareholders (as hereinafter defined) of the Demerged Company B in accordance with the Share Entitlement Ratio B.
- 2.4 The Residual Undertaking A (as hereinafter defined), after the demerger of the Home and Personal Care Undertaking shall be retained, managed and operated by Demerged Company A.
- 2.5 The Residual Undertaking B (as hereinafter defined), after the demerger of the Manufacturing Undertaking shall be retained, managed and operated by Demerged Company B.
- 2.6 After the effectiveness of the Scheme, the New Securities of Resultant Company A and New Equity Shares of Resultant Company B shall be listed on the NSE and BSE.

3. Rationale and purpose of the Scheme

3.1 Rationale for demerger of the Home and Personal Care Undertaking

The demerger of the Home and Personal Care Undertaking is being undertaken due to the following reasons:

- AIL basically has 3 (three) business verticals (i.e. specialty chemicals, pharmaceuticals and home and personal care chemicals) with divergent business profile, growth potential, risk-rewards, regulatory and capital requirements and are largely independent on each other. The home and personal care chemicals business, which constitutes of the Home and Personal Care Undertaking, is currently not ROE (return on equity) accretive. Therefore, in order to create overall value for the shareholders, the management has decided to restructure the home and personal care chemicals business by transferring the Home and Personal Care Undertaking into Resultant Company A. The shareholders of AIL, pursuant to the demerger, will



be provided with an option to subscribe either to the equity shares or Redeemable Preference Shares (as defined hereinafter) of Resultant Company A in the manner set out under this Scheme.

- The demerger will also result in Demerged Company A and the Resultant Company A achieving operational efficiencies by streamlining of the relevant businesses.
- The demerger of the Home and Personal Care Undertaking from the Demerged Company A would allow the management of the Resultant Company A to focus and adopt relevant strategies necessary for the turning around, and promoting growth and expansion of the Home and Personal Care Undertaking; and
- By demerger of the Home and Personal Care Undertaking into the Resultant Company A, the financial resources will be conveniently raised in accordance with the requirement of the business, leading to optimum utilization of resources towards expansion and growth of the business of the Resultant Company A.

3.2 Rationale for demerger of the Manufacturing Business

The demerger of the Manufacturing Undertaking is being undertaken due to the following reasons:

- Consolidation of the chemical manufacturing business under Resultant Company B.
- Post the demerger of the Manufacturing Undertaking, Demerged Company B will be able to focus only on the trading business.
- The demerger will eliminate the duplication in administrative costs and multiple record-keeping, thus resulting in cost savings; and
- The demerger will allow concentrated effort and focus by the senior management towards the growth of the trading business by eliminating duplicative communication and burdensome coordination efforts across multiple entities.

In consideration of the above-mentioned business rationale and related benefits, this Scheme between Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B is being proposed in accordance with the terms set out hereunder.



4. Overview of the Scheme

The Scheme is divided into the following parts:

- **PART A** provides the general background, objective and the rational of the Scheme;
- **PART B** deals with definitions and share capital;
- **PART C** deals with the provisions relevant to the demerger of the Home and Personal Care Undertaking;
- **PART D** deals with the demerger of the Manufacturing Undertaking; and
- **PART E** deals with other significant clauses applicable to the proposed demergers and sets forth certain additional arrangements that form a part of this Scheme.



PART B - DEFINITION AND SHARE CAPITAL

1. Definitions

In this scheme, unless repugnant to the meaning or context thereof, the following expression shall have the meaning mentioned herein below:

- 1.1. **"Act" or "the Act"** means the Companies Act, 2013 (to the extent applicable), and rules and regulations made thereunder and shall include any statutory modifications, amendments or re-enactment thereof for the time being in force, which may relate to or are applicable to amalgamation and arrangement;
- 1.2. **"Applicable Law(s)"** means any statute, bye laws, rules, regulations, listing agreements, notification, guidelines, rule or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions law enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force;
- 1.3. **"Appointed Date"** more particularly for PART C (demerger of the Home and Personal Care Undertaking) means opening of the business hours on **April 1, 2018** or such other date as may be fixed or approved by the National Company Law Tribunal or any other appropriate authority and for PART D (demerger of the Manufacturing Undertaking) means opening of the business hours on **April 2, 2018** or such other date as may be fixed or approved by the National Company Law Tribunal or any other appropriate authority;
- 1.4. **"Appropriate Authority"** means any governmental, statutory, regulatory, departmental or public body or authority of the relevant jurisdiction, including but not limited to the Securities and Exchange Board of India, the NSE, the BSE, the relevant Registrar of Companies, and the NCLT;
- 1.5. **"Demerged Company A"** for Part C or **"Resultant Company B"** for PART D of the Scheme means, Aarti Industries Limited, a listed company incorporated on September 28, 1984 under the provisions of the Companies Act, 1956, having its Registered Office at Plot Nos. 801, 801/23, GIDC Estate, Phase III, Vapi, Gujarat, 396195;
- 1.6. **"Demerged Company B"** for PART D of the Scheme means, Nascent Chemical Industries Limited an unlisted company incorporated under the provisions of the Companies Act, 1956 on May 4, 1966 and having its Registered Office at 909 Raheja Centre Nariman Point Mumbai- 400021;



- 1.7. **"Effective Date"** means the date on which this Scheme shall become effective which shall be the last of the dates on which the conditions specified in Clause 37 of the Scheme are fulfilled with respect to a particular Part of the Scheme. Upon fulfilment of the conditions set out in Clause 37 of the Scheme, the Scheme shall be deemed to be effective from the Appointed Date. References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme being effective" shall mean the Effective Date.
- 1.8. **"GST"** means Goods and Services Tax leviable on the supply of goods and/or services and includes Central Goods and Services Tax, State/Union Territory Goods and Services Tax, Integrated Goods and Services Tax, State Compensation Cess, payable under Applicable Laws;
- 1.9. **"Home and Personal Care Undertaking"** shall mean the business and undertaking of Demerged Company A relating to its home and personal care chemicals business, operating as a going concern and includes (without limitation) the following:
- All the assets and properties as on the Appointed Date in the Demerged Company A (hereinafter referred to as "the said assets") pertaining to the Home and Personal Care Undertaking along with investments in Aarti Drugs Limited;
 - All the debts, liabilities, duties and obligations including contingent liabilities pertaining to the Home and Personal Care Undertaking;
 - Without prejudice to the generality of above, the Home and Personal Care Undertaking shall include rights over land, buildings, the movable properties covering plant and machinery, 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, investments but other than those forming part of Residual Undertaking A, 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 be required, goodwill, other intangibles, permits, authorisations, 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, recoverables 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., unutilised deposits or credits, benefits under the Goods and Service Tax Law, VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, GST input 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 Home and Personal Care Undertaking;
- (d) all permanent employees engaged in or in relation to the Home and Personal Care Undertaking as on the Effective Date; and
- (e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the Home and Personal Care Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the Home and Personal Care Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of Demerged Company A and Resultant Company A;

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the Home and Personal Care Undertaking shall comprise the liabilities, borrowings, debts and loans as agreed between Demerged Company A and Resultant Company A, which will cover:

- (a) The liabilities, which arise out of the activities or operations of the Home and Personal Care Undertaking; and
- (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the Home and Personal Care Undertaking.

Liabilities other than those referred to in sub-clauses (a) and (b) above and not directly relatable to the Residual Undertaking A of Demerged Company A, being the amounts of general or multipurpose borrowings of Demerged Company A shall be allocated to the Home and Personal Care Undertaking of Demerged Company A in the same proportion in which the value of the assets transferred under this sub-clause bears to the total value of the assets of Demerged Company A immediately before giving effect to this Scheme.



Demerged Company A and Resultant Company A shall mutually agree upon the identification of the liabilities to be transferred to Resultant Company A as liabilities pertaining to the Home and Personal Care Undertaking.

Any question that may arise as to whether a specified liability pertains or does not pertain to the Home and Personal Care Undertaking of Demerged Company A or whether it arises out of the activities or operations of Home and Personal Care Undertaking of Demerged Company A shall be decided by mutual agreement between the Board of Directors or any Committee thereof of Demerged Company A and Resultant Company A.

- 1.10. **"Indian Accounting Standards"** or **"Ind-AS"** means the accounting standards notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015, as amended, modified or superseded from time to time;
- 1.11. **"Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes any notifications, amendments, modification or any enactment thereof;
- 1.12. **"Manufacturing Undertaking"** shall mean the business and undertaking of Demerged Company B relating to chemical manufacturing of Demerged Company B, operating as a going concern and includes (without limitation) the following:
- (a) All the assets and properties as on the Appointed Date in the Demerged Company B (hereinafter referred to as "the said assets") pertaining to the Manufacturing Undertaking;
 - (b) All the debts, liabilities, duties and obligations including contingent liabilities pertaining to the Manufacturing Undertaking;
 - (c) Without prejudice to the generality of above, the Manufacturing Undertaking shall include rights over land, buildings, the movable properties covering plant and machinery, 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, investments but other than those forming part of Residual Undertaking B, 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 be required, goodwill, other intangibles, permits, authorisations,



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, recoverables 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., unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, GST, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, GST input 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 Manufacturing Undertaking;

- (d) all permanent employees engaged in or in relation to the Manufacturing Undertaking as on the Effective Date; and
- (e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the Manufacturing Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the Manufacturing Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of Demerged Company B and Resultant Company B;

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the Manufacturing Undertaking shall comprise the liabilities, borrowings, debts and loans as agreed between Demerged Company B and Resultant Company B, which will cover:

- (a) The liabilities, which arise out of the activities or operations of Manufacturing Undertaking; and



- (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the Manufacturing Undertaking.

Liabilities other than those referred to in sub-clauses (a) and (b) above and not directly relatable to the Residual Undertaking B of Demerged Company B, being the amounts of general or multipurpose borrowings of Demerged Company B shall be allocated to the Manufacturing Undertaking of Demerged Company B in the same proportion which the value of the assets transferred under this sub-clause bears to the total value of the assets of Demerged Company B immediately before giving effect to this Scheme. Demerged Company B and Resultant Company B shall mutually agree upon the identification of the liabilities to be transferred to Resultant Company B as liabilities pertaining to the Manufacturing Undertaking.

Any question that may arise as to whether a specified liability pertains or does not pertain to the Manufacturing Undertaking of Demerged Company B or whether it arises out of the activities or operations of Manufacturing Undertaking of Demerged Company B shall be decided by mutual agreement between the Board of Directors or any Committee thereof of Demerged Company B and Resultant Company B.

- 1.13. **"National Company Law Tribunal" or "NCLT" or "Tribunal"** means the National Company Law Tribunal having applicable jurisdiction;
- 1.14. **"New Equity Shares"** means equity shares of Resultant Company B to be issued to the shareholders of Demerged Company B in accordance with Clause 27.1 of this Scheme;
- 1.15. **"New Securities"** means equity shares or Redeemable Preference Shares of Resultant Company A to be issued to the shareholders of Demerged Company A in accordance with Clause 11.1 of this Scheme;
- 1.16. **"Record Date A"** means such date to be mutually fixed by the Board of Directors of Resultant Company A in consultation with the Board of Directors of Demerged Company A after the sanction of this Scheme by the NCLT or any Appropriate Authority empowered to sanction the Scheme, to determine the members of the Demerged Company A to whom equity shares or RPS of Resultant Company A will be allotted pursuant to Part C of this Scheme;
- 1.17. **"Record Date B"** means such date after Record Date A to be mutually fixed by the Board of Directors of Resultant Company B in consultation with the Board of Directors of Demerged Company B after the sanction of this Scheme by the NCLT or any Appropriate Authority empowered to sanction the Scheme, to determine the members of the Demerged



Company B to whom equity shares of Resultant Company B will be allotted pursuant to Part D of this Scheme;

- 1.18. **"Redeemable Preference Shares"** or **"RPS"** means preference shares of Resultant Company A to be issued in accordance with Clause 11 of this Scheme. The terms of the Redeemable Preference Shares have been set out in Annexure I of this Scheme;
- 1.19. **"Remaining Shareholders"** means shareholders holding 49.51% equity shares of Nascent (i.e. all equity shareholders of Nascent other than Aarti Corporate Services Limited);
- 1.20. **"Residual Undertaking A"** means all the businesses and undertakings of Demerged Company A, other than the Home and Personal Care Undertaking;
- 1.21. **"Residual Undertaking B"** means all the businesses and undertakings of Demerged Company B, other than the Manufacturing Undertaking;
- 1.22. **"Resultant Company A"** for Part C of the Scheme means Aarti Surfactants Limited;
- 1.23. **"Resultant Company B"** for Part D of the Scheme means Aarti Industries Limited;
- 1.24. **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Composite Scheme of Arrangement in its present form or with any modification(s) / amendment(s), if any made, as approved or imposed or directed by the NCLT or any other Appropriate Authority sanctioning this Scheme;
- 1.25. **"SEBI Circular"** means circular No CFD/DIL3/CIR/2017/12 dated March 10, 2017 or any amendments thereof issued by the Securities and Exchange Board of India ("SEBI") in regards of the scheme of arrangement of the companies listed on the stock exchanges in India including but not limited to the circulars issued by the SEBI on 23 March 2017, 26 May 2017, 21 September 2017 and 3 January 2018;
- 1.26. **"Share Entitlement Ratio A"** means the ratio in which the New Securities of the Resultant Company A are to be issued and allotted to the shareholders of the Demerged Company A pursuant to the Valuation Report and in accordance with Clause 11.1;
- 1.27. **"Share Entitlement Ratio B"** means the ratio in which New Equity Shares of the Resultant Company B are to be issued and allotted to the Remaining shareholders of the Demerged Company B pursuant to the Valuation Report and in accordance with Clause 27.1; and



1.28. "Valuation Report" means valuation report dated 28th June, 2018 issued by N. M. Raiji & Co. Chartered Accountants, in connection with the Share Entitlement Ratio A and the Share Entitlement Ratio B; and

In this Part, unless the context otherwise requires:

- the words denoting the singular shall include the plural and vice versa;
- headings and bold typefaces are only for convenience and shall be ignored for the purpose of interpretation;
- references to the word "include" or "including" shall be construed without limitation;
- a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
- word(s) and expression(s) which are used in this Scheme and not defined in part, shall, unless repugnant or contrary to the context or meaning hereof, and as the context may require, have the same meaning ascribed to them under the Act or the Securities Contracts (Regulations) Act, 1956 or Depositories Act, 1996 or other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. Share Capital

- 2.1. The authorized, issued and subscribed share capital of the Demerged Company A/Resultant Company B for the financial year ending March 31, 2018, being the latest audited financial statement of Demerged Company A/Resultant Company B, is as follows:

PARTICULARS	AMOUNT IN Rs.
Authorized Capital	
23,01,50,320 Equity shares of Rs. 5/- each	115,07,51,600
Issued, Subscribed and Paid-up Capital	
8,13,00,000 Equity shares of Rs. 5/- each	40,65,00,000
Total	40,65,00,000

There has been no change in the authorised, issued and subscribed share capital of Demerged Company A/Resultant Company B since March 31, 2018.



- 2.2 The authorized, issued and subscribed share capital of the Resultant Company A as of the date of its incorporation is as follows:

PARTICULARS	AMOUNT IN Rs.
Authorized Capital	
50,000 Equity shares of Rs. 10 each	5,00,000
Issued, Subscribed and Paid-up Capital	
50,000 Equity shares of Rs. 10 each	5,00,000
Total	5,00,000

There has been no change in the authorised, issued and subscribed share capital of Resultant Company A since the date of its incorporation.

- 2.3 The authorized, issued and subscribed share capital of the Demerged Company B for the financial year ending March 31, 2018, being the latest audited financial statement of Demerged Company B, is as follows:

PARTICULARS	AMOUNT IN Rs.
Authorized Capital	
50,00,000 Equity shares of Rs 10/- each	5,00,00,000
Issued, Subscribed and Paid-up Capital	
6,00,000 Equity shares of Rs 10/- each fully paid up	60,00,000
Total	60,00,000

There has been no change in the authorised, issued and subscribed share capital of Demerged Company B since March 31, 2018.

3. Date of taking effect and Effective Date

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or any other Appropriate Authority shall be deemed to be effective and operative from the Appointed Date.



PART C - DEMERGER OF HOME AND PERSONAL CARE UNDERTAKING

4. Transfer and vesting of the Home and Personal Care Undertaking

4.1 With effect from the Appointed Date, the Home and Personal Care Undertaking of Demerged Company A shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and vested in or deemed to be transferred to and vested in Resultant Company A, as a going concern and in the following manner:

- (a) With effect from the Appointed Date and upon the Scheme becoming effective, the whole of "Home and Personal Care Undertaking" and its properties, shall pursuant to the provisions contained in Sections 230-232 and all other applicable provisions, if any, of the Act in accordance with the provisions contained herein and related provisions contained in various other taxation laws in force in India on the Appointed Date including without limitation in relation to service tax, customs duty, excise duty, CENVAT credit or Value Added Tax, GST etc. and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in Resultant Company A so as to vest in Resultant Company A all rights, titles and interests pertaining to the Home and Personal Care Undertaking. In addition, for the avoidance of doubt, the Residual Undertaking A and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company A;
- (b) In respect of all such assets pertaining to the Home and Personal Care Undertaking that are movable in nature or incorporeal properties or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery, or by vesting and recordal including plants, machineries and equipments, pursuant to this Scheme, which are capable of being physically transferred including cash on hand, shall stand vested in and/or be deemed to be vested in the Resultant Company A wherever located and shall become the property and an integral part of the Resultant Company A. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly or shall be physically handed over by delivery to Resultant Company A to the end and intent that the property therein passes to Resultant Company A. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of Demerged Company A and Resultant Company A;



- (c) In respect of other assets pertaining to the Home and Personal Care Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, Demerged Company A shall, on being so requested by Resultant Company A, issue notices in such form as Resultant Company A may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, Resultant Company A as the person entitled thereto, to the end and intent that the right of Demerged Company A to receive, recover or realize the same, stands transferred to Resultant Company A and that appropriate entries should be passed in their respective books to record the aforesaid changes. It is hereby clarified that investments and all the rights, title and interests if any, of the Home and Personal Care Undertaking in any leasehold properties without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resultant Company A and/or be deemed to be demerged from the Demerged Company A and transferred to and vested in the Resultant Company A on the Appointed Date.
- (d) In respect of such of the assets belonging to the Home and Personal Care Undertaking other than those referred to in sub-clauses 4.1(a) to (b), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in Resultant Company A on the Appointed Date.
- (e) With effect from the Appointed Date and upon the Scheme becoming effective, all debts (including rupee and foreign currency loans, time and demand liabilities, borrowings, bills payable), liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the of Demerged Company pertaining to the Home and Personal Care Undertaking under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to Resultant Company A, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of Resultant Company A and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities,



duties and obligations have arisen in order to give effect to the provisions of this sub-clause;

- (f) With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by Demerged Company A required to carry on operations of the Home and Personal Care Undertaking shall stand vested in or transferred to Resultant Company A subject to payment of applicable fees or charges (if any) and without any further act or deed shall be appropriately mutated by the statutory authorities concerned therewith in favour of Resultant Company A and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses etc. shall vest in and become available to Resultant Company A as if they were originally obtained by Resultant Company A. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Demerged Company A relating to the Home and Personal Care Undertaking, are concerned, the same shall vest with and be available to Resultant Company A on the same terms and conditions as applicable to Demerged Company A, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resultant Company A;
- (g) The transfer and vesting of the Home and Personal Care Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the properties and assets or any part thereof relating to the Home and Personal Care Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Home and Personal Care Undertaking;
- (h) In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the Home and Personal Care Undertaking are securities for liabilities of the Residual Undertaking A of the Demerged Company A, the same shall not be affected or abated pursuant to the Scheme and the same shall continue to be effective;

Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of Resultant Company A shall continue with respect to such assets or any part thereof of Resultant Company A and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the Home and Personal Care Undertaking vested



in Resultant Company A, provided always that this Scheme shall not operate to enlarge the security of any loan, deposit or facility created by Demerged Company A in relation to the Home and Personal Care Undertaking which shall vest in Resultant Company A by virtue of the vesting of the Home and Personal Care Undertaking with Resultant Company A and there shall not be any obligation to create any further or additional security therefore after the Scheme has become effective;

Provided further that all the loans, advances and other facilities sanctioned to Demerged Company A in relation to the Home and Personal Care Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to Resultant Company A and the said loans and advances may be drawn and utilized either partly or fully by Demerged Company A from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by Demerged Company A in relation to the Home and Personal Care Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to Resultant Company A and all the obligations of Demerged Company A in relation to the Home and Personal Care Undertaking under any loan agreement shall be construed and shall become the obligation of Resultant Company A without any further act or deed on the part of Resultant Company A; and

It is clarified that if any assets, (estate, claims, rights, title, interest in, or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to the Home and Personal Care Undertaking which Demerged Company A owns or to which Demerged Company A is a party and which cannot be transferred to Resultant Company A or to its successor in business, for any reason whatsoever, Demerged Company A shall hold such assets or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resultant Company A to which the Home and Personal Care 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 affected.

5. Legal Proceedings

- 5.1 All legal proceedings of whatsoever nature by or against Demerged Company A pending and/or arising before the Effective Date and relating to the Home and Personal Care



Undertaking, shall not be abated or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Demerged Company A, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against Demerged Company A.

- 5.2 After the Effective Date, if any proceedings are taken against Demerged Company A in respect of the matters referred to in the Clause 5.1 above, it shall defend the same at the cost of Resultant Company A and Resultant Company A shall reimburse and indemnify Demerged Company A against all liabilities and obligations incurred by Demerged Company A in respect thereof.
- 5.3 Resultant Company A undertakes to have all respective legal or other proceedings initiated by or against Demerged Company A referred to in Clause 5.1 and/or 5.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against Resultant Company A as the case may be, to the exclusion of Demerged Company A.
6. **Contracts, Deeds etc.**
- 6.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Home and Personal Care Undertaking, shall continue in full force and effect against or in favour of Resultant Company A and may be enforced effectively by or against the Resultant Company A as fully and effectually as if, instead of Demerged Company A, the Resultant Company A had been a party thereto.
- 6.2 Resultant Company A, 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, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which Demerged Company A is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. Resultant Company A shall be deemed to be authorised to execute any such writings on behalf of Demerged Company A and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of Demerged Company A.



7. **Employees**

- 7.1 Upon the coming into effect of this Scheme, all employees of Demerged Company A engaged in or in relation to the Home and Personal Care Undertaking and who are in such employment as on the Effective Date shall become the employees of Resultant Company A from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by Demerged Company A and without any interruption of or break in service as a result of the transfer of the Home and Personal Care Undertaking.
- 7.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by Demerged Company A for the employees engaged in or in relation to the Home and Personal Care Undertaking (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are for employees engaged in or in relation to the Home and Personal Care Undertaking being transferred to Resultant Company A, in terms of the Scheme shall be transferred to Resultant Company A and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of Resultant Company A, either be continued as separate funds of Resultant Company A for the benefit of the employees engaged in or in relation to the Home and Personal Care Undertaking or be transferred to and merged with other similar funds of Resultant Company A. In the event that Resultant Company A does not have its own funds in respect of any of the above, Resultant Company A may, subject to necessary approvals and permissions, continue to contribute to relevant funds of Demerged Company A, until such time that Resultant Company A creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to the Home and Personal Care Undertaking shall be transferred to the funds created by Resultant Company A. Subject to the relevant laws, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of Demerged Company A and Resultant Company A may decide to continue to make the said contributions to the Funds of Demerged Company A. It is clarified that the services of the employees of the Home and Personal Care Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.
- 7.3 Any question that may arise as to whether any employee belongs to or does not belong to the Home and Personal Care Undertaking shall be decided by the Board of Directors or Committee thereof of Demerged Company A.



8. Taxation Matters

- 8.1 Resultant Company A will be the successors of Demerged Company A vis-a-vis the Home and Personal Care Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-a-vis the Home and Personal Care Undertaking and the obligations, if any, for payment of the taxes on any assets forming part of the Home and Personal Care Undertaking or their erection and / or installation, etc., shall be deemed to have been availed by Resultant Company A or as the case may be deemed to be the obligations of Resultant Company A. Consequently, and as the Scheme does not contemplate removal of any asset by Resultant Company A from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by Demerged Company A.
- 8.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by Demerged Company A relating to the Home and Personal Care Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of Resultant Company A.
- 8.3 Demerged Company A and Resultant Company A are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, GST credits, excise and service tax credits, set off, etc., on the basis of the accounts of the Home and Personal Care Undertaking of Demerged Company A as vested with Resultant Company A upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.
- 8.4 With effect from the Appointed Date and upon the Scheme becoming effective, the brought forward loss of Demerged Company A relating to the Home and Personal Care Undertaking shall be carried forward to Resultant Company A in accordance with the provisions of the Income Tax Act, 1961.
9. **Saving of concluded transactions**

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against Resultant Company A above shall not affect any transaction or proceedings already concluded in Demerged Company A, in relation to the Home and Personal Care Undertaking on or after the Appointed Date till the Effective Date, to the end and intent



that Resultant Company A accepts and adopts all acts, deeds and things done and executed by Demerged Company A, in relation to the Home and Personal Care Undertaking in respect thereto as done and executed on their behalf.

10. Conduct of business until the Effective Date

- 10.1 Demerged Company A in respect of the Home and Personal Care Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for Resultant Company A. Demerged Company A hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- 10.2 With effect from the Appointed Date, all the profits or incomes accruing or arising to Demerged Company A in respect of the Home and Personal Care Undertaking or expenditure or losses arising to or incurred by Demerged Company A in respect of the Home and Personal Care Undertaking, shall for all purposes and intents be treated and be deemed to be accrued as the profits or incomes or expenditure or losses (as the case may be) of Resultant Company A.
- 10.3 Demerged Company A in respect of the Home and Personal Care Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of Resultant Company A, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Home and Personal Care Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the Home and Personal Care Undertaking or substantial expansion of the Home and Personal Care Undertaking.
- 10.4 Demerged Company A shall be entitled to issue further shares and securities, either by way of preferential allotment, rights or bonus issue or otherwise in compliance with Applicable Laws.
- 10.5 Demerged Company A, except for the ordinary course of business and consistent with the past practices, shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practices or pursuant to any pre-existing obligation, without the prior written consent of the Board of Directors of Resultant Company A.

11. Consideration

- 11.1 Upon this Scheme becoming effective, Resultant Company A shall issue either equity shares or Redeemable Preference Shares (i.e. New Securities) to the shareholders of



Demerged Company A, credited as fully paid-up, to the extent indicated below and to such shareholders of Demerged Company A who are holding shares in Demerged Company A and whose name appear in the Register of Members of Demerged Company A on the Record Date A 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 proportion set out below:

For every 10 (Ten) equity shares held in Demerged Company A, the holder of such equity shares shall have the option to subscribe either of the following (the "Share Entitlement Ratio A"):

- (i) 1 (One) equity share having face value of Rs. 10 each of the Resultant Company A, or
- (ii) 1 (One) Redeemable Preference Share having face value of Rs. 10 each of the Resultant Company A.

- 11.2 The shareholders of the Demerged Company A shall exercise the option at their sole discretion (i.e. either to subscribe to the equity shares or the Redeemable Preference Shares of Resultant Company A) within the time-period, which shall be adequate and reasonable, notified to them. In case any shareholders of Demerged Company A fail to exercise the option, then such shareholders shall be issued equity shares of the Resultant Company A.
- 11.3 Upon this Scheme coming into effect and upon vesting of the Home and Personal Care Undertaking in the Resultant Company A, Demerged Company A shall provide to the Resultant Company A, the list of equity shareholders of the Demerged Company A as on the Record Date A, who are entitled to receive fully paid-up New Securities in the Resultant Company A in terms of this Scheme.
- 11.4 Upon this Scheme coming into effect, the shareholders of the Demerged Company A as of the Record Date A shall be entitled to receive the New Securities of the Resultant Company A as detailed in this Clause 11 of Part C of this Scheme.
- 11.5 Upon this scheme becoming effective, the Resultant Company A shall, without any further act or deed, issue and allot to the shareholders of the Demerged Company A whose name is recorded in the register of members of the Demerged Company A on the Record Date A, the New Securities of the Resultant Company A.



- 11.6 The Demerged Company A and the Resultant Company A has engaged N. M. Rajji & Co., as the valuer to provide the Valuation Report. The Share Entitlement Ratio A as mentioned in Clause 11.1 of the Scheme is arrived with the help of the Valuation Report.
- 11.7 The Demerged Company A had engaged Master Capital Services Limited as the merchant banker to provide a fairness opinion on the Share Entitlement Ratio A adopted under the Scheme. In connection with such engagement, Master Capital Services Limited has issued a fairness opinion dated June 28, 2018.
- 11.8 Upon New Securities being issued and allotted by Resultant Company A to the shareholders of Demerged Company A in accordance with this Clause 11, the equity shares of Resultant Company A held by the Demerged Company A shall be deemed to have been reduced, cancelled and extinguished without any further act or deed on behalf of the shareholders of the Resultant Company A and be of no effect on and from such issue and allotment of the New Securities. The reduction of the share capital specified in this Clause 11 shall be effected as an integral part of this Scheme itself, in accordance with the provisions of Section 66 of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also an order under Section 66 of the Act for confirming the reduction and no separate procedure shall be followed under the Act.
- 12. Share issue mechanics and other provisions**
- 12.1 The equity shares to be issued and allotted by the Resultant Company A pursuant to this Scheme shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Resultant Company A and shall rank *pari passu* in all respects with the existing equity shares of the Resultant Company A.
- 12.2 All shareholders of the Demerged Company A holding equity shares in the Demerged Company A in dematerialised form, as on the Record Date A, shall be issued New Securities in the Resultant Company A in dematerialised form. All shareholders of the Demerged Company A holding equity shares in the Demerged Company A in physical form, as on the Record Date A, shall be issued New Securities in the Resultant Company A in physical form.
- 12.3 All certificates for the New Securities held in physical form shall be sent by the Resultant Company A to the shareholders of Demerged Company A as on the Record Date A at their respective registered addresses as appearing in the register of members of Demerged Company A (or in the case of joint holders to the address of such joint holder whose name stands first in such register of members in respect of such joint holding) and the Resultant Company A shall not be responsible for any loss in transmission.



- 12.4 For the purpose of the allotment of the New Securities in the Resultant Company A, in case any member's holding in the Demerged Company A is such that the member becomes entitled to a fraction of a New Security of the Resultant Company A, the Resultant Company A shall not issue fractional New Security to such members but shall consolidate such fractions and issue consolidated New Securities to separate trustees nominated respectively by the Resultant Company A in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same, in proportion to the respective fractional entitlements in the Resultant Company A.
- 12.5 On the approval of the Scheme by the members of the Resultant Company A it shall be deemed that the members have accorded their consent under Section 62(1)(a) or any other applicable provision of the Act, as may be applicable. The Resultant Company A shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities, including the SEBI and the NSF and the BSE, for the issue and allotment by the Resultant Company A of the New Securities of Resultant Company A to the members of Demerged Company A pursuant to the Scheme.
- 12.6 All New Securities of the Resultant Company A issued in terms of this Scheme or otherwise shall, subject to the execution of the listing agreement, compliance with Applicable Laws and payment of the appropriate fees, be listed on the NSE and the BSE and on such other recognised stock exchange(s) in India, and/or admitted to trading if any, as may be decided by the Board of Directors of the Resultant Company A.
- 12.7 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company A, the Board of Directors, or any Committee thereof, of the Demerged Company A shall be empowered in appropriate cases, even subsequent to the Record Date A, as the case may be, to effectuate such a transfer in the Demerged Company A, as if such changes in registered holder were operative as on the Record Date A, in order to remove any difficulties arising to the Demerged Company A or Resultant Company A, as the case may be, in respect of such shares.
- 12.8 Unless otherwise determined by the Board of Directors, or any Committee thereof, of the Demerged Company A and the Board of Directors, or any Committee thereof, of the Resultant Company A, allotment of New Securities in terms of this part of the Scheme shall be completed within 60 (Sixty) days from the Effective Date.



- 12.9 Subject to any dispensation granted by the SEBI, the BSE and/or the NSE, the New Securities allotted pursuant to Clause 11 of the Scheme shall remain frozen in the depositories system until permission for listing/ trading is granted by the BSE and the NSE.

13. Accounting treatment in the books of Demerged Company A

On the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company A shall account for demerger in its books of accounts in accordance with the accounting standards prescribed under Section 133 of the Act in the following manner:

- 13.1 The Demerged Company A shall reduce the book value of assets (net of diminution/depreciation, if any) and liabilities relating to the "Home and Personal Care Undertaking", transferred to the Resultant Company A in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.
- 13.2 The excess of book value of the assets transferred (net of diminution/depreciation, if any) over the book value of the liabilities of the Home and Personal Care Undertaking, to the Resultant Company A, shall be debited proportionately to all free reserves and surpluses of the Demerged Company A.
- 13.3 The approval granted by the shareholders of the Demerged Company A to this Scheme shall be deemed to be approval required under the provisions of the Act.
- 13.4 For the sake of compliance with Indian Accounting Standards (Ind-AS) 10, the Demerged Company A shall debit the fair value of the Home and Personal Care Undertaking to the reserves as stated in Clause 13.2 above and create a corresponding liability. The difference between the book value of the net assets so debited and the liability recognized shall be recognized in the statement of profit and loss account for the period in accordance with Annexure A to Ind-AS 10.

14. Accounting treatment in the books of Resultant Company A

On the Scheme becoming effective and with effect from the Appointed Date, the Resultant Company A shall account for demerger in its books of accounts in accordance with the accounting standards prescribed under Section 133 of the Act in the following manner:



- 14.1 The Resultant Company A shall record the assets and liabilities (the difference between the assets and liabilities hereinafter being referred to as the "Net Assets") vested in it pursuant to this Scheme, at the respective book values thereof, as appearing in the books of the of the Demerged Company A, relating to "Home and Personal Care Undertaking" at the close of business of the day immediately preceding the Appointed Date in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.
- 14.2 The Resultant Company A shall credit to its share capital and the Securities Premium Account (if applicable) in its books of account, the aggregate of face value of the New Securities and premium on the RPS issued by it to the members of the Demerged Company A pursuant to this Scheme.
- 14.3 The excess of the Net Assets over the face value of the New Securities and premium on the RPS allotted in accordance with the Scheme shall be credited to the respective reserves and surpluses, in the same proportion as debited in the books of the Demerged Company A.
- 14.4 In case the Resultant Company A is required to follow accounting policies that are different from that of the Demerged Company A for any regulatory reasons, the effect of the difference in the accounting policies between the Demerged Company A and the Resultant Company A, will be quantified and adjusted in the opening reserve (other than the securities premium account), to ensure that the financial statements of the Resultant Company A reflect the financial position on the basis of consistent accounting policy.
- 14.5 Notwithstanding the above, the Board of Directors of the Resultant Company A is authorised to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the accounting standards specified under Section 133 of the Act read with the rules made thereunder including but not limited to Indian Accounting Standards (Ind-AS) 103 'Business Combination' and Generally Accepted Accounting Principles.
15. **Residual Undertaking A of Demerged Company A**
 - 15.1 It is clarified that the Residual Undertaking A of Demerged Company A shall continue with Demerged Company A in the following manner:
 - (a) The Residual Undertaking A of Demerged Company A and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by Demerged Company A.



- (b) All legal and other proceedings by or against Demerged Company A under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Residual Undertaking A of Demerged Company A (including those relating to any property, right, power, liability, obligation or duty, of Demerged Company A in respect of the Residual Undertaking A of Demerged Company A) shall be continued and enforced by or against Demerged Company A.

15.2 With effect from the Appointed Date and including the Effective Date:

- (a) Demerged Company A shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Residual Undertaking A of Demerged Company A for and on its own behalf; and
- (b) All profit accruing to Demerged Company A thereon or losses arising or incurred by it relating to the Residual Undertaking A of Demerged Company A shall, for all purposes, be treated as the profit, or losses, as the case may be, of Demerged Company A.

16. Alteration to the Memorandum and Articles of Association of Resultant Company A

16.1 Increase of the Authorised Share Capital of Resultant Company A

Upon the Scheme becoming effective, the authorized share capital of Resultant Company A as specified in Clause 2.2 of Part B of the Scheme, shall automatically stand increased with the number of the New Securities (i.e. either the equity shares or Redeemable Preference Shares, as the case may be) to be issued to the shareholders of Demerged Company A in accordance with the Share Entitlement Ratio A. The resolution approving the Scheme shall be deemed to be the approval of increase and re-classification in the authorised share capital of Resultant Company A under Section 61 and other applicable provisions of the Act. Accordingly, upon sanction of this Scheme and from the date of this Scheme becoming effective, the authorised share capital of Resultant Company A shall automatically stand increased without any further act, instrument or deed on the part of Resultant Company A after payment of stamp duty and payment of fees payable to the Registrar of Companies.

- 16.2 Accordingly, Clause V of the Memorandum of Association of Resultant Company A relating to authorized share capital shall, without any further act, instrument or deed, be



and stand altered, modified and amended pursuant to Section 13, 14 and 61 of the Act in the following manner:

Particulars	Amount (in Rs.)
Authorized share capital	
81,30,000 equity shares of Rs. 10 each	8,13,00,000
81,30,000 redeemable preference shares of Rs. 10 each	8,13,00,000
Total	16,26,00,000

- 16.3 Under the accepted principle of Single Window Clearance, it is hereby provided that the aforesaid alteration viz. change in the Capital Clause, referred above, shall become operative upon the Scheme becoming effective by virtue of the fact that the shareholders of Resultant Company A, while approving the scheme as a whole, have also resolved and accorded the relevant consents as required respectively under Section 13, 14 and 61 of the Act and Section 230 to 232 of the Act, or any other provisions of the Act, and there shall not be a requirement to pass separate resolutions as required under the Act.
17. **Compliance with Applicable Laws**
- 17.1 Part C of this Scheme is presented and drawn up to comply with the provisions/requirements of Sections 230 to 232 of the Companies Act, 2013, for the purpose of demerger of the Home and Personal Care Undertaking to the Resultant Company A.
- 17.2 Part C of this Scheme has been drawn up to comply with the conditions relating to "demerger" as specified under the tax laws, including Section 2(19AA) and other relevant sections of the Income Tax Act, 1961. If any terms or provisions of PART C of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the Income Tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the Demerged Company A and the Resultant Company A, which power shall be exercised reasonably in the best interests of the companies concerned and their stakeholders.
- 17.3 Upon the Scheme becoming effective, the Demerged Company A and the Resultant Company A are expressly permitted to revise their financial statements. The order of the NCLT sanctioning the Scheme shall be deemed to be an order of the NCLT permitting



the Demerged Company A and the Resultant Company A to revise their financial statements and books of accounts and no further act shall be required to be undertaken by the Demerged Company A and the Resultant Company A.

18. Consequential matters relating to tax

- 18.1 Upon the Scheme coming into effect, notwithstanding anything to the contrary contained in the provisions of this Scheme, all accumulated tax loss, unabsorbed losses and corresponding deferred tax assets, unabsorbed tax depreciation, minimum alternate tax credit, if any, of the Home and Personal Care Undertaking as on the Appointed Date, respectively shall, for all purposes, be treated as accumulated tax losses, unabsorbed losses and corresponding deferred tax assets, unabsorbed tax depreciation and of the Resultant Company A.
- 18.2 Upon the Scheme becoming effective, the Resultant Company A shall be entitled to claim refunds or credits, including input tax credits, with respect to taxes paid by, for, or on behalf of, Home and Personal Care Undertaking under Applicable Laws, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed.
- 18.3 Upon the Scheme becoming effective, any TDS certificates issued by the Demerged Company A to, or for the benefit of, the Home and Personal Care Undertaking under the Income Tax Act, 1961 with respect to the inter se transactions would be available to the Resultant Company A to seek refund from the tax authorities in compliance with Applicable Laws. Further, TDS deposited, TDS certificates issued or TDS returns filed by the Demerged Company A pertaining to the Home and Personal Care Undertaking on transactions other than inter se transactions shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by the Resultant Company A. Any TDS deducted by, or on behalf of the Home and Personal Care Undertaking on inter-se transactions will be treated as advance tax deposited by the Resultant Company A.
- 18.4 The Resultant Company A is also expressly permitted to claim refunds, credits, including restoration of input CENVAT credit, tax deduction in respect of nullifying of any transaction between or amongst the Home and Personal Care Undertaking and the Resultant Company A.
- 18.5 The obligation for deduction of tax at source on any payment made by or to be made by the Demerged Company A pertaining to the Home and Personal Care Undertaking under the Income Tax Act, 1961, GST laws, service tax laws, central sales tax, state value added tax or other Applicable Laws and/or regulations dealing with taxes, duties or levies shall be deemed to have been made and duly complied with on behalf of the Resultant Company A.



- 18.6 Upon the Scheme becoming effective, the Resultant Company A is also expressly permitted to revise its income-tax returns, withholding tax returns, GST returns, sales tax returns, excise & CENVAT returns, service tax returns, other tax returns, to obtain TDS certificates, including TDS certificates relating to transactions between or amongst the Home and Personal Care Undertaking and the Resultant Company A and to claim refunds, advance tax and withholding tax credits, benefit of carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.
- 18.7 In accordance with the applicable provisions of GST laws and rules, as are prevalent on the Effective Date, the unutilised credits relating to GST paid on inputs/capital goods/input services lying in the accounts of the Demerged Company A pertaining to the Home and Personal Care Undertaking shall be permitted to be transferred to the credit of the Resultant Company A, as if all such unutilised credits were lying to the account of the Resultant Company A. The Resultant Company A shall accordingly be entitled to set off all such unutilised credits against the GST payable by it. Without prejudice to the generality of the foregoing, all benefits, incentives, losses, credits (including without limitation income tax, tax on book profits, wealth tax, GST, service tax, excise tax, custom duty and value added tax), to which the Home and Personal Care Undertaking of the Demerged Company A is entitled to in terms of Applicable Laws, shall be available to and vest in the Resultant Company A.
19. **Declaration of Dividends**
- 19.1 The Demerged Company A and the Resultant Company A shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- (a) The holders of the shares of the Demerged Company A and the Resultant Company A shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- (b) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company A and/or the Resultant Company A to demand or claim any dividends which, subject to the provisions of the Companies Act, 2013, shall be entirely at the discretion of the respective Boards of Directors of the Demerged Company A and the Resultant Company A respectively and subject to the approval of the shareholders of the Demerged Company A and the Resultant Company A respectively.



PART D — DEMERGER OF THE MANUFACTURING UNDERTAKING

20. **Transfer and vesting of the Manufacturing Undertaking**
- 20.1 With effect from the Appointed Date, the Manufacturing Undertaking of Demerged Company B shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and vested in or deemed to be transferred to and vested in Resultant Company B, as a going concern and in the following manner:
- (a) With effect from the Appointed Date and upon the Scheme becoming effective, the whole of "Manufacturing Undertaking" and its properties, shall pursuant to the provisions contained in Sections 230-232 and all other applicable provisions, if any, of the Act in accordance with the provisions contained herein and related provisions contained in various other taxation laws in force in India on the Appointed Date including without limitation in relation to service tax, customs duty, excise duty, CENVAT credit or Value Added Tax, GST etc. and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in Resultant Company B so as to vest in Resultant Company B, all rights, titles and interests pertaining to the Manufacturing Undertaking. In addition, for the avoidance of doubt, the Residual Undertaking Band all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company B;
 - (b) In respect of all such assets pertaining to the Manufacturing Undertaking that are movable in nature or incorporeal properties or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery, or by vesting and recordal including plants, machineries and equipments, pursuant to this Scheme, which are capable of being physically transferred including cash on hand, shall stand vested in and/or be deemed to be vested in the Resultant Company B wherever located and shall become the property and an integral part of the Resultant Company B. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly or shall be physically handed over by delivery to Resultant Company B to the end and intent that the property therein passes to Resultant Company B. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of Demerged Company B and Resultant Company B;



- (c) In respect of other assets pertaining to Manufacturing Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, Demerged Company B shall, on being so requested by Resultant Company B, issue notices in such form as Resultant Company B may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, Resultant Company B as the person entitled thereto, to the end and intent that the right of Demerged Company B to receive, recover or realize the same, stands transferred to Resultant Company B and that appropriate entries should be passed in their respective books to record the aforesaid changes. It is hereby clarified that investments and all the rights, title and interests if any, of the Manufacturing Undertaking in any leasehold properties without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resultant Company B and/or be deemed to be demerged from the Demerged Company B and transferred to and vested in the Resultant Company B on the Appointed Date;
- (d) In respect of such of the assets belonging to the Manufacturing Undertaking other than those referred to in sub-clauses 20.1(a) to (b), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in Resultant Company B on the Appointed Date;
- (e) With effect from the Appointed Date and upon the Scheme becoming effective, all debts (including rupee and foreign currency loans, time and demand liabilities, borrowings, bills payable), liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the of Demerged Company B pertaining to the Manufacturing Undertaking under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to Resultant Company B, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of Resultant Company B and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause;



- (f) With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by Demerged Company B required to carry on operations of the Manufacturing Undertaking shall stand vested in or transferred to Resultant Company B subject to payment of applicable fees or charges (if any) and without any further act or deed shall be appropriately mutated by the statutory authorities concerned therewith in favour of Resultant Company B and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses etc. shall vest in and become available to Resultant Company B as if they were originally obtained by Resultant Company B. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Demerged Company B relating to the Manufacturing Undertaking, are concerned, the same shall vest with and be available to Resultant Company B on the same terms and conditions as applicable to Demerged Company B, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resultant Company B.
- (g) The transfer and vesting of the Manufacturing Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances, if any, subsisting over or in respect of the properties and assets or any part thereof relating to the Manufacturing Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Manufacturing Undertaking.
- (h) In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the Manufacturing Undertaking are securities for liabilities of the Residual Undertaking B of the Demerged Company B, the same shall not be affected or abated pursuant to the Scheme and the same shall continue to be effective;

Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of Resultant Company B shall continue with respect to such assets or any part thereof of Resultant Company B and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the Manufacturing Undertaking vested in Resultant Company B, provided always that this Scheme shall not operate to enlarge the security of any loan, deposit or facility created by Demerged Company B in relation to the Manufacturing Undertaking which shall vest in Resultant Company



B by virtue of the vesting of the Manufacturing Undertaking with Resultant Company Band there shall not be any obligation to create any further or additional security therefore after the Scheme has become effective;

Provided further that all the loans, advances and other facilities sanctioned to Demerged Company B in relation to the Manufacturing Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to Resultant Company Band the said loans and advances may be drawn and utilized either partly or fully by Demerged Company B from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by Demerged Company B in relation to the Manufacturing Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to Resultant Company Band all the obligations of Demerged Company B in relation to the Manufacturing Undertaking under any loan agreement shall be construed and shall become the obligation of Resultant Company B without any further act or deed on the part of Resultant Company B; and

It is clarified that if any assets, (estate, claims, rights, title, interest in, or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to any of the Manufacturing Undertaking which Demerged Company B owns or to which Demerged Company B is a party and which cannot be transferred to Resultant Company B or to its successor in business, for any reason whatsoever, Demerged Company B shall hold such assets or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resultant Company B to which the Manufacturing 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 affected.

21. Legal Proceedings

- 21.1 All legal proceedings of whatsoever nature by or against Demerged Company B pending and/or arising before the Effective Date and relating to the Manufacturing Undertaking, shall not be abated or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Demerged Company B, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against Demerged Company B.



- 21.2 After the Effective Date, if any proceedings are taken against Demerged Company B in respect of the matters referred to in the Clause 21.1 above, it shall defend the same at the cost of Resultant Company B and Resultant Company B shall reimburse and indemnify Demerged Company B against all liabilities and obligations incurred by Demerged Company in respect thereof.
- 21.3 Resultant Company B undertakes to have all respective legal or other proceedings initiated by or against Demerged Company referred to in Clause 21.1 and/or 21.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against Resultant Company B as the case may be, to the exclusion of Demerged Company B.
22. **Contracts, Deeds etc.**
- 22.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Manufacturing Undertaking, shall continue in full force and effect against or in favour of Resultant Company B and may be enforced effectively by or against Resultant Company B as fully and effectually as if, instead of Demerged Company B, Resultant Company B had been a party thereto.
- 22.2 Resultant Company B, 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, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which Demerged Company B is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. Resultant Company B shall, be deemed to be authorised to execute any such writings on behalf of Demerged Company B and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of Demerged Company B.
23. **Employees**
- 23.1 Upon the coming into effect of this Scheme, all employees of Demerged Company B engaged in or in relation to the Manufacturing Undertaking and who are in such employment as on the Effective Date shall become the employees of Resultant Company B from Appointed Date or their respective joining date, whichever is later and, subject to



the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by Demerged Company B and without any interruption of or break in service as a result of the transfer of the Manufacturing Undertaking.

- 23.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by Demerged Company B for the employees engaged in or in relation to the Manufacturing Undertaking (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are for employees engaged in or in relation to the Manufacturing Undertaking being transferred to Resultant Company B, in terms of the Scheme shall be transferred to Resultant Company B and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of Resultant Company B, either be continued as separate funds of Resultant Company B for the benefit of the employees related to the Manufacturing Undertaking or be transferred to and merged with other similar funds of Resultant Company B. In the event that Resultant Company B does not have its own funds in respect of any of the above, Resultant Company B may, subject to necessary approvals and permissions, continue to contribute to relevant funds of Demerged Company B, until such time that Resultant Company B creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees engaged in or in relation to the Manufacturing Undertaking shall be transferred to the funds created by Resultant Company B. Subject to the Applicable Laws, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of Demerged Company B and Resultant Company B may decide to continue to make the said contributions to the Funds of Demerged Company B. It is clarified that the services of the employees of the Manufacturing Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.
- 23.3 Any question that may arise as to whether any employee belongs to or does not belong to the Manufacturing Undertaking shall be decided by the Board of Directors or Committee thereof of Demerged Company B.
24. **Taxation Matters**
- 24.1 Resultant Company B will be the successors of Demerged Company B vis-à-vis the Manufacturing Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-a-vis the Manufacturing Undertaking and the obligations, if any, for payment of the taxes on any assets forming part of the Manufacturing Undertaking or their erection and / or installation, etc. shall be deemed to



have been availed by Resultant Company B or as the case may be deemed to be the obligations of Resultant Company B. Consequently, and as the Scheme does not contemplate removal of any asset by Resultant Company B from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by Demerged Company B.

- 24.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by Demerged Company B relating to the Manufacturing Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of Resultant Company B.
- 24.3 Demerged Company B and Resultant Company B are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, GST credits, excise and service tax credits, set off, etc., on the basis of the accounts of the Manufacturing Undertaking of Demerged Company B as vested with Resultant Company B upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.
- 24.4 With effect from the Appointed Date and upon the Scheme becoming effective, the brought forward loss of Demerged Company B relating to the Manufacturing Undertaking shall be carried forward to Resultant Company B, in accordance with the provisions of the Income Tax Act, 1961.

25. Saving of concluded transactions

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against Resultant Company B above shall not affect any transaction or proceedings already concluded in Demerged Company B, in relation to the Manufacturing Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that Resultant Company B accepts and adopts all acts, deeds and things done and executed by Demerged Company B, in relation to the Manufacturing Undertaking in respect thereto as done and executed on their behalf.

26. Conduct of business until the Effective Date

- 26.1 Demerged Company B in respect of the Manufacturing Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed



of and hold all of its properties and assets for and on account of and in trust for Resultant Company B. Demerged Company B hereby undertakes to hold the said assets with utmost prudence until the Effective Date;

- 26.2 With effect from the Appointed Date, all the profits or incomes accruing or arising to Demerged Company B in respect of the Manufacturing Undertaking or expenditure or losses arising to or incurred by Demerged Company B in respect of the Manufacturing Undertaking, shall for all purposes and intents be treated and be deemed to be accrued as the profits or incomes or expenditure or losses (as the case may be) of Resultant Company B;
- 26.3 Demerged Company B in respect of the Manufacturing Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of Resultant Company B, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Manufacturing Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the Manufacturing Undertaking or substantial expansion of the Manufacturing Undertaking;
- 26.4 Demerged Company B shall be entitled to issue further shares and securities, either by way of preferential allotment, rights or bonus issue or otherwise in compliance with Applicable Laws;
- 26.5 Demerged Company B, except for the ordinary course of business and consistent with the past practices, shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practices or pursuant to any pre-existing obligation, without the prior written consent of the Board of Directors of Resultant Company B.
27. **Consideration**
- 27.1 Upon this Scheme becoming effective, Resultant Company B shall issue equity shares (i.e. **New Equity Shares**) to the Remaining Shareholders of Demerged Company B, credited as fully paid-up, to the extent indicated below and who are holding shares in Demerged Company B and whose name appear in the Register of Members of Demerged Company B on the Record Date B 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 proportion set out below ("**Share Entitlement Ratio B**"):



151 equity Share having face value of Rs. 5 each of the Resultant Company B for 100 equity share having face value of Rs. 10 each of the Demerged Company B, each equity share being fully paid-up.

- 27.2 Upon this Scheme coming into effect and upon vesting of the Manufacturing Undertaking in the Resultant Company B, Demerged Company B shall provide to the Resultant Company B, the list of the Remaining Shareholders of the Demerged Company B as on the Record Date B, who are entitled to receive fully paid-up New Equity Shares in the Resultant Company B in terms of this Scheme.
- 27.3 Upon this Scheme coming into effect, the Remaining Shareholders of the Demerged Company B as of the Record Date B shall be entitled to receive the New Equity Shares of the Resultant Company B as detailed in this Clause 27 of Part D of this Scheme.
- 27.4 Upon this Scheme becoming effective, the Resultant Company B shall, without any further act or deed, issue and allot to the Remaining Shareholders of the Demerged Company B whose name is recorded in the register of members of the Demerged Company B on the Record Date B the New Equity Shares of Resulting Company B.
- 27.5 The Demerged Company B and the Resultant Company B has engaged N. M. Rajji & Co., as the valuer to provide the Valuation Report. The Share Entitlement Ratio B as mentioned in Clause 27.1 of the Scheme is arrived with the help of the Valuation Report.
- 27.6 The Demerged Company B had engaged Master Capital Services Limited as the merchant bankers to provide a fairness opinion on the Share Entitlement Ratio B adopted under the Scheme. In connection with such engagement, Master Capital Services Limited has issued a fairness opinion dated June 28, 2018.
28. **Share issue mechanics and other provisions**
- 28.1 The New Equity Shares to be issued and allotted by the Resultant Company B shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Resultant Company B and shall rank *pari passu* in all respects with the existing equity shares of the Resultant Company B.
- 28.2 The Remaining Shareholders of the Demerged Company B holding shares in the Demerged Company B in dematerialised form, as on the Record Date B, shall be issued New Equity Shares in the Resultant Company B in dematerialised form. The Remaining Shareholders of the Demerged Company B holding shares in the Demerged Company B



in physical form, as on the Record Date B, shall be issued New Equity Shares in the Resultant Company Bin physical form.

- 28.3 All certificates for the New Equity Shares held in physical form shall be sent by the Resultant Company B to the Remaining Shareholders of Demerged Company B as on the Record Date Bat their respective registered addresses as appearing in the register of members of Demerged Company B (or in the case of joint holders to the address of such joint holder whose name stands first in such register of members in respect of such joint holding) and the Resultant Company B shall not be responsible for any loss in transmission.
- 28.4 For the purpose of the allotment of the New Equity Shares in the Resultant Company B, in case any member's holding in the Demerged Company B is such that the member becomes entitled to a fraction of a New Equity Share of the Resultant Company B, the Resultant Company B shall not issue fractional New Equity Shares to such members but shall consolidate such fractions and issue consolidated New Equity Shares to separate trustees nominated respectively by the Resultant Company Bin that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same, in proportion to the respective fractional entitlements in the Resultant Company B.
- 28.5 On the approval of the Scheme by the members of the Resultant Company Bit shall be deemed that the members have accorded their consent under Section 62(1)(a) of the Act or any other applicable provision of the Act, as may be applicable. The Resultant Company B shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities, including the SEBI and the NSE and the BSE, for the issue and allotment by the Resultant Company B of the New Equity Shares of Resultant Company B to the members of Demerged Company B pursuant to the Scheme.
- 28.6 All New Equity Shares of the Resultant Company B issued in terms of this Scheme or otherwise shall, subject to the execution of the listing agreement, compliance with Applicable Laws and payment of the appropriate fees, be listed on the NSE and the BSE and on such other recognised stock exchange(s) in India, and/or admitted to trading if any, as may be decided by the Board of Directors of the Resultant Company B.
- 28.7 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any of the Remaining Shareholder of the Demerged Company B, the Board of Directors, or any Committee thereof, of the Demerged Company B shall be empowered in appropriate cases, even subsequent to the Record Date B, as the case may be, to effectuate such a transfer in the Demerged Company B, as if such changes in



[Handwritten signature]

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

- 28.8 Unless otherwise determined by the Board of Directors, or any Committee thereof, of the Demerged Company B and the Board of Directors, or any Committee thereof, of the Resultant Company B, allotment of New Equity Shares in terms of this part of the Scheme shall be completed within 60 (Sixty) days from the Effective Date.

- 28.9 Subject to any dispensation granted by the SEBI, the BSE and/or the NSE, the New Equity Shares allotted pursuant to Clause 28 of the Scheme shall remain frozen in the depositories system until permission for listing/ trading is granted by the BSE and the NSE.

29. **Accounting treatment in the books of Demerged Company B**

On the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company B shall account for demerger in its books of accounts in accordance with the accounting standards prescribed under Section 133 of the Act in the following manner:

- 29.1 The Demerged Company B shall reduce the book value of assets (net of diminution/depreciation/valuation, if any) and liabilities relating to the "Manufacturing Undertaking", transferred to the Resultant Company B in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.
- 29.2 The excess of book value of the assets transferred (net of diminution/depreciation/valuation, if any) over the book value of the liabilities of the Manufacturing Undertaking, to the Resultant Company B, shall be debited proportionately to all free reserves and surpluses of the Demerged Company B.
- 29.3 The approval granted by the shareholders of the Demerged Company B to this Scheme shall be deemed to be approval required under the provisions of the Act.
- 29.4 For the sake of compliance with Indian Accounting Standards (Ind-AS) 10, the Demerged Company B shall debit the fair value of the Manufacturing Undertaking to the reserves as stated in Clause 29.2 above and create a corresponding liability. The difference between the book value of the net assets so debited and the liability recognized shall be recognized in the statement of profit and loss account for the period in accordance with Annexure A to Ind-AS 10.



30. Accounting treatment in the books of Resultant Company B

On the Scheme becoming effective and with effect from the Appointed Date, the Resultant Company B shall account for demerger in its books of accounts in accordance with the accounting standards prescribed under Section 133 of the Act in the following manner:

- 30.1 The Resultant Company B shall record the assets and liabilities (the difference between the assets and liabilities hereinafter being referred to as the "Net Assets") vested in it pursuant to this Scheme, at the respective book values thereof, as appearing in the books of the Demerged Company B, relating to "Manufacturing Undertaking" at the close of business of the day immediately preceding the Appointed Date in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.
- 30.2 The Resultant Company B shall credit to its share capital in its books of account, the aggregate face value of the New Equity Shares issued by it to the members of the Demerged Company B pursuant to this Scheme.
- 30.3 The excess of the Net Assets over the face value of New Equity Shares allotted in accordance with the Scheme shall be credited to the respective reserves and surpluses, in the same proportion as debited in the books of the Demerged Company B.
- 30.4 In case the Resultant Company B is required to follow accounting policies that are different from that of the Demerged Company B for any regulatory reasons, the effect of the difference in the accounting policies between the Demerged Company B and the Resultant Company B, will be quantified and adjusted in the opening reserve (other than the securities premium account), to ensure that the financial statements of the Resultant Company B reflect the financial position on the basis of consistent accounting policy.
- 30.5 Notwithstanding the above, the Board of Directors of the Resultant Company B is authorised to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the accounting standards specified under Section 133 of the Act read with the rules made thereunder including but not limited to Indian Accounting Standards (Ind-AS) 103 'Business Combination' and Generally Accepted Accounting Principles.

31. Residual Undertaking B of Demerged Company B

- 31.1 It is clarified that the Residual Undertaking B of Demerged Company B shall continue with Demerged Company B in the following manner:



- (a) The Residual Undertaking B of Demerged Company B and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by Demerged Company B.
- (b) All legal and other proceedings by or against Demerged Company B under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Residual Undertaking B of Demerged Company B (including those relating to any property, right, power, liability, obligation or duty of Demerged Company B in respect of the Residual Undertaking B of Demerged Company B) shall be continued and enforced by or against Demerged Company B.

31.2 With effect from the Appointed Date and including the Effective Date:

- (a) Demerged Company B shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Residual Undertaking B of Demerged Company B for and on its own behalf; and
- (b) All profit accruing to Demerged Company B thereon or losses arising or incurred by it relating to the Residual Undertaking B of Demerged Company B shall, for all purposes, be treated as the profit, or losses, as the case may be, of Demerged Company B.

32. Compliance with Applicable Laws

- 32.1 Part D of this Scheme is presented and drawn up to comply with the provisions/requirements of Sections 230 to 232 of the Companies Act, 2013, for the purpose of demerger of the Manufacturing Undertaking to the Resultant Company B.
- 32.2 Part D of this Scheme has been drawn up to comply with the conditions relating to "demerger" as specified under the tax laws, including Section 2(19AA) and other relevant sections of the Income Tax Act, 1961. If any terms or provisions of PART D of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the Income Tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the Demerged Company



B and the Resultant Company B, which power shall be exercised reasonably in the best interests of the companies concerned and their stakeholders.

- 32.3 Upon the Scheme becoming effective, the Demerged Company B and the Resultant Company B are expressly permitted to revise their financial statements. The order of the NCLT sanctioning the Scheme shall be deemed to be an order of the NCLT permitting the Demerged Company B and the Resultant Company B to revise their financial statements and books of accounts and no further act shall be required to be undertaken by the Demerged Company B and the Resultant Company B.
33. **Consequential matters relating to tax**
- 33.1 Upon the Scheme coming into effect, notwithstanding anything to the contrary contained in the provisions of this Scheme, all accumulated tax loss, unabsorbed losses and corresponding deferred tax assets, unabsorbed tax depreciation, minimum alternate tax credit, if any, of the Manufacturing Undertaking as on the Appointed Date, respectively shall, for all purposes, be treated as accumulated tax losses, unabsorbed losses and corresponding deferred tax assets, unabsorbed tax depreciation and minimum alternate tax credits of the Resultant Company B.
- 33.2 Upon the Scheme becoming effective, the Resultant Company B shall be entitled to claim refunds or credits, including input tax credits, with respect to taxes paid by, for, or on behalf of, Manufacturing Undertaking under Applicable Laws, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed.
- 33.3 Upon the Scheme becoming effective, any TDS certificates issued by the Demerged Company B to, or for the benefit of, the Manufacturing Undertaking under the Income Tax Act, 1961 with respect to the inter se transactions would be available to the Resultant Company B to seek refund of from the tax authorities in compliance with Applicable Laws. Further, TDS deposited, TDS certificates issued or TDS returns filed by the Demerged Company B pertaining to the Manufacturing Undertaking on transactions other than inter se transactions shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by the Resultant Company B. Any TDS deducted by, or on behalf of the Manufacturing Undertaking on inter-se transactions will be treated as advance tax deposited by the Resultant Company B.
- 33.4 The Resultant Company B is also expressly permitted to claim refunds, credits, including restoration of input CENVAT credit, tax deduction in respect of nullifying of



any transaction between or amongst the Manufacturing Undertaking and the Resultant Company B.

- 33.5 The obligation for deduction of tax at source on any payment made by or to be made by the Demerged Company B pertaining to the Manufacturing Undertaking under the Income Tax Act, 1961, GST law, service tax laws, central sales tax, state value added tax or other Applicable Laws and/or regulations dealing with taxes, duties or levies shall be deemed to have been made and duly complied with on behalf of the Resultant Company B.
- 33.6 Upon the Scheme becoming effective, the Resultant Company B is also expressly permitted to revise its income-tax returns, withholding tax returns, GST returns, sales tax returns, excise & CENVAT returns, service tax returns, other tax returns, to obtain TDS certificates, including TDS certificates relating to transactions between or amongst the Manufacturing Undertaking and the Resultant Company B and to claim refunds, advance tax and withholding tax credits, benefit of carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.
- 33.7 In accordance with the applicable provisions of GST laws and rules, as are prevalent on the Effective Date, the unutilised credits relating to GST paid on inputs/capital goods/input services lying in the accounts of the Demerged Company B pertaining to the Manufacturing Undertaking shall be permitted to be transferred to the credit of the Resultant Company B, as if all such unutilised credits were lying to the account of the Resultant Company B. The Resultant Company B shall accordingly be entitled to set off all such unutilised credits against the GST payable by it. Without prejudice to the generality of the foregoing, all benefits, incentives, losses, credits (including without limitation income tax, tax on book profits, wealth tax, GST, service tax, excise tax, custom duty and value added tax), to which the Manufacturing Undertaking of the Demerged Company B is entitled to in terms of Applicable Laws, shall be available to and vest in the Resultant Company B.
34. **Declaration of Dividends**
- 34.1 The Demerged Company B and the Resultant Company B shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- (a) The holders of the shares of the Demerged Company B and the Resultant Company B shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.



- (b) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company B and/or the Resultant Company B to demand or claim any dividends which, subject to the provisions of the Companies Act, 2013, shall be entirely at the discretion of the respective Boards of Directors of the Demerged Company B and the Resultant Company B respectively and subject to the approval of the shareholders of the Demerged Company B and the Resultant Company B respectively.



PART E — OTHER SIGNIFICANT CLAUSES RELATING TO THE SCHEME

35. Application to NCLT

- 35.1 The Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B shall, as may be required make necessary applications and/or petitions to the NCLT under Sections 230 to 232 of the Companies Act, 2013 and other provisions of the along with the applicable provisions of the Companies Act, 2013 seeking orders for dispensing with or convening, holding and conducting of the meetings of members and/or creditors and for sanction of this Scheme with such modification as may be approved by the NCLT and all matters ancillary or incidental thereto.
- 35.2 Upon this Scheme being approved by the requisite majority of the shareholders and creditors of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B respectively (wherever required), the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B shall, with all reasonable dispatch, file respective petitions before the NCLT for sanction of this Scheme under Sections 230-232 of the Companies Act, 2013 and other provisions of the NCLT Rules, 2016 along with applicable provisions of the Companies Act, 2013 and for such other order or orders, as the NCLT may deem fit for putting this Scheme into effect.
- 35.3 Upon this Scheme becoming effective, the shareholders of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B shall be deemed to have also accorded their approval under all relevant provisions of the Companies Act, 2013 for giving effect to the provisions contained in this Scheme.
- ### 36. Modification or amendments to the Scheme
- 36.1 Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise.



howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. In case, post approval of the Scheme by the NCLT, there is any confusion in interpreting any Clause of this Scheme, or otherwise, Board of Directors of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B respectively will have complete power to take the most sensible interpretation so as to render the Scheme operational.

- 36.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Board of Directors of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B respectively may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

37. **Effectiveness of the Scheme**

- 37.1 Subject to the provisions of this Scheme, this Scheme shall become effective on the later of the following dates (the "Effective Date"):
- (a) the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B as required under the Companies Act, 2013, and the requisite orders of the NCLT and other authorities being obtained;
 - (b) receipt of such other sanctions and approvals including sanction of any Appropriate authority including the SEBI, the BSE, the NSE or from any other authority from whom sanction or approval may be required under Applicable Laws in respect of the Scheme being obtained; and
 - (c) the certified copies of the NCLT orders referred to in this Scheme being filed with the Registrar of Companies.

38. **Conditionality to the Scheme**

- 38.1 This Scheme is and shall be conditional upon and subject to:

- (a) 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 the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B as may be directed by the NCLT;



- (c) The sanction of the NCLT under Sections 230-232 of the Companies Act, 2013 in favour of the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B being obtained;
- (d) Approval of the Scheme, by the Stock Exchanges, pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, between such Stock Exchanges;
- (e) Approval of the Scheme by the SEBI in terms of SEBI Circulars; and
- (f) Certified or authenticated copy of the order of the NCLT sanctioning the Scheme being filed with the relevant Registrar of Companies, by the Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B, as may be applicable.
- (g) The compliance with Para III(A)(i)(b) of Annexure I of SEBI Circular No. CFD/DIL.3/CIR/2017/21 dated March 10, 2017, whereby the Scheme shall be acted upon only if at least twenty five per cent of the post-scheme paid up share capital of Resultant Company A shall comprise of equity shares allotted to the public shareholders.
- (h) The Scheme being approved by shareholders of the Demerged Company A by way of postal ballot and e-voting in terms of Para 9 of Annexure - I to the SEBI Circular No. CFD/DIL.3/CIR/2017/21 dated March 10, 2017 and provided that the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.

38.2 Each Section of the Scheme shall be given effect as per the chronology in which it has been provided for in the Scheme. Each Section is independent of the other Section of the Scheme and is severable. The Scheme shall be effective upon sanction of the NCLT. However, failure of any one part of one Section for lack of necessary approval from the shareholders / creditors / statutory regulatory authorities or for any other reason that the Board of Directors may deem fit then this shall not result in the whole Scheme failing. It shall be open to the concerned Board of Directors to consent to sever such part(s) of the Scheme and implement the rest of the Scheme with such modification.

39. Change of Name

39.1 Upon the Scheme becoming effective, without any further act or deed, the Resultant Company A shall be re-named as "Aarti Surfactants Limited".



- 39.2 The name of the Resultant Company A wherever it occurs in the respective Memorandum and Articles of Association shall be substituted by the new name i.e. "Aarti Surfactants Limited".
- 39.3 The Scheme being sanctioned by the NCLT in terms of Sections 230 to 232 read with section 66 of the Act and other relevant provisions of the Act and the requisite orders of the NCLT.
- 39.4 It is further clarified that the Resultant Company A shall not be required to pass any resolution under Section 13 and other applicable provisions, if any of the Act, for Change of Name of the Resultant Company A as envisaged in this Clause 39 of the Scheme and that the members of the Resultant Company A shall be deemed to have accorded their consent under various provisions of the Act and Rules made there under to the change of name in terms of this Scheme.

40. Effect of non-receipt of approvals

In the event of any of the consents, approvals, permission, resolutions, agreements, sanctions or conditions enumerated in the Scheme not being obtained or complied, or for any other reason, this Scheme cannot be implemented, then the Board of Directors of Demerged Company A/Resultant Company B, Resultant Company A and Demerged Company B shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with this Scheme.

41. Costs, Charges and Expenses

All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or NCLT's order including this Scheme or in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme and all other expenses, if any (save as expressly otherwise agreed) shall be borne and paid by the Demerged Company A/Resultant Company B.

42. Miscellaneous

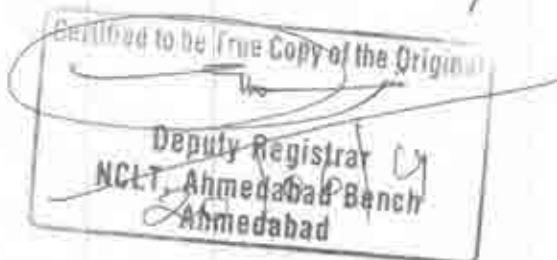
Till the event of this Scheme being effective ALL, Nascent and ASL shall continue to hold their respective Annual General Meeting and other meetings in accordance with the relevant laws and shall continue to comply with all their statutory obligations in the same manner, as if this scheme does not exist.



ANNEXURE 1

Terms and conditions of the Redeemable Preference Shares

Dividend Rate on RPS	Zero Percent / Nil
Issuance	RPS to be issued at the fair value of the Home and Personal Care Undertaking
Face Value	Rs. 10/-
Credit Rating	Given that the Resultant Company A is newly incorporated, Credit Rating will be obtained after the transfer of the Manufacturing Undertaking as the Resultant Company A.
Listing	RPS will listed on the Stock Exchange where the equity shares of Demerged Company A are listed i.e. the BSE and the NSE.
Tenure of RPS	7 Years i.e. 84 (Eighty-Four) Months
Redemption Terms of RPS	RPS can be redeemed at any time after the expiry of minimum period as required under SEBI circular from the date of allotment during the tenure at the option of Resultant Company A at a price that would give 4% annualized return on face value of Rs. 10/- and premium of Rs. 157.70.



Date of pronouncement of Order: —
 Date on which application for Certified Copy was made: 20/06/19
 Date on which Certified Copy was ready: 20/06/19
 Date on which Certified Copy delivered: 20/06/19